



Chief Executive's Department  
Civic Centre  
HARTLEPOOL

30<sup>th</sup> January, 2012

The Mayor (Stuart Drummond)

Councillors Aiken, C Akers-Belcher, S Akers-Belcher, Barday, Brash, Cook, Cranney, Fenwick, Fleet, Fleming, Gibbon, Griffin, Hall, Hargreaves, Hill, Ingham, Jackson, James, Lauderdale, Lawton, A E Lilley, G Lilley, Loynes, Maness, A Marshall, J Marshall, J W Marshall, McKenna, Dr. Morris, Payne, Preece, Richardson, Robinson, Rogan, Shaw, Shields, Simmons, Sirs, Sutheran, Tempest, Thomas, H Thompson, P Thompson, Turner, Wells, Wilcox and Wright.

Madam or Sir,

You are hereby summoned to attend a meeting of the COUNCIL to be held on THURSDAY, 9<sup>th</sup> February, 2012 at 7.00 p.m. in the Civic Centre, Hartlepool to consider the subjects set out in the attached agenda.

Yours faithfully

N Bailey  
Acting Chief Executive

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# COUNCIL AGENDA



9<sup>TH</sup> February 2012

at 7.00 p.m.

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

1. To receive apologies from absent members.
2. To receive any declarations of interest from members.
3. To deal with any business required by statute to be done before any other business.
4. To receive questions from and provide answers to the public in relation to matters of which notice has been given under Rule 10.
5. To approve the minutes of the last meeting of the Council held on 8<sup>th</sup> December 2011, as a correct record (copy attached).
6. Questions from Members of the Council on the minutes of the last meeting of the Council.
7. To answer questions of members of the Council under Council Procedure Rule 11;
  - (a) Questions to members of the Executive about recent decisions of the Executive (without notice)
  - (b) Questions to members of the Executive and Chairs of Committees and Forums, for which notice has been given.
  - (c) Questions to the appropriate members on Police and Fire Authority issues, for which notice has been given. Minutes of the meetings of the

Cleveland Police Authority held on 3rd August 2011, 4<sup>th</sup> August 2011, 28<sup>th</sup> September 2011 and 18<sup>th</sup> October 2011 and the meetings of the Cleveland Fire Authority held on 14<sup>th</sup> October 2011 are attached.

8. To deal with any business required by statute to be done.
  - (i) Special Urgency Decisions – No special urgency decisions were taken in respect of the period October 2011-December 2011.
9. To receive any announcements from the Chair, the Mayor, members of the Cabinet or the head of the paid service.
10. To dispose of business (if any) remaining from the last meeting and to receive the report of any scrutiny forum or other committee to which such business was referred for consideration.
11. To receive reports from the Council's committees and working groups other than any overview and scrutiny committee and to receive questions and answers on any of those reports;
  - (i) Report of Constitution Committee – Review of Planning Delegations in relation to serving Section 215 Notices (Untidy Land and Buildings) (copy attached)
12. To consider any other business specified in the summons to the meeting, including consideration of reports of the overview and scrutiny committees for debate and to receive questions and answers on any of those items;
  - (i) Report of Chief Solicitor and Monitoring Officer - Standards Committee Sanction – Councillor John Marshall (Independent) (copy attached)
13. To consider reports from the Executive:-
  - (a) Proposals in relation to the Council's budget and policy framework
    - (i) Medium Term Financial Strategy – Budget and Policy Framework 2012/2013 to 2014/2015 (copy attached)
    - (ii) Core Strategy Publication Document (copy attached)
    - (iii) Local Development Framework – Annual Monitoring Report 2010/11 (copy attached)
  - (b) Proposals for departures from the budget and policy framework  
None

14. To consider any motions in the order in which notice has been received:-

(a) “This Council resolves to amend Section 4 of the Council’s Constitution and record within their annual Budget and Policy Framework that any favourable outturn must be allocated to the Council’s General Fund. This will ensure that any further allocation of the said monies is subject to Full Council approval”.

Councillor C Akers-Belcher  
Councillor T Lawton  
Councillor A Barclay  
Councillor P Ingham  
Councillor M James

15. To receive the Chief Executive’s report and to pass such resolutions thereon as may be deemed necessary (copy attached)

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| <p style="text-align: center;"><b>COUNCIL</b></p> <p style="text-align: center;"><b>MINUTES OF PROCEEDINGS</b></p> <p style="text-align: center;"><b>8 December 2011</b></p> |
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The meeting commenced at 7.00 pm in the Civic Centre, Hartlepool

PRESENT:-

The Chairman (Councillor C Richardson) presiding:

The Mayor, Stuart Drummond

COUNCILLORS:

|            |                 |                 |
|------------|-----------------|-----------------|
| Aiken      | C Akers-Belcher | S Akers-Belcher |
| Barclay    | Brash           | Cook            |
| Cranney    | Fenwick         | Fleming         |
| Gibbon     | Griffin         | Hall            |
| Hargreaves | Hill            | Jackson         |
| James      | Lauderdale      | A Lilley        |
| G Lilley   | Loynes          | Maness          |
| A Marshall | J W Marshall    | McKenna         |
| Dr. Morris | Preece          | Robinson        |
| Rogan      | Shields         | Simmons         |
| Sirs       | Tempest         | Thomas          |
| H Thompson | P Thompson      | Turner          |
| Wells      | Wilcox          |                 |

OFFICERS:

Nicola Bailey, Acting Chief Executive  
Andrew Atkin, Assistant Chief Executive  
Peter Devlin, Chief Solicitor  
Chris Little, Chief Finance Officer  
Dave Stubbs, Director of Regeneration and Neighbourhoods  
Caroline O'Neill, Assistant Director, Performance and Achievement  
Graham Frankland, Assistant Director, Resources  
Alastair Smith, Assistant Director, Traffic and Transportation  
Amanda Whitaker, Democratic Services Team Manager  
Angela Armstrong, Principal Democratic Services Officer

Prior to the commencement of the meeting, the Chairman referred in terms of regret to the recent deaths of Honorary Freeman Elsie Reed, former Mayoress Betty Emerson and former Councillor Derek Allison. Members observed a minutes silence as a mark of respect.

#### 106. APOLOGIES FOR ABSENT MEMBERS

Councillors Fleet, Payne, Shaw, Sutheran and Wright.

#### 107. DECLARATIONS OF INTEREST FROM MEMBERS

Councillor Brash declared a personal interest in minute 109 and 118, Councillor Cook declared a personal interest in minute 116, Councillors Hall, James, Richardson, Shields, Simmons, Tempest and Thomas declared personal interests in minute 122 and Councillor Wells declared a personal interest in minute 122 and 125.

#### 108. BUSINESS REQUIRED BY STATUTE TO BE DONE BEFORE ANY OTHER BUSINESS

None

#### 109. PUBLIC QUESTION

(i) The following question had been received from Mr Fisher to the Chairman of the Council, Councillor Richardson -

*“Please explain in specific details how effective has been the Full Councils unanimously carried Vote of No Confidence in The Chief Executive, The Chairman, and the Board of our Hospital Trust”*

The Chairman responded that the majority of Councillors do not have confidence in the Government but the Council still had to engage with the Government and the same principle applied to engagement with the Hospital Trust.

Mr Fisher sought further information in terms of what the Council had done following the vote of No Confidence and expressed concern at the time that had elapsed since the Vote had been taken, no action appeared to have been taken and the Council was continuing to engage with the Trust. The Chairman reiterated that the problem for the Council was that it had no control over the Hospital Trust.

During the debate that followed, Members highlighted the implications if the Council did not engage with the Hospital Trust. It was considered that what needed to change was the way in which NHS Trusts are structured in terms of local accountability.

(ii) The following question had been received from Mr Mitchinson to Councillor Chris Simmons, Portfolio Holder for Children's Services -

*“At a recent Cabinet Meeting, Cllr Simmons made it clear that PFI was not in the public interest for building new schools. This was reported in the Hartlepool Mail on 26<sup>th</sup> October. He stated that “This is coming with enormous strings and expenditure” and that “We should have considerable reservations about any PFI involvement with schools”.*

*Unfortunately however, the Mayor, the Cabinet and consequently Hartlepool Borough Council as an organisation, support PFI for the provision of a new hospital at Wynyard – a very costly and unnecessary move that also involves the demolition of a perfectly good hospital at Holdforth Road.*

*How does the Council justify supporting such a proposal when the evidence is so clear that it will lack of value for money, that public opinion is against it and there is no confidence in the initiative promoters, the North Tees and Hartlepool Health Trust, as evidenced by a unanimous vote of no confidence taken on 29<sup>th</sup> September 2011?”*

The Portfolio Holder responded that on 19 July 2011, Michael Gove, Secretary of State for Education, had set out how the Government proposed to ensure that a new school rebuilding programme, worth £200 million, and targeted at those schools in the worst condition, would be launched via Partnership for Schools.

Hartlepool had carried out an analysis of condition data across our schools that identified four schools as having exceeded the 30% value for money threshold set out by PfS. The applications for these schools were in line with Cabinet's existing strategy under the now abandoned Building Schools for the Future and Primary Capital Programmes.

The four schools were:

- Manor College of Technology (35%)
- Barnard Grove Primary (37%)
- Holy Trinity Church of England Primary (33%)
- West View Primary (31%)

Should Hartlepool be successful in its bid, funding for any procurement would have to be sought via a PFI route. Whilst supporting a decision to enter the initial bidding stage, Cabinet expressed a number of concerns about the scheme (should the bid be successful) including not having control locally over the design and build, the financial impact of being locked into expensive long term maintenance contracts, and, not least, the schools ability to fund their element of the PFI. Cabinet would need to be satisfied that the interests of our young people were being met and our concerns addressed before giving accepting the scheme should our bid be successful.

Under the now abandoned Building Schools for the Future and Primary Capital Programme, Hartlepool Council had strongly resisted PFI, because we believed it was not an appropriate route for this local authority to take. Partnership for

Schools agreed that Hartlepool could take the Design and Build option which gave us much more control over what was delivered locally and, had this scheme (which had been fully approved by the previous government) not been cut, we would have had an almost completely rebuilt secondary school estate, and a substantially remodeled and rebuilt primary school estate designed to meet the specific needs of Hartlepool school children and funded by the Local Authority and central government. Sadly, when the coalition government took office they immediately cut the promised funding, and as a direct result, the Hartlepool school building programme has only partially been delivered.

With regard to the proposed new hospital, the coalition government had taken the decision to withdraw the half billion pound public funding that the previous government had already approved for a new world class hospital to serve our community. This clearly will have placed a constraint on the options open to the North Tees and Hartlepool NHS Foundation Trust. However, it should be quite clear, from recent events over the past few months, that Hartlepool Council, in common with other councils in our local area, has little influence and absolutely no control over North Tees and Hartlepool Health NHS Foundation Trust regarding how funding is secured for this project or indeed, any other matter within the trust's area of responsibility.

In a supplementary question, the Portfolio Holder was asked how the Council could justify supporting the proposal or was the Council to say it was against the Proposal. The Portfolio Holder responded that PFI was the 'only show in town'.

Members of the Council made comment upon and discussed issue which had been raised by the questioner.

(iii) The following question had been received from Ms Blakey to The Mayor, Stuart Drummond -

*"In order to promote and protect take up of voting rights, we need to encourage not discourage public participation for the all out elections next year. As HBC have now noted that there is strength of feeling to drive a Referendum through the "Hear 'n' Hartlepool" Group's efforts, when will the Secretary of State or Councillors at full Council trigger this?"*

The Mayor responded that he could not speak on behalf of the Secretary of State but as far as the Council was concerned, the issue raised by the questioner would be considered later in the agenda for this meeting.

Supplementary questions were raised in terms of how the Mayor would repair the damage arising from the rejection of the Petition and whether there was somebody the questioner could speak to in order to ensure people were celebrated for their efforts. In response the Mayor reiterated that the issue would be debated at this Council meeting later in the agenda. The Mayor also highlighted the legal issues addressed in the report and the implications of the Localism Bill. The Mayor added that he commended local people collecting signatures for petitions as this assisted Councillors in making decisions, provided that people were clear on what they were signing.

*In accordance with Council Procedure Rule 10.1, the Chair agreed to extend the time period allocated to consider questions from the public.*

(iv) The following question had been received from Mr Nin to The Mayor, Stuart Drummond -

*“When offering contracting opportunities, do you ensure that all local businesses have the opportunity to find out about and apply for this work?”*

The Mayor responded by confirming that all local businesses had the opportunity to find out about and apply for contracting opportunities. The Mayor also pointed out the recent recognition the Council had received for its success in employing local suppliers – the Director of Regeneration and Neighbourhoods had appeared on BBC Local News and the Politics Show to discuss the Council’s success.

All tenders were advertised on the procurement pages of the Hartlepool Borough Council website and the NEPO (North East Procurement Organisation) Portal. The Procurement Team used an e-tendering tool on the NEPO Portal to undertake all tenders. As part of the process the Council requested that suppliers registered on the e-tendering system, once registered they would receive all relevant tendering opportunities from all 12 NEPO member Councils including Hartlepool. The procurement team also worked with business groups and had recently attended the Federation of Small Businesses Group and would be hosting an event in consultation with Economic Development and the Hartlepool Business Forum in January to offer first hand assistance on how to do business with the Council and highlight opportunities.

It was highlighted that the Council had a long history of commitment to promoting the local economy and it was one of the Council’s strategic objectives particularly considering the nature of the economy in the area and the high unemployment record. The Council was also running a “Buy Local” campaign encouraging all businesses including the Public Sector to use Hartlepool suppliers. Recently the Council had promoted this by building in more sustainable measures into our procurement procedures. An example of this would be asking suppliers how they would bring local community benefit into the supply of a service.

These requirements encouraged local suppliers to bid and where the bigger regional or national supplier bid they were encouraged to utilise a local supply chain. An example was given of how the Council had done this with Balfour Beatty prior to the Dyke House School BSF works. The Council had held an open event for local suppliers with Balfour Beatty to see how they could work in the supply chain.

At the peak of the contract:-

- 67% of subcontractors were within 25 mile radius of Hartlepool.
- 20% of the workforce live in Hartlepool.
- Around £2m on the Contract (with a total value of £12 million) has been spent on Hartlepool suppliers).

The Council's Procurement Strategy was being used to ensure local companies were invited to tender / quote wherever possible. The Council had raised tender thresholds to increase the volume of work committed through a simplified quotation process rather than a full scale tender. This simplification helped local suppliers in the bidding process. In addition, the Council's rules required a minimum of two local suppliers (where available) be invited to bid.

The Mayor responded to a supplementary question in terms of the Council's response to concerns that contracts were awarded to the 'usual' businesses by advising that any concerns should be addressed to the Council or himself and he would ensure a response was received. A second supplementary question raised concerns in relation to the implications on new bars and restaurants arising from anticipated plans for Jacksons Landing and what businesses could look forward to in 2012. The Mayor referred to the issue of Jacksons Landing being well publicised. He added that he was aware that all businesses were suffering as there was less disposable income but that the Council was working with businesses and Landlords in an attempt to assist the situation faced by businesses.

(v) The following question had been received from Mr Corbett to The Mayor, Stuart Drummond -

*"Did you Mr Mayor instruct your P.A. to send on your behalf, on the morning of the last Mayoral Election 4.6.2009, approximately 4,200 emails to employees of HBC & Housing Hartlepool?"*

In response the Mayor advised the questioner that he had instructed his PA to send an e mail on 3rd June 2009 and not on 4<sup>th</sup> June 2009. The questioner advised that he had a copy of the e mail and a copy of the confidential report which had been prepared by the Chief Solicitor which confirmed that an e mail had been sent by the Mayor. The questioner referred to the costs associated with employees reading the e mail and questioned whether there had been a breach in the Council's internet policy as a result of the Mayor sending the e mail to employees. In response the Mayor advised that an accusation had been made previously which had been investigated by the Monitoring Officer, the Standards Board and the Police and no further action was necessary.

Members of the Council made comment upon and discussed the issues raised by the questioner.

(vi) The following question had been received from Mr Moore to Councillor Stephen Akers-Belcher, Chair of Health Scrutiny Forum -

*"During the last Health Scrutiny Forum meeting, the North Tees & Hartlepool NHS Trust asked if this council if it could assist in identifying any way to make efficiency savings over the next four years.*

*Can the Council confirm if it has yet been able to assist the trust with this request?"*

The Chair of the Health Scrutiny Forum replied that the issue had been raised at the Health Scrutiny Forum and information had been sought in order that accurate recommendations could be made. The following supplementary questions were raised:-

- (i) On 17<sup>th</sup> November the questioner had sent an e mail which he was hoping the Scrutiny Forum would consider.
- (ii) An Independent Review had suggested savings up to £2.5 million year if services had been maintained in its previous form. It was suggested that it could be appropriate to speak to those people who had conducted the Review to determine where that money could be saved.

The Chair of the Health Scrutiny Forum responded to the supplementary questions and reiterated the need for information in terms of budgets and the opportunities arising from the Road shows which were planned for the New Year. The Chair advised the questioner that he was happy to ask for a breakdown of the budgets and to circulate to the questioner and to Members of the Council.

Members of the Council made comment upon and discussed issues raised by the questioner.

#### 110. MINUTES OF PROCEEDINGS

The Minutes of Proceedings of the Council held on the 27 October 2011, having been laid before the Council.

RESOLVED - That the minutes be confirmed.

The minutes were thereupon signed by the Chairman.

#### 111. QUESTIONS FROM MEMBERS OF THE COUNCIL ON THE MINUTES OF THE PREVIOUS MEETING OF THE COUNCIL

None.

#### 112. QUESTIONS FROM MEMBERS OF THE COUNCIL

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

None.

- (b) Questions to Members of the Executive and Chairs of Committees and Forums, for which Notice has been given
- (i) The following question had been received from Councillor G Lilley to Councillor S Akers-Belcher Chair of the Health Scrutiny Forum -

*“Since the formal announcement that hospital based A&E was to close in Hartlepool, (refer you to the minutes of the Health Scrutiny Forum meeting of 02 09 2010) can you give the dates of any requests for meetings and actual meetings have you had with Cllr Robin Todd, (Chair of Durham County Council, Adult, Wellbeing and Health Scrutiny Committee) to discuss the closure of hospital based A&E in Hartlepool?”*

The Chair of the Health Scrutiny Forum responded by referring to the lines of communication which were open between Hartlepool and Durham and that both were working together in the interests of their communities.

The following supplementary questions were raised:-

- (i) How many meetings of the Tees Valley Joint Health Scrutiny Forum had been attended by the Chair since he became Chair of the Council’s Health Scrutiny Forum?
- (ii) Bearing in mind the importance of alliances with other Local Authorities, how could that be achieved if meetings were not being attended with Chairs of other Health Scrutiny Forums and not being actively involved in lobbying for support in sub regional economy? Reference was made to a number of e mails which had been sent, by Mr Todd, to the Chair and Scrutiny Support Officer.

In response, the Chair advised that he had attended one or two of the Tees Valley Joint Health Scrutiny Forums and highlighted that the Member was aware of the reasons he had not attended more meetings of the Joint Health Scrutiny Forum. The Chair was not aware of the e mails which had been referred to and advised that he would welcome a copy of those e mails. The Chair also reiterated that lines of communication continued to be open and that there were other ways of having arrangements to work regionally.

- (ii) The following question had been received from Councillor G Lilley to The Mayor, Stuart Drummond -

*“Can the Mayor please give details how the Councils budget for Conference attendance has been spent over the last three years?”*

The Mayor responded that he had details of every conference which had been attended, who had attended the conference and how much attendance at the conference had cost and presented the following information:-

2009/10 - £4,355 had been spent on attendance at 10 Conferences  
2010/11 – Approximately £4,000 spent on attendance at 11 Conferences  
2011/12 – To date £4,042 had been spent on attendance at 9 Conferences

In response to a supplementary question in relation to attendees at those Conferences, the Mayor advised as follows:-

2009/10 – Councillor S Akers-Belcher (4), Councillor Hall (1), Councillor James (1), Councillor Shaw (2), Councillor D Young (1) and Mr Jackson (Independent Member of Standards Committee)(1)

2010/11 – Councillor Hill (1), Councillor C Akers-Belcher (3), Councillor S Akers-Belcher (4), Councillor Shaw (1) and an additional Conference had been attended by Councillors C Akers-Belcher, S Akers-Belcher, Shaw, Cranney and James

2011/12 – Councillor Shaw (2), Councillor S Akers-Belcher (3), Councillor C Akers-Belcher (3) and Mayor (1)

A second supplementary question sought the views of the Mayor in relation to whether he considered attendance at Conferences to be 'money well spent'. The Mayor responded that it was his personal opinion that at a time that Officers were prevented from going to Conferences, the attendance of Councillors should also cease. The Mayor referred to a recent decision made by Cabinet in relation to attendance at Conferences which was currently the subject of a 'Call in' Notice. The Mayor acknowledged that there were occasions when the Council should be represented at important events and meetings.

Once the questioner had received responses to his questions, a Member clarified that the Cabinet decision which had been 'called in' did not relate only to attendance at conferences. It was clarified also that the additional conference which had been attended by 5 Members in 2010/11, had been a local conference and that a contribution towards the costs of attendance at that conference had been made by the Labour Group.

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

None.

## 112. BUSINESS REQUIRED BY STATUTE

- (i) Report on Special Urgency Decisions

It was noted that no special urgency decisions had been taken in respect of the period July 2011-September 2011

## 113. ANNOUNCEMENTS

It was agreed that the Chairman should send a card, on behalf of the Council, to Councillor Fleet who had recently had an accident.

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

None.

115. TO RECEIVE REPORTS FROM THE COUNCIL'S COMMITTEES AND WORKING GROUPS

- (i) Report of General Purposes Committee – Review of Polling Districts, Polling Places and Polling Stations.

The Chairman of the General Purposes Committee presented a report which sought the approval of Council to proposals, detailed as an appendix, which followed the Committee's review of Polling Districts, Polling Places and Polling Stations for the Hartlepool Parliamentary Boundary. The proposals had been the subject of public consultation from 12 September to 2 December 2011. The proposals had been reviewed in the light of the responses received in the consultation exercise

It was noted that the Committee were concerned to ensure that the changes to be made were adequately brought to the attention of electors by appropriate publicity and clear endorsement on poll cards when circulated for the next election. The Legal Services Manager confirmed that these steps could be taken.

It was moved and seconded that Council approve the polling districts and polling places as set out in Appendix 1 and authorise the Electoral Registration Officer to take all necessary steps to implement the changes proposed, including publication of the review as required by the Electoral Administration Act and as requested by the General Purposes Committee.

In accordance with Council Procedure Rule 17.4 of the Constitution a recorded vote was taken in relation to the proposal:-

Those in favour –

The Mayor, Stuart Drummond,  
Councillors: Aiken, C Akers-Belcher, S Akers-Belcher, Barclay, Brash, Cook, Cranney, Fenwick, Fleming, Gibbon, Griffin, Hall, Hargreaves, Hill, Jackson, James, Lauderdale, A E Lilley, G Lilley, Loynes, Maness, A Marshall, J W Marshall, McKenna, Morris, Preece, Richardson, Robinson, Rogan, Shields, Simmons, Sirs, Tempest, Thomas, H Thompson, P Thompson, Turner, Wells and Wilcox.

Those against the recommendation:

None.

Those abstaining:

None.

## 116. TO CONSIDER ANY OTHER BUSINESS SPECIFIED IN THE SUMMONS OF THE MEETING

### (i) Petition to Council – Closure of Falcon Road, Hartlepool

The Portfolio Holder for Transport and Neighbourhoods presented a report which informed Council of receipt of a petition, signed by 1662 people, calling upon the Council to re-examine the decision taken by the Cabinet on 19<sup>th</sup> September 2011 to close Falcon Road to through traffic in the belief that this will cause increased traffic on other roads, especially Hart Lane.

Members were advised that in 2006, the first representations were made by residents of Falcon Road, seeking that the road be closed to through traffic. Following consultation, however, there was found to be a significant majority of people in favour of keeping the road open. In June 2008, Cabinet had taken the decision to close Falcon Road at its junction with Throston Grange Lane. Since that time, discussions have taken place with residents (of both viewpoints) to consider potential alternatives and seeking to find an acceptable compromise. As part of this process, a number measures had been implemented as set out in the report.

It was noted that the original legal order from 2008 had since lapsed, as implementation did not take place within 2 years of the order being made. As a result of the initial advertising for this order 77 letters of objection and 2 petitions had been received. As a result of the scale of the objections further discussions had been undertaken with residents both for and against the proposal and a decision was made, through informal Cabinet to carry out another consultation with residents in the area. The results of this consultation were reported to Cabinet on 19<sup>th</sup> September 2011 as a result of which a decision was made to close Falcon Road at its junction with Throston Grange Lane.

As the petition had over 1500 signatures it triggered referral to Council, in accordance with the Council's petition scheme adopted in June 2010. There were four options for the Council to consider in dealing with a petition:

- (i) Council agrees to take the action asked for in the petition
- (ii) Council commissions further investigations of the issue by a relevant committee
- (iii) Council makes recommendations to inform the decision when the issue requires an Executive decision
- (iv) Council agrees to take no action.

In considering the above options, Council noted that the closure of Falcon Road was an 'executive decision'.

Following presentation of the report, a Member presented the terms of a number of representations which he had received objecting to the closure of Falcon Road. It was highlighted that in addition to the petition, the Council had received over 100 written objections in response to the posted legal notice of the intention to close Falcon Road.

It was then moved and seconded that the petition be referred to Cabinet for consideration.

In accordance with Council Procedure Rule 17.4 of the Constitution a recorded vote was taken in relation to the proposal:-

Those in favour –

The Mayor, Stuart Drummond,  
Councillors: Aiken, C Akers-Belcher, S Akers-Belcher, Barclay, Brash, Cook, Cranney, Fenwick, Fleming, Gibbon, Griffin, Hall, Hargreaves, Jackson, James, Lauderdale, A E Lilley, G Lilley, Loynes, Maness, A Marshall, J W Marshall, McKenna, Morris, Preece, Richardson, Robinson, Rogan, Shields, Simmons, Sirs, Tempest, Thomas, H Thompson, P Thompson, Turner, Wells and Wilcox.

Those against the recommendation:

None.

Those abstaining:

None.

## 117. REPORT FROM THE EXECUTIVE

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

(i) Revision to the Local Development Scheme.

The Mayor presented a report which sought approval to the revision of the current Local Development Scheme (LDS) of October 2010 to take account of recent changes within planning at a national and regional level and changing circumstances locally.

Members were advised that the preparation of a Local Development Scheme was a requirement under the planning system. The Secretary of State had approved the original Local Development Scheme in March 2005 since when there had been revisions in 2006, 2007, 2008, 2009 and 2010. Cabinet, at its meeting on 24 October 2011, had considered the proposed revisions to the Local Development Scheme as set out in the report, which also needed the endorsement of Council as part of the Budget and Policy Framework.

It was highlighted that it was important that the Local Development Scheme was kept up to date and was revised periodically to ensure that it was rolled forward and that milestones were as realistic as possible. Given the recent adoption of the Tees Valley Minerals and Waste DPD on the 15<sup>th</sup> September 2011, and the decision to incorporate the Affordable Housing policies within the Core Strategy, the only document included in the 2011 Local Development Scheme was the Core Strategy Development Plan Document (DPD). There were a number of changes proposed to the Core Strategy DPD document. At its meeting on the 24<sup>th</sup> September Cabinet had asked officers to produce the Publication stage of the Core Strategy for February 2012. This new timescale had been reflected in the revised Local Development Scheme. The Revised Local Development Scheme 2009 needed to be formally agreed with the Planning Inspectorate prior to it being formally submitted to the Secretary of State

It was noted that there were no financial implications relating to the proposed LDS amendments and that there was a statutory duty on the Local Authority to have an up-to-date LDS.

It was moved and seconded that Council approve the revised Local Development Scheme 2011 and that following consultation with the Planning Inspectorate, the revised Local Development Scheme be submitted to the Secretary of State.

In accordance with Council Procedure Rule 17.4 of the Constitution a recorded vote was taken in relation to the proposal:-

Those in favour –

The Mayor, Stuart Drummond,  
Councillors: Aiken, C Akers-Belcher, S Akers-Belcher, Barclay, Cook, Cranney, Fenwick, Fleming, Gibbon, Griffin, Hall, Hargreaves, Jackson, James, Lauderdale, A E Lilley, G Lilley, Loynes, Maness, A Marshall, J W Marshall, McKenna, Morris, Richardson, Robinson, Rogan, Shields, Simmons, Sirs, Tempest, Thomas, H Thompson, P Thompson, Turner, Wells and Wilcox.

Those against the recommendation:

None.

Those abstaining:

None.

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

None.

## 118. MOTIONS ON NOTICE

The following Motions had been received:-

- (a) Hartlepool Borough Council is alarmed by the recent intimation by Government that the NICE (National Institute for Clinical Excellence) rules governing the use of Caesarean Section during childbirth may be relaxed, so allowing for elective Caesarean being available on the NHS.

We believe that this change is fundamentally flawed:

- At a time when finances are being restricted within the NHS, this has the potential to increase costs.
  - NHS – Normal Childbirth - £750 to £1500 (dependant on where the birth takes place and how much assistance is needed)
  - NHS – Caesarean Section - £2,500 (due to need for, an anaesthetists, surgery time, the extra drugs and aftercare needed)
  - Private Hospital – Caesarean - £5,000 + up to £1,000 per night
- It has the potential to reduce the availability of Midwife-led Maternity Units, such as the one at the University Hospital of Hartlepool.

This Council therefore resolves to work closely with our MP Iain Wright so that he can keep us informed of any changes to the rules governing the availability of elective Caesarean Section and any potential impact this may have on services in Hartlepool.

Councillor C Simmons  
Councillor G Hall  
Councillor R W Cook  
Councillor M A James  
Councillor L Shields

The Motion was moved and seconded.

Issues arising from the Motion were debated by Members.

In accordance with Council Procedure Rule 17.4 of the Constitution a recorded vote was taken in relation to the proposal:-

Those in favour –

Councillors: Aiken, C Akers-Belcher, S Akers-Belcher, Barclay, Cook, Cranney, Fenwick, Fleming, Gibbon, Griffin, Hall, Hargreaves, Jackson, James, Lauderdale, Loynes, Maness, A Marshall, J W Marshall, McKenna,

Morris, Richardson, Robinson, Rogan, Shields, Simmons, Sirs, Tempest, Thomas, H Thompson, P Thompson, Turner, Wells and Wilcox.

Those against the recommendation:

None.

Those abstaining:

The Mayor, Stuart Drummond.  
Councillors A Lilley, G Lilley and Preece.

- (b) This Council is concerned by the conflicting decisions being made by Government.

At a time when Government is pushing ahead with the replacement of Primary Care Trusts (PCT's) as commissioners of local health care, they also believe that a G.P. should no longer be able to sign a sick note. Such diverse decision making has the potential to undermine G.P.'s and leave patients confused and distrustful of the health provision being afforded them.

Councillor C Simmons  
Councillor G Hall  
Councillor R W Cook  
Councillor M A James  
Councillor L Shields

The Motion was moved and seconded.

Issues arising from the Motion were debated by Members

In accordance with Council Procedure Rule 17.4 of the Constitution a recorded vote was taken in relation to the proposal:-

Those in favour –

Councillors: Aiken, C Akers-Belcher, S Akers-Belcher, Barclay, Cook, Cranney, Fenwick, Fleming, Gibbon, Griffin, Hall, Jackson, James, Lauderdale, Loynes, Maness, A Marshall, J W Marshall, McKenna, Morris, Richardson, Robinson, Rogan, Shields, Simmons, Sirs, Tempest, Thomas, H Thompson, P Thompson, Turner, Wells and Wilcox.

Those against the recommendation:

None.

Those abstaining:

The Mayor, Stuart Drummond.

Councillors A Lilley, G Lilley and Preece.

#### 119. GURKHA CAMPAIGN FOR PENSION PARITY

The Acting Chief Executive had circulated correspondence which had been received from Reading Borough Council seeking support for the Gurkha campaign for Pension Parity. The letter also promoted the signing of an e-petition.

RESOLVED - That the Gurkha campaign for Pension Parity be supported.

#### 120. RESIGNATIONS FROM POLITICAL GROUPS

The Acting Chief Executive reported that she had been informed that Councillors Gibbon, A Lilley and G Lilley had submitted their resignation from the Association of Independent Councillors Group. A new Notice of Constitution of Political Group form had been forwarded to the Group to reflect the change.

RESOLVED – That the report be noted.

#### 121. OUTSIDE BODY APPOINTMENTS

Northumbria Regional Flood and Coastal Committee.

Council was advised that following changes to the establishment of the above Committee, Hartlepool had a permanent seat on the Committee; in the past it was shared with Redcar and Cleveland Borough Council. As the body was listed under Schedule B of the Outside Bodies list, where the “Executive appoints any Member”, the Mayor had been consulted and had appointed Councillor G Lilley to the position.

RESOLVED – That the appointment be noted.

Hartlepool Credit Union

Members were reminded that the Council had four seats on the Board of the Credit Union, though nominations were subject to approval by the Financial Services Authority. The Acting Chief Executive had been informed that Councillor C Akers-Belcher wished to resign from his appointment to the Credit Union. The Credit Union had also indicated that it did not wish to accept the nomination of Councillor James.

RESOLVED – That consideration of the report be deferred pending receipt of further information to be provided to the Portfolio Holder.

123. APPOINTMENTS PANEL

ASSISTANT DIRECTOR – PERFORMANCE AND ACHIEVEMENT  
CHILD AND ADULT SERVICES DEPARTMENT

The Acting Chief Executive reported that the current Assistant Director – Performance & Achievement had given notice that she intended to resign from her post. The post had been considered by Vacancy Monitoring Panel on 30 November and the Trade Unions had been consulted on 1 December regarding the release of the post during the Recruitment Freeze.

Council was requested, therefore, to approve the establishment of an Appointments Panel. In line with the Officer Employment Procedure Rules, as set out in the Constitution, the Panel would consist of eight members, as follows:-

The Mayor  
The Chairman of the Council  
Group nominations – 3 Labour Councillors, 1 Conservative Councillor, 1 Liberal Democrat Councillor and 1 Councillor representing the Association of Independent Councillors.

In addition, as identified in the Officer Employment Procedure Rules, Council was also requested to reflect the gender balance of the Council when nominating to the Panel. It was suggested therefore that Council nominate three female Councillors to the Panel.

RESOLVED - That the following nominations be approved:-  
Labour Group – Councillors C Akers-Belcher, James and Tempest  
Conservative Group- Councillor Wells  
Liberal Democrat Group – Councillor Wright  
Association of Independent Councillors Group – Councillor Hill

124. APPOINTMENTS PANEL

TEMPORARY DIRECTOR OF CHILD AND ADULT SERVICES  
CHILD AND ADULT SERVICES DEPARTMENT

The Acting Chief Executive reported that as a result of the Assistant Director – Performance & Achievement giving notice, the temporary backfill arrangements for the Director of Child & Adult Services needed to be reviewed. It was proposed that a temporary appointment may be required to undertake the full Director role internally. Should any appointment result in a temporary vacancy of Assistant Director which would be required to be filled on a full-time basis it was proposed that the same Appointments Panel undertake the recruitment and selection, following the necessary vacancy approval.

Council was requested, therefore, to approve the establishment of an Appointments Panel. In line with the Officer Employment Procedure Rules, as set out in the Constitution, the Panel would consist of eight members, as follows:-

The Mayor  
The Chairman of the Council  
Group nominations – 3 Labour Councillors, 1 Conservative Councillor, 1 Liberal Democrat Councillor and 1 Councillor representing Association of Independent Councillors.

In addition, as identified in the Officer Employment Procedure Rules, Council was also requested to reflect the gender balance of the Council when nominating to the Panel. It was suggested therefore that Council nominate three female Councillors to the Panel.

RESOLVED - That the following nominations be approved:-  
Labour Group – Councillors C Akers-Belcher, James and Tempest  
Conservative Group- Councillor Wells  
Liberal Democrat Group – Councillor Wright  
Association of Independent Councillors Group – Councillor Hill

## 125. PETITION FOR A REFERENDUM

At the meeting on 27th October, 2011, Council had received a report confirming the receipt of a petition requesting amongst other matters, a “Mayoral Referendum”. That petition as received on 21st October, 2011, contained approximately 3,600 signatures and the Council was required to receive and proceed to verify such petitions as to their validity within a period of one month from receipt.

The Council’s Chief Solicitor had given notification to the “petition organiser” and the Secretary of State on 18th November, 2011, that the petition was deemed to be invalid. In accordance with the requirement under The Local Authorities (Referendum) (Petitions and Directions) (England) Regulations, 2000, public notice of this determination was also given in an edition of the Hartlepool Mail. Correspondence was also sent to all Borough Councillors outlining the reasons behind this determination. Through the verification of this petition, it transpired that 2,815 signatories were from individuals who appeared on the published register of electors (the petition organiser did volunteer an additional 66 signatories, 45 of them were registered electors) and in consequence the verification number, which applies for the Borough, namely 3,457 was not met. Whilst there was an expression of discontentment within this petition, the aims and objectives did not provide a clear indication as to the constitutional change required to constitute a valid petition for the purposes of Regulation 9. However, the more fundamental reason of why this petition should be determined as being invalid is that where a local authority is operating a Mayor and Cabinet Executive, as Hartlepool Borough Council does, there is no scope within Part II of these Regulations for local authority electors to effect a “constitutional change” to comply with Regulation 9(2) in the form of the Executive by such a petition. The only change in the form of an Executive that was permitted under Part II of these Regulations was a change to an Executive involving an Elected Mayor and Cabinet. There was no other form of Executive that a petition under Part II of these Regulations could seek to promote. As there was no other form of Executive to which the Council could

change that could satisfy the requirements of Regulation 9, such a petition was necessarily invalid.

The Department for Communities and Local Government appeared to accept this interpretation of these Regulations although the Secretary of State had power to issue a direction for the local authority to hold a referendum, this power would only be exercised in wholly exceptional circumstances

Members were reminded that any change to the Council's governance arrangements would need to be endorsed through a referendum. Further, there was a moratorium of 10 years on holding a referendum from one held previously, a position that was not altered under the Localism Act, 2011. Should the Secretary of State ever direct the Council to hold a referendum or should the Council resolve to so hold, a referendum should generally be held within a period of six months from such direction or resolution and there would be a combination of polls, should the referendum coincide with an ordinary or other election. A local authority in proceeding towards a referendum must undertake reasonable consultation and would be required, amongst other matters, to agree upon its "fallback" proposals at least two months prior to any referendum.

At the present time, the only alternative form of Executive arrangement from that of Mayor and Cabinet, was the "Leader and Cabinet" model. It was noted, that whilst the 2000 Regulations had limited application in relation to a petition seeking a referendum as outlined, this was not the case where the Secretary of State directed a referendum to be held or where the Council so resolves. The Localism Act, 2011, which received Royal Assent on 15th November, also introduced a further model of governance namely that of a "committee system" and the power of the Secretary of State to introduce other "prescribed arrangements". Amending Regulations were scheduled to be introduced early in 2012 and until that time, the Council would be unable to meaningfully and lawfully consult on these "new" models of governance. If Members wished to resolve to move towards a referendum, the timing of the same would be crucial. It was also open to the Council to engage in informal consultations and this could be a preparatory step before any formal resolution to move towards a referendum is taken.

The options therefore available to Council were as follows;

- (i) That the Council resolve to hold a referendum, which would need to be held within a period of six months from the passing of that resolution, which currently would limit consultations to the present Executive form of governance, namely Mayor and Cabinet and that relating to the Leader and Cabinet model.
- (ii) That the Council defers consideration to the holding of a referendum until the introduction of amending Regulations introduced under the Localism Act, 2011, which will provide for additional forms of governance to be considered and upon which the Council would then be able to engage in lawful consultation.

Notwithstanding the above 'options', Council may wish to proceed with informal consultations to seek a view as to how the Council should be governed and the results of such informal consultations be taken into account in any subsequent referendum process.

Members debated issues raised by the report. Following discussion, option (ii) was moved and seconded.

RESOLVED – That consideration to the holding of a referendum be deferred until the introduction of amending Regulations introduced under the Localism Act, 2011.

In accordance with Council Procedure Rule 17.4 of the Constitution a recorded vote was taken in relation to the proposal:-

Those in favour –

The Mayor, Stuart Drummond,  
Councillors: Aiken, C Akers-Belcher, S Akers-Belcher, Barclay, Cook, Cranney, Fenwick, Fleming, Gibbon, Griffin, Hall, Jackson, James, Lauderdale, A E Lilley, G Lilley, Loynes, Maness, A Marshall, J W Marshall, McKenna, Morris, Preece, Richardson, Robinson, Rogan, Shields, Simmons, Sirs, Tempest, Thomas, H Thompson, P Thompson, Turner, Wells and Wilcox.

Those against the recommendation:

None.

Those abstaining:

None.

The meeting concluded at 8.50 pm

CHAIR

**EXTRAORDINARY CLEVELAND POLICE AUTHORITY  
EXECUTIVE**

An extraordinary meeting of Cleveland Police Authority Executive was held on Wednesday 3 August 2011 in the Members Conference Room at Police HQ.

PRESENT: Councillor Chris Abbott, Councillor Ron Lowes, Councillor Ray Goddard, Councillor Terry Laing, Councillor Sean Pryce, Councillor Carl Richardson and Councillor Barry Coppinger.

Independent Members  
Mr Peter Race MBE ( Chair), Miss Pam Andrews-Mawer, Mr Ted Cox JP, Mr Aslam Hanif, Mr Geoff Fell Mr Peter Hadfield, and Mr Mike McGrory JP

ADDITIONAL ATTENDEES Councillor Norma Stephenson

OFFICIALS: Mr John Bage(CE).  
Mr Tim Hill and Ms Judith Barnes (Eversheds)

119 **APOLOGIES FOR ABSENCE**

Apologies were received from Mr Chris Coombs and Mayor Stuart Drummond.

120 **DECLARATIONS OF INTERESTS**

There were no declarations of interest.

121 **EXCLUSION OF THE PRESS AND PUBLIC**

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

122 **CODE OF CORPORATE GOVERNANCE**

Members were informed that the purpose of the report was to seek the urgent approval of the Authority to put in place amended decision making arrangements for the exercise of the Police Authority's powers and duties in connection with complaints and conduct matters concerning chief police officers.

**ORDERED that;**

1. the specific arrangements for the delegation of the Authority's powers and duties, as set out in the Appendix to this report, be agreed.
2. the suggested revised Code of Corporate Governance to be recommended to the Authority for adoption at the Police Authority meeting to be held on 4 August 2011, be further amended to accommodate these arrangements.
3. the arrangements for additional support to be provided to the authority outlined by the Chair be introduced to assist with capacity over the next few weeks.

## **CLEVELAND POLICE AUTHORITY EXECUTIVE**

A meeting of Cleveland Police Authority Executive was held on Thursday 4 August 2011 in the Members Conference Room at Police Headquarters.

**PRESENT:** Councillor Chris Abbott, Councillor Ron Lowes, Councillor Ray Goddard, Councillor Terry Laing, Councillor Sean Pryce, Councillor Carl Richardson, Councillor Barry Coppinger and Councillor Norma Stephenson

### **Independent Members**

Mr Peter Race MBE (Chair), Miss Pam Andrews-Mawer, Mr Ted Cox JP, Mr Aslam Hanif, Mr Geoff Fell, Mr Peter Hadfield and Mr Mike McGrory JP.

**OFFICIALS:** Mrs Julie Leng, Mr John Bage, Mr Michael Porter and Dr Neville Cameron (CE).  
Mr Sean White, Mr Dave Pickard, Mr Ian Richards, Mr Graeme Slaughter, Ms Denise Curtis-Haigh, Mr Steve Sugden and Miss Kate Rowntree, (CC).

### 123 **APOLOGIES FOR ABSENCE**

Apologies were received from Mr Chris Coombs and Mayor Stuart Drummond.

### 124 **DECLARATIONS OF INTERESTS**

There were no declarations of interests.

### 125 **MINUTES OF THE CLEVELAND POLICE AUTHORITY ANNUAL GENERAL MEETING HELD 23 JUNE 2011**

#### **ORDERED that;**

1. the minutes be held as a true record be agreed.

### 126 **COUNCILLOR MEMBERSHIP AND NOMINATIONS FOR ANSWERING QUESTIONS AT COUNCIL MEETINGS**

The Acting Chief Executive informed Members that a

vacancy to be filled by Stockton Borough Council and this appointment was agreed at a meeting of Cleveland Police Joint Committee on Friday 15 July 2011.

Members were informed that the report was to confirm the appointment agreed by the Joint Committee on Friday 15 July 2011. One of the key roles of the Member will be to answer questions on the discharge of the functions of the Police Authority at their Council meetings.

**ORDERED that;**

1. the appointment of Councillor Norma Stephenson from Stockton Borough Council to the Police Authority be noted.
2. as previously agreed at the Police Joint Committee on Friday 10 June 2011 that this appointment would be for a period of four years or until any change in legislation surrounding Police Authorities occurs, and that this is dependent on future Government decisions around the governance of policing in the future be noted.
3. Councillor Norma Stephenson be appointed as one of the Stockton Council representatives to answer questions on the discharge of the functions of the Police Authority be agreed.

127

**BUSINESS CASE**

The Acting Chief Executive informed Members that the purpose of the report was to consider the Police Authority Panel Structure, membership and terms of reference for each Panel. To outline an annual meetings schedule for the Police Authority and the Panels and to outline an annual schedule of reports for the Police Authority Executive and the Panels.

Members were informed that Cleveland Police Authority annually reviewed its Panel Structure and membership of each of those Panels, taking into consideration any changes in legislation and requirements to ensure that we remain efficient and effective. Members were also informed that the Police Authority also conduct Members skills and interest audit to ensure they are appointed to the most appropriate Panel.

The Acting Chief Executive also informed Members that in addition we annually review the terms of reference for each of

the Panels in conjunction with the Chair and Vice Chair of each to ensure they are still fit for purpose and to incorporate or remove any changes which have occurred due to changes in legislation or working requirements.

Members sought assurance that the monitoring of performance was also to be included in the business of the Police Authority.

**ORDERED that;**

1. the Police Authority Panel Structure at Appendix A i, Membership at Appendix A ii and Terms of Reference at Appendix A iii to the report, for each Panel be agreed.
2. the Meetings Schedule as attached at Appendix B to the report be agreed.
3. the Outline Annual Schedule of Reports as attached at Appendix C to the report be agreed.
4. performance monitoring be inherent to all aspects of scrutiny be agreed.

128

**CODE OF CORPORATE GOVERNANCE**

The Service Improvement Manager informed Members that in March 2010, the format of the Code of Corporate Governance was reviewed at the Audit & Internal Control Panel and agreed at the Police Authority Executive on 25<sup>th</sup> June 2010. The report outlined the annual update of the Code of Corporate Governance for 2011/12.

Members were informed that since the last update in June 2010, there had been a number of changes to the working document primarily minor amendments to wording. Other changes to the Code were outlined to Members.

Members sought clarity regarding the Joint Risk Management Group, in so much that it is a sub group of the Leadership Panel and not the Audit & Internal Control Panel.

This was agreed so.

**ORDERED that;**

1. the revised Code of Corporate Governance at Appendix A to the report be agreed.

**PROJECT I UPDATE**

The Treasurer reminded Members that they had approved, at their meeting on the 15<sup>th</sup> June 2010, to enter into a £175m Strategic Partnership Agreement (SPA) with Steria which would save the Authority £49.8m over the following 10 years. The partnership commenced on the 1<sup>st</sup> July 2010 and on the 1<sup>st</sup> October 2010, 514 Cleveland Police staff TUPE'd to Steria.

Members were informed that the purpose of the report was to update Members on all of the changes that had been made to the contract since June 2010, the current position in relation to the remaining risk, to the Authority, of the redeployment pool and the plans and timeframes to address this risk.

The Treasurer informed Members that the challenge of delivering the transformation of the organisation, to deliver the savings required to meet the Government cuts, in a way that does not impact on 'Front Line' services, had benefited significantly from the work done in both entering into this contract in the first instance and then extended it to drive additional savings.

Members queried how any savings made would impact on the projected cuts in finance.

The Treasurer informed Members that these additional savings had already been factored in to the long term financial plan the Police Authority approved in February 2011.

Members asked if there had been any dissatisfaction since the implementation.

The Assistant Chief Constable (Crime Ops) assured Members by informing them that this initiative is groundbreaking and that the two Assistant Chief Constable's are leading on all operational aspects.

Members were informed that this was very early into a ten year process and to give assurance that Steria sit on the accountability team for the project.

Members queried what involvement the Unions have in these processes.

The Head of People & Diversity informed Members that UNISON are consulted monthly and both they and Steria are communicating regularly 'offline'.

The Assistant Chief Constable (Crime Ops) informed Members that communication channels remain open at all times.

**ORDERED that;**

1. the contents of the report be noted.
2. the initial contract value has increased by £8.1m from £175.2m to £183.3m as a result of the changes made to the contract Appendix A to the report refers be noted.
3. the reported savings on the initial 10 year contract have increased by £21.1m from £49.8m to £70.9m, Appendix B to the report refers be noted.
4. the savings of £70.9m over the 10 year period will be delivered without any reductions in any services and represent a saving of 27.9% against the comparable budgeted baseline be noted.
5. through the outsourcing, the Authority can reduce the number of Police Officers in roles that do not require warranted powers by 163 FTEs and therefore it can reduce its Police Officer establishment by 163 FTEs without impacting on any 'front line' posts or reducing any 'back office' services be noted.

130

**MICROSOFT LICENSES**

The Service Delivery Manager informed Members that the purpose of the report was to inform Members of a decision made by the Acting Chief Executive following consultations with the Force and Steria outside of the normal business of the Authority, to convert the license to use Microsoft products in force from a *select agreement* to an *enterprise agreement*, and that it seeks Members to confirm the decision.

Detailed modelling of the licensing options available had been undertaken and a decision was taken by the Acting Chief Executive and the Deputy Chief Constable to enter into an enterprise agreement.

**ORDERED that;**

1. the decision made by the Acting Chief Executive following consultations with the Force and Steria on 25<sup>th</sup> July 2011, to convert the 'select' licensing agreement with Microsoft to an 'enterprise' agreement be agreed.

131

**EXCLUSION OF THE PRESS AND PUBLIC**

**ORDERED that** pursuant to the Local Government Act 1972 the press and public be excluded from the meeting under Paragraphs 3 and 7 of Part 1 of Schedule 12A to the Act.

132

**FORENSIC SCIENCE SERVICE – OPTIONS FOR CONTINUED PROVISION**

The Assistant Chief Constable (Crime Ops) informed Members that the purpose of the report was to update Members on the current position regarding the closure of the Forensic Science Service (FSS) and options for the continued provision of forensic science services to Cleveland Police. To advise Police Authority Members on the consequences for the ACPO No.2 Region of the Government's decision to wind-down the Forensic Science Service, the nature of the Regional response and the options available, and to secure the support of the Police Authority for the continued pursuit of the Accelerated Mergers and Acquisitions (AMA) route as the preferred option at this stage.

Members sought assurances regarding the possibility of private companies 'cherry picking' certain aspects of the whole service.

The Assistant Chief Constable (Crime Ops) informed Members that in his opinion he does not think this is likely to happen, and went on to explain to Members the differing parts of the UK's forensic services and the differentiation of specialist services carried out in differing locations across the UK.

Members sought assurances regarding capacity and accountability.

The Assistant Chief Constable (Crime Ops) assured Members that there was sufficient capacity built into the proposals and that the seven police force's shared the empowerment to be accountable.

**ORDERED that;**

1. the contents of this report be noted.
2. the continued pursuit of the AMA route as the preferred option for North East Forces and agree lead Police Authority arrangements to finalise national MOU negotiations be agreed.
3. the continued parallel engagement with the NFFA Operation Slingshot procurement competition as an operational contingency be agreed.
4. potential extension of current FSS SLA until 2013 be agreed.
5. the delegated authority to the Chief Executive and Chief Constable, in consultation with the Chair, to make the decisions in relation to the final preferred option and any associated procurement or contingencies be noted.

**ORDERED that** pursuant to the Local Government Act 1972 the press and public be excluded from the meeting under Paragraph 4 of Part 1 of Schedule 12A to the Act.

133

**PLAN B UPDATE AND STAFFING OPTIONS**

The Head of Corporate Planning & Governance and Temporary Chief Superintendent Futures Team presented the reports to Members which gave a briefing on the work of the Futures Team and the implementation of the Plan B Civilianisation programme.

Members queried if there were any strategies in place as Plan B moved on.

The Temporary Chief Supt. Futures Team informed Members that there was a 'priority list' which would be brought to a future Police Authority Executive.

The Head of People & Diversity spoke to the paper regarding staffing options and updated Members on amendments made to the Strategic Partnership Agreement, which assist Cleveland Police in eliminating the financial risk to the Authority presented by the redeployment pool and to seek their authority to

implement 'Plan B'.

Members were informed that the amendment to the Strategic Partnership Agreement (SPA) described in the report provided the means to utilise staff in the redeployment pool to make quick progress against 'Plan B', at the same time eliminating the financial risk that the pool could pose.

**ORDERED that;**

1. the work of the Futures Team and implementation of Plan B be noted.
2. the content of the Plan B Staffing Options report be noted.
3. a fully costed Plan B business case, that details the savings to be delivered from its implementation and the timing of the delivery of the transformation of those areas included within the business case is brought to the September Police Authority Executive (PAE) meeting and this will include the impact on Police Officer FTEs, Staff FTEs, the redeployment pool and the services being delivered in each area with-in the Plan B proposal be agreed.
4. an update on the progress of implementation of the internal transformation, for Scientific Support and the Prisoner Handling Team, is brought to the September PAE be agreed.

**Head of P&D**

**Head of P&D**

## **CLEVELAND POLICE AUTHORITY EXECUTIVE**

A meeting of Cleveland Police Authority Executive was held on Wednesday 28 September 2011 in the Members Conference Room at Police Headquarters.

**PRESENT:** Councillor Chris Abbott, Councillor Ron Lowes, Councillor Ray Goddard, Councillor Terry Laing, Councillor Sean Pryce, Councillor Carl Richardson, Mayor Stuart Drummond and Councillor Barry Coppinger.

Independent Members  
Mr Peter Race MBE (Chair), Mr Aslam Hanif, Mr Geoff Fell, Mr Peter Hadfield and Mr Chris Coombs

**OFFICIALS:** Mr John Bage and Mr Michael Porter (CE).  
Mr Sean White, Mr Dave Pickard, Mrs Ann Hall and Miss Kate Rowntree, (CC).  
Mrs Gill Gittins (AC)

### **134 APOLOGIES FOR ABSENCE**

Apologies were received from Miss Pam Andrews-Mawer, Mr Mike McGrory JP and Councillor Norma Stephenson

### **135 DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **136 PLAN B – IMPLEMENTATION PROPOSALS**

The Temporary Deputy Chief Constable informed Members that the purpose of the report was to set out fully costed proposals for the implementation of Plan B that detailed the savings to be delivered and the timing of the delivery of the transformation of those areas included within the business case, and to update Members on progress in implementing the internal transformation of Scientific Support Services and the Prisoner Handling Teams.

Members were reminded that at their meeting on 26<sup>th</sup> January 2010, Members considered the report 'Preparing for the Worst' which highlighted the potential for a significant reduction in the number of police staff and police officers in response to the forecast cut in grant funding.

The report provided Members with the Force's proposal to meet the financial challenges of the Comprehensive Spending Review whilst protecting the delivery of front line policing services to our communities.

Members queried what the impact would be on frontline policing.

The Temporary Deputy Chief Constable informed Members that the impact would be very marginal.

**ORDERED that;**

1. the contents of the report be noted.
2. the target police officer establishment of 1,460 FTEs in line with the Long Term Financial Plan update be agreed.
3. the implementation of Plan B as proposed in the report be agreed.
4. the deletion of 29 police officer posts as set out in the report be noted.
5. the civilianisation of 42 police officer posts as set out in the report be agreed.
6. the deferral of the civilianisation of Prisoner Handling Teams until 2013/14 be agreed.

137

**LONG TERM FINANCIAL PLAN UPDATE**

The Assistant Chief Officer Finance & Commissioning (ACO F+C), reminded Members that at their meeting on 24<sup>th</sup> February 2011 Members approved the budget for 2011/12 and the Long Term Financial Plan (LTFP) for 2012/16. The report was to provide an update to that position.

The LTFP update takes Members from the position as at 24<sup>th</sup> February 2011 through the challenges we are facing in 2011/12 into the longer term plan for 2012/16.

Members were informed that significant progress had been made since the LTFP 2011/16 was approved by Members in February 2011 and also since the update provided in

June; however the report presented to Members outlined the difficult financial challenges that the Authority still faces.

The ACO (F+C) informed Members that it also highlighted that there is still more work required to implement the workforce modernisation and savings plans that will enable the Authority to set a budget in February 2012. It will provide the most effective balance between affordability and operational performance. This work will continue over the coming months with a further update to Members in December.

The Chair requested that an expression of gratitude be extended to the ACO (F+C) and the Treasurer and their respective teams for the work carried out in bringing this report.

**ORDERED that;**

1. the contents of the report be noted.
2. a further update on progress towards setting the 2012/13 budget and the 2012/16 LTFP is brought to their meeting in December.

ACO(F+C)

138

**NATIONAL POLICE AIR SERVICE ISSUES**

This item was withdrawn.

139

**ANNUAL GOVERNANCE REPORT**

The Audit Commission informed Members that this was an interim report where by it was proposing to issue an unqualified audit opinion, however Members were informed that it was deferring to give an opinion on value for money whilst the current investigation was still on-going.

Members were informed that therefore, no certificate can be issued and the audit formally completed until the Audit Commission have issued their conclusion relating to proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ending 31 March 2011.

Members expressed concern over the lateness of receiving

the report and informed that the four areas of concern with-in the report were unfair in their criticism.

The Acting Chief Executive informed Members that the report is a governance report which is required to allow Members to approve the Statement of Accounts. Members were informed that the report cannot be concluded whilst the current investigation is still on-going and further, that there is an obligation on the Police Authority to receive such.

**ORDERED that;**

1. the report be noted.

140

**STATEMENT OF ACCOUNTS (POST AUDIT)**

The Treasurer reminded Members that they received and approved the Statement of Accounts 2010/11, subject to Audit, at their June meeting. It was agreed that the audited accounts and any amendments resulting from the audit would be presented to a future meeting of the Police Authority.

Members were informed that the accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and International Financial Reporting Standards and the subsequent Police Pension Fund Regulations. This specified the principles and practices of accounting required to prepare a Statement of Accounts which gave a true and fair view of the financial position of the Authority.

**ORDERED that;**

1. the Statement of Accounts for 2010/11, as attached be agreed.
2. the Letter of Representation, at Appendix A to the report be agreed.

141

**AMENDMENTS TO THE CLEVELAND POLICE  
AUTHORITY CODE OF CORPORATE GOVERNANCE**

The Acting Chief Executive informed Members that the purpose of the report was to seek the Members approval to make amendments to the Authority's Code of Corporate

Governance to clarify decision making in relation to disciplinary procedures.

Members were informed that recent events had forced a review of the current Code of Corporate Governance, particularly the sections about decision making in relation to discipline and conduct matters.

Changes are therefore proposed as shown at Appendix 1 to the report. The main elements of proposed changes are summarised with-in the report. The Police Authority Staff and Unison have been consulted on these proposed changes and have raised no objections.

Members queried how day to day bureaucratic issues will be dealt with.

The Acting Chief Executive informed Members that there would be periodic updates to the Chair and Members of the Professional Standards Panel.

142

#### **POLICE REFORM AND SOCIAL RESPONSIBILITY ACT 2011**

The Acting Chief Executive informed Members the purpose of the report was to seek the views of the Members to the approach to be taken to transitional and other issues following the Royal Assent of the Act.

The Police Reform and Social Responsibility Act 2011 received Royal Assent on 15 September 2011. Principally, the Act provided for the establishment of the Office of Policing and Crime Commissioner (PCC) for every Force area in England and Wales (except for the City of London), with elections to be held for PCCs on 15 November 2012, the PCC coming into office 7 days later. The Office of PCC will be a salaried position. At that time, Police Authorities will be abolished.

Members were informed that in addition, all local authorities in the Force area will be under a duty to establish a Policing and Crime Panel (PCP) to hold the Commissioner to account. The PCP will have a role in confirming the appointment of the Chief Constable; the appointment of the Commissioner's Chief Executive and Chief Finance Officer and other staff of the Commissioner;

and the Commissioner's precept and budget and the Policing Plan.

The Acting Chief Executive informed Members that the report was produced to present an opportunity for Members to discuss an overall approach to be taken from now on, after which he will prepare some suggestions for how such an approach on transitional matters can be implemented, for submission to the Leadership Panel after consultation with the Chief Constable.

Members sought assurance regarding the staff being secure in their future positions.

The Acting Chief Executive confirmed that the staff were indeed secure in their positions and that they will either transfer to the new Commissioner or back to the Police Force, he stated that the staff are under no risk whatsoever.

**ORDERED that;**

1. the report be noted.

143 **MINUTES OF THE OPERATIONAL POLICING PANEL HELD ON 26 MAY 2011**

**OPERATIONAL POLICING PANEL**

A meeting of the Operational Policing Panel was held on Thursday 26 May 2011 commencing at 10.00 am in the Police Authority Members Room at Police Headquarters.

PRESENT Mr Chris Coombs (Vice Chair), Miss Pam Andrews-Mawer, Mayor Stuart Drummond, Mr Aslam Hanif, Councillor Hazel Pearson OBE and Councillor Carl Richardson.

ADDITIONAL ATTENDEES Mr Peter Hadfield.

OFFICIALS Mrs Sarah Wilson, Mr John Bage and Miss Rachelle Kipling (CE). Mr Dave Pickard, Mr Sean White and Miss Kate Rowntree (CC).

144 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Mr Peter Race MBE (ex officio), Councillor Barry Coppinger (Chair), Mr Geoff Fell and Councillor Mary Lanigan.

145 **DECLARATIONS OF INTERESTS**

There were no declarations of interests.

146 **MINUTES OF THE PREVIOUS MEETING HELD ON 24 MARCH 2011**

The minutes of the previous meeting were accepted as a true and accurate record.

147 **OUTSTANDING RECOMMENDATIONS**

**ORDERED** that:-

1. the outstanding recommendations be noted and updated.

148 **FORCE PERFORMANCE REPORT (APRIL 2010 – MARCH 2011)**

The Assistant Chief Constable (Territorial Operations) presented the report to Members on Force Performance against the 2010/11 Policing Plan Priority.

Progress against the Policing Plan Priority was monitored using the Priority Indicator Set. The Priority Indicator Set provided a suite of key performance measures (i.e. 'a performance dashboard'), which aimed to reflect outcome performance in relation to the Local Policing Priority and the Chief Constable's vision of Putting People First.

Members were informed that for 2010/11, there were 18 performance measures within the Priority Indicator Set, each with an associated performance target. Targets were achieved in 10 areas, improvements were required to be made, in 5 (amber) and 3 (red).

Members were reminded that Cleveland Police maintained high Public Confidence Levels and were currently the top Force in the Country.

Members raised concerns in relation to Steria utilising volunteers to undertake 'call backs' in paid employment positions.

The Assistant Chief Constable (Territorial Operations) informed Members that volunteers were used to improve quality and make a positive difference.

Members queried as to whether the volunteers undertaking the 'call backs' were Cleveland Police Volunteers or Steria Volunteers, taking into account that the volunteer co-coordinator had been outsourced.

The Assistant Chief Constable (Territorial Operations) informed Members that the volunteers were volunteering on behalf of Cleveland Police. Call backs were monitored and calls were dip sampled in order to ensure a superior job was being done.

**ORDERED** that:-

1. the Force performance against targets be noted.

149 **ANNUAL REPORT ON THE CUSTODY SUPPORT SERVICES CONTRACT**

The Assistant Chief Constable (Crime Operations) informed Members

that the purpose of the report was to provide an appraisal of the performance of the Custody Support Services Contract during 2010/11, to assure Members that the contract was robustly managed by Cleveland Police, and to assure Members that the contract still offered 'value for money', performed to, and above the contracted requirements and met the needs of the Force.

Members were informed that throughout 2010/11, Reliance reported on the performance of the Custody Contract every month to a Contract Performance Board. There were 10 Key Performance Indicators (KPI's) within the contract that Reliance reported. These KPI's were linked to the contracted price and failure to perform resulted in service credit payments. As at the end of March 2011 the contract had performed at a level exceeding the KPI's.

Members were made aware that recognition of the benefits of this contract had been cited by the House of Commons Home Affairs Committee in their report 'Police Service Strength', published in January 2010.

Members requested if it would be possible for the KPI's to be included as an Appendix for future reports.

ACC (Crime Operations)

**ORDERED** that:-

1. the content of the report be noted.

150

#### **CLEVELAND POLICE CADET PROGRAMME UPDATE**

The Assistant Chief Constable (Territorial Operations) presented this report to update Members on progress of the Cleveland Police Cadet Programme.

Members were informed that the Cadet Programme was now approaching its second anniversary and thanks to funding from Cleveland Police Authority, Cleveland Police and the Stockton, Hartlepool and Redcar & Cleveland Councils, a robust community safety-themed programme of personal development had been put in place for young people across Cleveland.

Members queried as to whether Middlesbrough Cadets would be excluded from funding streams due to a non-contribution from Middlesbrough Council.

The Assistant Chief Constable (Territorial Operations) assured Members that this was not the case and Middlesbrough Council were no longer unique in deciding not to contribute, as all four Councils had now withdrawn their funding.

**ORDERED** that:-

1. the content of the report be noted.

151

#### **VULNERABILITY UPDATE**

The Assistant Chief Constable (Crime Operations) presented the report to update Members on the current work being undertaken across the Force to tackle areas of 'vulnerability'.

Members were informed that Vulnerability Units were launched on 13<sup>th</sup> July 2009, with the North Unit, sited at Billingham, responsible for Hartlepool and Stockton, and the South Unit, sited at Kirkleatham, responsible for Middlesbrough and Redcar and Cleveland.

Members queried the decrease in conviction rate for Redcar & Cleveland compared to the other districts and the previous year and asked if there was any reason for this.

The Assistant Chief Constable (Crime Operations) informed Members that he would provide them with a written response to this query.

**ACC (Crime Operations)**

Members enquired as to whether crimes were recorded differently as only 30 crimes in 2011 had been recorded compared to more in previous years.

The Assistant Chief Constable (Crime Operations) confirmed that there were no problems with the processes around recording and that there were no concerns regarding referrals being recorded as crimes.

**ORDERED** that: -

1. the content of the report be noted.

152

#### **STOP AND SEARCH STATISTICS**

The Assistant Chief Constable (Territorial Operations) presented Members with the latest statistics on stop and search by ethnicity and the reason for stop and search. The report covered the period October 2010 to March 2011.

Members were informed that the figures in the appendices to the report showed the number of people stopped and searched by ethnic appearance from October 2010 to March 2011, by Force and BCU's. Of the 16,342 people stopped, 2,247 (13.7%) were subsequently arrested; 2,154 (95.9%) were white and 69 (3.1%) visible minority ethnic (VME) origin.

Members asked what number of those stopped and searched were female.

The Assistant Chief Constable (Territorial Operations) informed Members that he would provide them with this information.

**ACC (Territorial Operations)**

**ORDERED** that: -

1. the content of the report be noted.

153

#### **CUPID UPDATE**

The Assistant Chief Constable (Crime Operations) presented the report to Members regarding the roll-out and use of CUPID across the Force.

Members were informed that CUPID gave 1,200 Police Officers and Police Staff (PCSO's), mobile access to operational systems, processes and information, such as crime and intelligence reports. It supported the mobile information needs of both operational officers and business support staff. CUPID had now become apart of Steria's broader partnership with Cleveland Police, which had a key focus of freeing up officers and police staff so that they would spend more time out in the communities.

Members questioned how Officers felt about using the CUPID devices.

The Assistant Chief Constable (Crime Operations) informed Members that a Focus Group including users from a range of Service Units is held regularly and the overall consensus seems to be positive.

Members commented that the only issues that they had been made aware of were in relation to the battery life of the devices.

The Assistant Chief Constable (Crime Operations) informed Members that the battery life of the devices were now much more improved and users held more than one battery and had a designated charging point.

**ORDERED** that:-

1. the contents of the report be noted.

154

#### **MYSTERY SHOPPING – SCRUTINY OF THE POLICING PLEDGE**

The Consultation and Performance Officer presented the report to update Members on the progress of the 'Mystery Shopper' checks which had been implemented as part of the Police Authority's scrutiny of Cleveland Police's customer service and citizen focus.

Members were informed that to date sixty-five checks of meetings had been conducted – nine at Hartlepool, thirteen in Middlesbrough, twenty one in Redcar and Cleveland and twenty-two in Stockton. Details of the forty-seven checks conducted since the last report in November 2010 were listed at Appendix A to the report.

Members were made aware that to date eleven checks of Police Offices had been made. Details of the individual office checks were listed at Appendix B to the report.

Members queried the comments at Appendix A to the report in which no reason was given for non attendance.

The Assistant Chief Constable (Territorial Operations) assured Members that he would look into the reasons for non attendance and ensure they are rectified.

Members commented that electronic means may be the way forward to engage with the public and that the 'Your Police Proposal' may be the process to implement.

The Consultation and Performance Officer informed Members that she

**Consultation and**

would liaise with the Media and Marketing Manager as to how the process was moving forward.

Performance  
Officer

The Assistant Chief Constable (Territorial Operations) informed Members that the Force is flexible in engagement processes and does not like to waste officers time. A meeting structure needs to be in place which works for the local community.

**ORDERED** that:-

1. immediate action be taken to resolve the issues with the meeting information on the force website be agreed;
2. training be provided promptly to Control Room call takers covering how to locate Neighbourhood information be agreed;
3. the intranet based Public Consultation Form process is reviewed be agreed.

155

#### **LOCAL COMMUNITY SAFETY PLANS**

The Consultation and Performance Officer presented the report to inform Members of the contents of the Community Safety Plans published by the Community Safety Partnerships (CSPs) for Hartlepool, Stockton, Middlesbrough and Redcar and Cleveland. A summary of the four documents was attached at appendices A – D to the report.

**ORDERED** that:-

1. the content of the report be noted.

156

#### **MINUTES OF THE PUTTING PEOPLE FIRST BOARD HELD ON 3 MARCH 2011**

Members inspected the minutes of the Putting People First Board held on:

- 3 March 2011

**ORDERED** that:-

1. the minutes of the above meeting be noted.

157

#### **MINUTES OF THE STRATEGIC PERFORMANCE GROUP HELD ON 18 MARCH 2011**

Members inspected the minutes of the Strategic Performance Group held on:

- 8 March 2011

**ORDERED** that:-

1. the minutes of the above meeting be noted.

158 **MINUTES OF THE STANDARDS COMMITTEE HELD ON 2 JUNE 2011**

**STANDARDS COMMITTEE**

A meeting of the Standards Committee was held on Thursday 2 June 2011 commencing at 10.00 am in the Police Authority Members Room at Police Headquarters.

|                      |   |
|----------------------|---|
| PRESENT              | Ms Ann O'Hanlon (Chair), Ms Vicki Lawson-Brown, Mr John Robinson, Mr Joe Rayner, Mr Gerard Walsh and Mr Peter Race MBE. |
| ADDITIONAL ATTENDEES | Mr Aslam Hanif, Mr Ted Cox JP.  |
| OFFICIALS            | Ms Kath Allaway (CE).   |

158 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Ms Carole Pollard (Vice Chair), Miss Pam Andrews-Mawer, Councillor Barry Coppinger and Councillor Mary Lanigan.

159 **DECLARATIONS OF INTERESTS**

There were no declarations of interests.

160 **OUTSTANDING RECOMMENDATIONS**

**ORDERED** that:-

2. the outstanding recommendations be updated and agreed.

**Monitoring  
Officer**

161 **CLEVELAND POLICE AUTHORITY MONITORING OFFICER REPORT**

KA presented the report, confirming that all Members of the Police Authority had completed a Declaration of Interests. The register had been inspected by Members of the Standards Committee on 10 May 2011. The Register was available on the Cleveland Police Authority Website. Any new Members Declarations should be included on the website as soon as possible following the Police Authority Annual General Meeting.

KA stated that eight Members of the Police Authority had declared receipt of hospitality in accordance with the Code of Corporate Governance.

The Code of Conduct and Official Secrets Declaration had been completed by all Members with the exception of two co-opted Members. The Chair asked that the Monitoring Officer ensures that

**Monitoring  
Officer**

this is followed up.

KA also states that 24 Freedom of Information Requests had been received during 2010/2011. The system for making such a request was available on the website.

**ORDERED that:-**

1. The Standards Committee formally acknowledge completion of the annual reviews of Members Register of Interests, Gifts and Hospitality in accordance with the Members Code of Conduct.
2. That in future the Chair of the Standards and three other Members meet prior to the main meeting to inspect the Registers and any findings and recommendations be included in the Monitoring Officers Report to the Standards Committee.
3. Members note there have been no confidential reporting issues reported to the Police Authority during 2010/2011.
4. Members note that the Cleveland police Authority Publication Scheme is accessible through the website and that the Police Authority has received 24 Freedom of Information requests over the past year.
5. Members note that 21 documents were signed and sealed in accordance with procedure over the period 2010/11.
6. Members note that no complaints were received against Members during 2010/11.
7. Members agreed this report be submitted to the Police Authority Executive Meeting.

162

**THE FUTURE OF STANDARDS IN LOCAL GOVERNMENT**

KA presented the report to Members explaining that the Government intended, through the Localism Bill, to abolish the Standards for England. The Proposals were:

- Remove the First-Tier Tribunal's jurisdiction over Member Conduct
- Remove the national Code of Conduct for councillors and the Requirement to have a Standards Committee
- Allow Authorities to choose if they have a local code or Standards Committee
- Create a criminal offence relating to failure to register or declare interests

One member asked how this would effect the Standards Committees, and the Monitoring officer stated that it was unclear but that the

Monitoring Officer

position was being monitored and an update would be provided once the position was clear.

The Chairman of the Police Authority stated that he would propose that the current regime within the Police Authority would continue and that a meeting of Standards would be called once the position was clearer.

163

#### **ANY OTHER BUSINESS**

The Chair of the Committee stated that she would not normally consider any other business however the unusual circumstances of recent weeks with the media interest may be of concern to all members of the Standards Committee and asked if the Standards Committee had a role to play.

KA explained that the Standards Committee's role was in relation to Members standards of conduct and as such these were not matters that fell within the terms of reference of the Committee.

164

#### **MINUTES OF THE AUDIT & INTERNAL CONTROL PANEL HELD ON 14 JUNE 2011**

##### **AUDIT & INTERNAL CONTROL PANEL**

A meeting of Audit & Internal Control Panel was held on Tuesday 14 June 2011 in the Members Conference Room at Police Headquarters.

PRESENT: Mr Mike McGrory JP (Chair), Mr Peter Hadfield (Vice Chair), Mr Geoff Fell, Mr Chris Coombs, Councillor Mary Lanigan and Mayor Stuart Drummond.

ADDITIONAL MEMBER: Councillor Ron Lowes

OFFICIALS: Mr Michael Porter, Dr Neville Cameron and Mr John Bage (CE)  
Mr Derek Bonnard, Mrs Ann Hall and Miss Kate Rowntree (CC)  
Mrs Sue Turner (IA) Mrs Gill Gittins (AC)

165

#### **APOLOGIES FOR ABSENCE**

Mr Peter Race MBE and Mr Ted Cox JP (ex officios)

166

#### **DECLARATIONS OF INTERESTS**

There were no declarations of interests.

167

#### **MINUTES OF THE PREVIOUS MEETING HELD ON 21 APRIL 2011**

A Member informed the Panel that they had been omitted from the list of attendees in the minutes of the previous meeting, following this correction the minutes were held as a true record.

The ACO F+C informed of a clarification to the report regarding Standing Financial Instructions (SFI). Members were informed that the process to ensure that Steria conformed to SFI's would be via

Internal Audit to this Panel.

168

**OUTSTANDING RECOMMENDATIONS**

**ORDERED that;**

1. the Outstanding Recommendations were noted and updated.

169

**EXEMPTIONS TO STANDING ORDERS (JANUARY – MARCH 2011)**

The ACO (F&C) informed Members that the new contract standing orders were introduced on 1<sup>st</sup> July 2009. Standing Orders paragraph 9 stated that "Utilisation of Contract Standing Order 9 or failure to follow contract standing orders shall be reported to the Audit and Internal Control Panel".

In compliance with Contract Standing Orders it had been the practice to report quarterly every circumstance where it appeared that the normal requirement to tender had not been followed.

**ORDERED that;**

1. the exemptions in Appendix A of this report be noted.

170

**ANNUAL GOVERNANCE STATEMENT – SERVICE UNIT ASSURANCE QUESTIONNAIRE**

The Treasurer informed Members that the report was intended to provide a summary of the responses from the survey of Service Unit Managers, undertaken as part of the process of establishing the assurance framework in support of the Annual Governance Statement

To facilitate the production of the Annual Governance Statement the Authority had developed a process where Annual Service Unit Assurance Assessments are completed by Service Unit Managers within the Force to confirm that the governance arrangements within the Service Unit are compliant with the internal control framework and evidence the declarations within the Annual Governance Statement.

Members were reminded that for the first time during 2010/11 Internal Audit undertook a sample review of the returns from Service Unit Managers and the evidence that they collated to support their returns. The results of this audit were reported to Members at their April meeting.

Members sought assurance regarding the quality of work being carried out and whether this work was managed.

The ACO (F+C) informed members that all responses were overseen by the Treasurer. The DCC also informed Members that such quality checks were reviewed and managed via the monthly performance reviews undertaken with Service Unit Managers.

**ORDERED that;**

1. the report be noted.

**STATEMENT OF KEY CONTROLS**

The Treasurer informed Members that as part of the framework for preparing the Annual Governance Statement a Statement of Key Controls had been collated. Members were informed that this is one of the Sources of Assurance which underpin the provision of assurance on the adequacy and effectiveness of controls over key risks.

The Treasurer informed Members that the extent to which there is evidence to support compliance with the key controls had been reviewed by those individuals identified within the appendices as the source of assurance to be relied upon.

Members queried the two areas shaded red in the appendices and sought assurance of the risk to the process.

The Treasurer informed Members that the document asks key people for certain assurances. But this does not always balance with the expectations of the Long term Financial Plan, so there will be on occasions areas that should be brought to Members attention. However the Treasurer assured Members that all areas are monitored and any such movement / action is reported to Members.

The ACO (F+C) informed Members that medium term issues are still not balanced and that there are significant financial challenges. Members were informed that the LTFP was linked to key strategic objectives.

**TREASURER****ORDERED that;**

1. the Statement of Key Controls as set out at Appendix A to the report be agreed.

**INTERNAL AUDIT FOLLOW UP REPORT**

The Internal Auditor informed members that as part of the approved internal audit periodic plan for 2010/11 they had undertaken a review to follow up progress made by Cleveland Police Authority to implement previous internal audit recommendations. Recommendations with dates for implementation not yet due would be followed up as part of the 2011/12 follow up work.

The audits considered as part of the follow up review were:

- Corporate Planning 09/10;
- Digital Imaging Services 09/10;
- Use of Internet & Email Services 09/10;
- Key Financial Controls & Petty Cash 09/10;
- Network Security 09/10;
- Risk Maturity 09/10;
- Vetting 09/10; and
- Follow Up 09/10.

Members were informed that staff members responsible for the implementation of recommendations were interviewed to determine the status of agreed actions. Where appropriate, audit testing had

been completed to assess the level of compliance with this status and the controls in place.

The Internal Auditor informed Members that taking account of the issues identified in the remainder of the report and in line with their definitions set out in Appendix A to the report, in their opinion Cleveland Police Authority had demonstrated reasonable progress in implementing actions agreed to address internal audit recommendations and there were no significant recommendations that they considered to be receiving inadequate management attention.

Members queried whether or not actions could be put in place to stop implementation dates being rolled over.

The Deputy Chief Constable informed Members that he had taken up such issues with various Service Unit Managers, and that it must be understood that Service Units are continually changing in challenging environments and carry out rolling programmes of work.

**ORDERED that;**

1. the item was deferred to a future meeting.

**CHAIR**

173

**PROJECT I REPORT**

The Internal Auditor informed Members that a review of the Governance Arrangements in place in relation to the Project I outsource was undertaken as part of the approved internal audit periodic plan for 2010/11. The Authority entered into a 10 year contract with Steria UK Ltd on 28 June 2010 whereby from 1 October 2010 Steria will deliver the following services on behalf of the Authority:

- Control Room
- Information and Communications Technology
- Finance
- Procurement
- Fleet
- Estates
- Human Resources (HR) and Training
- Central Business Unit (CBU)
- District Enquiry Desks and Administration
- Criminal Justice

Members were reminded that on 1 October 2010, 514 police staff transferred into the employ of Steria and the functions performed by 117 police officers became the responsibility of Steria under the contract. Members were informed that modern outsourcing is reliant on the establishment of effective behaviours in both the client and supplier involving the following:

- Relationships
- Flexibility
- Senior leadership
- Communication
- Knowledge sharing
- Cultural compatibility

- Problem resolution
- Quality of service line reporting
- IT practices and standards

The Internal Auditor informed Members of their key findings which were reported over six areas. They then provided updates for these findings.

Members sought assurance from Internal Audit as to the level of satisfaction in the overall process.

The Internal Audit assured Members of their satisfaction with the process and that they had no concerns, however Members were reminded that this area of work for Internal Audit was advisory work.

**ORDERED that;**

1. the report be noted.

174

**INTERNAL AUDIT ANNUAL REPORT 2010/11**

Internal Audit informed Members that as our internal audit provider, the assignment opinions that RSM Tenon provided the organisation during the year are part of the framework or assurances that assist the Authority prepare an informed governance statement. Members were informed that Internal Audit were satisfied that sufficient internal audit work had been undertaken to allow them to draw a reasonable conclusion on the adequacy and effectiveness of Cleveland Police Authority's arrangements.

For the 12 month period that ended on 31 March 2011, based on the work Internal Audit had undertaken, their opinion regarding the adequacy and effectiveness of Cleveland Police Authority's arrangements for governance, risk management and control all showed 'Green' assurance levels.

**ORDERED that;**

1. the report be noted.

175

**ANNUAL GOVERNANCE STATEMENT 2010/11**

The Treasurer informed Members that on 11 December 2007 the Police Authority received a report about the arrangements required under the Account and Audit Regulations, and defined proper practices to publish an Annual Governance Statement (AGS). The Executive agreed to build upon the existing arrangements for production of the Statement of Internal Control. This meant that the Audit and Internal Control Panel had the responsibility to review the draft AGS, and make recommendations to the Police Authority Executive meeting. The draft had been drawn up using the CIPFA/SOLACE framework and the guidance referred to in the body of the report.

Members were informed that the Governance framework itself remained a discretionary code and was offered to Organisations as good practice. It outlined six core principles of good governance

focusing on the systems and processes for the direction and control of the organisation and its activities through which it accounts to, engages with and leads the community. The degree to which the Authority followed these principles should be declared in its Annual Governance Statement. It is this statement that has the legal backing of Regulation 4 of the Accounts and Audit Regulations from 2007/8.

**ORDERED** that: -

1. subject to any amendments Members feel are necessary, the draft 2010/11 Annual Governance Statement at Appendix A to the report be agreed.
2. the Annual Governance Statement, at Appendix A to the report and subject to any amendments referenced in 2.1 of the report, be submitted to the Police Authority Executive on 23<sup>rd</sup> June 2011 for approval, be agreed.

176

**STATEMENT OF ACCOUNTS 2010/11 (SUBJECT TO AUDIT)**

The Treasurer informed Members that under the Account and Audit Regulations 2003, local authorities, including police authorities, are required to receive and approve the Statement of Account for 2010/2011 by the end of June 2011.

The role of the Audit & Internal Control Panel in reviewing the Statement of Accounts was essentially to provide assurance to the Police Authority Executive and to the wider stakeholder base that they conform to proper practices.

The Treasurer informed Members that the accounts were prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: Statement of Recommended Practice (SORP) 2010 and the International Financial Reporting Standards Code. This specified the principles and practices of accounting required to prepare a Statement of Accounts which gave a true and fair presentation of the financial position of the Authority.

Members were informed that as the Audit of Accounts is not scheduled to begin until 8<sup>th</sup> June; the Statement of Accounts was presented subject to audit. The audited accounts and any amendments resulting from the audit will be presented to a future Police Authority meeting.

**ORDERED** that:

1. the accounting policies set out in the Statement of Accounts on pages 20 to 27 inclusive, which the Authority had followed in producing the accounts be reviewed, be noted.
2. the analytical review of the accounts contained within the body of the report and specifically within paragraphs 3.10 to 3.14 to the report, to provide Members with confidence in the financial statements, be noted.
3. the establishment of Earmarked Reserves of £5,953k (paragraph 3.15 to the report refers), be agreed.

4. the Statement of Accounts (at Appendix A to the report) be recommended for acceptance to the Police Authority Executive on 23<sup>rd</sup> June 2011, be agreed.

177

#### **AUDIT & INTERNAL CONTROL PANEL 2011/2012 SELF ASSESSMENT**

The Treasurer presented the report to Members and informed that the Audit and Internal Control Panel last undertook a self assessment in 2008. The Action Plan arising from that self assessment had been addressed and given the change in membership of the Panel, during the intervening period the Chair of the Panel asked, at the meeting of the Panel in December 2010, that an updated process to undertake a further self assessment be produced. The purpose of the paper was to further develop this self assessment.

Members were informed that the proposed process for the self assessment will use the criteria within the Audit Committee Handbook published by HM Treasury in March 2007. This was further developed by the National Audit Office in a paper entitled "The Audit Committee Self Assessment Checklist" which was published in November 2009.

The Treasurer informed Members that a fully developed Audit and Internal Control Panel, with the appropriate Role, Membership, Skills, Scope and route for Communication should help the Authority undertake one of its primary functions, that is to *'put in place proper arrangements for the governance of its affairs and facilitating the exercise of its functions, which includes ensuring a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk.'*

The Panel Vice Chair expressed concern that the process could be too technical. Members suggested that it may be prudent for this process to be carried out collectively.

#### **ORDERED that;**

1. the checklist, attached at Appendix A to the report, is used to undertake the required self assessment be agreed.
2. a timetable and process for the completion of the self assessment be agreed.
3. an action plan be developed and monitored, as a result of the completion of the checklist, to address any areas for development be agreed.
4. the Panel Chair, Vice Chair and Treasurer to report back after the Police Authority AGM, on a system to be adopted to complete this collectively be agreed.

178

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

**ORDERED that** pursuant to the Local Government Act 1972 the press and public be excluded from the meeting under Paragraphs 3 and 7 of Part 1 of Schedule 12A to the Act.

179

### **CLEVELAND POLICE AUTHORITY RISK REGISTER**

The Service Improvement Manager informed Members that the purpose of the report was to provide Members with the opportunity to review the current Police Authority Risk Register, Action Plan and developments since the last update given on 10<sup>th</sup> February 2011.

The ownership of the Police Authority Risk Register rests with the Leadership Panel where routine maintenance and chronological updates are discussed and agreed. Risk updates are also provided at the Joint Risk Management Group, held with the Force, every two months.

Members were informed that the report is part of an ongoing process within both Authority and Force to embed risk management into every aspect of the business.

#### **ORDERED that;**

1. the routine maintenance and chronological updates to the Risk Register at Appendix A and Action Plan Appendix B to the reports be noted.

180

### **STRATEGIC RISK MANAGEMENT AND SERVICE CONTINUITY PLANNING UPDATE REPORT**

The Deputy Chief Constable informed Members that the purpose of the report was to provide Members with an update on progress in implementing both risk management and service continuity planning in the Force and to increase awareness of the strategic risks facing the Force.

Members were reminded of the integrated approach to embedding risk management and service continuity planning within the Force. The programme is progressing on a systematic basis with the intention of developing robust risk management and service continuity plans and further embedding a risk management culture.

The Deputy Chief Constable informed Members that Risk Management and Service Continuity Plans are key building blocks in ensuring the sustainable delivery of services and delivery of Policing Priorities through the effective identification and management of the principal risks to the delivery of corporate objectives.

Members sought clarification of an element of the Strategic Partnership Agreement.

The Deputy Chief Constable provided such assurance.

#### **ORDERED that;**

1. the contents of the report be noted.

181

### **COMMENT OF APPRECIATION.**

The Panel Chair placed on record his and the Panel's appreciation of

the work carried out by Cllr Mary Lanigan who will be leaving the Police Authority following the recent local elections.

182

#### **CLOSE OF MEETING**

183

### **MINUTES OF THE POLICY & RESOURCES PANEL HELD ON 30 JUNE 2011**

#### **POLICY & RESOURCES**

A meeting of the Policy & Resources Panel was held on Thursday 30 June 2011, commencing at 10.00 am in the Members Conference Room at Police Headquarters.

PRESENT

Mr Aslam Hanif (Chair), Miss Pam Andrews-Mawer, Councillor Ron Lowes, Councillor Barry Coppinger and Mr Ted Cox JP.

OFFICIALS

Dr Neville Cameron, Mrs Clare Hunter and Mr John Bage (CE).  
Mr Derek Bonnard, Mrs Ann Hall and Miss Kate Rowntree (CC).

184

#### **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Mr Peter Race MBE (ex officio) and Mr Sean Price.

185

#### **DECLARATIONS OF INTERESTS**

There were no declarations of interests.

186

### **MINUTES OF THE POLICY & RESOURCES PANEL HELD ON 28 April 2011**

The minutes were agreed as a true and accurate record.

187

#### **OUTSTANDING RECOMENDATIONS**

**ORDERED** that:-

1. the Outstanding Recommendations be noted.

188

#### **REVENUE OUTTURN 2010/11**

The Assistant Chief Officer Finance & Commissioning (ACOF+C) reminded Members that at their meeting on 25<sup>th</sup> February 2010 Members approved a Net Budget Requirement (NBR) of £132,172k and budgeted revenue expenditure of £149,573k, the balance of expenditure being funded by specific grants, other income and transfers from reserves. This report set out the year end position against that budget.

Members were informed that the overall outturn position attached at Appendix A to the report showed an underspending against budget of £727k (0.49%) when compared with a gross expenditure budget of £149.6m. This was achieved after allowing for the following decisions that were made by Members during the year:

- The transfer of £925k from the General Fund as approved

by Members to support the 2010/11 budget.

- The earmarking of reserves as agreed by Members for use in future years and as detailed in 3.16 to the report

Members were asked to note that the outturn position had been delivered after the unprecedented in-year budget cut of £1,366k and that this had not been at the expense of operational performance. An overall crime reduction of 9% was recorded for the year ending March 2011, which equates to 4234 fewer victims of crime.

Members were informed that the Force had, in spite of budget reductions, successfully delivered an underspend for the 2010/11 financial year thus contributing to the General Fund in order to further underpin the 2011/16 LTFP that was presented to Members on 24<sup>th</sup> February 2011.

Members queried the current position on costs pertaining to police overtime.

The Deputy Chief Constable informed Members police overtime is being monitored daily with a constant view of minimising costs.

Members sought assurance regarding the situation over Regulation A19 and the effect viz experienced Police Officers.

The Deputy Chief Constable informed Members that the Force does have succession planning processes, reminding Members that a general police career is for thirty years. Members were further reminded that Officers with more than thirty years service could at any stage issue twenty eight days notice to leave, thus making succession planning an important part of the recruitment / retention process.

The original 2010/11 budget, as approved by Members, allowed for transfers from reserves of £1,070k to support the budget. The Chair of Panel queried why had the actual transfer from reserves varied from this amount.

The Assistant Chief Officer Finance & Commissioning informed Members that she would circulate a reconciliation to all Members.

ACO F+C

ORDERED that;

1. the revenue outturn position for 2010/11 of a £727k underspend which represents a 0.49% underspend against a gross expenditure budget of £149.6m.
2. the outturn position is in excess of the £250k underspend forecast in the Period 11 report.
3. these results are presented subject to audit and that any amendments resulting from the audit will be presented to a future Authority meeting

### **CAPITAL OUTTURN 2010/11**

Members were reminded that they approved the capital programme of

£10,209k for 2010/11 and the capital plan for 2010/14 at their meeting on 25<sup>th</sup> February 2010. The report set out the progress against delivery of the programme and is part of the process introduced by the Police Authority to maintain prudent financial management.

The Assistant Chief Officer Finance & Commissioning (ACO F+C) informed Members that the report is part of the process agreed by the Police Authority to establish annual and medium term financial plans and maintain prudent financial management.

The Police Authority approved the carry forward of £148.3k in the Provision for Business Cases at their meeting on 31<sup>st</sup> March 2011. This was the position as at the end of February and during March, there were two movements which now result in the request for a further £158.9k to be carried forward:

- underspends across the programme of £113.7k on a number of schemes which were completed at a lower than anticipated cost.
- capital receipts of £45.2k on the sale of vehicles.

This takes the total provision to be carried forward to £307.2k.

ORDERED that;

1. the capital outturn position for 2010/11 be noted.
2. the carry forward of additional unutilised funds in the provision for business cases of £158.9k taking the total carry forward to £307.2k be agreed.
3. the utilisation of £47.1k of those funds carried forward to offset the reduction in funding confirmed by the Government in April 2011 be agreed.
4. the addition on a vehicle purchased for the Camera Safety Partnership at a cost of £20.6k be noted
5. the transfer from revenue of partnership funds of £20.6k to fund the above vehicle be agreed.
6. the carry forward of £3,015.3k for the following schemes (at 2.6 to the report) into the 2011/12 Capital Programme be agreed.

190

#### **TREASURY MANAGEMENT AND PRUDENTIAL INDICATORS OUTTURN 2010/11**

The Assistant Chief Officer Finance & Commissioning informed Members that the purpose of the report was to provide details of Treasury Management performance in 2010/11 and to provide details of performance against the Prudential Indicators for 2010/2011, approved by Members on 25<sup>th</sup> February 2010.

The Authority had complied with the requirements of the CIPFA Codes for Treasury Management and Prudential Borrowing. It had managed its cash and investments in a prudent manner, during the turbulence and uncertainty in financial markets and financial institutions, to protect the funds that it invests on behalf of the people of Cleveland. The Authority managed its cash resources in a low risk and highly liquid manner throughout 2010/11.

**ORDERED that;**

1. the content of the report be noted.

191

**BUDGET MONITORING REPORT TO 31 MAY 2011**

The Assistant Chief Officer Finance & Commissioning (ACO F+C) informed Members that the report sets out the progress against delivery of the budget and is part of the process introduced by the Authority to maintain prudent financial management.

The ACO (F+C) referred Members to para 3.4 of the report and outlined a number of areas where pressures may present as a risk. However the ACO (F+C) assured Members that at para 3.11 to the report, proposals being presented, can, if adopted, assist in the pressure being brought back to a balanced position.

Members were informed that the Force also continued to look at all areas of spend in order to drive out savings which can facilitate the bolstering of general reserves in order to support the financial position of the Force going forward. Any savings identified would only be captured if they do not undermine operational performance.

The Designate Vice Chair of this Panel assured Members that these budgetary matters are tightly managed at the Resource Management Group.

**ORDERED that;**

1. the contents of the report and actions proposed to bring the 2011/12 budget back into balance be noted.

192

**CAPITAL MONITORING TO 31 MAY 2011**

The Assistant Chief Officer Finance & Commissioning informed Members that the report is to set out the progress against delivery of the capital programme and is part of the process introduced by the Authority to maintain prudent financial management.

Members were informed that the report set out progress against delivery of the Capital Programme for 2011/12 and recommendations to make optimum use of the capital resource available to the Authority to refresh and develop the asset base for policing in the 21<sup>st</sup> Century in line with the vision of 'Putting People First'.

**ORDERED that;**

1. the contents of the report be noted.
2. the adding of the Upgrading of North Ormesby scheme at a

cost of £22.8k to be funded from the Provision for Business Cases and approved under delegated authority be noted.

3. the adding of the Digital Evidence scheme at a cost of £15.0k to be funded from the Provision for Business Cases and approved under delegated authority be noted.

193

#### **TREASURY MANAGEMENT TO 31 MAY 2011**

The Assistant Chief Officer Finance & Commissioning (ACO F+C) informed Members that the report was to update Members on the status of the Authority's investments and borrowing. It is part of the process introduced by the Authority to maintain prudent financial management.

Members were informed that the protection of the Authority's underlying investments will continue to be of utmost importance throughout 2011/12. To that end the investments of the Authority will continue to be placed in a prudent manner and also one that ensures sufficient funds are available to meet its' commitments as they become due.

#### **ORDERED that;**

1. the contents of the report be noted.

194

#### **ANNUAL HEALTH & SAFETY REPORT**

The Deputy Chief Constable informed members that the purpose of the report was to provide Members with an annual report with regard to health and safety and fire safety within Cleveland Police for the period 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2011.

Members were informed that the Force had an established network of Health and Safety Groups to facilitate co-operation and consultation in promoting and developing measures to continuously improve arrangements regarding the health, safety and welfare of staff.

The Deputy Chief Constable informed Members that fire safety risk assessments are conducted by the Health and Safety and Fire Safety section on a planned cyclical basis and to a given standard namely Publicly Available Specification 79 (PAS: 79) developed by the British Standards Institute. The assessments ensured compliance with current statute (The Regulatory Reform (Fire Safety) Order 2005) and embrace all premises in which Police Officers and Staff are located including premises owned, leased or rented by the Police Authority.

#### **ORDERED that;**

1. the content of the report be noted.

195

#### **ANNUAL PFI CONTRACT PERFORMANCE REPORT 2010**

The Assistant Chief Officer Finance & Commissioning ACO (F+C) informed Members that the purpose of the report was to provide Members with an appraisal of the performance of the Action Stations PFI Contract over the Financial year 2010/11, to assure Members that

the contract is robustly managed by Cleveland Police and to assure Members that the contract still offers value for money, performs to the contracted requirements and met the needs of the Force.

Members were reminded that Reliance continued to work closely with Cleveland Police in the management of the service contract. Positive working relationships are maintained through a number of meetings. Monthly and local meetings are held to facilitate the resolution of any outstanding issues between the parties, and to allow that the quarterly performance meeting to focus on 'headline issues'.

Relationships between the Force and Reliance remain positive with an open and transparent approach being adopted to address any emerging issues. This positive joint working is delivering a good service to our staff and the communities of Cleveland.

The ACO (F+C) informed Members that relationships between the Force and Reliance remain positive with an open and transparent approach being adopted to address any emerging issues. This positive joint working is delivering a good service to our staff and the communities of Cleveland.

**ORDERED that;**

1. the contents of the report be noted.

196

**WORKFORCE MODERNISATION UPDATE REPORT**

The Deputy Chief Constable informed Members that the report outlined to the Police Authority activities undertaken in the last 12 months along with activity currently underway in relation to workforce planning and modernisation.

Members were informed that to enable the effective delivery of the Policing Plan during 2010/11 and in the current financial year, a series of strategic Human Resources changes were identified, a number of which had significant implications on the effective management of our current and future workforce requirements. Key elements of change were then incorporated within the People and Diversity Business Plan in regard to workforce planning and modernisation activities.

The Deputy Chief Constable assured Members that throughout this process the focus is always on frontline policing.

The Police Authority's HR Advisor sought clarification regarding para 3.9 to the report, inasmuch as 'delivery of savings' and 'alternative approaches' and what these may be.

The Deputy Chief Constable informed that a comprehensive briefing could be given to Members some time in the near future and that this would incorporate timescales and an update on Regulation A19.

Members were informed that these processes would continue until the organization was at the correct size

**ORDERED that;**

1. the content of the report be noted.
2. a briefing to be held on Workforce Modernisation to include timescales and an update on Regulation A19 be agreed.

DCC

197

## **VEHICLE PROCUREMENT**

The Assistant Chief Officer Finance & Commissioning ACO (F+C) informed Members that the purpose of the report was to inform Members of the NPJA National vehicle procurement frameworks 2011/14 and to advise Members of the results of the North East Forces regional collaboration and seek approval of the recommendation from the mini-competition under the NPJA framework.

Members were informed that the Force had previously purchased its vehicles, as part of the annual Capital Replacement Programme, via the use of the joint National Policing Improvement Agency (NPJA) and National Association of Police Fleet Managers (NAPFM) framework agreement for vehicles and spare parts. These Frameworks were established in April 2005 and terminated on 30<sup>th</sup> September 2010.

The seven fleet managers of the full North East region agreed to enter into a collaborative mini-competition to enhance the benefits from the National Framework by taking advantage of potential volume discounts by standardising vehicles across the region.

The ACO (F+C) informed Members that a full tender process was carried out for all the regional Forces' requirements for the coming years. The tender documents were scored on areas such as vehicle cost, warranty terms, life costs and CO2 emissions. The scoring matrix and results are held by Humberside Police procurement department who carried the process on behalf of the region's Forces.

Cleveland will still enjoy the longer term benefits by signing up to the regional commitment placing the Force in a much lower pricing category for purchase over the next four years.

Members queried the types of vehicles that were part of the tender processes.

The ACO (F+C) informed Members that motor cars both petrol and diesel were included, motorcycles were not included neither were electric vehicles as yet these were not suitable for operational purposes.

Members queried whether driving technique was looked at to reduce driving costs.

The Deputy Chief Constable informed Members that the driver training programme incorporated such elements.

### **ORDERED that;**

1. to continue to collaborate with the North East Region for the procurement of police vehicles be agreed.

2. to use the regional framework for the procurement of police vehicles for the period 2011/14 be agreed.
3. the final outcome of the tender for the regional collaboration that is as follows:
  - Tenderer 1 is awarded Lots E, F, & I
  - Tenderer 4 is awarded win Lot D.

be agreed.
4. the proposed vehicle framework for the procurement of Cleveland Police vehicles for 2011/12 be agreed.
5. the migration of Beat car vehicles to that of a smaller vehicle for 2011/14 instead of the vehicle currently used. This would equate to a saving of £2,744 per vehicle be agreed.

198

#### **PROCUREMENT REPORT FOR ELECTRICAL ENGINEERING PLANNED & REACTIVE MAINTENANCE**

The Assistant Chief Officer Finance & Commissioning ACO (F+C) informed members that the purpose of the report is to advise Members of the procurement process undertaken during the recent tender exercise for electrical engineering planned and reactive maintenance.

Members were informed that the current contract for electrical engineering planned and reactive maintenance expires on the 30<sup>th</sup> September 2011. As a result, the service was retendered and a new contract is to be put in place to ensure a seamless handover and continuity of service.

A restricted two stage tender was the chosen procedure for this procurement. The restricted tender procedure involves advertising the contract opportunity and then sending the first stage Pre-Qualification Questionnaire (PQQ) document to all interested parties to complete. The PQQ document focused on organizational / legislative compliance questions as well as the organisations experience and technical competence to deliver the service. The second stage of the tender Invitation to tender (ITT) focused on pricing, service delivery and service response.

The procurement process had been completed in line with European Legislation. The use of the restricted procedure gave an opportunity for all interested parties to participate at the initial PQQ stage.

The Evaluation Team are fully confident that the procurement process had achieved Best Value and the new contract will provide an efficient, responsive and cost effective service to the Authority by using local suppliers as well as supporting the local economy.

#### **ORDERED that;**

1. the procurement method, analysis used and the

recommendation put forward by the Evaluation Team be noted.

2. to accept Bidder 3 as the best value solution to deliver the electrical engineering planned and reactive maintenance contract be agreed.

199

### **PROCUREMENT REPORT FOR BUILDING & FABRIC PLANNED & REACTIVE MAINTENANCE, AND CONTRACTOR FRAMEWORK FOR PROJECT WORKS**

The Assistant Chief Officer Finance & Commissioning ACO (F+C) informed Members that the purpose of the report was to advise Members of the procurement process undertaken during the recent tender exercise for building and fabric, planned and reactive maintenance, and the contractor framework for project works.

Members were informed that the current contract for building and fabric planned and reactive maintenance expires on the 30<sup>th</sup> September 2011. As a result, the service was retendered and a new contract is to be put in place to ensure a seamless handover and continuity of service.

As well as the main contract for planned and reactive maintenance which will be delivered by one local contractor, a framework of four other specialist contractors will be put in place to ensure that any building and fabric project works between £50k and £250k is competitively priced in the form of a mini competition and provides full compliance with Cleveland Police Authority Standing orders.

Members were informed that a restricted two stage tender was the chosen procedure for this procurement. The restricted tender procedure involved advertising the contract opportunity and then sending the first stage Pre-Qualification Questionnaire (PQQ) document to all interested parties to complete. The PQQ document focused on organisational/legislative compliance questions as well as the organisations experience and technical competence to deliver the service. The second stage of the tender, invitation to tender (ITT) focused on pricing, service delivery and service response.

The procurement process has been completed in line with European Legislation. The use of the restricted procedure gave an opportunity for all interested parties to participate at the initial PQQ stage.

The Evaluation Team are fully confident that the procurement process has achieved Best Value and the new contract and framework agreement will provide an efficient, responsive and cost effective service to the Authority by using local suppliers as well as supporting the local economy.

Members queried where the comparison data for Bidder 15 was, as it did not appear in the bundle.

The ACO(F+C) informed Members that it will be provided to Members.

ACO (F+C)

**ORDERED that;**

1. the procurement method, analysis used and the recommendations put forward by the Evaluation Team be noted.
2. to accept Bidder 15 as the best value solution to deliver the building and fabric planned and reactive maintenance contract be agreed.
3. to accept Bidders 2, 4, 11, 15 and 18 to enter into a contractor framework to deliver project works between £50k and £250k be agreed.

200

**ENVIRONMENTAL MONITORING GROUP**

The Service Improvement Manager informed Members that the report provides Members with an update of the business of the Environmental Monitoring Group held on 24 May 2011.

Members were informed that care for the environment and the reduction of carbon emissions nationally will continue to be high on the priority list of any UK Government. It is therefore essential for the Force and Authority to measure, improve and maintain any reduction in carbon emissions gained through the formation of the Environmental Monitoring Group.

The Service Improvement Manager informed members that there are financial implications as a result of projected energy usage reporting through the Carbon Reduction Commitment Energy Efficiency Scheme, however this has been built into estates revenue budgets for 2011-12.

Members were informed that the Environmental Monitoring Group is key to enabling the delivery of reduced carbon emissions year on year for both Force and Authority. The scope of the Group business will ensure that holistic scrutiny is applied to the effects that the day to day business of Cleveland Police and the Police Authority have on the environment.

**ORDERED that;**

1. the report be noted.

201

**LEGISLATION UPDATE**

The Service Improvement Manager informed Members that the purpose of the report was to outline recent and proposed legislation relevant to Police Authorities.

Members are provided with an update of recent and proposed legislation relevant to Police Authorities at two meetings annually - the last update was provided at the Policy & Resources Panel on 16 December 2010.

Members were informed that Acts of Parliament given Royal Assent and Draft Bills of Parliament currently in review in the House of Commons or House of Lords, pertinent to Police Authority business, were listed in Appendix A to the report.

The Authority constantly reviews current and proposed legislation to ensure that it is understood and put into practice, as appropriate and required.

**ORDERED that;**

1. the details of legislation outlined in Appendix A to the report be noted.

202

**NOTE OF APPRECIATION**

Following her departure from the Police Authority after the recent local elections, the Chair of the Panel expressed his gratitude on behalf of the Panel for the work and commitment given by Mrs Hazel Pearson OBE as Vice Chair of this Panel, and wished her well for the future.

**SPECIAL CLEVELAND POLICE AUTHORITY  
EXECUTIVE**

A special meeting of Cleveland Police Authority Executive was held on Wednesday 18 October 2011 in the Members Conference Room at Police Headquarters.

PRESENT: Councillor Chris Abbott, Councillor Ron Lowes, Councillor Ray Goddard, Councillor Terry Laing, Councillor Sean Pryce, Mayor Stuart Drummond and Councillor Barry Coppinger.

Independent Members

Mr Peter Race MBE (Chair), Miss Pam Andrews-Mawer, Mr Aslam Hanif, Mr Geoff Fell, Mr Peter Hadfield Mr Mike McGrory JP, Mr Ted Cox JP and Mr Chris Coombs

OFFICIALS: Mr Jeremy Holderness, Mrs Clare Hunter and Mr John Bage (CE).

203 **APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Carl Richardson and Councillor Norma Stephenson

204 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

205 **EXCLUSION OF THE PRESS & PUBLIC**

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

206 **CLEVELAND POLICE AUTHORITY SENIOR OFFICER ARRANGEMENTS.**

The Acting Chief Executive informed Members that the purpose of the report was to report the termination of the current arrangement whereby the Chief Executive of North Yorkshire Police Authority will serve as Acting Chief Executive of Cleveland Police Authority and to advise the Panel on suitable arrangements for the Authority for the future.

Members were reminded of the circumstances which led to the appointment, from 9 August 2011 of the Chief Executive of North Yorkshire Police Authority as the Acting Chief Executive of Cleveland Police Authority. For the sake of completeness and to provide a full audit trail, those circumstances were highlighted with-in the report.

The Acting Chief Executive informed Members that in discussion with the Chairman, he requested the Acting Chief Executive to set out his thoughts on what alternative arrangements should be put in place.

North Yorkshire Police Authority had given notice to Cleveland Police Authority that the arrangement whereby North Yorkshire's Chief Executive and other Support Staff are provided to support Cleveland will come to an end on 31 October 2011.

Members were informed that in discussion with the Chairman of North Yorkshire Police Authority and in the knowledge that Cleveland are actively seeking to put in place alternative arrangements, North Yorkshire Police Authority were willing, if so requested by Cleveland Police Authority to continue its support.

Members questioned at length and sought assurances regarding the processes needing to be put in place to move the processes forward.

**ORDERED that;**

1. the Police Authority proceeds swiftly with the appointment of a substantive Chief Executive and Monitoring Officer for a fixed term to 31 March 2013 be agreed.
2. the Job Description outlined in Appendix A to the report be adopted in connection with the recruitment to this post be agreed.
3. the Conditions of Service of the Police Staff Council be applied to this post at a spot salary of £90k per annum.
4. a Panel comprising the Chair, Vice-Chair, Chair of the Operational Policing Panel and the Vice Chair of the Audit & Internal Control Panel be authorised to

interview and select a successful candidate and otherwise to determine details in connection with this appointment be agreed.



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# CLEVELAND FIRE AUTHORITY

## MINUTES OF ORDINARY MEETING

14 OCTOBER 2011

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- PRESENT:**
- ACTING CHAIR:-**  
Councillor Payne – Hartlepool Borough Council
  - HARTLEPOOL BOROUGH COUNCIL**  
Councillors Richardson, Wells
  - MIDDLESBROUGH COUNCIL**  
Councillors Biswas, Clark, Lancaster, Pearson
  - REDCAR & CLEVELAND BOROUGH COUNCIL**  
Councillors Abbott, Briggs, Cooney, Dunning, Ovens
  - STOCKTON ON TEES BOROUGH COUNCIL**  
Councillors Corr, Cunningham, Gardner, Stoker, Woodhead
  - AUTHORISED OFFICERS**  
Chief Fire Officer, Director of Corporate Services, Legal Adviser/Monitoring Officer, Treasurer
  - BRIGADE OFFICERS**  
Head of Corporate Support
  - AUDIT COMMISSION**  
Gavin Barker
- APOLOGIES FOR ABSENCE:**
- |                                 |                                      |
|---------------------------------|--------------------------------------|
| Councillor Akers-Belcher        | (Hartlepool Borough Council)         |
| Councillors Brunton, Morby      | (Middlesbrough Council)              |
| Councillor Jeffries             | (Redcar & Cleveland Borough Council) |
| Councillors O'Donnell, Walmsley | (Stockton on Tees Borough Council)   |

49. **DECLARATIONS OF MEMBERS INTEREST**  
It was noted no Declarations of Interest were submitted to the meeting.
50. **MINUTES**  
**RESOLVED** – that the Minutes of the Cleveland Fire Authority Meetings held on 10 and 17 June 2011 be confirmed.
51. **MINUTES OF COMMITTEES**  
**RESOLVED** – that the Minutes of the Executive Committee held on 30 September 2011, Standards Committee held on 12 July 2011 and Tenders Committees held on 26 August 2011 and 30 September 2011 be confirmed.

**52. COMMUNICATIONS RECEIVED BY THE CHAIRMAN**

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

- Bob Neill MP re Fire Service College – Future Options Project
- Neil O'Connor, CLG, re Distribution of Capital Grant Funding from 2012-15.
- David Rowland, Chairman Buckinghamshire & Milton Keynes Fire Authority enclosing notes from meeting with Fire Minister on 13 June 2011
- Andrew Cornelius, CLG, re Changes to Employee Contributions and Reform of Firefighter Pensions Schemes
- Sir Bob Kerslake re The Future Of Local Audit
- Bob Neill MP re NEFRA 2 Fire PFI Project

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

**53. REPORT OF THE AUDIT COMMISSION**

**53.1 Annual Audit Letter**

Mr Barker reported that he had issued an unqualified opinion on the financial statements and although there were several errors in the financial statements, there has been no impact on the General Fund balance. There had been a large number of amendments to disclosures, many arising from the implementation of International Financial Reporting Standards (IFRS) in 2010/11.

Mr Barker commented that he had issued an unqualified Value for Money conclusion stating that the Authority has proper arrangements in place to secure economy and effectiveness in its use of resources.

Mr Barker stated that the Treasurer and his team had been very helpful during the course of the audit and placed on record his thanks for their co-operation. He confirmed that he had done everything possible to minimise the additional fee that had been charged and that this had been discussed in detail at the Executive Committee.

Mr Barker updated Members on the process being undertaken to appoint future Auditors following the announcement last year that the Audit Commission would be abolished. He confirmed that the existing arrangements would remain in place for Cleveland Fire Authority for the conclusion of the 2011/12 Audit.

Councillor Wells commented that he welcomed the report but questioned the revised fee. Councillor Briggs confirmed that this had been raised at the Executive Committee and that Executive Members has accepted the detailed explanation provided by the Audit Commission.

**RESOLVED – that Members note the report.**

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

**54.1 Strategic Direction and Priorities for 2012/13**

The Chief Fire Officer presented the Outcomes of the Strategic Management Team's (SMT) strategic, business and financial planning activities 2011, in relation to the Authority's strategic direction and priorities for 2012/13. He advised that the outcomes, revisions and proposed draft priorities had been recommended for approval by the Executive Committee at their meeting on 30 September 2011.

#### 54.1 **Strategic Direction and Priorities for 2012/13 (cont)**

The Chief Fire Officer informed Members that the Strategic Management Team had reviewed the strategic aims and outcomes which were detailed at Appendix 1 and highlighted the Draft Priorities for 2012/13.

The Chief Fire Officer detailed the next steps of the planning process:

- Chief Fire Officer to examine the strategic aims and establish strategic objectives to ensure that the Brigade's resources are directed to delivering those aims
- Director of Corporate Services to examine the strategic outcomes and consider the measurement requirements to ensure that the Brigade develops a revised corporate suite of indicators that will drive future service improvements
- Consider the proposed priorities in light of the budget settlement and allocate resources accordingly
- Include the approved amendments and proposed priorities for 2012/13 in the Service Plan 2012/13 and consult as appropriate

#### **RESOLVED:**

- (i) **that the Executive Committee's recommendation to approve the following be ratified:**
- **Outcomes as set out in Section 4 of the report**
  - **Revised vision as at paragraph 4.1 of the report**
  - **Revised strategic priorities as at paragraph 4.2 of the report**
  - **Revised strategic aims and outcomes as at paragraph 4.3 and Appendix 1 of the report**
  - **Proposed draft priorities for 2012/13 as at paragraph 4.4.**
- (ii) **that the next steps in relation to the strategic, business and financial planning activities be noted.**

#### 54.2 **Policy on Policies and Strategies**

The Chief Fire Officer stated that Cleveland Fire Authority has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. He explained that policies provide a framework in which staff members, including the senior management team, can operate, knowing the limitations of what they can do, and conversely what is expected of them. In order to improve the governance arrangements, policies and strategies have been classified into Authority or Brigade status with a review frequency assigned to them.

The Chief Fire Officer informed Members that the Director of Corporate Services will ensure that systems are in place to ensure that the policies and strategies utilised by the Brigade are up to date and there is effective governance arrangements in place to support the framework. He also advised that the documents had been shared with the representative bodies and that their comments had been included.

**RESOLVED – that the Executive Committee's recommendation to approve the Cleveland Fire Authority's Policy on the Policies and Strategies, as attached at Appendix 1 of the report, be ratified.**

### 54.3 **Business Continuity Policy and Strategy**

The Chief Fire Officer confirmed that Cleveland Fire Authority is committed to establishing and maintaining Business Continuity Management (BCM) arrangements to ensure continuity of key services in the face of disruptive challenges, disasters or other major incidents. He explained that the Business Continuity Policy aims to promote the effective continuity of services by ensuring that robust business continuity management arrangements are in place which meet the requirements of the Civil Contingencies Act 2004, whilst the Strategy sets out a framework of arrangements which make up the Authority's Business Continuity Management System.

**RESOLVED – that the Executive Committee's recommendation to approve the Business Continuity Policy and Strategy, as attached at Appendix 1 and 2 of the report, be ratified.**

### 54.4 **Amendments to the FPS (1992) and the New FPS (2006) – Consultation Paper**

The Chief Fire Officer advised Members of a number of DCLG policy proposals in respect of the suggested changes to the two fire service pension schemes (the Firefighters' Pension Scheme (1992) (FPS) and the New Firefighters' Pension Scheme (2006) (NFPS)).

The Chief Fire Officer highlighted the DCLG consultation document 'Amendments to the Firefighters Pension Scheme (1992) and the New Firefighters Pension Scheme (2006)' which seeks views on a range of proposed changes to the Schemes specifically in relation to:

- Rule A14: Compulsory retirement on grounds of efficiency – remove rule
- Changes to indexation of additional pension benefits – to the Consumer Prices Index
- Commutation – discretion to permit the maximum payment
- Pensionable pay – definition
- Age discrimination – contributions holiday
- Medicals appeals – power to review decisions
- Appeals on non-medical issues – appeal to Pensions Ombudsman
- Withdrawal of pension whilst employed by a Fire and Rescue Authority (abatement)
- Pensions tax – alignment with tax legislation
- Other, technical amendments (including the updating of statutory references)

The Chief Fire Officer informed Members that a proposed response was attached to the report at Appendix 1.

#### **RESOLVED:**

- (i) **that the proposed amendments to give effect to the policy proposals as set out in the consultation document. "Amendments to the Firefighters' Pension Scheme (1992) and the New Firefighters' Pension Scheme (2006) be considered.**
- (ii) **that the draft response, as detailed in Appendix 1, to the DCLG consultation exercise be approved.**

**54.5 Firefighters Pension Scheme (England): Consultation on Proposed Increases to Employee Contribution Rates**

The Chief Fire Officer advised Members of the proposed changes to the employee contributions rates applicable to the two fire services pension schemes, namely, the Firefighters' Pension Scheme (1992) (FPS) and the New Firefighters' Pension Scheme (2006) (NFPS).

The Chief Fire Officer explained that Lord Hutton, in his review of public service pensions, recommended that if the Government wished to make short term savings, raising contribution rates would be the most effective way to achieve that objective. At the Spending Review the Government announced the intention to increase employee contributions by 3.2% on average by 2014-15.

The Chief Fire Officer stated that DCLG have published a consultation paper setting out the proposals to increase the level of employee contribution rates in the FPS and NFPS for the financial year 2012/13. The consultation seeks views on the following key proposed changes to the schemes:

- Increased levels of employee contribution rates, effective from 1 April 2012
- The introduction of tiered contribution levels, so that high earners will pay a higher rate of contribution
- Different levels of increase for the FPS and NFPS
- The specific handling of contributions for retained and part –time firefighters

The Chief Fire Officer informed Members that the consultation, which is due to end on 2 December, seeks views on a range of proposed changes to employee contribution rates and a draft CFA response was attached at Appendix 2.

Councillor Clark requested clarification as to whether the representative bodies had been consulted on this issue. The Chief Fire Officer explained that they would be submitting their own responses and that once published by DCLG the summary document would be made available to Members.

**RESOLVED:**

- (i) that the proposed amendments to change the employee contribution rates as detailed in the consultation document, "Firefighters' Pension Scheme (1992) and the New Firefighters' Pension Scheme (2006) Proposed increase to employee contribution rates" be considered.**
- (ii) that the draft response, as detailed in Appendix 2 of the report, to the DCLG consultation exercise be approved.**

**55.6 Information pack – October 2011**

- 55.6.1 Fire and Rescue Service Monthly Bulletins
- 55.6.2 Employers Circulars
- 55.6.3 National Joint Circulars
- 55.6.4 Potential Ballot for Industrial Action

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

**56. JOINT REPORT OF THE CHIEF FIRE OFFICER AND THE TREASURER**

**56.1 Capital Strategy and Programme 2011/12-2025/26**

The Treasurer explained that the Capital Strategy and Programme at Appendix A provided a capital framework that demonstrated how the investment of capital resources will support and contribute to the provision of those assets, whilst ensuring that financial resourcing is sustainable.

The Treasurer advised Members that following notification in November 2010 that the Authority would not be receiving any PFI Credits to enable the replacement of some elements of our Estates Programme, an Asset Management Planning Requirement document and an associated Capital Expenditure forecast was developed. The Asset Management Plan sets out all the Authority's resources and is continually assessed to ensure that those assets are 'fit for purpose'.

The Treasurer commented that the Department for Communities and Local Government (DCLG) had secured capital grant funding for fire and rescue authorities in England of £70m per annum which was distributed on a formula basis earlier this year. DCLG are now consulting on a proposed new method of distribution for the remaining £210m grant. The closing date for DCLG consultation is 21 October 2011 and the Treasurer advised that the prepared response for approval by Members was attached at Appendix B.

The Treasurer highlighted three funding options which take into consideration the maximum revenue cost in any year which is limited to £1.1m. He explained that he would recommend Option 3 as Annuity Loans have an overall lower cost which enables a slightly higher capital spend to be funded. This route would also ensure that external borrowing does not exceed the Authority's Capital Finance Requirement, although flexibility is lost as far as future debt rescheduling is concerned. Based on Option 3 a full 15 year capital programme has been resourced, although the programme will be reviewed annually to ensure its continued affordability.

**RESOLVED:**

**(i) That the Executive Committee's recommendation to approve the following be ratified:**

- **The Authority's Capital Strategy and Programme 2011/12-2025/26 as Appendix A of the report**
- **Funding Option 3 within the Strategy**
- **Any savings arising in the early years from the Authority's strategy of having a £1.1m per year servicing cost of projected borrowing be used primarily to manage the risk on inflation and interest rates and where they are not required, to be used to increase capital spend without further borrowing or to reduce borrowing.**

**(ii) That the DCLG consultation on the capital grant distribution be noted and the CFA response attached at Appendix B of the report be approved.**

**57. JOINT REPORT OF THE DIRECTOR OF CORPORATE SERVICES AND LEGAL ADVISER/MONITORING OFFICER**

**57.1 Provision of an E-Tendering System and Amended Contract Procedure Rules**

The Director of Corporate Support informed Members that a presentation had been given to the Tender Committee on 26 August which detailed a proposal to implement an E-Tendering System. The presentation contained the Government directive for all

## 57.1 Provision of an E-Tendering System and Amended Contract Procedure Rules cont

public sector organisations to move away from paper-based tendering by 2010 and included process improvements that could be gained by the Brigade as well as £60,000 in efficiency savings per annum.

The Director of Corporate Support confirmed that the Tender Committee had agreed to the adoption of an e-tendering tool would be advantageous to the Brigade and would ensure auditability and division of duties within the Brigade; the following provisos would apply:

- 3 ICT Staff would administer the system
- For tenders over the value of £80,000 the Director of Corporate Services and either the Treasurer or Chief Fire Officer would both be in attendance for the opening
- For tenders between the value of £12,000 and £80,000 the Head of Finance and the Head of Procurement would both be in attendance for the opening
- Tenders awarded by Officers between the value of £12,000 and £80,000 will be reported in the Chief Fire Officers Information Pack
- Tender Committee Members to be given Audit access rights
- The Tender Committee will still be convened to award tenders over the value of £80,000

The Director of Corporate Support confirmed that the Contract Procedure Rules have been updated to incorporate a number of changes to EU Procurement Legislation and the provision for electronic tendering. She also informed Members that the proposed E-Tendering System will necessitate updating the Delegation Scheme and the Tender Committee Terms of Reference.

The Director of Corporate Services confirmed that the E-Tending System is within the approved 2011/12 Revenue Budget allocation for this scheme and can be supported from within existing resources.

The Legal Adviser/Monitoring Officer advised that a further amendment of the Contract Procedure Rules will be required at 16.1.3 to recognise that the Prevention of Corruption Acts 1889 to 1916 has been superseded by the Bribery Act 2010.

### **RESOLVED:**

- (i) that the e-tendering solution identified to be the most economically advantageous, by a Finance & Procurement quotation exercise, be implemented and used to undertake all future quotation and tender exercises.**
- (ii) that the Contract Procedure Rules (as attached at Appendix 1) be amended to allow the adoption of electronic tender publication, electronic tender retrieval by suppliers, electronic tender receipt and secure opening of tenders with a full electronic audit trail.**
- (iii) that the Delegation Scheme and Tender Committee Terms of Reference be amended accordingly.**

**58. REPORT OF THE LEGAL ADVISER/MONITORING OFFICER**

**58.1 Localism Bill**

The Legal Adviser/Monitoring Officer (LAMO) provided Members with an overview of the provisions of the Localism Bill, which would have a direct impact upon Fire and Rescue Authorities.

The LAMO explained that the Localism Bill provides the public with a power to approve or veto excessive Council Tax rises relating to any local authorities (including Police and Fire Authorities) meaning that a public authority which sought to increase its Council Tax beyond a specified level, would need to prove their case to the electorate, and it be endorsed through a local referendum.

The LAMO confirmed that he would bring further updates to the Authority as they became available.

**RESOLVED:**

- (i) that the report be noted.**
- (ii) that a further report be received by the Fire Authority once the provisions within the Localism Bill are enacted.**

**59. REPORTS OF THE TREASURER**

**59.1 RMB Audited Accounts for 2010/2011**

The Treasurer presented to Members the audited closing statement of accounts for the Regional Management Board (RMB). He confirmed that the balance of funding was distributed among participating authorities which had resulted in a final zero balance on the accounts and that no major issues requiring action by the Authority had been raised by the Auditor.

The Treasurer commented that it had not been possible for the RMB Board to approve the Statement of Accounts as it had closed down prior to the preparation of the Accounts.

**RESOLVED – that the final audited Regional Management Board Statement of Accounts for the year ended 31 March 2011 be approved and the Report submitted by the Auditor be approved.**

**59.2 Consultation with Communities and Local Government**

The Treasurer informed Members of two consultations currently being undertaken by DCLG, “Localising Support for Council Tax in England” and “Proposals for Business Rates Retention”

- (i) Proposals for Business Rates Retention**

The Treasurer explained that the Authority would be reliant on support by a top-up to the retained business rates. He confirmed that all recent changes to grant distribution methodology have been detrimental to the Fire Authority and a move away from the complex methodology should be supported. However, the new system would need to protect the Authority through a fair assessment of the base-line for funding, the long term commitment to tops-ups in areas where business rates fall short of need and a fair future uplift to keep pace with inflation as it is unlikely that this area will benefit from growth in business rates for a long time due to the current shortfall.

## 59.2 Consultation with Communities and Local Government (cont)

### (ii) Localising Support for Council Tax in England

The Treasurer explained that the Government's decision to localise support for Council Tax in England is detailed in Appendix 2 of his report and whilst this Authority is not currently involved in the administration of Council Tax Benefit, the proposal of a 10% reduction in current grant levels would introduce a financial risk to the Authority as precepting authorities, including Police and Fire will be expected to share any additional costs arising from the design of schemes increases in demand.

The Treasurer suggested that in order to avoid seeing support reduced for some groups due to cost pressures, the Government should reconsider its proposals and look again at incorporating support for Council Tax in its plans for Universal Credit.

**RESOLVED – that Members considered the Consultation papers from DCLG on “Localising Support for Council Tax in England” and “Proposals for Business Rates Retention” and approved:**

- **Strategic comments supporting the Retention of Business Rates but condemning the Localisation of Council Tax Benefit as set out in the body of the report**
- **Authorisation for officers to respond appropriately to the technical questions raised within the consultations**

## 60. REPORTS OF THE CHAIR OF THE AUDIT AND GOVERNANCE COMMITTEE

### 60.1 Audit and Governance Committee – Forward Work Programme 2011/12

Councillor Stoker presented the Audit and Governance Forward Work Programme for 2011/12, which he explained would remain flexible to enable referrals from the Authority, its Committee and individual Members.

**RESOLVED – that the Audit and Governance Committee Forward Work Programme 2011/12 as outlined at Appendix 1 be approved.**

## 60.2 Audit and Governance Information Pack – October 2011

- 60.2.1 Audit Commission – Audit 2010/11 Progress Report
- 60.2.2 Effectiveness of the Audit and Governance Committee
- 60.2.3 Organisational Performance Report (April – June 2011)
- 60.2.4 Corporate Risk Register Review
- 60.2.5 Revenue & Capital Budget Outturn Report 2010/2011
- 60.2.6 Progress against Revenue and Capital Budgets 2011/12
- 60.2.7 2010/2011 Statement of Accounts

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

- 61. REPORTS OF THE CHAIR OF THE OVERVIEW AND SCRUTINY COMMITTEE**  
**61.1 Overview and Scrutiny Committee – Forward Work Programme 2011/12**  
Councillor Cooney presented the Overview and Scrutiny Forward Work Programme for 2011/12, which she explained would remain flexible to enable referrals from the Authority, its Committee and individual Members.

**RESOLVED – that the Overview and Scrutiny Committee Forward Work Programme 2011/12 as outlined at Appendix 1 be approved.**

- 62.2 Overview and Scrutiny Information Pack – October 2011**  
62.2.1 Effectiveness of the Overview and Scrutiny Committee  
62.2.2 Forward Work Programme 2011/12  
62.2.3 Asset Management Plan  
62.2.4 Community Interest Company (CIC)

Councillor Richardson commented that the Overview and Scrutiny Members had requested and Elected Member representative on the CIC Board.

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

- 63. LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION ORDER) 2006**  
**RESOLVED - “That under Section 100(A) (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business, on the grounds that it involves the likely disclosure of exempt information as defined in the paragraphs below of Part 1 Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006.**  
**Minute No 64 Paragraphs 1, 3 and 4**  
**Minute No 65 Paragraphs 3 and 4**  
**Minute No 66 Paragraph 4**

Paragraph 1 – namely information relating to any individual.

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

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

- 64. CONFIDENTIAL MINUTES**  
**RESOLVED – that the Confidential Minutes of the Cleveland Fire Authority Meeting held on 17 June 2011 be confirmed.**

- 65. CONFIDENTIAL MINUTES OF COMMITTEES**  
**RESOLVED – that the Confidential Minutes of the Executive Committee held on 30 September 2011 and Tender Committees held on 26 August and 30 September 2011 be confirmed.**

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

**66.1 Trade Dispute – Pensions in the Fire Service**

The Chief Fire Officer informed Members that the Fire Brigades Union (FBU) has registered a Trade Dispute in regard to Government's proposals to implement changes to the fire pension schemes.

**COUNCILLOR ROBBIE PAYNE  
ACTING CHAIR**

## COUNCIL

9th February 2012



**Report of:** Constitution Committee

**Subject:** REVIEW OF PLANNING DELEGATIONS IN  
RELATION TO SERVING SECTION 215  
NOTICES (UNTIDY LAND & BUILDINGS)

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### 1. PURPOSE OF THE REPORT

- 1.2 To review the terms of the officer delegation scheme in relation to the issuing of Section 215 notices and agree a revised delegation system.

### 2. BACKGROUND

- 2.1 Two reports were presented to the Planning Committee on the 7 October 2011 and 4 November 2011 (Appendix A) recommending that in order to speed up and streamline the serving of Section 215 notices that authority to issue these notices is given to the Planning Services Manager. A report was then taken to the Constitution Committee on the 20 January 2012 where Members agreed, however they recommended:
- 1) That in the initial warning letter sent a line was added as such 'Support maybe available please contact the case officer for information or to discuss this further'. The reason for this inclusion is to try and ensure that should there be mental health issues or financial issues with the owner of the property the case officer can direct them to an appropriate team within the Council or refer them to an outside body for help/support.
  - 2) That the flowchart in Appendix A (2) which details the proposed delegation system be amended to ensure Ward Members, Chair and Vice Chair of the Planning Committee are informed and have time to comment (if they so wish) on the proposed service of the enforcement notice. The flowchart has been revised and is contained in Appendix D.
- 2.2 Under Section 215 of the Town and Country Planning Act 1990 Hartlepool Borough Council has the power to require the proper maintenance of land and buildings where it is considered that the condition 'adversely affects the amenity of the area'. The Notice must specify the steps that need to be undertaken to abate the harm to the amenity of the area and the period within which they are to be

undertaken. Section 215 is a relatively straightforward power that can deliver important, tangible and lasting improvements to amenity. Currently the Planning Committee must authorise every service of Section 215 notice which can slow down a simple but effective process, it should be noted that the Planning Committee have not declined to authorise the serving of a Section 215 notice.

### **3 RECOMMENDATIONS**

- 3.1 Members of the Planning Committee agreed to amend the scheme of delegation inline with the attached reports, Members of the Constitution Committee also agreed to the amendment subject to the above it is therefore requested that Council agree to the proposed delegation scheme to allow the Planning Services Manager authority to serve s215 notices as deemed necessary.
- 3.2 The current Development Control Scheme of Delegation is contained within the Planning Code of Practice and the Constitution. The agreement of Council would seek to alter the Constitution in terms of the removal of exception 1. e) power to require proper maintenance of land contained within Part 3, page 27 and the Planning Code of Practice removal of exception 1. e) power to require proper maintenance of land contained within Appendix 4, page 34., together with a subsequent amendment to the delegated authority of the Director of Regeneration and Neighbourhood Services on page 79. All 3 changes are demonstrated in Appendix E.

### **4 BACKGROUND PAPERS**

- Appendix A - Planning Committee report 4<sup>th</sup> November 2011, incorporating Appendix 1 report to Planning Committee 7<sup>th</sup> October 2011, Appendix 2 Flowchart of proposed planning delegation scheme in relation to S215 Notices.
- Appendix B Minutes from the 4<sup>th</sup> November 2011 Planning Committee
- Appendix C minutes from the 7<sup>th</sup> October 2011 Planning Committee.
- Appendix D revised flow chart as per recommendation from the Constitution Committee on the 20<sup>th</sup> January 2012
- Appendix E amendments to the delegation scheme

### **5 CONTACT OFFICER**

Chris Pipe  
Planning Services Manager  
Regeneration & Planning  
Tel: 01429 523596  
Email: [christine.pipe@hartlepool.gov.uk](mailto:christine.pipe@hartlepool.gov.uk)

**APPENDIX A**

**PLANNING COMMITTEE**

4 November 2011



**Report of:** Assistant Director (Regeneration and Planning)

**Subject:** REVIEW OF PLANNING DELEGATIONS IN  
RELATION TO SERVING SECTION 215  
NOTICES (UNTIDY LAND & BUILDINGS)

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**1. PURPOSE OF THE REPORT**

1.2 To review the terms of the officer delegation scheme in relation to the issuing of Section 215 notices and to make suggestions for changes.

**2. BACKGROUND**

2.1 A report was brought to the Planning Committee on the 7 October 2011 recommending that in order to speed up and streamline the serving of Section 215 notices that authority to issue these notices is given to the Planning Services Manager. It was also recommended that a report be brought to the Planning Committee on a quarterly basis updating Members on the Section 215 Notices which have been served. The committee report for the 7<sup>th</sup> October is attached at Appendix 1.

2.2 At the request of Members this report has been brought to introduce a systematic approach in serving s215 notices. Members discussed procedures which included advising the relevant Ward Members and the Chair and Vice Chair of the Planning Committee when a s215 has been served. Members also discussed reports being brought to Planning Committee advising Members 1) when notices have been served and 2) of the outcomes of serving these notices. It is proposed to bring monthly reports (as required) to update Members of when notices have been served, as requested by Members this has changed from a proposed quarterly report and to also produce annually an enforcement update report which advises Members of all enforcement actions authorised. A flowchart is attached in Appendix 2 which details the proposed delegation.

**3 RECOMMENDATIONS**

3.1 That Members note the contents of this report and agree the scheme of delegation and procedures as proposed.

- 3.2 Should Members agreed to amend the scheme of delegation it has been confirmed by Democratic Services & the Chief Solicitor that this would need to be referred to the Constitution Committee and to Council. The current Development Control Scheme of Delegation is contained within the Planning Code of Practice.

**APPENDIX 1**

**PLANNING COMMITTEE**

7 October 2011



**Report of:** Assistant Director (Regeneration and Planning)

**Subject:** Review of Planning Delegations in relation to serving Section 215 Notices (Untidy Land & Buildings)

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**1. PURPOSE OF THE REPORT**

1.2 To review the terms of the officer delegation scheme in relation to the issuing of Section 215 notices and to make suggestions for changes.

**2. BACKGROUND**

2.1 Under Section 215 of the Town and Country Planning Act 1990 Hartlepool Borough Council has the power to require the proper maintenance of land and buildings where it is considered that the condition 'adversely affects the amenity of the area'. The Notice must specify the steps that need to be undertaken to abate the harm to the amenity of the area and the period within which they are to be undertaken.

2.2 Section 215 is a relatively straightforward power that can deliver important, tangible and lasting improvements to amenity. A best practice guide is available entitled 'Town and Country Planning Act 1990 Section 215, Best Practice Guidance' dated January 2005, which can be found via the internet:

<http://www.communities.gov.uk/documents/planningandbuilding/pdf/319798.pdf>

2.3 National guidance cites delegation as the principal tool from which efficiencies can be made. Delegation is not a process that will generally change the outcome of a planning enforcement decision, nor is it one which transfers power from elected Members to Officers. The purpose of delegation is to simplify procedures, speed up the process, minimise costs and leave committee members with more time to concentrate on major planning issues.

- 2.3 Successive governments have placed increasing emphasis on encouraging Councils to delegate more decision making to their trained and qualified officers, particularly in the case of straightforward or non-contentious cases.

### **3. CURRENT DELEGATION SCHEME**

- 3.1 The Planning Code of Practice specified that except in cases of emergency the Planning Committee authorise the serving of relevant Enforcement Notices. Therefore even the simple Section 215 notices are referred to the Planning Committee for decision.

### **4 PROPOSED DELEGATION**

- 3.1 Members will be aware from previous Planning Committee meetings that Hartlepool Borough Council acting as Local Planning Authority is taking a proactive stance in relation to dealing with untidy land and buildings and have a working group to look at the relevant issues. A Task Group has also been set up with regard to serving these notices which is focused on properties in a poor state of repair within the Housing Regeneration Areas. Along side this a report will be presented to the housing and transition portfolio holder on the 18<sup>th</sup> October focusing on other enforcement tools the Council will look to employ as part of its strategy to drive up housing standards both in terms of appearance and management.
- 3.2 It should be noted that Members have not declined to authorise the serving of a Section 215 notice when reports have been presented to the Planning Committee.
- 3.3 It is recommended that in order to speed up and streamline the serving of Section 215 notices that authority to issue these notices is given to the Planning Services Manager. It is also recommended that a report be brought to the Planning Committee on a quarterly basis updating Members on the Section 215 Notices which have been served.
- 3.4 Delegation has benefits for all stakeholders in terms of simplifying procedures, minimising costs and freeing up Committee members to concentrate on major or controversial cases. Where there is no need to await a committee decision, up to four weeks can be saved in dealing with an enforcement issue. Delegation is a positive process that gives benefits not just in terms of streamlining internal procedures but also in terms of improved responsiveness for the general public

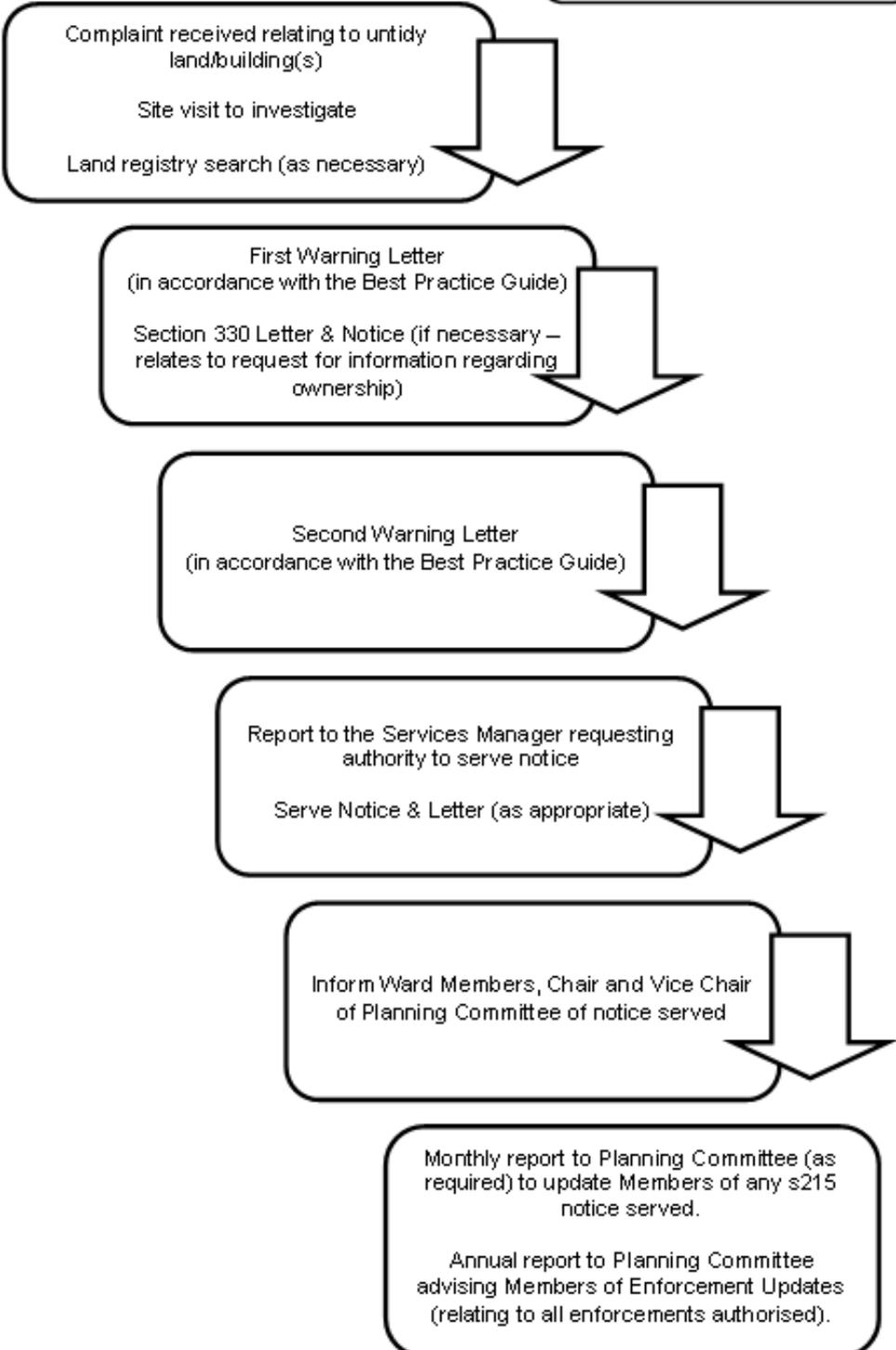
### **5 RECOMMENDATIONS**

- 5.1 That Members note the contents of this report and agree the scheme of delegation as proposed.

- 5.2 Should Members agreed to amend the scheme of delegation it has been confirmed by Democratic Services & the Chief Solicitor that this would need to be referred to the Constitution Committee and to Council. The current Development Control Scheme of Delegation is contained within the Planning Code of Practice.

**APPENDIX 2**

Planning Delegation Scheme  
In relation to S215 Notices



**APPENDIX B**

Minutes from Planning Committee 4<sup>th</sup> November 2011

|            |  |
|------------|--|
| <b>71.</b> | <p><b>Review of Planning Delegations in relation to serving Section 215 Notices (Untidy land and Buildings)</b><br/> <i>(Assistant Director, Regeneration and Planning)</i></p>  |
|            | <p>The Planning Services Manager referred to the consideration at the previous meeting of the proposals which recommended that in order to speed up and streamline the serving of Section 215 notices that authority to issue these notices is given to the Planning Services Manager.</p> <p>The Committee agreed to procedures which included advising the relevant Ward Members and the Chair and Vice Chair of the Planning Committee when a s215 had been served. Members also requested reports advising when notices had been served and the outcomes of the notices. It was proposed to bring monthly reports (as required) to update the Committee of when notices had been served, as requested by Members, and also to produce an annual enforcement update report of all enforcement actions authorised during the year. A flowchart setting out how the proposed delegations would be utilised and reported was included with the report for Members information.</p> |
|            | <p><b>Decision</b></p>   |
|            | <p>That the report be noted and the scheme of delegation and procedures as proposed be approved.</p>   |
|            |  |

**Appendix C**

Minutes from the 7<sup>th</sup> October 2011 Planning Committee.

*Planning Committee - Minutes – 7 October 2011*

3.

**58. Review of Planning Delegations in relation to serving Section 215 Notices (Untidy Land and Buildings)**

*(Assistant Director, Regeneration and Planning)*

The Assistant Director, Regeneration and Planning reported that under Section 215 of the Town and Country Planning Act 1990 Hartlepool Borough Council had the power to require the proper maintenance of land and buildings where it was considered that the condition 'adversely affected the amenity of the area'. The Notice must specify the steps that needed to be undertaken to abate the harm to the amenity of the area and the period within which they were to be undertaken. Section 215 was a relatively straightforward power that could deliver important, tangible and lasting improvements to amenity.

National guidance cites delegation as the principal tool from which efficiencies could be made. Delegation was not a process that would generally change the outcome of a planning enforcement decision, nor was it one which transfers power from elected Members to Officers. The purpose of delegation was to simplify procedures, speed up the process, minimise costs and leave committee members with more time to concentrate on major planning issues. Successive governments had placed increasing emphasis on encouraging Councils to delegate more decision making to their trained and qualified officers, particularly in the case of straightforward or non-contentious cases.

The Assistant Director indicated that the current Planning Code of Practice specified that except in cases of emergency the Planning Committee authorise the serving of relevant Enforcement Notices. Therefore, even the simple Section 215 notices were referred to the Planning Committee for decision.

As Members were aware the Council was taking a proactive stance in relation to dealing with untidy land and buildings and have a working group to look at the relevant issues. A Task Group has also been set up with regard to serving these notices which is focused on properties in a poor state of repair within the Housing Regeneration Areas. A report would also be presented to the Housing and Transition Portfolio Holder on the 18th October focusing on other enforcement tools the Council would look to employ as part of its strategy to drive up housing standards both in terms of appearance and management.

The Assistant Director highlighted that Members had not declined to authorise the serving of a Section 215 notice when reports had been presented to the Planning Committee. The Assistant Director recommended that in order to speed up and streamline the serving of Section 215 notices that authority to issue those notices was given to the Planning Services Manager. It is also recommended that a report be brought to the Planning Committee on a quarterly basis updating Members on the Section 215

Notices which had been served.

Members debated the request for the delegation of power to the Planning Services Manager as proposed. There were Members who believed that the current situation should remain in place. Some Members saw the benefit of the delegation and referred to the outcomes that had been achieved in other areas of the country where this had been done. There were concerns that the issuing of notices should be targeted and not simply used to penalise householders for minor planning transgressions. The Assistant Director indicated that the aim of the delegation was to support the Council's policies on bringing empty properties back into use, particularly in licensed areas, and dealing with untidy properties that were also being targeted by the authority.

Members were concerned that the properties that were to be targeted were likely to be well known within their wards. Members suggested that ward councillors should be informed when these notices were to be issued by officers. It was also proposed that the Chair and Vice-Chair of the Committee also be informed in advance as well. Members also sought a more regular update to the Committee.

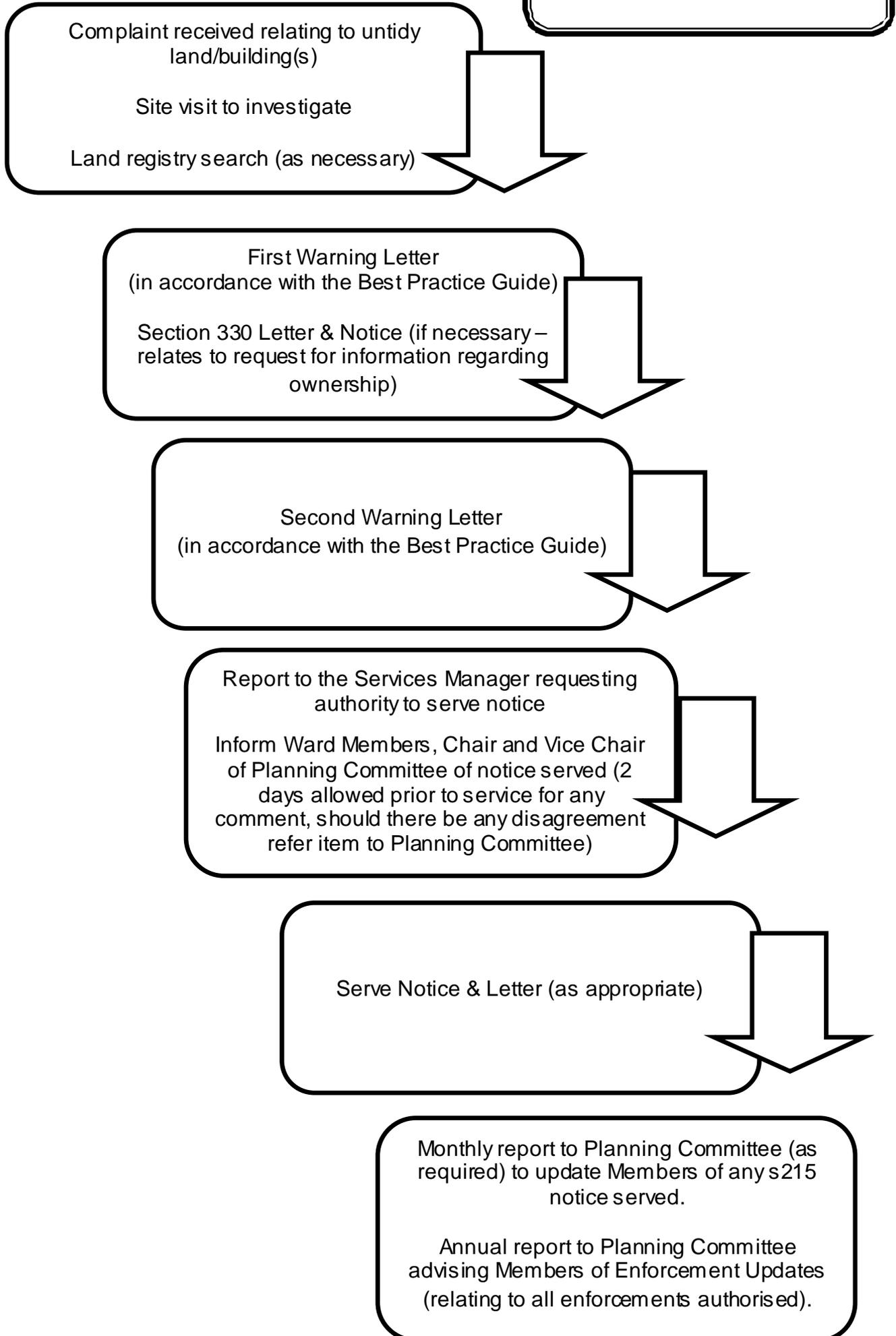
The Assistant Director acknowledged Members comments and indicated that a proposed process for the issuing of the s215 notices would be submitted to the next meeting for the Committee's approval. Members noted that any changes to the delegation scheme would require reporting to the Constitution Committee prior to Council.

#### **Decision**

That members agreed to amend the scheme of delegation as proposed but that a further report be submitted to the Committee setting out the process to be adopted for the issuing of s215 notices subsequent to the delegation of power to the Planning Services Manager.

Planning Delegation Scheme  
In relation to S215 Notices

**APPENDIX D**



**APPENDIX E**

**Part 3 – Responsibility for Functions (B - Council functions and delegation scheme) Page 26**

|  |  |
|--|--|
| <b>Planning Committee</b>  |  |
| <b>Membership:</b>   | <p><b>18</b></p> <p><b>Councillors: Barclay, Brash, Cook (Chair), Fenwick, James, Lawton, A Lilley, G Lilley, Morris (Vice Chair), Richardson, Robinson, Shields, Simmons, Sirs, H Thompson, P Thompson, Wells and Wright</b></p>  |
| <b>Quorum:</b>   | <b>7</b>   |
| <b>FUNCTIONS</b>   | <b>DELEGATIONS</b>   |
| <ol style="list-style-type: none"> <li>1. All functions relating to town and country planning and development control (as set out in Part A of Schedule 1 to the Regulations).</li> <li>2. Powers relating to the protection of important hedgerows (as set out in Part I of Schedule 1 to the Regulations).</li> <li>3. Powers relating to the preservation of trees (as set out in Part I, Schedule 1 to the regulations).</li> <li>4. The obtaining of information under Section 330 of the Town and Country Planning Act 1990 as to interests in land.</li> <li>5. The obtaining of particulars of persons interested in land under Section 16 of the Local Government (Miscellaneous Provisions) Act 1976.</li> </ol> | <p><b><i>Director of Regeneration and Neighbourhoods</i></b></p> <ol style="list-style-type: none"> <li>1. Power to carry out all of the functions of the Committee in paragraphs 1-5 adjacent, subject to the following exceptions:             <ol style="list-style-type: none"> <li>i) in the case of any relevant application which is submitted to the Council for determination, any matter which any member requests should be referred to the Committee for decision, such request to be received within 21 days of publication of details of the application.</li> <li>ii) any matter which falls significantly outside of established policy guidelines or which would otherwise be likely to be controversial,</li> <li>iii) the determination of applications submitted by the Council in respect of its own land or proposed development, except those relating to operational development to which there is no lodged objection.</li> </ol> </li> </ol> |

| <b>Planning Committee</b><br>(continued)  |   |
|---|---|
| <b>Function</b>   | <b>Delegation</b>   |
| <p>6. Powers, related to Commons Registration as set out in part B of Schedule 1 to the Regulations. [1B.37 &amp; 38]</p> <p>7. Functions relating to public rights of way (as set out in Part 1 of Part I of Schedule 1 to the 2001 Regulations).</p> <p>8. The licensing and registration functions set out in Part B of Schedule 1 to the regulations at points 41 and 47-55 relating to the New Roads and Street Works Act 1991 and the Highways Act 1980.</p> <p>9. Functions relating to Town and Village Greens (as set out in Part 1 of Schedule 1 to the 2000 Regulations).</p> <p>10. To comment upon relevant Development Plan Documents (DPD's) and Supplementary Planning Documents (SPD's).</p> <p>11. To consider reports on the proposed DPD's of neighbouring authorities where the Council is a consultee.</p> <p>12. To receive reports on the performance of the Development Control and Planning Policy section.</p> <p>13. To consider reports on proposed changes to national planning policy.</p> | <p>iv) the refusal of an application except with the agreement of the Chair of the Committee.</p> <p>v) except in cases of urgency</p> <p>a) power to require the discontinuance of a use of land</p> <p>b) power to serve a stop notice</p> <p>c) power to issue an enforcement notice</p> <p>d) power to apply for an injunction restraining a breach of planning control</p> <p>e) power to serve a building preservation notice and related powers</p> <p>f) power to issue enforcement notice in relation to demolition of unlisted building in conservation area</p> <p>g) powers to acquire a listed building in need of repair and to serve a repairs notice</p> <p>h) power to apply for an injunction in relation to a listed building,</p> <p>exercise of such powers to be reported for information to the next available meeting of the Committee.</p> <p>2. Power to formulate decision notices following decisions made in principle by the Committee.</p> |

| <b>Planning Committee</b><br>(continued) |   |
|--|---|
| <b>Function</b>                          | <b>Delegation</b>   |
|  | <ol style="list-style-type: none"> <li data-bbox="767 461 1342 678">3. Power to negotiate and set charges for diversion or related matters and to take action regarding blockages or Rights of Way issues other than those related to countryside management.</li> <li data-bbox="767 719 1342 1048">4. Power in cases of urgency to carry out all of the functions of the Planning Committee relating to public rights of way (other than those delegated to the Director of Regeneration and Neighbourhoods), following discussion of the issues with the Chair of the Committee.</li> <li data-bbox="767 1088 1342 1339">5. In relation to matters which are relevant to countryside management, power to negotiate and set charges for diversion or related matters and to take action regarding blockage on Rights of Way issues.</li> <li data-bbox="767 1379 1342 1597">6. Power in cases of urgency to carry out all of the functions of the Planning Committee relating to public rights of way which are relevant to countryside management.</li> <li data-bbox="767 1637 1342 1886">7. Power to carry out all of the functions of the Committee with the exception of any matter which falls significantly outside of established policy guidelines or which would otherwise be likely to be controversial.</li> </ol> |

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|--|---|
|  | <p>8. Power to register without modification unopposed applications to register land as town or village green in respect of Town and Village Greens, following the statutory consultation period.</p>   |
|  | <p><b>Chief Solicitor</b></p> <p>1. Power to confirm without modification unopposed creation, diversion or extinguishment Orders in respect of Public Rights of Way, following the statutory advertising period.</p> <p>2. Power to confirm, without modification, unopposed footpath and footway conversion orders following the statutory advertising period.</p> <p>3. Power to confirm, without modification, all future unopposed Definitive Map Modification Orders following the statutory advertising period.</p> |

### **Part 3 – Responsibility for Functions (Page 74)**

#### **10. Individual Director/Chief Officer**

##### **Director of Regeneration and Neighbourhood Services**

1. Determine and implement a joint waste strategy developed by the constituent authorities.
2. To manage, operate and develop regeneration policies and activities.
3. To receive, pass or reject all plans, certificates and notices pursuant to the Building Regulations 2000 and related legislation.
4. To exercise the Council's functions in respect of dangerous and dilapidated buildings and other structures including authorising service of Notice under the Public Health Acts 1936 and 1961 and the Building Act 1984.
5. To determine all forms of planning and other applications under Part III and Part VIII (Chapter II) of the Town and Country Planning Act 1990, the Planning (Listed Buildings and Conservation Areas) Act, the Planning (Hazardous Substances) Act 1990, the Planning Act 2008 or under any related secondary legislation except those reserved to the Planning Committee.
6. To exercise the Council's functions with regard to temporary markets under Section 37 of the Local Government (Miscellaneous Provisions) Act 1982.
7. To undertake the Council's powers and duties in relation to high hedge complaints under the Anti-Social Behaviour Act 2003.
8. To exercise the functions of the Council in relation to the management, inspection and control of asbestos, (Control of Asbestos at Work Regulations), and water systems in relation to Legionella (Approved Code of Practice for Minimisation of Legionella in Water Systems (L8)).
9. To exercise the Council's functions under the Safety of Sports Grounds Act 1975 and the Fire Safety and Safety of Places of Sport Act 1987.

10. Exercise responsibilities in relation to applications for Child Safety Orders under Section 11 of the Crime and Disorder Act 1998.
11. Power to apply for Anti-Social Behaviour Orders under Section 1 of the Crime and Disorder Act 1998 in consultation with Cleveland Police and to respond to consultation with social landlords.
12. To consent/respond to Police consultation in respect of designation of areas for dispersal of groups under the Anti-Social Behaviour Act 2003.
13. Exercise responsibilities in consultation with the Chief Solicitor in relation to Drink Banning Orders under the Violent Crime Reduction Act 2006.

**Part 5 Planning Code of Practice (Appendix 4: Scheme of Delegation)  
(Page 34)**

|  |  |
|--|--|
| <b>Planning Committee</b>  |  |
| <b>Membership:</b>   | 16<br><b>Councillors: Councillors: Barclay, Brash, Cook (Chair), Fenwick, James, Lawton, A Lilley, G Lilley, Morris (Vice Chair), Richardson, Robinson, Shields, Simmons, Sirs, H Thompson, P Thompson, Wells and Wright.</b>  |
| <b>Quorum:</b>   | 7  |
| <b>FUNCTIONS</b>   | <b>DELEGATIONS</b>   |
| <ol style="list-style-type: none"> <li>1. All functions relating to town and country planning and development control (as set out in Part A of Schedule 1 to the Regulations).</li> <li>2. Powers relating to the protection of important hedgerows (as set out in Part I of Schedule 1 to the Regulations).</li> <li>3. Powers relating to the preservation of trees (as set out in Part I, Schedule 1 to the regulations).</li> <li>4. The obtaining of information under Section 330 of the Town and Country Planning Act 1990 as to interests in land.</li> <li>5. The obtaining of particulars of persons interested in land under Section 16 of the Local Government (Miscellaneous Provisions) Act 1976.</li> </ol> | <p><b><i>Director of Regeneration and Neighbourhoods</i></b></p> <ol style="list-style-type: none"> <li>1. Power to carry out all of the functions of the Committee in paragraphs 1-5 adjacent, subject to the following exceptions: <ol style="list-style-type: none"> <li>i) in the case of any relevant application which is submitted to the Council for determination, any matter which any member requests should be referred to the Committee for decision, such request to be received within 21 days of publication of details of the application.</li> <li>ii) any matter which falls significantly outside of established policy guidelines or which would otherwise be likely to be controversial,</li> <li>iii) the determination of applications submitted by the Council in respect of its own land or proposed development, except those relating to operational development to which there is no lodged objection.</li> </ol> </li> </ol> |

| <b>Planning Committee</b><br>(continued)   |   |
|--|---|
| <b>Function</b>  | <b>Delegation</b>   |
| <p>6. Powers, related to Commons Registration as set out in part B of Schedule 1 to the Regulations. [1B.37 &amp; 38]</p> <p>7. Functions relating to public rights of way (as set out in Part 1 of Part I of Schedule 1 to the 2001 Regulations).</p> <p>8. The licensing and registration functions set out in Part B of Schedule 1 to the regulations at points 41 and 47-55 relating to the New Roads and Street Works Act 1991 and the Highways Act 1980.</p> <p>9. Functions relating to Town and Village Greens (as set out in Part 1 of Schedule 1 to the 2000 Regulations).</p> | <p>iv) the refusal of an application except with the agreement of the Chair of the Committee.</p> <p>v) except in cases of urgency</p> <p>a) power to require the discontinuance of a use of land</p> <p>b) power to serve a stop notice</p> <p>c) power to issue an enforcement notice</p> <p>d) power to apply for an injunction restraining a breach of planning control</p> <p>e) power to serve a building preservation notice and related powers</p> <p>f) power to issue enforcement notice in relation to demolition of unlisted building in conservation area</p> <p>g) powers to acquire a listed building in need of repair and to serve a repairs notice</p> <p>h) power to apply for an injunction in relation to a listed building,</p> <p>exercise of such powers to be reported for information to the next available meeting of the Committee.</p> <p>2. Power to formulate decision notices following decisions made in principle by the Committee.</p> |

| <b>Planning Committee</b><br>(continued) |  |
|--|--|
| <b>Function</b>                          | <b>Delegation</b>  |
|  | <ol style="list-style-type: none"> <li data-bbox="767 454 1342 622">3. Power to negotiate and set charges for diversion or related matters and to take action regarding blockages or Rights of Way issues other than those related to countryside management.</li> <li data-bbox="767 656 1342 891">4. Power in cases of urgency to carry out all of the functions of the Planning Committee relating to public rights of way (other than those delegated to the Director of Adult and Community Services), following discussion of the issues with the Chair of the Committee.</li> <li data-bbox="767 925 1342 1126">5. In relation to matters which are relevant to countryside management, power to negotiate and set charges for diversion or related matters and to take action regarding blockage on Rights of Way issues.</li> <li data-bbox="767 1160 1342 1328">6. Power in cases of urgency to carry out all of the functions of the Planning Committee relating to public rights of way which are relevant to countryside management.</li> <li data-bbox="767 1361 1342 1563">7. Power to carry out all of the functions of the Committee with the exception of any matter which falls significantly outside of established policy guidelines or which would otherwise be likely to be controversial.</li> </ol> |

|  |  |
|--|--|
| <b>Planning Committee</b><br>(continued) |  |
| <b>Function</b>                          | <b>Delegation</b>  |
|  | <p>8. Power to register without modification unopposed applications to register land as town or village green in respect of Town and Village Greens, following the statutory consultation period.</p>  |
|  | <p><b><i>Chief Solicitor</i></b></p> <p>3. Power to confirm without modification unopposed creation, diversion or extinguishment Orders in respect of Public Rights of Way, following the statutory advertising period.</p> <p>4. Power to confirm, without modification, unopposed footpath and footway conversion orders following the statutory advertising period.</p> <p>3. Power to confirm, without modification, all future unopposed Definitive Map Modification Orders following the statutory advertising period.</p> |

**COUNCIL**  
9th February 2012



**Report of:** Chief Solicitor and Monitoring Officer

**Subject:** STANDARDS COMMITTEE SANCTION –  
COUNCILLOR JOHN MARSHALL (INDEPENDENT)

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**1. PURPOSE OF REPORT**

- 1.1 On 13th December, 2011 the Standards Committee determined that Councillor John Marshall (Independent) had failed to comply with the Council's Code of Conduct in relation to paragraph 3(2)(b) thereof. It was further determined by the Committee that Councillor Marshall as a sanction, should issue an apology in relation to that finding and should he fail to do so then he should be suspended for a period of one month. As Councillor Marshall failed to issue an apology within the prescribed time as indicated by the Committee, he was suspended for the period commencing 23rd December, 2011 for a period of one month. Where a Member is so suspended it is a consideration for the local authority whether or not that part of a Member's basic allowance covering the period of suspension should be withheld.

**2. BACKGROUND**

On 15th December, 2009 an Assessment Sub-Committee of the Council's Standards Committee considered a complaint concerning the alleged conduct of Councillor John Marshall (Independent) a Member of Hartlepool Borough Council. This complaint, as dated the 19th November, 2009, alleged that Councillor Marshall had been "hostile, aggressive, belligerent and threatening to Officers of the Council's Environmental Protection Team in their investigation of "dust issues" on the Headland". It was further alleged that Councillor Marshall in his dealings with Officers had "repeatedly accused them of acting unprofessionally, in a biased manner and in a way that lacks integrity". It was therefore contended that such conduct amounted to "bullying" of those Officers. It is a requirement of the Council's Code of Conduct as adopted in May, 2002 that under paragraph 3(1) thereof "you must treat others with respect". Further, under sub-paragraph (2) (b) "you must not – bully any person". Through circulation of an e-mail (transmitted on 15th September, 2009 at 11.38 am) it was alleged that Councillor

Marshall had also sought to undermine Officers, which it was alleged, engaged that part of the Code of Conduct, namely paragraph 5 thereof, which obligated Members “not to bring their office or authority into disrepute”. That e-mail, stated “I can only conclude that this Council does not care of the health and welfare of all who live in the range of dust coming from sites”. This was alleged to be indicative of Councillor Marshall’s general conduct towards certain Officers of the Borough Council which had been compounded when Councillor Marshall had been given the opportunity to apologise for his actions/comments at a meeting of the Council’s Health Scrutiny Forum as held on 27th October, 2009. Although, given the opportunity to apologise for his actions/comments, Councillor Marshall refused to do so. Annexed to the complaint was a document entitled “Headland Dust Issues – Officer Statement” which was dated 5th November, 2009 and signed by Officers of the Borough Council’s Environmental Protection Team. This statement indicated that Councillor Marshall’s “attitude and behaviour had caused stress and anxiety to Officers within the team and we feel he has adversely affected our relationship with the residents of the Headland”. This particular complaint was assigned a case reference of SC015/2009 and in accordance with Section 57A(2) of the Local Government Act, 2000, as amended, was referred for the purpose of investigation to the Monitoring Officer. It was also the decision of the Assessment Sub-Committee that Councillor Marshall should have disclosure of the complaint made against him and the various appendices to that complaint form as submitted to the Assessment Sub-Committee.

2.2 On 19th March, 2010 a further complaint was received against Councillor Marshall indicating that he had breached paragraph 3 of the Code of Conduct in that he failed to treat others with respect. This complaint indicated that at a meeting of the Neighbourhood Services Scrutiny Forum as held on 17th March, 2010, Councillor Marshall had interrupted the complainant while he was answering questions and shouted to all present at the meeting that the complainant Officer “was a liar”. This particular matter was referred to the Assessment Sub-Committee on 19th April, 2010 under case reference SC004/2010. The Sub-Committee again decided to refer this matter for investigation to the Council’s Monitoring Officer. Again, there was to be a disclosure of the complaint to Councillor Marshall. In arriving at a decision to refer matters for investigation the Sub-Committee have regard to the “initial tests” as issued through guidance by the then Standards Board for England which also forms the basis of the adopted “Assessment Criteria” used by the Standards Committee as part of the local assessment and determination process.

2.3 A variety of individuals were interviewed in the course of this investigation including Officers and Members of the Borough Council, local residents and Councillor Marshall. Owing to health related concerns, meetings with Councillor Marshall had to be rearranged and it was not until 21st September, 2010 that Councillor Marshall was formally interviewed at his home address. A draft report was issued to Councillor Marshall and to the complainants for their comments on 10th December, 2010. Although Councillor Marshall indicated he would make a response to the draft report,

nothing was received although Councillor Marshall alleges that information that was provided to the Legal Services Division was “lost”. Owing to the absence from duties of the Chief Solicitor and Monitoring Officer over the period November, 2010 – June, 2011, the “final” report was only issued to the parties on 11th August, 2011. Upon the evidence provided, the Monitoring Officer determined that Councillor Marshall had breached the Code of Conduct in relation to the specific allegations that he had “bullied” members of the Council’s Environmental Protection Team contrary to paragraph 3(2)(b) of the Code of Conduct. It was concluded, appreciating that Councillor Marshall’s had sought to act in the best interests of his local community it nevertheless appeared that he had breached this particular provision of the Code of Conduct. However, the available evidence did not warrant a finding that he had breached to Code in relation to failure to treat others with respect (allegation that he called an Officer a “liar”) or that he had brought either himself or the authority into disrepute, as alleged. In accordance with Regulation 14(8) of the Standards Committee (England) Regulations 2008 a report was therefore issued of a finding that there had been a failure to comply with the Code of Conduct in relation to paragraph 3(2)(b) as outlined.

- 2.4 On 24th August, 2011 a Consideration Sub-Committee determined that there was a case to answer in relation to this finding of failure to comply with the Code of Conduct as outlined within the Monitoring Officer’s report. On the basis of a breach of the Code of Conduct under Section 66 of the Local Government Act, 2000, it is a requirement under Regulation 18 of the 2008 Regulations that a hearing be convened before the Standards Committee. In order to facilitate arrangements for a formal hearing, Councillor Marshall was invited to a “pre-hearing” meeting on 11th October and 25th November, 2011. Councillor Marshall chose not to attend these meetings. For the avoidance of doubt, communications received from Councillor Marshall, at his specific request, were brought to the attention of Members of the Standards Committee. On 13th December, 2011, a formal hearing did take place although Councillor Marshall chose not to attend. The Committee concluded that Councillor Marshall had breached the Code of Conduct under paragraph 3(2)(b). The Committee were advised as to the range of sanctions available by the Council’s Deputy Monitoring Officer and the Committee decided that Councillor Marshall should issue an apology to Officers of the Council’s Environmental Protection Team and in default of issuing such an apology within seven days from notification of this decision, Councillor Marshall be suspended for a period of one month. Councillor Marshall did not apologise and although he had the right of appeal to the First Tier Tribunal he indicated that he was unwilling to take such action and would be suspended from his role as Borough Councillor for the period of one month which commenced on 23rd December, 2011.

### 3. CONSEQUENCES OF SUSPENSION

3.1 The Standards Committee are required to arrange for a summary of its decision and reasons to be published in at least one newspaper that is independent of the local authority. A summary of the decision may also be published on the Council's website and in any other publication the Standards Committee deem appropriate. A copy of the Committee's decision with reasons is therefore appended herewith for the information of Council (**Appendix 1**). Under the 2008 Regulations and in guidance issued through the then Standards Board for England a Member who is suspended should not:

#### 1. Take part in any formal business of the authority

A Member who is suspended may not exercise any other functions or responsibilities of membership of the authority. Section 83(9) of the Local Government Act, 2000 further provides that a suspended Member should not participate in any Committee or Sub-Committee of the authority.

#### 2. Have access to Council facilities

Suspended Members should not use or have access to Council facilities. As the Member is under suspension and unable to conduct Council business, it follows that any use of Council facilities by a suspended Member would not be conducive to the discharge of the function of the authority. This is because the Member would not be performing Council business whilst suspended.

#### 3. Receive their Council allowance

Under Regulation 4(3) of the Local Authorities (Members Allowances) Regulations, 2003, the Council may specify in their Member Allowance Scheme that where a Member is suspended or partially suspended that part of basic allowance payable to the Member concerned for the period for which he/she is suspended or partially suspended may be withheld by the authority. It is further indicated within the guidance as issued through Standards Board for England that;

*"It is recommended that Members should not receive their allowance while under suspension because they are not performing their role as a Member. But, the decision to withhold a Members allowance is ultimately at the discretion of the individual authority".*

It should be noted that once a suspension has ended, the Member is then free to resume their duties in full as a Member of the authority. It is therefore for Council to determine whether or not Councillor John Marshall (Independent) should have his basic allowance withheld for the month in question, which determination is entirely at the discretion of Council.

**4. RECOMMENDATION**

For Council to determine whether Councillor John Marshall (Independent) should have his Basic Allowance withheld for the period of his suspension as outlined within this report.

## Decision Notice

Ref: SC015/2009  
SC04/2010



On 13 December 2011 a Determination Hearing of the Standards Committee considered a report, dated 11<sup>th</sup> August 2011 of the Council's Monitoring Officer concerning the alleged conduct of Councillor John Marshall (Independent), a Member of Hartlepool Borough Council.

A general summary of the complaints is set out below:

The complaints relates to the on-going investigation of 'dust issues' in the Headland area of Hartlepool, wherein it was alleged that Councillor Marshall had been 'hostile, aggressive, belligerent and threatening to officers of the Council's Environmental Protection Team' (complaint reference SC015/2009) and in a further, but connected complaint, that Councillor Marshall had used the term 'liar' to an officer of the Council at a public meeting (complaint reference SC04/2010). It was alleged that such conduct collectively breached the Code of Conduct specifically paragraphs 3 and 5;

- 3(1) must treat others with respect,
- (2) must not (b) bully any person
- 5 must not conduct yourself in a manner which can reasonably be regarded as bringing your office or authority into disrepute.

### Decision

Further to Section 66 of the Local Government Act, 2000 as amended, the Committee considered the verbal and written presentations of the Investigating Officer and emails from the subject member, who declined to be present at the hearing. After much deliberation, the Committee made the following findings:-

#### Complaint reference no SC04/2010

The Committee found that the evidence in this case was not conclusive and having considered all relevant facts of the case agreed with the finding of the Investigating Officer that Councillor Marshall had **not** failed to breach the code of conduct in that he did not exceed the "threshold" to warrant a finding that he breached the Code in relation to failure to treat others with respect or bringing himself or the authority into

disrepute, as alleged. The Committee had no recommendations to make in this respect.

### Complaint reference SC015-2009

The Committee upheld the findings of the Investigating Officer in respect of complaint reference SC015-2009, that Councillor Marshall had failed to comply with the Code of Conduct, pursuant to paragraph 3(2)(b) which states that you must not bully any person. They considered the guidance from the Standards for England on what constitutes bullying behaviour as follows:-

“We characterise bullying as offensive, intimidating, malicious, insulting or humiliating behaviour which attempts to undermine, hurt or humiliate any group. It can have a damaging effect on a victims confidence, capability and health.

Bullying conduct can involve behaving in an abusive or threatening way on making allegations about people in public, in the company of their colleagues, through the Press or

It may happen once or be part of a pattern of behaviour, although minor isolated incidents are unlikely to be considered bullying”.

They determined that Councillor Marshall did exhibit behaviour that amounted to bullying and this was demonstrated by the findings in the Investigating Officer's report:

“ that it was somewhat unprecedented for a group of officers to issue a statement, as that issued by the Environmental Protection Team and dated the 5<sup>th</sup> November 2009”. All officers in interview referred to a particular officer being ‘humiliated’ and ‘undemined’. Each officer also corroborated the other's evidence and that one particular officer had been “targeted” by Councillor Marshall. Therefore, the Committee concluded that based on the evidence before them that Councillor Marshall had breached this particular provision of Code.

### Sanctions

The Committee having made the finding that Councillor Marshall had failed to follow the Code of Conduct went on to consider whether or not the Committee should set a sanction and if so, what form any sanction should take. The Committee had regard to guidance from the Standards for England and associated regulations on the Sanctions available to them which ranged from censure to suspension or a combination of the sanctions available to them. The Committee was concerned that any sanction should be reasonable and proportionate to the subject member's behaviour and had regard to, inter alia, the seriousness of the incident, whether an apology had been made to the relevant persons, whether the subject member accepted they were at fault etc.

A decision was made to write to Councillor Marshall asking him to provide a written apology to the officers named in the statement of 5<sup>th</sup> November 2009 of the Environmental Protection Team within Hartlepool Borough Council within 7 days of

## Appendix 1

the date of the letter. In the absence of an apology, the Committee decided that a suspension of one month should be imposed.

This Decision Notice is now sent to the persons making the allegation and the Subject Member against whom these allegations were made. On completion of his investigations the Monitoring Officer made a finding as required by Regulation 19 of the Standards Committee (England) Regulations, 2008, namely in respect of :

### Complaint reference number SC015/2009

That the member who was the subject of the hearing had failed to comply with the code of conduct of an authority concerned and that a sanction under paragraph (2) or (3) should be imposed ;

and that in respect of:

### Complaint reference number SC04/2010

That the member who was the subject of the hearing had not failed to comply with the code of conduct of any authority concerned (Regulation 19 (1) (a))

### Making the findings public

The Standards Committee also determined that a summary of the decision and reason for it to be published in at least one newspaper that is independent of the Authority.

### Right of Appeal

The subject member is notified of his right of Appeal to the First Tier Tribunal, within 28 days of being notified of the Committee's decision.

### **Terms of Reference**

The Local Government and Public Involvement in Health Act, 2007, amends the Local Government Act, 2000, which provides for a Local Assessment process for dealing with complaints that Members of relevant authorities may have breached the Code of Conduct. Accordingly, the Standards Committee (England) Regulations, 2008, relates to the conduct of authority Members and the requirements for dealing with complaints alleging Member misconduct. The Regulations set out a framework for the operation of a locally based system for the assessment, referral and investigation of complaints of misconduct by Members of the authority.

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Signed: Chair of the Standards Committee

Date: \_\_\_\_\_

# COUNCIL REPORT

9 February 2012



**Report of:** The Cabinet

**Subject:** MEDIUM TERM FINANCIAL STRATEGY – BUDGET AND POLICY FRAMEWORK 2012/2013 TO 2014/2015

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## 1. PURPOSE OF REPORT

1.1 To present details of the proposed Medium Term Financial Strategy (MTFS).

## 2. BACKGROUND

2.1 In accordance with the Constitution Cabinet is responsible for preparing the initial MTFS proposals, which are then referred to Scrutiny Co-ordinating Committee for consideration. Cabinet is also then responsible for preparing the final budget proposals, which includes the proposed Council Tax level for 2012/2013, which are then referred to Council for consideration. The final stages for completing this process and then issuing Council Tax bills are extremely tight and the key dates are as follows:

- Cabinet 6 February 2012 – approves the MTFS proposals to be referred to Council;
- Council 9 February 2012 – consider Cabinet's MTFS proposals, including the Council's own Council Tax for 2012/2013;
- Council 1 March 2012 ( subject to approval) – approves the overall Council Tax levels, including Fire and Police Authority precepts. This is the same day the Police Authority are scheduled to set their Budget and Council Tax, which is within the prescribed deadline for setting their Budget and Council Tax.

## 3. CONSIDERATION OF BUDGET PROPOSALS BY COUNCIL

3.1 As indicated above Cabinet will finalise the budget proposals, including the 2012/2013 proposed Council Tax level, it wishes to refer to Council at its meeting on 9 February 2012. To enable all Members to familiarise themselves with the issues affecting next years budget a copy of the detailed 2012/2013 to 2014/2015 MTFS Report is attached at Appendix A. Detailed departmental budgets are included in a separate booklet with the agenda papers for today's meeting. The figures for departmental budgets

exclude new pressures and proposed budget reductions which are detailed separately in the MTFS as these proposals need considering by Council.

- 3.2 The key issues included in the latest Cabinet report have previously been considered by Cabinet at their meetings between October 2011 and January 2012. These issues have also been referred to Scrutiny Co-ordinating Committee for consideration.
- 3.3 Once Cabinet have finalised their proposals a further report will, if necessary, be issued to Council to advise Members of any changes to the proposals detailed in the attached report.
- 3.4 In addition to the specific proposals detailed in the Cabinet report, Council will also need to consider a range of statutory calculations to support the proposed Council Tax increase level. Assuming Cabinet confirm their initial proposal to freeze Council Tax these statutory calculations still need to be made and approved by Council. These calculations will also incorporate details of Council Tax levels for Parish Councils.

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

- 4.1 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.
- 4.2 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.
- 4.3 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;

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

## **5. CONCLUSION**

5.1 This report provides the detailed information to support the 2012/2013 budget proposals which will be referred to Council by Cabinet following their meeting on 6 February 2012.

5.2 Details of the issues Cabinet will be referring to Council are provided in paragraph 14 of the MTFS report which is attached at Appendix A. A revised schedule will be issued before your meeting to detail any changes made by Cabinet and to detail the statutory Council Tax setting resolutions.

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| <p style="text-align: center;"><b>CABINET</b><br/><b>6<sup>th</sup> February 2012</b></p> |
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**Report of:** Corporate Management Team

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

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**SUMMARY**

**1. PURPOSE OF REPORT**

1.1 The purposes of the report are:

- i) to provide details of the Council's financial position, and
- ii) to enable Cabinet to approve the budget proposals to be referred to Council on 9<sup>th</sup> 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<br>Grant   | 2011/12 Grant cut |      | Cumulative Grant<br>Cut by 2012/13 from<br>2010/11 base |      |
|--|--------------------|-------------------|------|---|------|
|  |                    | £'m               | %    | £'m   | %    |
|  | Core Formula Grant | 51.5              | 6.1  | 12%   | 10.2 |
| Specific and ABG Grants transferred to<br>Core Formula Grant       | 7.8                | 1.2               | 15%  | 1.6   | 21%  |
| Specific and ABG Grants transferred to<br>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 9<sup>th</sup> 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.

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| <h1>CABINET</h1> <p>6<sup>th</sup> February 2012</p> |
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**Report of:** Corporate Management Team

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

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## SUMMARY

### 1.0 PURPOSE OF REPORT

1.1 The purposes of the report are:

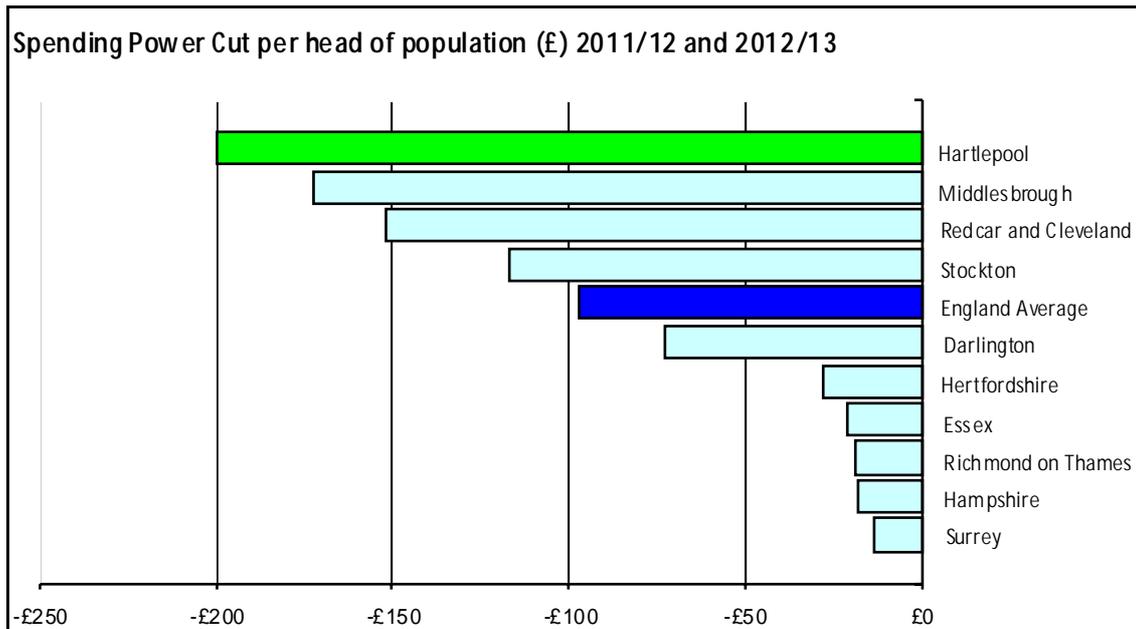
- i) to provide details of the Council's financial position, and
- ii) to enable Cabinet to approve the budget proposals to be referred to Council on 9<sup>th</sup> February 2012.

### 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 9<sup>th</sup> 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<br>£'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:

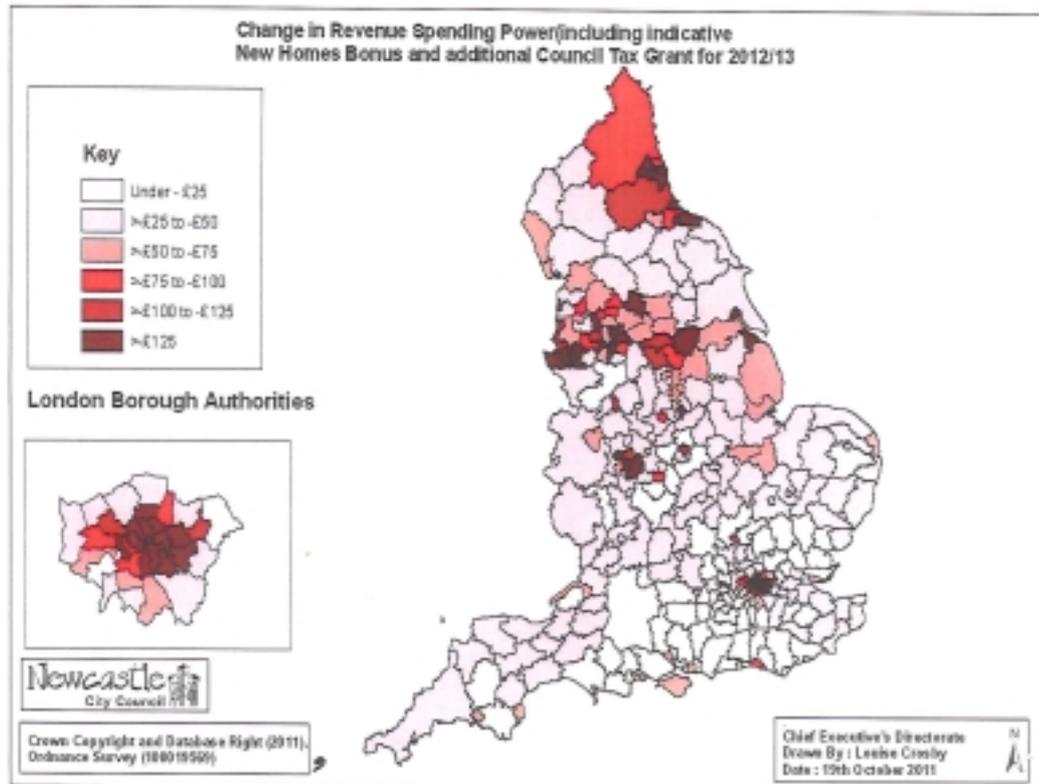
- Settlement Announcement 2012/13;
- Forecast Outturn 2011/12;
- General Fund Budget 2012/13 to 2014/15;
- Council Tax 2012/13 and impact on 2013/14 and 2014/15 budget deficits;
- One-off Strategic Financial Issues and funding strategy;
- Capital Issues 2012/13;
- Budget Risks;
- Consultation
- Equality 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 8<sup>th</sup> December 2011 and the consultation period ends on 16<sup>th</sup> 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 9<sup>th</sup> 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 2<sup>nd</sup> 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 16<sup>th</sup> 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 8<sup>th</sup> 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 Chancellor's 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:

- |  | <b>£'000</b> |
|--|--------------|
| <ul style="list-style-type: none"> <li>• Child and Adult Services revenue contribution. This contribution has been reflected in the forecast revenue outturn.</li> </ul>   | 149          |
| <ul style="list-style-type: none"> <li>• 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.</li> </ul> | 100          |
| <ul style="list-style-type: none"> <li>• 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.</li> </ul>  | 421          |

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**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 (3<sup>rd</sup> 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 19<sup>th</sup> 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<br>Base Council<br>Tax income<br>£'m |
|----------------------------|--------------------------------|---------|---------|--------------------------|----------------|----------------|-------------------|--|
|                            | 2012/13                        | 2013/14 | 2014/15 | 2012/13<br>£'m           | 2013/14<br>£'m | 2014/15<br>£'m | Cumulative<br>£'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<br>grant<br>accessed | 2.5%    | 2.5%    | 5.735                    | 3.950          | 4.960          | 14.645            | 42.4   |
| Alternative Option 2       | 0% Freeze<br>grant<br>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<br>£  | B<br>£ | C<br>£ | D<br>£ | E<br>£ | F<br>£ | G<br>£ | H<br>£ |
| 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%   |

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 23<sup>rd</sup> 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<br>£'000 | 2012/13<br>£'000 | Increase/<br>(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

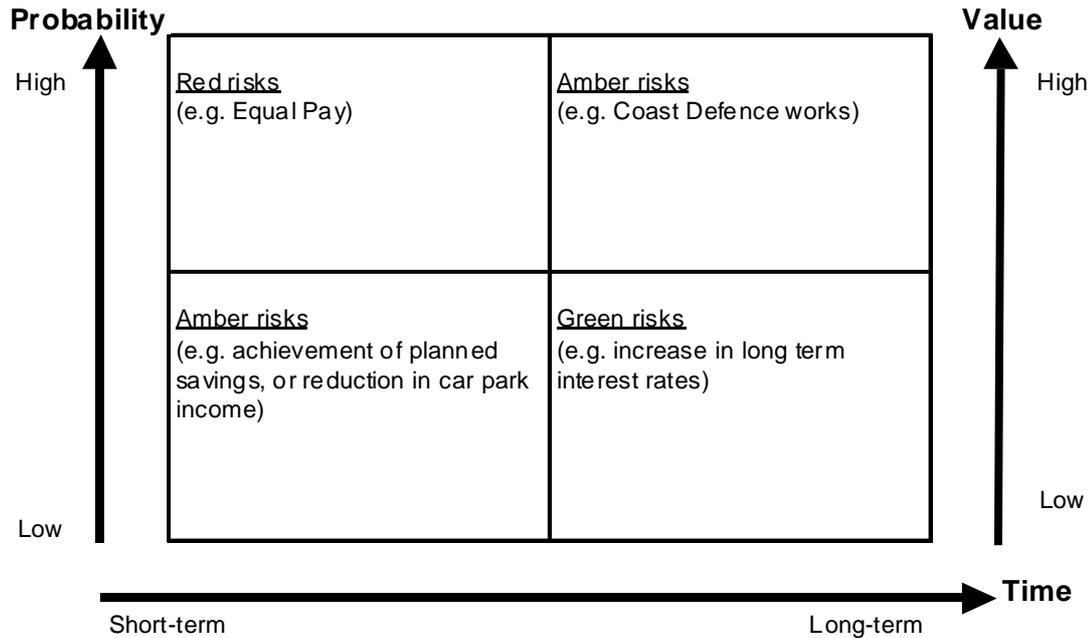
proposed savings based on an assessment of the level of pay, non-pay savings and increased income savings;

- 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 19<sup>th</sup> 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.

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**Stuart Drummond**  
**Mayor**  
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Our Ref: CL / EA



Contact Officer/Email: stuart.drummond@hartlepool.gov.uk

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 updated 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<br>£m | Comment on Forecast Outturn  |
|---|-------------------------|--|
| <b>Table 1 - Position 10.10.11</b>                          |                         |  |
| 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 1<sup>st</sup> 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.   |
| <b>Net Forecast Outturn - October Cabinet Report</b> | <b>(1.980)</b> |  |
| <b><u>Table 2 - Position 19.12.11</u></b>            |                |  |
| <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><br>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. It is the case there will be a one-off saving in 2011/12 and a continuing saving from 2012/13. This issue continues to be a risk and it would be prudent to maintain this provision until the national position is clearer. |
| <b>Net Forecast Outturn - December Cabinet Report</b> | <b>(1.276)</b> |   |
| <b><u>Table 3 - Position 06.02.12</u></b>             |                |   |
| 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.   |
| <b>Net Forecast Outturn - February Cabinet Report</b> | <b>(0.810)</b> |   |
| <b>Total Forecast Outturn General Fund</b>            | <b>(4.066)</b> |   |

**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<br>£m | Carry Forward to Fund 2013/2014 Commitments<br>£m | Total<br>£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**

| <b>Function</b>   | <b>Proposed Allocation 2012/2013 ( £'000)</b> |
|---|---|
| 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   |
| <b>Total</b>  | <b>7,100</b>                                  |

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

| Budget Area   | Value of Pressure<br>£'000 | Description of Pressure  | Comment |
|---|----------------------------|--|---------|
| Income Shortfalls:-<br>- Car Park Income<br>- Shopping Centre<br>- Land Charges | 392<br>146<br>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. |         |
|   | <b>687</b>                 |  |         |

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

| Budget Area                | Value of Pressure<br>£'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.<br>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.  |   |
|                            | <b>690</b>                 |  |   |

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

| Budget Area                    | Value of Pressure<br>£'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.  |         |
|                                | <b>353</b>                 |  |         |

|                                       |         |
|---------------------------------------|---------|
| Total All Areas                       | 1,730   |
| Headroom included in budget forecasts | (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.
- viii) 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<br>£'M | 2013/14<br>£'M | 2014/15<br>£'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)        |
| <b>Total cost/(reduction) of changes in Planning assumptions</b> | <b>(1.584)</b> | <b>(1.366)</b> | <b>(1.368)</b> |

**BUSINESS TRANSFORMATION SAVINGS**

| 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) |   |                               |  |
|      | <b>Total C &amp; A</b>   |   |                               | <b>2,758</b>                           |
| 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                                     |
|      | <b>Total R &amp; N</b>   |   |                               | <b>1,955</b>                           |
| 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                                      |
|      | <b>Total CEX</b>   |   |                               | <b>663</b>                             |
|      | <b>Total Target Savings</b>  |   | <b>Total Savings Achieved</b> | <b>5,376</b>                           |



## 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<br>£'000 | Department | Reserve   | Actual Balance 31/03/2011<br>£'000 | Reason for/purpose of the Reserve   | Total Value of Reserve to be released for Redundancy<br>Costs<br>£'000 | Value of Reserve to be retained<br>£'000 | Reason for retention of 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.<br>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<br>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.<br>Residual balance not required for project   | 6  | 0  | N/A   |
| 0  | Adult      | Archaeology - Monograph Series                        | 5                                  | Creation of reserve to ensure completion of project and ensure no loss of external funding for the overall project.   | 0  | 5  | Fund to be used to print the series and meet conditions of grants received.   |
| 0  | Adult      | Culture Shock Community Engagement Project            | 2                                  | Reserve created to make up shortfall of income from Heritage Lottery Fund for the project - residual balance not needed.  | 2  | 0  | N/A   |

## 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<br>£'000 | Department  | Reserve   | Actual Balance 31/03/2011<br>£'000 | Reason for/purpose of the Reserve  | Total Value of Reserve to be released for Redundancy<br>Costs<br>£'000 | Value of Reserve to be retained<br>£'000 | Reason for retention of reserve  |
|--|-------------|---|------------------------------------|--|--|--|--|
| 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 EDMS 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.  |
| 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  |

## 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<br>£'000 | Department  | Reserve   | Actual Balance 31/03/2011<br>£'000 | Reason for/purpose of the Reserve  | Total Value of Reserve to be released for Redundancy<br>Costs<br>£'000 | Value of Reserve to be retained<br>£'000 | Reason for retention of reserve  |
|--|-------------|---|------------------------------------|--|--|--|--|
| 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.   |
| 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.   |

## 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<br>£'000 | Department  | Reserve   | Actual Balance 31/03/2011<br>£'000 | Reason for/purpose of the Reserve   | Total Value of Reserve to be released for Redundancy Costs<br>£'000 | Value of Reserve to be retained<br>£'000 | Reason for retention of reserve   |
|--|-------------|---|------------------------------------|---|---|--|---|
| 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                                      | <b>Breastfeeding</b> - £58k to support PCT initiative<br><b>NDC - Learning Initiatives Ready for Baby</b> - £5k<br><b>Children's Fund</b> - £68k funding agreed by members as part of 2011/12 budget setting<br><b>Education Business Partnerships</b> - £5k to work with vulnerable young people |
| 0  | Children's  | Youth Offending Reserve                                       | 206                                | Ring-Fenced as YOS is a Partnership Budget. Created from planned underspends in previous years to fund YOS initiatives.   | 40  | 166                                      | Funding to manage Service, payment of rent for premises and cost of redundancy appeals (4 staff supernumerary)<br>£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   |

## HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2011

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

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|--|------------|---|------------------------------------|---|--|--|---|
| 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.<br>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.<br>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   |
| 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.<br>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.<br>Over achievement of income, not required for core service.   | 20   | 0  | N/A   |

## HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2011

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

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|--|------------|---------------------------------|------------------------------------|--|--|--|---|
| 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  |
| 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.  |

## HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2011

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|--|------------|--------------------------------------|------------------------------------|---|--|--|--|
| 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.      |
| 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                          |

## HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2011

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| Created 2010/11 as per Outturn Strategy<br>£'000 | Department                    | Reserve                                     | Actual Balance 31/03/2011<br>£'000 | Reason for/purpose of the Reserve   | Total Value of Reserve to be released for Redundancy<br>Costs<br>£'000 | Value of Reserve to be retained<br>£'000 | Reason for retention of reserve   |
|--|-------------------------------|---|------------------------------------|---|--|--|---|
| 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.  |
| 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 CAD/CAM.   | 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 CAD/CAM 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 crematoriums as previously agreed by Members as part of funding strategy for this project.  | 0  | 50                                       | Funding to reduce prudential borrowing costs.   |

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

## 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<br>£'000 | Department                    | Reserve                                      | Actual Balance 31/03/2011<br>£'000 | Reason for/purpose of the Reserve  | Total Value of Reserve to be released for Redundancy Costs<br>£'000 | Value of Reserve to be retained<br>£'000 | Reason for retention of reserve                                    |
|--|-------------------------------|--|------------------------------------|--|---|--|--|
| 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.   |
| 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  |
| <b>4,097</b>                                     |                               |  | <b>25,381</b>                      |  | <b>5,944</b>  | <b>19,437</b>                            |  |

## 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<br>£'000 | Reserve                                    | Revised Balance of Reserves 2011/2012<br>£'000 | Reason for/purpose of the Reserve   | Planned Use of Reserve |                 |                 |                 |               | Estimated Balance at 31/03/15<br>£000 |
|--|--|--|---|------------------------|-----------------|-----------------|-----------------|---------------|---------------------------------------|
|  |  |  |   | 2011/12<br>£000        | 2012/13<br>£000 | 2013/14<br>£000 | 2014/15<br>£000 | Total<br>£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<br>£'000 | Reserve                                     | Revised Balance of Reserves 2011/2012<br>£'000 | Reason for/purpose of the Reserve   | Planned Use of Reserve |                 |                 |                 |               | Estimated Balance at 31/03/15<br>£000 |
|--|---|--|---|------------------------|-----------------|-----------------|-----------------|---------------|---------------------------------------|
|  |   |  |   | 2011/12<br>£000        | 2012/13<br>£000 | 2013/14<br>£000 | 2014/15<br>£000 | Total<br>£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<br>£'000 | Reserve  | Revised Balance of Reserves 2011/2012<br>£'000 | Reason for/purpose of the Reserve  | Planned Use of Reserve |                 |                 |                 |               | Estimated Balance at 31/03/15<br>£000 |
|--|--|--|--|------------------------|-----------------|-----------------|-----------------|---------------|---------------------------------------|
|  |  |  |  | 2011/12<br>£000        | 2012/13<br>£000 | 2013/14<br>£000 | 2014/15<br>£000 | Total<br>£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<br>£'000 | Reserve   | Revised Balance of Reserves 2011/2012<br>£'000 | Reason for/purpose of the Reserve   | Planned Use of Reserve |                 |                 |                 |               | Estimated Balance at 31/03/15<br>£000 |
|--|---|--|---|------------------------|-----------------|-----------------|-----------------|---------------|---------------------------------------|
|  |   |  |   | 2011/12<br>£000        | 2012/13<br>£000 | 2013/14<br>£000 | 2014/15<br>£000 | Total<br>£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<br>£'000 | Reserve   | Revised Balance of Reserves 2011/2012<br>£'000 | Reason for/purpose of the Reserve  | Planned Use of Reserve |                 |                 |                 |               | Estimated Balance at 31/03/15<br>£000 |
|--|---|--|--|------------------------|-----------------|-----------------|-----------------|---------------|---------------------------------------|
|  |   |  |  | 2011/12<br>£000        | 2012/13<br>£000 | 2013/14<br>£000 | 2014/15<br>£000 | Total<br>£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<br>£'000 | Reserve                                     | Revised Balance of Reserves 2011/2012<br>£'000 | Reason for/purpose of the Reserve   | Planned Use of Reserve |                 |                 |                 |               | Estimated Balance at 31/03/15<br>£000 |
|--|---|--|---|------------------------|-----------------|-----------------|-----------------|---------------|---------------------------------------|
|  |   |  |   | 2011/12<br>£000        | 2012/13<br>£000 | 2013/14<br>£000 | 2014/15<br>£000 | Total<br>£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<br>£'000 | Reserve                       | Revised Balance of Reserves 2011/2012<br>£'000 | Reason for/purpose of the Reserve  | Planned Use of Reserve |                 |                 |                 |               | Estimated Balance at 31/03/15<br>£000 |
|--|-------------------------------|--|--|------------------------|-----------------|-----------------|-----------------|---------------|---------------------------------------|
|  |                               |  |  | 2011/12<br>£000        | 2012/13<br>£000 | 2013/14<br>£000 | 2014/15<br>£000 | Total<br>£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 cremators 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<br>£'000 | Reserve                                      | Revised Balance of Reserves 2011/2012<br>£'000 | Reason for/purpose of the Reserve   | Planned Use of Reserve |                 |                 |                 |                 | Estimated Balance at 31/03/15<br>£000 |
|--|--|--|---|------------------------|-----------------|-----------------|-----------------|-----------------|---------------------------------------|
|  |  |  |   | 2011/12<br>£000        | 2012/13<br>£000 | 2013/14<br>£000 | 2014/15<br>£000 | Total<br>£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                                     |
| <b>3,957</b>                                     |  | <b>25,376</b>                                  |   | <b>(3,351)</b>         | <b>(4,718)</b>  | <b>(2,374)</b>  | <b>(2,896)</b>  | <b>(13,339)</b> | <b>12,037</b>                         |

## HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2012

## RESERVES COMMITTED OR HELD IN TRUST

| Created 2010/11 as per Outturn Strategy<br>£'000 | Reserve   | Revised Balance of Reserves 2011/2012<br>£'000 | Reason for/purpose of the Reserve   | Planned Use of Reserve |                 |                 |                 |               | Estimated Balance at 31/03/15<br>£000 |
|--|---|--|---|------------------------|-----------------|-----------------|-----------------|---------------|---------------------------------------|
|  |   |  |   | 2011/12<br>£000        | 2012/13<br>£000 | 2013/14<br>£000 | 2014/15<br>£000 | Total<br>£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<br>£'000 | Reserve  | Revised Balance of Reserves 2011/2012<br>£'000 | Reason for/purpose of the Reserve  | Planned Use of Reserve |                 |                 |                 |                 | Estimated Balance at 31/03/15<br>£000 |
|--|--|--|--|------------------------|-----------------|-----------------|-----------------|-----------------|---------------------------------------|
|  |  |  |  | 2011/12<br>£000        | 2012/13<br>£000 | 2013/14<br>£000 | 2014/15<br>£000 | Total<br>£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                                     |
| <b>21</b>  | <b>TOTAL SCHOOLS</b>                                   | <b>5,853</b>                                   |  | <b>(784)</b>           | <b>(113)</b>    | <b>2</b>        | <b>0</b>        | <b>(895)</b>    | <b>4,958</b>                          |
| 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                                     |
| <b>0</b>   | <b>TOTAL CAPITAL</b>                                   | <b>7,545</b>                                   |  | <b>(7,545)</b>         | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>(7,545)</b>  | <b>0</b>                              |
| 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                                    |
| <b>0</b>   | <b>TOTAL LOTTERIES AND MUSEUM ACQUISITION RESERVES</b> | <b>484</b>                                     |  | <b>0</b>               | <b>(1)</b>      | <b>0</b>        | <b>0</b>        | <b>(1)</b>      | <b>484</b>                            |
| 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                                     |
| <b>161</b>                                       | <b>TOTAL BUDGET SUPPORT FUND</b>                       | <b>1,607</b>                                   |  | <b>(1,607)</b>         | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>(1,607)</b>  | <b>0</b>                              |
| <b>182</b>                                       | <b>GRAND TOTAL</b>                                     | <b>15,490</b>                                  |  | <b>(9,935)</b>         | <b>(114)</b>    | <b>2</b>        | <b>0</b>        | <b>(10,047)</b> | <b>5,443</b>                          |

## 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 |
|                         | <b>Supported Service Specific Allocations</b>           |                              |                       |                |        |  |                       |                |       |  |                       |                |       |
| 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 |
|                         | <b>Unsupported Corporate Prudential Borrowing</b>       |                              |                       |                |        |  |                       |                |       |  |                       |                |       |
| 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     |
|                         | <b>Unsupported Departmental Prudential Borrowing</b>    |                              |                       |                |        |  |                       |                |       |  |                       |                |       |
| 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 |
|                         | <b>Useable Capital Receipts and RCCO</b>                |                              |                       |                |        |  |                       |                |       |  |                       |                |       |
| 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   |
|                         | <b>Specifically Funded Schemes</b>                      |                              |                       |                |        |  |                       |                |       |  |                       |                |       |
| 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<br>2010/11<br>£'000 |   | Forecast Expenditure<br>Commitments 2012/2013 |                             |                           |                | Forecast Expenditure<br>Commitments 2013/2014 (Provisional) |                             |                           |                | Forecast Expenditure<br>Commitments 2014/2015 (Provisional) |                             |                           |                |
|-------------------------------------|---|---|-----------------------------|---------------------------|----------------|---|-----------------------------|---------------------------|----------------|---|-----------------------------|---------------------------|----------------|
|                                     |   | Non-Specific<br>£'000                         | Scheme<br>Specific<br>£'000 | Match<br>Funding<br>£'000 | Total<br>£'000 | Non-Specific<br>£'000                                       | Scheme<br>Specific<br>£'000 | Match<br>Funding<br>£'000 | Total<br>£'000 | Non-Specific<br>£'000                                       | Scheme<br>Specific<br>£'000 | Match<br>Funding<br>£'000 | Total<br>£'000 |
|                                     | <b>Specifically Funded Schemes</b>                      |   |                             |                           |                |   |                             |                           |                |   |                             |                           |                |
| 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          |
|                                     | <b>Misc Schemes</b>                                     |   |                             |                           |                |   |                             |                           |                |   |                             |                           |                |
| 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            |
|                                     | <b>Unsupported Departmental Prudential Borrowing</b>    |   |                             |                           |                |   |                             |                           |                |   |                             |                           |                |
| 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          |
|                                     | <b>Supported Service Specific Priorities</b>            |   |                             |                           |                |   |                             |                           |                |   |                             |                           |                |
| 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 2014/152012/13 VEHICLE REPLACEMENT PROGRAMME

| User                 | Type of Vehicle                       | Replacement Cost<br>£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<br>£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                    |

**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<br>£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<br>£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                          |  |
|   | <b>Sub-Total</b>   | <b>582</b>                  |  |
| 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                          |  |
|   | <b>Total Committed</b>   | <b>632</b>                  |  |
|   | <b>Total Uncommitted</b>   | <b>368</b>                  | If West View Cemetery Lodge and Northgate / Carnegie House were not to proceed the total uncommitted would increase to £418k.  |
|   | <b>Total</b>   | <b>1,000</b>                |  |

**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.  | <b>Presentation</b>   |
| <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"> <li>- Spending Review provided overall financial direction of Government Spending;</li> <li>- Local Government Settlement confirms cuts to Council funding;</li> <li>- Local Impact for 2012/13;</li> <li>- The Council's 2012/13 to 2014/15 Budget;</li> <li>- 2011/12 Forecast outturn;</li> <li>- Localising support for Council Tax;</li> <li>- Proposals for Business Rates Retention.</li> </ul> |   |
| <b>Comments Made</b>  | <b>Response</b>   |
| 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?   | <p>Figures would need looking into. Hartlepool receives more in Government funding than some areas.</p> <p>Confirmation of figures will be included in February's Cabinet report and circulated for information.</p>  |
| 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.  | <p>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.</p> <p>Better risk assessments of costs could be provided to Cabinet in the next 12 months; risks are currently unknown.</p> |
| 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.  | <p>A number of suggestions have been provided in the report for Members to consider.</p> <p>No decisions can be made without paying money out. If Council Tax is not increased then jobs will be lost.</p>  |
| 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.   | <b>Presentation</b>  |                 |
| <p>CL reported on Hartlepool's financial future following the Local Government Settlement and sought views from the Business Sector. A detailed overview of the following issues was provided:</p> <ul style="list-style-type: none"> <li>- Spending Review provided overall financial direction of Government Spending;</li> <li>- Local Government Settlement confirms cuts to Council funding;</li> <li>- Local Impact for 2012/13;</li> <li>- The Council's 2012/13 to 2014/15 Budget;</li> <li>- 2011/12 Forecast outturn;</li> <li>- Localising support for Council Tax;</li> <li>- Proposals for Business Rates Retention.</li> </ul> |  |                 |
| <b>Comments Made</b>   |  | <b>Response</b> |
| 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?   | <p>Support to businesses has been reduced but we are hoping to carry forward funding.</p> <p>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.</p>  |                 |
| <p>Is there anything further to the budget that that could change to help support local businesses?</p> <p>A balance is needed between the best deal and that best for business.</p>   | <p>Regeneration are currently looking into future projects. The Enterprise Zone is a valuable scheme to help with new businesses.</p> <p>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.</p> <p>Antony Steinberg advised working on support to business, helping with paperwork etc.</p> |                 |
| 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. |
|---|---|

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](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/<br>Service   |                                      |          |                             |
| Information Available  |                                      |          |                             |
| <b>Relevance</b><br><br><i>Identify which strands are relevant to the area you are reviewing or changing</i> | Age                                  |          |                             |
|  | 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   | <p>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.</p>                                      |
| The treatment of planned efficiency savings/productivity gains                                    | <p>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.</p> |
| 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                        | <p>The Council's financial reporting arrangements include the identification of forecast outturns for both revenue and capital areas. These arrangements ensure problems are</p>  |

|                                      |   |
|--------------------------------------|---|
| <p>record of budget monitoring</p>   | <p>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.</p>   |
| <p>Equal Pay/ Equal Value Claims</p> | <p>The Council has completed the detailed evaluation of all jobs and developed a new pay and grading structure, which was implemented with effect from 1<sup>st</sup> April 2007. The 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 Councils 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                      | This budget covers annual principal repayments and net interest on the Councils borrowings and investments. Interest payable on Council's borrowings or interest earned on investments could be higher/lower than forecast.<br><br>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.<br><br>There is still a risk that LOBO loans maybe recalled. However, as interest rates on these loans are now higher then 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.<br><br>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. |
| Planned Maintenance Budget   | Amber       | 221                       | 0.2%                      | Much of the Council's building stock is in poor condition and the Corporate Risk Register identifies this as a "red" risk. From 2002//03 the Council provided 2.5% real term growth for this budget to start addressing these issues. It was recognised that this would not be sufficient and at some point significant resources would need to be allocated to address these issues.<br><br>The Revenue Budget Strategy includes provision to support Prudential Borrowing to fund £1.0m of capital priorities.  |
| Failure to comply with relevant local authority financial legislation/regulations, NI and taxation regulations | Amber       | N/A                       | N/A                       | The Council will take appropriate steps to ensure it keeps up to date with changing legislation and regulations. There is nothing to indicate that the Council faces any specific material risk in these areas.   |

## CHILD &amp; ADULT SERVICES

| Financial Risk  | Risk Rating | 2012/13 Base Budget<br>£'000 | Budget as %age<br>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%                     | <p>The nature of Cultural Services and Sport &amp; 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.</p>   |
| 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%                      | <p>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.</p>  |

# COUNCIL REPORT

9<sup>th</sup> February 2012



**Report of:** The Cabinet

**Subject:** MEDIUM TERM FINANCIAL STRATEGY – BUDGET  
AND POLICY FRAMEWORK 2012/13 TO 2014/2015  
– SUPPLEMENTARY REPORT

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## 1. PURPOSE OF REPORT

- 1.1 To present details of Cabinet's final Medium Term Financial Strategy (MTFS) proposals following the Cabinet meeting on 6<sup>th</sup> February 2012.

## 2. CONSIDERATION OF BUDGET PROPOSALS BY COUNCIL

- 2.1 As indicated in the report issued with the main agenda papers for the Council meeting a copy of the detailed 2012/13 to 2014/15 MTFS report referred to Cabinet on 6<sup>th</sup> February 2012 was provided to enable all Members to familiarise themselves with the issues affecting next years budget.
- 2.2 These papers included 17 supporting Appendices. Two of these Appendices need replacing for the following reasons and the revised Appendices are attached to this report. These revisions do not impact on the proposals detailed in the report and officers apologise for these administrative oversights.
- Appendix G - The column heading 'Total Value of Reserve to be released for Redundancy costs' was an incorrect heading and should have stated – 'Total Value of Reserves to be released for Strategic one off costs'. The correct heading reflects the proposed funding strategy for Strategic one off costs detailed in Section 7 of the Cabinet report. There were no other changes to this Appendix.
  - Appendix H – The column headed 'Revised Balance of Reserves 2011/12' should have totalled £25.381m, the same total as shown on Appendix G. Owing to a formula error in the spreadsheet Appendix H originally showed a total of £25.376m i.e. a difference of £5,000. This has been corrected and a revised Appendix H is attached.

## 3. PROPOSALS

- 3.1 The proposals which Cabinet wishes Council to consider were detailed in Section 14 of the Cabinet report, some of which required Cabinet to

determine its preferred option. Cabinet has considered these issues and has also made a number of amendments to the initial proposals.

- 3.2 Therefore, for clarity Cabinet's final proposals are detailed below. Where reference is made to a paragraph number or appendix this refers to the original Cabinet report booklet circulated with the main agenda, unless otherwise stated.
- 3.3 **2011/12 Outturn Strategy**
- 3.4 **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**, including the funding to cover the potential cost of a Mayoral referendum, which Council are requested to note.
- 3.5 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.
- 3.6 **General Fund Budget 2011/12 Outturn – specific issues** - Cabinet do not 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. Cabinet propose allocating this funding to support the General Fund budget in 2013/14. The total funding of £231,000 would 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.
- 3.7 **Capital Outturn 2011/12** – approve the proposal for funding the additional Primary Capital Programme costs of £0.670m as detailed in paragraph 4.18.
- 3.8 **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, which Council are requested to note.
- 3.9 **Housing Scheme 2011/12 Outturn**
- 3.10 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

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

**3.12 2012/13 to 2014/15 Capital Programme**

**3.13** 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, including the retention of unallocated funding of between £368,000 and £418,000 to cover emergency capital expenditure, for allocation by Cabinet;
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.

**3.14** 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).**

**3.15 Strategy for Funding one-off Strategic Costs**

**3.16** 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 were originally earmarked to address, as detailed in **Appendix G** (replacement document, as detailed in paragraph 2.2 above) including the release of the £60,000 Budget Consultation reserve;
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.

**3.17 2012/13 General Fund budget**

- 3.18** 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
- 3.19** Approve the proposed pressures detailed in **Appendix D** of £1.730m.
- 3.20** Approve the strategy for bridging the 2012/13 budget deficit, which reflects the cut in Government grant and the above pressures, from a combination of:
1. Implementing budget reductions of £1.584m arising from revised planning assumptions detailed in **Appendix E**, including the saving in Members Allowances from a reduction in the number of Councillors from May 2012;
  2. Implementing a Council Tax freeze which will mean the Council will receive a one-year Council Tax freeze grant of £996,514 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.
- 3.21** Approve that the one-off costs of achieving the ICT / Revenues and Benefits contract savings are funded from the reallocation of one-off funding which is no longer needed to fund back-dated Job Evaluation costs (i.e. Option 1 detailed in paragraph 5.21) and that the residual balance of this reserve will transfer to the General Fund Reserve. This funding proposal will maximise the value of the ICT / Revenues and Benefits savings which can be used to 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).**
- 3.22** Approve that in the current climate the available Furniture Project reserve of £50,000 is not allocated to kick start this project.
- 3.23** Note the budget risk, mitigation strategy and robustness of the budget forecasts advice (sections 9 and 12).

**3.24 2013/14 to 2014/15 Indicative Council Tax increases**

**3.25** 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 a Council Tax Referendum.

**4. SUPPORTING STATUTORY RESOLUTIONS**

**4.1** If the recommendations detailed in Section 3 are approved full Council then needs to approve the following supporting statutory amounts which must be calculated by the Council for 2012/2013 in accordance with the Local Government Finance Act 1992 and relevant regulations:

- i) To note that on 15<sup>th</sup> December 2011 the Finance and Procurement Portfolio Holder approved the Council Tax Base for 2012/13 for:
- The whole Council area as 28,000.6 Band D equivalents in accordance with Section 31B of the Local Government Finance Act 1992, as amended; and
  - For dwellings in those parts of its area to which a Parish precept relates as follows:

Parish Council Taxbases (Band D Equivalents)

|                     |                    |
|---------------------|--------------------|
| Brierton 12.9       | Greatham 669.3     |
| Claxton 15.5        | Hart 306.1         |
| Dalton Piercy 101.3 | Newton Bewley 32.0 |
| Elwick 451.1        |                    |
| Headland 998.7      |                    |

**4.2** That the Council Tax requirement for the Council's own purposes for 2012/13 (excluding Parish precepts) is £39,724,392.

**4.3** That the following amounts be calculated by the Council for 2012/13 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 and relevant regulations:-

- (a) £88,242,956 Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Local Government Finance Act 1992 and relevant regulations.
- (b) £48,492,948 Being the aggregate of the sums which the Council estimate will be payable to it in respect of redistributed non-domestic rates £47,556,321, Revenue Support Grant £921,868 and the estimate to be paid from the Collection Fund of £14,759 as at 31st March 2012, in

accordance with Section 97 (3) of the Local Government Finance Act 1988 and the Local Government Charges for England (Collection Fund Surpluses and Deficits) Regulations 1995 amended.

- (c) £39,750,008 Being the amount by which the aggregate at 4.3 (a) above exceeds the aggregate at 4.3 (b) above, calculated by the Council in accordance with Section 31A (4) of the Act as its Council Tax requirement for the year (including Parish precepts).
- (d) £1,419.61 Being the amount calculated by the Council in accordance with Section 31B of the Local Government Finance Act 1992, as the basic amount of Council Tax for the year (including Parish precepts).
- (e) £25,616 Parish Precepts  
£13,582 Concurrent Services  
Being the aggregate amount of all special items (Parish precepts of £25,616) referred to in Section 34 (1) of the Local Government Finance Act 1992 and Concurrent Services (£13,582) - as detailed in Appendix 1, table 1 to this report.
- (f) £1,418.70 Being the amount calculated by the Council in accordance with Section 34 (2) of the Local Government Finance Act 1992, as the basic amount of Council Tax for the year 2012/13 (excluding Parish precepts), which has the effect of freezing the Council's element of Council Tax at the current level.

**4.4** The Basic Council Tax for 2012/13 calculated in accordance with Section 34 (3) for dwellings in those areas that have a Parish precept as set out in Appendix 1, table 2 to this report.

**4.5** Approve in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, the aggregate amounts shown in Appendix 1, table 3 to this report the amounts of Council Tax for 2012/13 for each part of the Council's area and each of the categories of dwellings.

**4.6** Approve that the Council's basic amount of Council Tax for 2012/13 of £1,418.70, detailed in 4.3 (f) above is not excessive in accordance with the principles approved under section 52ZB of the Local Government Finance Act 1992 and that no local referendum will be carried out in relation to Chapter 4ZA of the Local Government Finance Act 1992.

## 2012/13 Council Tax Levels

## Appendix 1

**TABLE 1 - Parish Precepts and Concurrent Functions 2012/2013.**

|               | 2012/2013     |                    |               |
|---------------|---------------|--------------------|---------------|
|               | Precept       | Concurrent Payment | Total Payment |
|               | £             | £                  | £             |
| Dalton Piercy | 5,813         | 2,839              | 8,653         |
| Elwick        | 5,152         | 6,268              | 11,420        |
| Greatham      | 3,201         | 1,385              | 4,586         |
| Hart          | 3,250         | 3,090              | 6,340         |
| Headland      | 8,000         | 0                  | 8,000         |
| Newton Bewley | 200           | 0                  | 200           |
|               | <b>25,616</b> | <b>13,582</b>      | <b>39,199</b> |

**TABLE 2 - Council Tax For Parish Councils 2012/2013.**

| Parishes      | Precept | Parish Tax Base | Parish Council Tax | Basic Council Tax | Billing Authority's Council Tax |
|---------------|---------|-----------------|--------------------|-------------------|---------------------------------|
|               | (1)     | (2)             | (3)<br>[=(1)/(2)]  | (4)               | (5)<br>[=(3)+(4)]               |
|               | £ p     |                 | £ p                | £ p               | £ p                             |
| Dalton Piercy | 5,813   | 101.3           | 57.38              | 1,418.70          | 1,476.08                        |
| Elwick        | 5,152   | 451.1           | 11.42              | 1,418.70          | 1,430.12                        |
| Greatham      | 3,201   | 669.3           | 4.78               | 1,418.70          | 1,423.48                        |
| Hart          | 3,250   | 306.1           | 10.62              | 1,418.70          | 1,429.32                        |
| Headland      | 8,000   | 998.7           | 8.01               | 1,418.70          | 1,426.71                        |
| Newton Bewley | 200     | 32.0            | 6.25               | 1,418.70          | 1,424.95                        |

**TABLE 3 - Council Taxes For Each Property Band 2012/2013  
(Excluding Police Authority & Fire Authority)**

| Parishes                       | Council Tax Bands |          |          |          |          |          |          |          |
|--------------------------------|-------------------|----------|----------|----------|----------|----------|----------|----------|
|                                | A                 | B        | C        | D        | E        | F        | G        | H        |
|                                | £ p               | £ p      | £ p      | £ p      | £ p      | £ p      | £ p      | £ p      |
| Dalton Piercy                  | 984.06            | 1,148.07 | 1,312.07 | 1,476.08 | 1,804.10 | 2,132.12 | 2,460.14 | 2,952.17 |
| Elwick                         | 953.41            | 1,112.32 | 1,271.22 | 1,430.12 | 1,747.93 | 2,065.73 | 2,383.53 | 2,860.24 |
| Greatham                       | 948.99            | 1,107.15 | 1,265.32 | 1,423.48 | 1,739.81 | 2,056.14 | 2,372.47 | 2,846.97 |
| Hart                           | 952.88            | 1,111.69 | 1,270.50 | 1,429.32 | 1,746.94 | 2,064.57 | 2,382.20 | 2,858.63 |
| Headland                       | 951.14            | 1,109.66 | 1,268.19 | 1,426.71 | 1,743.76 | 2,060.80 | 2,377.85 | 2,853.42 |
| Newton Bewley                  | 949.97            | 1,108.29 | 1,266.62 | 1,424.95 | 1,741.61 | 2,058.26 | 2,374.92 | 2,849.90 |
| Areas without a Parish Council | 945.80            | 1,103.43 | 1,261.07 | 1,418.70 | 1,733.97 | 2,049.23 | 2,364.50 | 2,837.40 |

REPLACEMENT APPENDIX G AND APPENDIX H  
AS DETAILED IN PARAGRAPH 2.2 OF THE  
SUPPLEMENTARY COUNCIL REPORT.

## 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 Strategic One Off 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.<br>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.<br>Service now in place and usage has levelled out so reserve no longer required | 54  | 0                                     | N/A   |
| 26  | Adult      | Mental Health Capacity Act specific grants | 53                              | Reserve created from a mixture of PCT/grant funding.   | 27  | 26                                    | Contribution from PCT in 10/11 towards costs for 11/12 post - in year underspends led to non use of residual reserve.   |

## 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<br>Outturn Strategy<br>£'000 | Department | Reserve   | Actual Balance 31/03/2011<br>£'000 | Reason for/purpose of the Reserve   | Total Value of Reserve to be<br>released for Strategic One<br>Off Costs<br>£'000 | Value of Reserve to be<br>retained<br>£'000 | Reason for retention of 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.<br>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<br>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.<br>Residual balance not required for project   | 6  | 0   | N/A   |
| 0   | Adult      | Archaeology - Monograph Series                        | 5                                  | Creation of reserve to ensure completion of project and ensure no loss of external funding for the overall project.   | 0  | 5   | Fund to be used to print the series and meet conditions of grants received.   |
| 0   | Adult      | Culture Shock Community Engagement Project            | 2                                  | Reserve created to make up shortfall of income from Heritage Lottery Fund for the project - residual balance not needed.  | 2  | 0   | N/A   |

## 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 Strategic One Off Costs £'000 | Value of Reserve to be retained £'000 | Reason for retention of reserve  |
|---|-------------|---|---------------------------------|--|---|---------------------------------------|--|
| 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.  |
| 10  | 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 one-off strategic costs 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.  |
| 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  |

## 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 Strategic One Off Costs £'000 | Value of Reserve to be retained £'000 | Reason for retention of reserve  |
|---|-------------|---|---------------------------------|--|---|---------------------------------------|--|
| 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.   |
| 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.   |

## 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<br>Outturn Strategy<br>£'000 | Department  | Reserve   | Actual Balance 31/03/2011<br>£'000 | Reason for/purpose of the Reserve   | Total Value of Reserve to be<br>released for Strategic One<br>Off Costs<br>£'000 | Value of Reserve to be<br>retained<br>£'000 | Reason for retention of reserve   |
|---|-------------|---|------------------------------------|---|--|---|---|
| 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   | <b>Breastfeeding</b> - £58k to support PCT initiative<br><b>NDC - Learning Initiatives Ready for Baby</b> - £5k<br><b>Children's Fund</b> - £68k funding agreed by members as part of 2011/12 budget setting<br><b>Education Business Partnerships</b> - £5k to work with vulnerable young people |
| 0   | Children's  | Youth Offending Reserve                                       | 206                                | Ring-Fenced as YOS is a Partnership Budget. Created from planned underspends in previous years to fund YOS initiatives.   | 40   | 166   | Funding to manage Service, payment of rent for premises and cost of redundancy appeals (4 staff supernumerary)<br>£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   |

## 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 Strategic One Off Costs £'000 | Value of Reserve to be retained £'000 | Reason for retention of reserve   |
|---|------------|---|---------------------------------|---|---|---------------------------------------|---|
| 0   | Children's | School Rates  | 116                             | This was created to manage the volatility of business rate charges within school budgets.<br>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.<br>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.<br>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   |
| 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.<br>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.<br>Over achievement of income, not required for core service.   | 20  | 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 Strategic One Off Costs £'000 | Value of Reserve to be retained £'000 | Reason for retention of reserve   |
|---|------------|---------------------------------|---------------------------------|--|---|---------------------------------------|---|
| 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  |
| 0   | Corporate  | Insurance Fund                  | 5,030                           | 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   | 3,630                                 | 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.  |

## 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 Strategic One Off Costs £'000 | Value of Reserve to be retained £'000 | Reason for retention of reserve  |
|---|------------|--------------------------------------|---------------------------------|---|---|---------------------------------------|--|
| 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.      |
| 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                          |

## 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<br>Outturn Strategy<br>£'000 | Department                    | Reserve                                     | Actual Balance 31/03/2011<br>£'000 | Reason for/purpose of the Reserve   | Total Value of Reserve to be<br>released for Strategic One<br>Off Costs<br>£'000 | Value of Reserve to be<br>retained<br>£'000 | Reason for retention of reserve  |
|---|-------------------------------|---|------------------------------------|---|--|---|--|
| 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 support strategic one-off costs. |
| 0   | Regeneration & Neighbourhoods | Seaside Grant                               | 200                                | Funding set aside to fund expenditure commitments on a Capital Project  | 0  | 200   | Capital grant to be used as part of Seaton redevelopment.  |
| 154   | Regeneration & Neighbourhoods | Economic Development                        | 154                                | Completion of various ongoing commitments including the Employment and Integration Scheme, Training Placements, Connect to Work, Jobsmart.  | 13   | 141   | Grants carried forward to support the ESF Going Forward project.   |
| 144   | Regeneration & Neighbourhoods | Selective Licensing                         | 144                                | Income generated from fees required to fund the scheme over a 5 year period.  | 0  | 144   | Needed to fund running costs for the scheme over 5 years.  |
| 132   | Regeneration & Neighbourhoods | Community Safety                            | 132                                | Local Public Service Agreement Phase 2 reward grant for committed projects approved by Safer Hartlepool Partnership - Domestic Violence.  | 0  | 132   | Grant administered and controlled by SHP and contractually committed.  |
| 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 CAD/CAM.   | 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 CAD/CAM 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.  |

## 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<br>£'000 | Department                    | Reserve                                     | Actual Balance 31/03/2011<br>£'000 | Reason for/purpose of the Reserve  | Total Value of Reserve to be released for Strategic One Off Costs<br>£'000 | Value of Reserve to be retained<br>£'000 | Reason for retention of reserve  |
|--|-------------------------------|---|------------------------------------|--|--|--|--|
| 0  | Regeneration & Neighbourhoods | Winter Maintenance                          | 50                                 | Purchase of winter maintenance equipment   | 0  | 50                                       | Replace existing equipment   |
| 0  | Regeneration & Neighbourhoods | Furniture Project                           | 50                                 | To implement the findings of the scrutiny review into reduction of child poverty and increasing access to affordable credit.   | 0  | 50                                       | To pilot a scheme to be approved by Members  |
| 46   | Regeneration & Neighbourhoods | Community Safety                            | 46                                 | Completion of various contractual/committed projects including 'Target Hardening' & 'Local Volunteering'.  | 0  | 46                                       | Contractual obligations.   |
| 46   | Regeneration & Neighbourhoods | ITU   | 46                                 | Carry forward of grant set aside to support the running costs of the Integrated Transport Unit (ITU).  | 0  | 46                                       | Needed to support staffing costs.  |
| 0  | Regeneration & Neighbourhoods | Economic Development                        | 45                                 | To fund Economic Development staff as temporary programme money ceases.  | 45   | 0  | N/A  |
| 37   | Regeneration & Neighbourhoods | Urban & Planning Policy                     | 37                                 | Relates to the part carry forward of funding identified to support major regeneration projects such as the Innovation and Skills Quarter (ISQ) Gateway and development of Church Square. The reserve is to support feasibility costs and contribute match funding towards external funding bids. | 0  | 37                                       | Church Square capital refurbishment commitment.  |
| 35   | Regeneration & Neighbourhoods | Social Housing New Build                    | 35                                 | Relates to the surplus generated by the New Social Housing which needs to be set aside to cover future maintenance costs in accordance with the approved business case for this project.   | 0  | 35                                       | 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 cover one-off strategic costs - 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  |

## 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<br>Outturn Strategy<br>£'000 | Department                       | Reserve   | Actual Balance 31/03/2011<br>£'000 | Reason for/purpose of the Reserve   | Total Value of Reserve to be<br>released for Strategic One<br>Off Costs<br>£'000 | Value of Reserve to be<br>retained<br>£'000 | Reason for retention of reserve                                    |
|---|----------------------------------|---|------------------------------------|---|--|---|--|
| 0   | Regeneration &<br>Neighbourhoods | Neighbourhood Community<br>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 &<br>Neighbourhoods | Village Green Hearings etc.                     | 10                                 | Fund legal costs associated with public inquiries in relation to village green<br>applications          | 0  | 10  | 2 applications already received                                    |
| 0   | Regeneration &<br>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 &<br>Neighbourhoods | Housing   | 7                                  | Committed for Housing Condition Survey/Strategic Housing Market Assessment.                             | 0  | 7   | Has to be carried out.   |
| 5   | Regeneration &<br>Neighbourhoods | Neighbourhood Management                        | 5                                  | NDC (New Deal for Communities) Cohesion project - reserves allocated to complete<br>project in 2011/12. | 0  | 5   | Needed to complete project in 11/12.                               |
| 3   | Regeneration &<br>Neighbourhoods | Dog Warden                                      | 3                                  | Dog Warden - earmarked for funding of new bins which were not received by year<br>end                   | 3  | 0   | N/A  |
| <b>4,097</b>  |                                  |   | <b>25,381</b>                      |   | <b>5,944</b>   | <b>19,437</b>                               |  |

## HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2011

## PLANNED USE OF RESERVES (NOT COMMITTED NOR HELD IN TRUST)

| Reserve                                    | Revised Balance of Reserves 2011/2012<br>£'000 | Reason for/purpose of the Reserve   | Planned Use of Reserve |                 |                 |                 |               | Estimated Balance at 31/03/15<br>£000 |
|--|--|---|------------------------|-----------------|-----------------|-----------------|---------------|---------------------------------------|
|  |  |   | 2011/12<br>£000        | 2012/13<br>£000 | 2013/14<br>£000 | 2014/15<br>£000 | Total<br>£000 |                                       |
| 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                                     |
| 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                                    |
| 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                                     |
| 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                                     |
| Mill House                                 | 146  | The reserve arose from a rates rebate following a review of the leisure centre rateable values in 2006/07.  |                        |                 |                 |                 | 0             | 146                                   |
| Tall Ships Reserve                         | 139  | This reserve has been set aside to support the Tall Ships visit in 2010   | (35)                   | (104)           |                 |                 | (139)         | 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                                   |
| Reablement Funding                         | 100  | PCT income received for reablement of service users.  | (100)                  |                 |                 |                 | (100)         | 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                                     |
| CSDP Contribution to capital               | 68   | Reserve created from revenue to increase capital reserve for Adaptations for Disabled people.   |                        | (68)            |                 |                 | (68)          | 0                                     |
| 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                                     |
| Mental Health Capacity Act specific grants | 26   | Reserve created from a mixture of PCT/grant funding.  |                        | (26)            |                 |                 | (26)          | 0                                     |
| Tobacco Control                            | 43   | Reserve created owing to grant income provided to carry out work over a 2 year period.  | (43)                   |                 |                 |                 | (43)          | 0                                     |
| DOH Grant Stroke Care                      | 13   | Reserve created from specific grant.  |                        | (13)            |                 |                 | (13)          | 0                                     |

## HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2011

## PLANNED USE OF RESERVES (NOT COMMITTED NOR HELD IN TRUST)

| Reserve                                   | Revised Balance of Reserves 2011/2012<br>£'000 | Reason for/purpose of the Reserve   | Planned Use of Reserve |                 |                 |                 |               | Estimated<br>Balance at<br>31/03/15<br>£000 |
|---|--|---|------------------------|-----------------|-----------------|-----------------|---------------|---|
|   |  |   | 2011/12<br>£000        | 2012/13<br>£000 | 2013/14<br>£000 | 2014/15<br>£000 | Total<br>£000 |   |
| 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   |
| 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   |
| Archaeology Projects                      | 12   | Reserve to be used for specific archaeology projects following SDO reductions.  | (12)                   |                 |                 |                 | (12)          | 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   |
| Sports Activities - various               | 14   | Underspend on grants for sports & health activities   | (14)                   |                 |                 |                 | (14)          | 0   |
| Grayfields Pitch Improvements             | 13   | Reserve created to complete the pitch improvements at Grayfields.   |                        |                 |                 |                 | 0             | 13  |
| 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   |
| 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   |
| Sports & Recreation - Sports Awards       | 7  | To fund sports coaches training awards  | (7)                    |                 |                 |                 | (7)           | 0   |
| 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   |
| 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   |
| 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   |
| 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   |
| Financial Inclusion                       | 94   | Created to fund the Financial Inclusion Programme   | (94)                   |                 |                 |                 | (94)          | 0   |

## HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2011

## PLANNED USE OF RESERVES (NOT COMMITTED NOR HELD IN TRUST)

| Reserve  | Revised Balance of Reserves 2011/2012<br>£'000 | Reason for/purpose of the Reserve   | Planned Use of Reserve |                 |                 |                 |               | Estimated Balance at 31/03/15<br>£000 |
|--|--|---|------------------------|-----------------|-----------------|-----------------|---------------|---------------------------------------|
|  |  |   | 2011/12<br>£000        | 2012/13<br>£000 | 2013/14<br>£000 | 2014/15<br>£000 | Total<br>£000 |                                       |
| 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                                     |
| Finance R & B                                  | 45   | Created to fund cost of IT equipment / services.  | (45)                   |                 |                 |                 | (45)          | 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                                     |
| Contact Centre                                 | 38   | Created to enable department to manage budget over more than one year.  | (38)                   |                 |                 |                 | (38)          | 0                                     |
| 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                                     |
| Finance - Accountancy Section                  | 50   | Created to fund temporary appointments to cover maternity leaves during 2011-12.  | (30)                   | (20)            |                 |                 | (50)          | 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                                     |
| Registrars                                     | 10   | Created for improvements to the Registrars building   |                        | (10)            |                 |                 | (10)          | 0                                     |
| Corporate Strategy - Performance Management    | 15   | Created to enable department to manage budget over more than one year.  | (2)                    | (13)            |                 |                 | (15)          | 0                                     |
| Contact Centre                                 | 15   | Created to fund software integrations including Corporate Workflow and upgrade Queue Management System.   |                        | (15)            |                 |                 | (15)          | 0                                     |
| 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                                     |
| 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                                     |
| Corporate Strategy - Working from Home Surplus | 13   | Created to manage the costs of homeworking key fobs between financial years   |                        | (13)            |                 |                 | (13)          | 0                                     |
| 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                                     |

## HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2011

## PLANNED USE OF RESERVES (NOT COMMITTED NOR HELD IN TRUST)

| Reserve   | Revised Balance of Reserves 2011/2012<br>£'000 | Reason for/purpose of the Reserve  | Planned Use of Reserve |                 |                 |                 |               | Estimated Balance at 31/03/15<br>£000 |
|---|--|--|------------------------|-----------------|-----------------|-----------------|---------------|---------------------------------------|
|   |  |  | 2011/12<br>£000        | 2012/13<br>£000 | 2013/14<br>£000 | 2014/15<br>£000 | Total<br>£000 |                                       |
| People Framework                                  | 18   | Created to enable department to manage budget over more than one year.   | (1)                    | (17)            |                 |                 | (18)          | 0                                     |
| Corporate Strategy - Corporate Consultation       | 16   | Created to enable department to manage budget over more than one year.   | (8)                    | (8)             |                 |                 | (16)          | 0                                     |
| Finance R & B - Internal Bailiff Development      | 16   | Created to fund costs associated with Internal Bailiff Development   | (16)                   |                 |                 |                 | (16)          | 0                                     |
| Registrars  | 15   | Created for redecoration of new marriage/ceremonies room at the Borough Hall and some software integrations/upgrades.                            | (15)                   |                 |                 |                 | (15)          | 0                                     |
| Finance R & B - Council Tax Rebate Development    | 15   | Created for funding towards Council Tax Rebate Scheme Software Development.  |                        | (15)            |                 |                 | (15)          | 0                                     |
| Finance R & B - Zipporah Corporate Booking System | 10   | Created to fund Development work linked to Zipporah Corporate Booking System.  | (10)                   |                 |                 |                 | (10)          | 0                                     |
| Finance R & B - Software Projects                 | 10   | Created for funding towards BACS and DD's Software Project Developments.   | (10)                   |                 |                 |                 | (10)          | 0                                     |
| Finance R & B - Payment Card Industry             | 5  | Created to fund Payment Card Industry security review.   | (5)                    |                 |                 |                 | (5)           | 0                                     |
| 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                                     |
| Finance R & B - FSM System                        | 4  | Created to fund costs of FSM System  | (4)                    |                 |                 |                 | (4)           | 0                                     |
| Resource Investment - HR                          | 3  | Created to enable department to manage budget over more than one year.   | (3)                    |                 |                 |                 | (3)           | 0                                     |
| Chairman's Charity Reserve                        | 1  | Chairman's Charity Fund Reserve.   | (1)                    |                 |                 |                 | (1)           | 0                                     |
| Mayors Charity Fund Reserve                       | 1  | Mayor's Charity Fund Reserve.  | (1)                    |                 |                 |                 | (1)           | 0                                     |
| 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                                     |
| 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                                    |

## HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2011

## PLANNED USE OF RESERVES (NOT COMMITTED NOR HELD IN TRUST)

| Reserve   | Revised Balance of Reserves 2011/2012<br>£'000 | Reason for/purpose of the Reserve   | Planned Use of Reserve |                 |                 |                 |               | Estimated Balance at 31/03/15<br>£000 |
|---|--|---|------------------------|-----------------|-----------------|-----------------|---------------|---------------------------------------|
|   |  |   | 2011/12<br>£000        | 2012/13<br>£000 | 2013/14<br>£000 | 2014/15<br>£000 | Total<br>£000 |                                       |
| 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                                     |
| BSF Implementation Costs                                      | 242  | This is the revenue reserve to fund the revenue costs of the School Transformation Team.  | (112)                  | (130)           |                 |                 | (242)         | 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                                     |
| 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                                   |
| 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                                   |
| 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                                     |
| 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                                     |
| 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                                     |
| 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                                     |
| Sustainable Travel/Post 16                                    | 33   | Funding towards Post-16 travel previously funded by government grants.  | (6)                    |                 |                 |                 | (6)           | 27                                    |

## HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2011

## PLANNED USE OF RESERVES (NOT COMMITTED NOR HELD IN TRUST)

| Reserve   | Revised Balance of Reserves 2011/2012<br>£'000 | Reason for/purpose of the Reserve  | Planned Use of Reserve |                 |                 |                 |               | Estimated Balance at 31/03/15<br>£000 |
|---|--|--|------------------------|-----------------|-----------------|-----------------|---------------|---------------------------------------|
|   |  |  | 2011/12<br>£000        | 2012/13<br>£000 | 2013/14<br>£000 | 2014/15<br>£000 | Total<br>£000 |                                       |
| Raising Educational Achievement                           | 32   | Incorporates funding to enhance the Educational achievement and experience through Playing for Success.  | (32)                   |                 |                 |                 | (32)          | 0                                     |
| 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                                     |
| 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                                     |
| Workforce Development                                     | 25   | 2010/11 balance of grant funding to be carried forward into 2011/12  |                        |                 | (25)            |                 | (25)          | 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                                     |
| Raising Educational Achievement                           | 9  | Incorporates funding to enhance the Educational achievement and experience through Playing for Success.  | (2)                    |                 |                 |                 | (2)           | 7                                     |
| Care Matters  | 4  | Contribution to the Safeguarding and Specialist Services for the development of Looked After Children in this volatile area.   | (4)                    |                 |                 |                 | (4)           | 0                                     |
| Youth Opportunity Grants                                  | 2  | Specific Grant Awards given to the Young People for activities during 2011/12.   | (2)                    |                 |                 |                 | (2)           | 0                                     |
| Insurance Fund  | 3,630  | 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             | 3,630                                 |
| 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                                 |
| 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                                 |

## HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2011

## PLANNED USE OF RESERVES (NOT COMMITTED NOR HELD IN TRUST)

| Reserve                              | Revised Balance of Reserves 2011/2012<br>£'000 | Reason for/purpose of the Reserve   | Planned Use of Reserve |                 |                 |                 |               | Estimated Balance at 31/03/15<br>£000 |
|--------------------------------------|--|---|------------------------|-----------------|-----------------|-----------------|---------------|---------------------------------------|
|                                      |  |   | 2011/12<br>£000        | 2012/13<br>£000 | 2013/14<br>£000 | 2014/15<br>£000 | Total<br>£000 |                                       |
| Incinerator                          | 400  | Created to fund one-off costs arising from the temporary closure of the incinerator   | (400)                  |                 |                 |                 | (400)         | 0                                     |
| Business Transformation Set Up Costs | 262  | Funds set aside for Implementation costs of Business Transformation Programme   | (92)                   | (170)           |                 |                 | (262)         | 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                                     |
| Area Based Grant                     | 70   | ABG carried forward from 2008/09  |                        |                 |                 |                 | 0             | 70                                    |
| 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                                   |
| Core Strategy Inquiry                | 55   | To fund one-off costs of core strategy enquiry  |                        |                 |                 |                 | 0             | 55                                    |
| Civic Chain Reserve                  | 46   | Replacement of Mayors chain   | (46)                   |                 |                 |                 | (46)          | 0                                     |
| NDC Fund                             | 45   | Reserve created in 2007/08 to support future expenditure on New Deal for Communities Project  | (37)                   | (8)             |                 |                 | (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                                     |
| Jobs and the Economy                 | 180  | ABG Funding received at the end of 2009/10.   | (180)                  |                 |                 |                 | (180)         | 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                                     |
| Earmarked Grant Funding              | 119  | Mainly balances remaining in 09/10 which relate to funding given for a specific purpose over more than one year.  | (110)                  | (9)             |                 |                 | (119)         | 0                                     |
| Seaside Grant                        | 200  | Funding set aside to fund expenditure commitments on a Capital Project  |                        | (200)           |                 |                 | (200)         | 0                                     |
| Economic Development                 | 141  | Completion of various ongoing commitments including the Employment and Integration Scheme, Training Placements, Connect to Work, Jobsmart.  | (141)                  |                 |                 |                 | (141)         | 0                                     |
| Selective Licensing                  | 144  | Income generated from fees required to fund the scheme over a 5 year period.  |                        | (10)            | (50)            | (84)            | (144)         | 0                                     |
| 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                                     |

## HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2011

## PLANNED USE OF RESERVES (NOT COMMITTED NOR HELD IN TRUST)

| Reserve                                     | Revised Balance of Reserves 2011/2012<br>£'000 | Reason for/purpose of the Reserve  | Planned Use of Reserve |                 |                 |                 |               | Estimated Balance at 31/03/15<br>£000 |
|---|--|--|------------------------|-----------------|-----------------|-----------------|---------------|---------------------------------------|
|   |  |  | 2011/12<br>£000        | 2012/13<br>£000 | 2013/14<br>£000 | 2014/15<br>£000 | Total<br>£000 |                                       |
| 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                                     |
| 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                                     |
| Housing Reserve                             | 96   | Various housing expenditure including, selective licensing, IT costs and CAD/CAM.  | (56)                   | (40)            |                 |                 | (96)          | 0                                     |
| Empty Homes                                 | 80   | To implement / match fund a Tees Valley wide pilot to bring Empty homes back into use  | (80)                   |                 |                 |                 | (80)          | 0                                     |
| Stranton Nursery                            | 70   | Expand and improve retail facilities as previously agreed by Members   |                        | (70)            |                 |                 | (70)          | 0                                     |
| Baden Street                                | 55   | Balance required to fully implement Phase 1 of scheme approved by Members  | (29)                   | (26)            |                 |                 | (55)          | 0                                     |
| 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.  |                        | (50)            |                 |                 | (50)          | 0                                     |
| Allotments                                  | 50   | Implementation of the Council's Allotment Development Strategy as agreed by Members  | (50)                   |                 |                 |                 | (50)          | 0                                     |
| Winter Maintenance                          | 50   | Purchase of winter maintenance equipment   | (50)                   |                 |                 |                 | (50)          | 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                                     |
| Community Safety                            | 46   | Completion of various contractual/committed projects including 'Target Hardening' & 'Local Volunteering'.  | (46)                   |                 |                 |                 | (46)          | 0                                     |
| ITU   | 46   | Carry forward of grant set aside to support the running costs of the Integrated Transport Unit (ITU).  | (46)                   |                 |                 |                 | (46)          | 0                                     |
| 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                                     |
| 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                                     |
| Local Plan                                  | 32   | To part fund the Local Development Framework within Planning   |                        |                 | (32)            |                 | (32)          | 0                                     |

## HARTLEPOOL BOROUGH COUNCIL - RESERVE BALANCES AS AT 31 MARCH 2011

## PLANNED USE OF RESERVES (NOT COMMITTED NOR HELD IN TRUST)

| Reserve                                      | Revised Balance of Reserves 2011/2012<br>£'000 | Reason for/purpose of the Reserve   | Planned Use of Reserve |                 |                 |                 |                 | Estimated Balance at 31/03/15<br>£000 |
|--|--|---|------------------------|-----------------|-----------------|-----------------|-----------------|---------------------------------------|
|  |  |   | 2011/12<br>£000        | 2012/13<br>£000 | 2013/14<br>£000 | 2014/15<br>£000 | Total<br>£000   |                                       |
| Neighbourhood Management                     | 27   | Carry forward of NDC (New Deal for Communities) funding to continue scheme.   | (27)                   |                 |                 |                 | (27)            | 0                                     |
| 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                                     |
| 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                                     |
| Greatham Community Centre                    | 20   | Remedial works necessary upon surrender of lease  | (20)                   |                 |                 |                 | (20)            | 0                                     |
| H & S Training                               | 20   | Legislative requirements for operational staff to be trained to HSE set standards   | (20)                   |                 |                 |                 | (20)            | 0                                     |
| Property Services and Facilities Management  | 18   | Completion of various commitments under the Invest to Save programme.   | (18)                   |                 |                 |                 | (18)            | 0                                     |
| Speed Cameras                                | 16   | Relates to the funding ring fenced for the Tees Valley Camera Partnership.  | (16)                   |                 |                 |                 | (16)            | 0                                     |
| Economic Development                         | 10   | Managed Revenue Underspend earmarked for development of Hartlepool's Economic Regeneration Strategy   | (10)                   |                 |                 |                 | (10)            | 0                                     |
| Neighbourhood Community Development Projects | 10   | With loss of WNF funding needed to support neighbourhood meetings.  | (10)                   |                 |                 |                 | (10)            | 0                                     |
| Village Green Hearings etc.                  | 10   | Fund legal costs associated with public inquiries in relation to village green applications   | (10)                   |                 |                 |                 | (10)            | 0                                     |
| Equine Enforcement                           | 10   | An increasing problem of unregulated tethering of horses on council land  | (10)                   |                 |                 |                 | (10)            | 0                                     |
| Housing                                      | 7  | Committed for Housing Condition Survey/Strategic Housing Market Assessment.   | (7)                    |                 |                 |                 | (7)             | 0                                     |
| Neighbourhood Management                     | 5  | NDC (New Deal for Communities) Cohesion project - reserves allocated to complete project in 2011/12.  | (5)                    |                 |                 |                 | (5)             | 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                                     |
|  | <b>25,381</b>                                  |   | <b>(3,930)</b>         | <b>(4,897)</b>  | <b>(2,375)</b>  | <b>(2,896)</b>  | <b>(14,098)</b> | <b>11,283</b>                         |



**Report of: The Executive**

**Subject: CORE STRATEGY PUBLICATION DOCUMENT**

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## **1. PURPOSE OF REPORT**

- 1.1 This report seeks Council approval to the Local Development Framework Core Strategy Publication Document for the purpose of consultation and subsequent submission to the Secretary of State for Communities and Local Government.

## **2. BACKGROUND**

- 2.1 Under the Planning and Compulsory Purchase Act 2004, Local Planning Authorities are required to prepare a number of documents which together form the Local Development Framework (LDF) for an area. These include Development Plan Documents (DPDs) which establish the main planning policies for an area or for specific topics, Supplementary Planning Documents (SPDs) which provide additional guidance on planning issues, a Statement of Community Involvement (SCI) which sets out the standards of how the Council will consult with the community and other consultees on planning documents, and an Annual Report, which sets out progress in preparing the Local Development Framework and the effectiveness of existing planning policies.
- 2.2 The Core Strategy is the key DPD within the Local Development Framework as it sets the spatial vision, strategic objectives and core policies for the town for the next 15 years.
- 2.3 In terms of its development the Core Strategy has already been through a number of stages of preparation and consultation as part of the statutory process. This has included an Issues and Options and two Preferred Options stages. This current stage in the preparation process is the Publication stage. Having progressed through these previous stages and taken account of extensive feedback and comments from statutory bodies, stakeholders and the local community, the Publication Document represents the Council's agreed policy position. Although it is subject to a further statutory period of consultation, policies would not be expected to change significantly after this.

- 2.4 Following consultation the Publication Document will then be submitted to the Secretary of State who will appoint an independent Inspector to assess the Plan for 'soundness' and consider representations and objections received. An Examination in Public (EIP) is anticipated to be held within 3 to 4 months of submission and if found 'sound' the Core Strategy will be adopted, probably before the end of 2012.
- 2.5 A copy of the draft Publication Document is available in the Members Room. In summary, the Publication Document incorporates a total of 41 policies. Key policies include:-
- A locational strategy based on compact urban growth which seeks to focus development primarily on sites within the existing urban area but with a strategic south west extension and a smaller, limited extension in the north west. In addition the Wynyard area is identified as a location for executive housing and prestige business development, North Burn as a high quality employment site, and the villages of Elwick and Hart for small scale housing developments.
  - Promotion of employment uses at the port, Oakesway and the Southern Business Zone; recognition of the 3 Enterprise Zone sites, and; safeguarding of land for a new nuclear power station.
  - Protection and enhancement of the town centre through a sequential retail hierarchy and support for the development of an Innovation and Skills Quarter, and; a focus for tourism and leisure development along with the marina, Seaton Carew and the Headland.
  - Enhancement to the green infrastructure networks, new green wedges within the south west extension and Golden Flatts and retention of strategic gaps between the town and the villages of Hart and Greatham.
  - A total of 5400 new dwellings (4800 net) throughout the plan period ranging between 285 p.a. in the early years to 345 p.a. in the later years. Policies relating to housing mix, housing market renewal, affordable housing and design.
  - Detailed policies relating to the south west extension which establish overall development areas for the housing and the green wedge and requirements relating to a landscape buffer, community facilities and services and site access, specific details of which will be set out in a subsequent master plan.
  - Policies relating to climate change, energy efficiency, flood risk, strategic transport and connectivity, planning obligations, use of Compulsory purchase powers, leisure and tourism and protecting and enhancing the historic and natural environment.

### 3. RECOMMENDATION

Council is requested to:-

- i. Approve the draft Core Strategy Publication Document for consultation purposes.

- ii. Authorise the Assistant Director of Regeneration and Planning in consultation with the Cabinet member with responsibility for planning policy to make any necessary minor amendments resulting from the recommendations of the Sustainability Appraisal and Habitats Regulations Assessment of the Document.
- iii. Subject to no substantive changes being required to the Document following consultation, authorise officers to submit the Core Strategy to the Secretary of State for Communities and Local Government for independent Examination.

#### **4. BACKGROUND PAPERS**

##### 4.1 Draft Core Strategy Publication Document

**COUNCIL**  
9<sup>th</sup> February 2012



**Report of: The Executive**

**Subject: LOCAL DEVELOPMENT FRAMEWORK – ANNUAL MONITORING REPORT 2010/2011**

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**1. PURPOSE OF REPORT**

1.1 This report seeks Council approval to the Local Development Framework Annual Monitoring Report for 2010/11

**2. BACKGROUND**

2.1 Under the Planning and Compulsory Purchase Act 2004, Local Planning Authorities are required to prepare a number of documents which together form the Local Development Framework (LDF) for an area.

2.2 These documents include:-

- (i) a Local Development Scheme (LDS) setting out a rolling programme for the preparation of planning policy documents,
- (ii) a Statement of Community Involvement (SCI) setting out the standards to be achieved in involving the community in the preparation of planning documents included in the LDS, and
- (iii) an Annual Monitoring Report (AMR) assessing the progress of preparation work against key milestones identified in the LDS and the effectiveness of existing planning policies.

2.3 This report is concerned with the last of these three documents and covers the period April 1st 2010 to March 31st 2011. The report can be accessed through the Council's website [www.hartlepool.gov.uk](http://www.hartlepool.gov.uk) and copies are also available in the members room.

2.4 As mentioned above, the AMR includes an assessment of performance against key milestones. The assessment confirms that the majority of key milestones were reached apart from the adoption of the Hartlepool Planning Obligations Supplementary Planning Document (SPD) and the issuing of the draft Seaton Carew SPD for consultation.

2.5 Adoption of the Planning Obligations SPD was scheduled for March 2011 but this has now been delayed as a result of the emergence of the Community

Infrastructure Levy (CIL) and the need to consider the implications of this to the SPD and find the best way forward.

- 2.6 The CIL is a new levy that local authorities in England and Wales can choose to charge on new developments in their area. The money can be used to contribute towards new infrastructure such as roads, green infrastructure and community facilities identified within the Core Strategy or Local Infrastructure Plan.
- 2.7 Issuing of the draft Seaton Carew SPD was scheduled for March 2011 but this has now been re-scheduled due to the Council's decision to appoint a preferred developer to take forward development in Seaton Carew.
- 2.8 The planning policies assessed in the AMR are those of the Hartlepool Local Plan adopted in April 2006. As the Local Plan was adopted relatively recently, most of the policies are up to date and still relevant although in October 2008 a list of saved policies was agreed by the Secretary of State which will remain in effect until they are replaced by the new Core Strategy. The Core Strategy is scheduled for adoption in late summer 2012.
- 2.9 In general there is indication that the Local Plan policies have been effective in both the management of planning proposals and in the economic, social and environmental development of the Borough.
- 2.10 It is a statutory requirement that the AMR is submitted to the Secretary of State by 31st December each year. Following approval by the Portfolio holder, the AMR has been submitted to the Department for Communities and Local Government (DCLG) office with an indication that the document requires formal endorsement by Council, as it forms part of the Budget and Policy Framework. Due to the scheduling of Council meetings, it has not been possible to secure Council approval before the end of December 2011, but DCLG has confirmed that submission of the draft report would be acceptable in fulfilling the Government's requirements.

### **3. RECOMMENDATIONS**

- 3.1 The Council is requested to approve the 2010/11 Local Development Framework Annual Monitoring Report as it forms part of the Budget and Policy Framework.

### **4. BACKGROUND PAPERS**

- 4.1 Local Development Framework Annual Monitoring Report 2010/2011.



**Report of:** Chief Executive

**Subject:** BUSINESS REPORT

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

1.1 As Members are aware, there are a number of statutory representatives on the membership of the Children's Services Scrutiny Forum. A nomination has been received from the Diocese of Hexham and Newcastle for Mr Lee to replace Mr Relton as the Roman Catholic representative on the Scrutiny Forum for a term of two years. Council's approval to the nomination is requested.

**2. GENERAL PURPOSES COMMITTEE**

2.1 I have received notification that Councillor Aiken has resigned from the General Purposes Committee. Members of the Association of Independent Councillors have advised that they do not wish to nominate to the vacancy arising from the resignation. The instructions of Council are therefore sought in relation to the vacancy on the Committee.

**3. COMPOSITION POLITICAL GROUP – HARTLEPOOL INDEPENDENTS**

3.1 Since the last Council meeting, Councillors Gibbon, A Lilley and G Lilley have formed a political group 'Hartlepool Independents'. The necessary formal notice has been completed.

**4. TREASURY MANAGEMENT**

4.1 An update relating to the 2011/2012 strategy was presented to Audit Committee on 1st December 2011. This report revised two prudential indicators and updated Members on Treasury Management activity for 2011/12.

4.2 In relation to the Treasury Management Strategy for 2012/2013 the Local Government Act 2003 requires the Council to 'have regard to' the CIPFA Prudential Code and to set prudential indicators for the next three years to ensure that the Authority's capital investment plans are affordable, prudent and sustainable.

- 4.3 The Act therefore requires the Council to set out its Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy, which sets out the Authority's policies for managing its investments and for giving priority to the security and liquidity of those investments. The Secretary of State has issued Guidance on Local Government Investments which came into force on 1st April, 2004.
- 4.4 In accordance with these requirements the Audit Committee has been nominated to scrutinise the proposed Treasury Management Strategy and Prudential Indicators. The Treasury Management Strategy 2012/2013 was considered by the Audit Committee on 25 January 2012. The Audit Committee endorsed the Treasury Management Strategy as detailed in Appendix A and approved that it should be referred to Council.

#### 4.5 RECOMMENDATIONS

The Audit Committee recommends that Members approve the Treasury Management Strategy for 2012/2013 included at Appendix A and the following specific recommendations:

- i) Approve the Prudential Indicators and Limits relating to Capital Expenditure for 2012/2013 to 2014/2015 as detailed in sections 4 and 5.
- ii) Approve the continuation of the netting down of investments and borrowings noting that specific loans will be taken out for schemes approved on the basis of individual business cases.
- iii) Approve the Treasury Prudential Indicators and the Minimum Revenue Provision (MRP) Statement in section 6.
- iv) Approve Treasury Prudential Indicators in section 7.
- v) Approve the Investment Strategy Counterparty Criteria contained in section 7 and note that the operational limits will continue to be further restricted.
- vi) Approve the Treasury Management Limits on Activity in section 8.

#### 5. POTENTIAL CHANGE OF DATE / ADDITIONAL COUNCIL MEETING

- 5.1 As Members are aware, the budget process each year is not concluded until the Council has approved the necessary statutory calculation of the overall level of Council Tax, including precepts to be levied the Police and Fire Authorities. Council usually completes this task in a separate meeting after the Council has set its own budget and Council Tax at an earlier meeting.
- 5.2 A Council meeting had been scheduled for 23 February to approve the overall Council Tax level on the anticipation that the Police Authority would have set its budget and Council Tax by this date.

- 5.3 Members are advised that the council has been informed that the Police Authority will not be determining its budget and therefore its Council Tax precept until Wednesday 29 February. This is a week later than in previous years, although it is within the statutory timescales for Police authorities the setting budget and Council Tax. Therefore, there will be a requirement this year to hold an additional meeting of the Council on Thursday 1 March to approve the necessary statutory calculation of the overall level of Council Tax, including the Police Authority precept.
- 5.3 Council is therefore requested to –
- (i) agree that an additional ordinary meeting be held on Thursday 1 March 2012 commencing at 7.00 p.m.
  - (ii) that, subject to the adoption of the Medium Term Financial Strategy 2012/13 earlier on the agenda, the meeting of Council scheduled to be held on Thursday 23 February 2012 be cancelled.

## **6. ARMED FORCES COMMUNITY COVENANT**

- 6.1 A Community Covenant is a voluntary statement of mutual support between a civilian community and its local Armed Forces Community. It is intended to complement, at local level, the Armed Forces Covenant, which outlines the moral obligation between the Nation, the Government and the Armed Forces. The aim of the Community Covenant is to encourage local communities to support the Service community in their area and promote understanding and awareness amongst the public of issues affecting the Armed Forces Community.
- 6.2 Many people have become involved in supporting the Service community through Service charities, or more recently by participating in Armed Forces Day. They have shown their support through fundraising, military celebrations and open days, attending homecoming parades and repatriation ceremonies and offering commercial discounts. Even simple demonstrations of support, such as displaying the Armed Forces Day window sticker in cars and businesses, have had a positive effect and boosted the morale of our Armed Forces community. The Community Covenant scheme aims to build on this local level of support.

The aims of the Armed Forces Community Covenant are to:

- (i) encourage local communities to support the Armed Forces community in their areas
- (ii) nurture public understanding and awareness amongst the public of issues affecting the Armed Forces community
- (iii) recognise and remember the sacrifices faced by the Armed Forces Community

- (iv) encourage activities which help to integrate the Armed Forces Community into local life
  - (v) to encourage the Armed Forces Community to help and support the wider community, whether through participation in events and joint projects, or other forms of engagement
- 6.3 Local Authorities and the Armed Forces Community are encouraged to work together to establish a Community Covenant in their area.
- 6.4 Community Covenants may look quite different from one location to another. This is a scheme where one size does not fit all, and the nature of the support offered will be determined by both need and capacity. It is expected that most Community Covenants will be led at Local Authority level. However Unitary Authorities and individual towns may also wish to have a Community Covenant and this is equally welcome.
- 6.5 The Local Authorities across Tees Valley have been asked to consider showing their commitment by signing up to a local area community covenant. As part of this process other public sector partners have indicated their willingness to have a cross Hartlepool covenant.
- 6.6 Council is asked to indicate its agreement to signing and being a key partner in the community covenant.

## **7. ASSISTANT DIRECTOR (PERFORMANCE AND ACHIEVEMENT)**

- 7.1 As Members will be aware this will be the last meeting of Council for Caroline O'Neill, Assistant Director, (Performance & Achievement) and you will no doubt wish to pay tribute to her service to the Council.

# AUDIT COMMITTEE

25<sup>th</sup> January, 2012



**Report of:** Chief Finance Officer

**Subject:** TREASURY MANAGEMENT STRATEGY 2012/2013

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## 1. PURPOSE OF REPORT

1.1 To enable the Audit Committee to consider the proposed Treasury Management Strategy for 2012/2013 prior to the strategy being referred to Council in February 2012.

## 2.1 BACKGROUND

2.1 The Local Government Act 2003 requires the Council to 'have regard to' the CIPFA Prudential Code and to set prudential indicators for the next three years to ensure that the Authority's capital investment plans are affordable, prudent and sustainable.

2.2 The Act therefore requires the Council to set out its Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy, which sets out the Authority's policies for managing its investments and for giving priority to the security and liquidity of those investments. The Secretary of State has issued Guidance on Local Government Investments which came into force on 1<sup>st</sup> April, 2004. This guidance recommends that all Local Authorities produce an Annual Investment Strategy that is approved by full Council, which is also included in this report.

2.3 The Council is required to nominate a body to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies, before making recommendations to Council. This responsibility has been allocated to the Audit Committee. Training was provided to Members in October 2010 to enable better scrutiny of the Treasury Management Strategy.

2.4 Revised editions of the CIPFA Prudential Code and CIPFA Treasury Management Code of Practice were issued in November 2011. The main changes arising from the new guidance were technical changes to the presentation of long-term borrowing and the requirement to produce high level borrowing and investment policies, which the Authority already included in its strategy.

2.5 This report outlines the Authority's proposed Treasury Management Strategy for 2012/2013, which includes Prudential Indicators for 2012/2013 – 2014/2015. The report also sets out the expected treasury operations for this period. It fulfils four key legislative requirements:

- The reporting of Prudential Indicators based on expected capital activities.
- The Authority's Minimum Revenue Provision (MRP) Policy, which sets out how the Authority will pay for capital assets through revenue each year.
- The Treasury Management Strategy Statement which sets out the planned borrowing and investment strategies and the limitations on treasury activity by the use of prudential treasury indicators.
- The Investment Strategy which sets out the Authority's criteria for investment counterparties and limiting exposure to the risk of loss. This strategy is in accordance with the Department of Communities and Local Government (CLG) Investment Guidance.

2.6 The above policies and parameters provide an approved framework within which officers undertake the day to day capital and treasury activities.

2.7 This report covers the following areas:

- Economic Background and Outlook for Interest Rates;
- Prudential Indicators;
- Capital Financing Requirement;
- Borrowing Strategy;
- Investment Strategy;
- Treasury Management Limits on Activity; and,
- Treasury Management Advisors

### **3. ECONOMIC BACKGROUND AND OUTLOOK FOR INTEREST RATES**

3.1 In broad terms the global and UK economic outlook remains uncertain and this has several key treasury management implications:

- The Eurozone sovereign debt difficulties, most evident in Greece, provide a clear indication of much higher counterparty risk. This continues to suggest the use of higher quality counterparties for shorter time periods for investments;
- Investment returns are likely to remain relatively low during 2012/13;
- Borrowing interest rates are currently attractive, but may change quickly if the financial markets become concerned at the overall UK debt level. The timing of any borrowing will need to be monitored carefully to ensure that it remains affordable on an ongoing basis.

**3.2 Global Economy**

3.3 The outlook for the global economy remains clouded with uncertainty. At the centre of much of the uncertainty is the ongoing Eurozone sovereign debt crisis which intensified, rather than dissipated throughout 2011. The main problem has been Greece, where, even with a Eurozone/ International Monetary Fund (IMF) / European Central Bank (ECB) bailout package and the imposition of austerity measures aimed at deficit reduction, the lack of progress and the ongoing deficiency in addressing the underlying lack of competitiveness of the Greek economy, has seen an escalation of their problems. These look certain to result in a default of some kind but it currently remains unresolved if this will be either “orderly” or “disorderly.” Ultimately Greece could also include exit from the Euro.

3.4 There has also been growing concern about the situation in Italy and the risk that contagion has not been contained. Italy is the third biggest debtor country in the world but its prospects are limited given the poor rate of economic growth over the last decade and the lack of political will to address the need for fundamental reforms in the economy. The Eurozone now has a well established track record of always doing too little too late to deal with this crisis; this augurs poorly for future prospects, especially given the rising level of electoral opposition in northern EU countries to bailing out profligate southern countries.

3.5 The US economy offers little stimulus to the world economy. With the next Presidential elections due in November 2012, the current administration has been hamstrung by political gridlock with the two houses split between the main parties. In quarter 3 the Federal Reserve started “Operation Twist” in an effort to re-ignite the economy in which growth is stalling. High levels of consumer indebtedness, unemployment and a moribund housing market are weighing heavily on consumer confidence and so on the ability to generate sustained economic growth.

3.6 Hopes for broad based recovery have, therefore, focussed on the emerging markets but these areas have been struggling with inflationary pressures in their previously fast growth economies. China, though, has maintained its growth pattern, despite tightening monetary policy to suppress inflationary pressures, but some forward looking indicators are causing concern that there may not be a soft landing ahead, which would then be a further dampener on world economic growth.

**3.7 UK Economy**

3.8 The Government’s austerity measures, aimed at reducing the public sector deficit over the next four years, have yet to fully impact on the economy. However, coming at a time when economic growth has virtually flatlined and concerns at the risk of a technical recession (two quarters of negative growth) in 2012, it looks likely that the private sector will not make up for the negative impact of these austerity measures given the lack of an export led recovery due to the downturn in our major trading partner – the EU. The housing

market, a gauge of consumer confidence, remains weak and the outlook is for house prices to be little changed for a prolonged period.

- 3.9 Economic Growth – GDP (Gross Domestic Product) growth has flatlined since the election of 2010. The economic forecasts for 2012 have been revised lower as the UK recovery has stalled. With fears of a potential return to recession the Bank of England embarked on a second round of Quantitative Easing to stimulate economic activity.
- 3.10 Unemployment – With the impact of the Government's austerity strategy impacting the trend for 2011 of steadily increasing unemployment, there are limited prospects for any improvement in 2012 given the deterioration of growth prospects.
- 3.11 Inflation and Bank Rate – For the last two years, the MPC's contention has been that high inflation was the outcome of temporary external factors and other one offs (e.g. changes in VAT); that view remains in place with CPI inflation standing at 5.2% at the start of quarter 4, 2011. The Bank of England remain of the view that the rate will fall back to, or below, the 2% target level within the two year horizon. On this basis the Bank of England have kept the bank rate at an historically low level.
- 3.11 AAA rating – The ratings agencies have recently reaffirmed the UK's AAA sovereign rating and have expressed satisfaction with Government policy at deficit reduction. They have, though, warned that this could be reviewed if the policy were to change, or was seen to be failing to achieve the Government's deficit reduction plan. This credit position has ensured that the UK government is able to fund itself at historically low levels and with the safe haven status from Eurozone debt also drawing in external investment the pressure on rates has been down. This could change very quickly if market sentiment changes.
- 3.12 The table below provides the latest interest rate forecasts provided by Sector.

| Annual Average % | Bank Rate | Money Rates |        | PWL B Rates |         |         |
|------------------|-----------|-------------|--------|-------------|---------|---------|
|                  |           | 3 month     | 1 year | 5 year      | 25 year | 50 year |
| March 2012       | 0.50      | 0.70        | 1.50   | 2.30        | 4.20    | 4.30    |
| June 2012        | 0.50      | 0.70        | 1.50   | 2.30        | 4.20    | 4.30    |
| Sept 2012        | 0.50      | 0.70        | 1.50   | 2.30        | 4.30    | 4.40    |
| Dec 2012         | 0.50      | 0.70        | 1.60   | 2.40        | 4.30    | 4.40    |
| March 2013       | 0.50      | 0.75        | 1.70   | 2.50        | 4.40    | 4.50    |
| June 2013        | 0.50      | 0.80        | 1.80   | 2.60        | 4.50    | 4.60    |
| Sept 2013        | 0.75      | 0.90        | 1.90   | 2.70        | 4.60    | 4.70    |
| Dec 2013         | 1.00      | 1.20        | 2.20   | 2.80        | 4.70    | 4.80    |
| March 2014       | 1.25      | 1.40        | 2.40   | 2.90        | 4.80    | 4.90    |
| June 2014        | 1.5       | 1.60        | 2.60   | 3.10        | 4.90    | 5.0     |

- 3.13 The most important factor for the Council's Treasury Management Strategy is the level of longer term interest rates (i.e. for loans of 25 and 50 years) as

these are the rates of interest which determine the borrowing costs in the medium term. The key issue for the Council will be locking into these rates at an affordable level. This issue is covered in detail in paragraph 6.4.

- 3.14 Growth in the UK economy is expected to be weak in the next two years and there is a risk of a technical recession (i.e. two quarters of negative growth). The Bank of England Interest Rate (Bank Rate), currently 0.5%, underpins investment returns and is not expected to start increasing until quarter 3 of 2013 despite inflation currently being well above the Monetary Policy Committee's inflation target. Hopes for an export led recovery appear likely to be disappointed owing to the Eurozone sovereign debt crisis depressing growth in the UK's biggest export market. The Comprehensive Spending Review, which seeks to reduce the UK's annual fiscal deficit, will also depress growth during the next few years.
- 3.15 Fixed interest borrowing rates are based on UK gilt yields (i.e. interest paid on Government debt). The outlook for borrowing rates is currently much more difficult to predict. The UK total national debt is forecast to continue rising until 2015/16; the consequent increase in gilt issuance is therefore expected to be reflected in an increase in gilt yields over this period. However, gilt yields are currently at historically low levels due to investor concerns over Eurozone sovereign debt and have been subject to exceptionally high levels of volatility as events in the Eurozone debt crisis have evolved. This position could change very quickly if market sentiment changes its view of the UK.

#### **4. PRUDENTIAL INDICATORS**

- 4.1 The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code and set prudential indicators. Each indicator either summarises the expected capital activity or introduces limits upon that activity.
- 4.2 Details of the proposed prudential limits are set out in the following sections. The specific prudential indicators relating to the Capital Financing Requirement, Borrowing Strategy and Investment strategy are described and detailed in sections 5, 6 and 7.
- 4.3 **CIPFA Treasury Management Code of Practice**
- 4.4 The first prudential indicator is confirmation that the Authority has adopted the CIPFA Treasury Management Code of Practice.
- 4.5 **Capital Expenditure**
- 4.6 A certain level of local authority capital expenditure was previously supported by the Government through supported prudential borrowing. These allocations will now all be funded from capital grants. This avoids future budget pressures as the Council does not need to make provision for corresponding loan repayment costs. New capital expenditure funded by unsupported prudential borrowing (i.e. borrowing not supported by the Government) will now be limited to schemes with a specific business case that demonstrates

borrowing is affordable and in line with the Council's strategic goals. However new borrowing may be required to fund the Council's existing borrowing requirement for capital expenditure incurred in previous years, this is covered in more detail in section 5 below.

4.7 The Council needs to have regard to the following when approving unsupported prudential borrowing proposals:

- Service objectives (e.g. strategic planning);
- Stewardship of assets (e.g. asset management planning);
- Value for money (e.g. option appraisal);
- Prudence and sustainability (e.g. implications for external borrowing and whole life costing);
- Affordability (e.g. implications for the Council Tax);
- Practicality (e.g. the achievability of the forward plan).

## 5. CAPITAL FINANCING REQUIREMENT

5.1 The Authority's Borrowing Strategy is driven by the Capital Financing Requirement (CFR) and the Authority's view of interest rates. The CFR is simply the total outstanding capital expenditure which has not yet been paid for from revenue budgets. It is essentially a measure of the Authority's underlying borrowing need based on capital programmes approved by the Council in previous years. At 31 March 2011 the Authority's CFR was £92.207m, which includes £7.875m in respect of self funded schemes.

5.2 Following accounting changes the CFR now includes any other long term liabilities such as finance leases. Whilst this increases the CFR, and therefore the borrowing requirement, these types of schemes include a borrowing facility and so the Council is not required to separately borrow for these schemes. As at 31 March 2011 the CFR included £0.472m that related to finance leases.

5.3 As part of the Medium Term Financial Strategy the Council is required to approve the 2012/13 capital programme as summarised below.

| Capital Expenditure  | 2011/12<br>Revised<br>£'000 | 2012/13<br>Estimate<br>£'000 | 2013/14<br>Estimate<br>£'000 | 2014/15<br>Estimate<br>£'000 |
|--|-----------------------------|------------------------------|------------------------------|------------------------------|
| New Approved Capital Expenditure                               | 21,650                      | 15,489                       | 7,367                        | 7,488                        |
| Rephased Capital Expenditure approved in previous years        | 17,530                      | 10,948                       | 0                            | 0                            |
| <b>Capital Expenditure for the Year</b>                        | <b>39,180</b>               | <b>26,437</b>                | <b>7,367</b>                 | <b>7,488</b>                 |
| <b>Financed by:</b>  |                             |                              |                              |                              |
| Capital grants and contributions                               | 17,739                      | 9,854                        | 5,438                        | 5,583                        |
| Capital Receipts   | 0                           | 1,385                        | 0                            | 0                            |
| Revenue  | 600                         | 628                          | 628                          | 628                          |
| Rephased Capital Resources                                     | 17,530                      | 10,948                       | 0                            | 0                            |
| <b>Prudential Borrowing:</b>                                   |                             |                              |                              |                              |
| Capital Expenditure to be funded from New Prudential Borrowing | 3,311                       | 3,622                        | 1,301                        | 1,277                        |

The estimated Capital Finance & Borrowing Requirement is shown in the table below.

| Capital Financing & Borrowing Requirement          | 2011/12 Revised<br>£'000 | 2012/13 Estimate<br>£'000 | 2013/14 Estimate<br>£'000 | 2014/15 Estimate<br>£'000 |
|--|--------------------------|---------------------------|---------------------------|---------------------------|
| <b>CFR at 1st April</b>                            | <b>92,207</b>            | <b>96,311</b>             | <b>97,149</b>             | <b>94,378</b>             |
| Capital Expenditure Financed by New Borrowing      | 3,311                    | 3,622                     | 1,301                     | 1,277                     |
| Repashed Capital Expenditure Financed by Borrowing | 5,341                    | 1,451                     | 0                         | 0                         |
| Less MRP/VRP and other financing movements         | 4,548                    | 4,235                     | 4,072                     | 3,737                     |
| <b>CFR at 31st March</b>                           | <b>96,311</b>            | <b>97,149</b>             | <b>94,378</b>             | <b>91,918</b>             |
| Less assets held under Finance Lease               | 425                      | 378                       | 331                       | 284                       |
| <b>Borrowing Requirement</b>                       | <b>95,886</b>            | <b>96,771</b>             | <b>94,047</b>             | <b>91,634</b>             |

- 5.4 The Authority is required to pay off an element of the CFR each year through a revenue charge called the Minimum Revenue Provision (MRP).
- 5.5 CLG Regulations require the Council to approve **an MRP Statement** in advance of each year. This will determine the annual loan repayment charge to the revenue account. The budget strategy is based on the following MRP statement and Council is recommended to formally approve this statement:
- For capital expenditure incurred before 1<sup>st</sup> April, 2008 the Council's MRP policy is to calculate MRP in accordance with former CLG Regulations. This is 4% of the Capital Financing Requirement except where the Council makes Voluntary Revenue Payments for Departmental Prudential Borrowing, which is in excess of the amount required by these regulations, based on asset life.
  - From 1<sup>st</sup> April, 2008 the Council calculates MRP based on asset life for all assets or where prudential borrowing is financed by a specific annuity loan, MRP will be calculated according to the actual loan repayments.

#### 5.6 **Affordability Prudential Indicators**

- 5.7 These indicators are detailed below and are intended to give an indication of the affordability of the planned capital expenditure financed by borrowing.

#### Incremental Impact of Capital Expenditure on Council Tax

This indicator identifies the revenue costs associated with new schemes included in the three year Capital Programme recommended in the budget strategy report compared to the Authority's existing approved commitments and current plans. The incremental impact of capital expenditure on Council Tax is expected to reduce in line with the reduction of anticipated prudential borrowing in 2013/14 and 2014/15.

|                            | Forward<br>Projection<br>2011/12<br>£'000 | Forward<br>Projection<br>2012/13<br>£'000 | Forward<br>Projection<br>2013/14<br>£'000 | Forward<br>Projection<br>2014/15<br>£'000 |
|----------------------------|---|---|---|---|
| <b>CouncilTax - Band D</b> | £4.62                                     | £4.96                                     | £1.78                                     | £1.75                                     |

### Ratio of Financing Costs to Net Revenue Stream

This shows the net cost of capital borrowing as a percentage of the net budget, which is spent on servicing debt. Whilst the authority's CFR is going to fall as a result of reduced supported borrowing allocations this indicator is expected to increase because of the decrease in the revenue budget owing to Government grant cuts. This is effectively a technical change and will not impact on the revenue budget as this includes provision for interest and repayment costs remaining stable for the next three years.

| %            | 2011/12<br>Estimate | 2012/13<br>Estimate | 2013/14<br>Estimate | 2014/15<br>Estimate |
|--------------|---------------------|---------------------|---------------------|---------------------|
| <b>Ratio</b> | 7.10%               | 7.93%               | 7.92%               | 8.12%               |

## 6.1 BORROWING STRATEGY

- 6.2 As indicated earlier in the report the most important factor for the Council's borrowing strategy is the level of long term interest rates (i.e. loans of 25 and 50 years). The key issue for the Council will be locking into these rates at an affordable level.
- 6.3 In the short term it is proposed that the Authority will continue the use of its balance sheet resources to net down investments and borrowing. This reduces investment counterparty risk and shelters against the estimated low level of investments returns. The ability to do this is limited by the level of these resources which are temporary in nature.
- 6.4 The key risk of deferring long term borrowing is that when the Authority does need to borrow it is not at too high a rate. Long-term fixed interest rates are at risk of being higher over the medium term, and short term rates are expected to rise from the current historically low level. The Authority needs to ensure that it achieves benefits from those historically low short term rates whilst retaining the flexibility to lock into longer term rates before they rise significantly. In these circumstances not only is the level of interest rate a factor but the speed at which it is changing. If any of the Authority's LOBOs (Lenders Option Borrowers Option loans) are recalled they will need to be refinanced which will also be from internal resources in the first instance (if available) and then temporary loans until the Authority is confident that the timing is right to obtain long term borrowing.
- 6.5 In order to mitigate the above risks the Chief Finance Officer in the current financial year, under delegated powers, has undertaken some long-term borrowing linked to the business case for self funded schemes i.e. the Social Housing Scheme and the Photo-Voltaic (PV) Cells scheme. This locks the interest rates for these schemes and keeps expenditure on servicing the loans

within the costs established by the business cases. In relation to the Housing Scheme this action will provide an ongoing revenue saving. The Medium Term Financial Strategy to be reported to Council in February will propose earmarking this saving to support further housing investment.

6.6 Further borrowing may be undertaken prior to the end of the financial year or early in the new financial year to effectively limit under-borrowing at 2010/2011 levels further mitigating the above risks. Similarly, borrowing will be undertaken for specific business cases i.e. additional Housing Schemes (if approved) and the replacement cremators to secure these business cases.

#### 6.7 Debt and Investment Projections 2011/12 – 2013/14

6.8 The table below sets out the Authority's projected borrowing requirement and level of debt.

| Debt and Investment Projections   | 2011/12<br>Revised<br>£'000 | 2012/13<br>Estimated<br>£'000 | 2013/14<br>Estimated<br>£'000 | 2014/15<br>Estimated<br>£'000 |
|-----------------------------------|-----------------------------|-------------------------------|-------------------------------|-------------------------------|
| Long Term Borrowing 1 April       | 46,821                      | 51,133                        | 56,133                        | 61,133                        |
| Expected change in Long Term Debt | 4,312                       | 5,000                         | 5,000                         | 5,000                         |
| <b>Debt at 31 March</b>           | <b>51,133</b>               | <b>56,133</b>                 | <b>61,133</b>                 | <b>66,133</b>                 |
| <b>Borrowing Requirement</b>      | <b>92,955</b>               | <b>95,886</b>                 | <b>96,771</b>                 | <b>94,047</b>                 |
| <b>Under Borrowing</b>            | <b>(41,822)</b>             | <b>(39,753)</b>               | <b>(35,638)</b>               | <b>(27,914)</b>               |

6.9 The table shows that the authority can temporarily defer long term borrowing by continuing to use its balance sheet resources and use short term borrowing. Scope to continue this strategy reduces in future years. Though this reduces investment counterparty risk and shelters against the low investment returns, further borrowing may be undertaken to mitigate the risks outlined above.

#### 6.10 Limits to Borrowing Activity

6.11 Within the prudential indicators there are a number of key indicators to ensure the Authority operates its activities within well defined limits.

6.12 The Authority needs to ensure that its total borrowing net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2012/2013 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes. The table below demonstrates that net borrowing will not exceed the CFR.

| External Debt                       | 2011/12<br>Revised<br>£'000 | 2012/13<br>Estimated<br>£'000 | 2013/14<br>Estimated<br>£'000 | 2014/15<br>Estimated<br>£'000 |
|-------------------------------------|-----------------------------|-------------------------------|-------------------------------|-------------------------------|
| Gross Borrowing                     | 51,133                      | 56,133                        | 61,133                        | 66,133                        |
| Investments                         | 12,455                      | 6,759                         | 5,461                         | 7,202                         |
| <b>Net Borrowing / (Investment)</b> | <b>38,678</b>               | <b>49,374</b>                 | <b>55,672</b>                 | <b>58,931</b>                 |
| <b>Borrowing Requirement</b>        | <b>92,955</b>               | <b>95,886</b>                 | <b>96,771</b>                 | <b>94,047</b>                 |

6.13 The table below shows two key limits for the monitoring of debt. The Operational Limit is the likely limit the Authority will require and is aligned closely with the actual CFR on the assumption that cash flow is broadly neutral. The Authorised Limit for External Debt is a further key prudential indicator to control the overall level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Council. In practice it needs to take account of the range of cash flows that might occur for the Authority in addition to the CFR. This also includes the flexibility to enable advance refinancing of existing loans.

| Borrowing Limits  | 2011/12<br>Revised<br>£'000 | 2012/13<br>Estimated<br>£'000 | 2013/14<br>Estimated<br>£'000 | 2014/15<br>Estimated<br>£'000 |
|-------------------|-----------------------------|-------------------------------|-------------------------------|-------------------------------|
| Operational Limit | 102,000                     | 105,000                       | 105,000                       | 102,000                       |
| Authorised limit  | 112,000                     | 115,000                       | 115,000                       | 112,000                       |

6.14 The Chief Finance Officer reports that the Authority complied with these prudential indicators in the current year and does not envisage difficulties for the future.

#### 6.15 Borrowing in Advance of Need

6.16 The Authority has some flexibility to borrow funds for use in future years. The Chief Finance Officer may do this under delegated power where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed interest rates will be economically beneficial or meet budgetary constraints. Whilst the Chief Finance Officer will adopt a cautious approach to any such borrowing, where there is a clear business case for doing so borrowing may be undertaken to fund the approved capital programme or to fund future debt maturities. Any borrowing in advance of need will be reported to the Council in the next Treasury Management report. This is unlikely to happen in 2012/13 given the current interest rates.

#### 6.17 Debt Rescheduling

6.18 Debt rescheduling is where the authority may redeem existing loans early at a premium (cost) and take out new replacement loans. The reasons for any rescheduling to take place will include;

- the generation of cash savings and/or discounted cash flow savings,
- helping to fulfil the treasury strategy, and
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

6.19 For debt rescheduling to take place the interest rates of the Council's existing loans need to be compared to the current rates. The situation will be monitored and any rescheduling of debt will be reported to the Council in the next Treasury Management report. Given current interest levels it is not expected that there will be any opportunities for debt rescheduling in 2012/13.

## 7. INVESTMENT STRATEGY

7.1 The primary objectives of the Authority's investment strategy in order of importance are:

- safeguarding the re-payment of the principal and interest of its investments on time;
- ensuring adequate liquidity;
- investment return.

7.2 In the current economic climate, the current investment strategy has one overriding risk consideration which is safeguarding the principal investment. As a result of these underlying concerns the existing investment strategy nets down investments and borrowing. It also tightens the controls already in place in the approved investment strategy. This strategy restricts both the institutions the authority will invest in and the period of investment. It is recommended that the authority continues to invest on a short term basis (i.e. up to 100 days) and restricts counterparties to the current investment list as detailed later in the report.

### 7.3 Investment Counterparty Selection Criteria

7.4 The Authority's criteria for providing a pool of high quality investment counterparties uses the credit rating information produced by the 3 major ratings agencies (Fitch, Moody's and Standard & Poor's) and is supplied by our treasury consultants. All active counterparties are checked against criteria outlined below to ensure that they comply with the criteria. Any counterparty failing to meet the criteria would be omitted from the counterparty list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered on a daily basis before investments are made. For instance a negative rating watch applying to a counterparty at the minimum Authority criteria will be suspended from use, with all others being reviewed in light of market conditions.

7.5 The **lowest common denominator** method of selecting counterparties and applying limits is used. This means that the application of the Authority's minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by two agencies, one meets the Authority's criteria, the other does not, the institution will fall outside the lending criteria. This is in compliance with a CIPFA Treasury Management Panel recommendation in March, 2009 and the CIPFA Treasury Management Code of Practice.

7.6 The table below shows the proposed limits in 2012/13 for the Council:

| Category | Fitch  | Moody's | Standard & Poor's | Counterparty Limit | Time Limit |
|----------|--|---------|-------------------|--------------------|------------|
| A        | F1+/AA-  | P-1/Aa3 | A-1+/AA-          | £10.0m             | 1 Year     |
| B        | F1/A-  | P-1/A3  | A-1/A-            | £3.0m              | 1 Year     |
| C        | Unrated bank subsidiaries and building societies with assets over £1bn   |         |                   | £1.5m              | 6 months   |
| D        | Debt Management Office   |         |                   | £20m               | 1 Year     |
| E        | Nationalised Banks and Banks covered by UK Government Guarantee  |         |                   | £10m               | 1 Year     |
| F        | Other Local Authorities<br>Individual Limits per Authority: <ul style="list-style-type: none"> <li>• £4m County, Metropolitan or Unitary Councils</li> <li>• £1m District Councils, Police or Fire Authorities.</li> </ul> |         |                   | £15m               | 1 Year     |
| G        | The Council's Own Bank   |         |                   | £3.5m              | 1 Year     |

7.7 The above limits set the overall framework for investment in “normal” market circumstances. In practice the Chief Finance Officer uses his delegated powers to set operational limits which further tighten the lending criteria as necessary in response to developments caused by the Global ‘credit crunch’. These actions reflect the Chief Finance Officer’s assessment of risk which is particularly important as credit ratings are not a guarantee of an organisation’s financial strength and can only provide a starting point for assessing risk. This flexibility is needed to take advantage of opportunities arising where maximum security can be obtained to reduce the risk of financial loss, while still benefiting from competitive rates of return.

7.8 Following the increased risk and uncertainty arising from the unprecedented recent economic crisis the Chief Finance Officer has continued to adopt an even more vigilant approach resulting in what is effectively a ‘named’ list. This consists of a very select number of counterparties that are considered to be the lowest risk. This has involved the Council temporarily suspending making new deposits with all building societies except the Nationwide, which has a financial standing rating equivalent to the major clearing banks.

7.9 The Council’s approach of suspending building societies from the counterparty list has proven prudent as the ratings for all building societies have been downgraded owing to continuing concerns about their financial stability and exposure to property loans.

- 7.10 Note that the above criteria only includes UK institutions and therefore has never included Icelandic banks, owing to the risk that if these banks ran into financial difficulties the Icelandic Government may not have been able to underwrite depositors funds. The Authority has also continued to exclude all foreign banks, including Irish banks from the investment list owing to the Chief Finance Officer's assessment of risk. Again this action has proven appropriate as evidence by the downgrading of the countries sovereign rating.
- 7.11 Specified and Non-Specified Investments**
- 7.12 CLG regulations classify investments as either Specified or Non-Specified. A Specified Investment is Sterling denominated with maturities up to a maximum of one year whereas a Non-Specified Investment is any investment not meeting the Specified definition.
- 7.13 The investment criteria outlined above is different to that used to define Specified and Non-Specified investments. This is because it is intended to create a pool of high quality counterparties for the Authority to use rather than defining what its investments are. Further details of the Specified/Non Specified criteria are contained at Appendix A.
- 7.14 In the normal course of the Authority's cash flow operations it is expected that both Specified and Non-specified investments will be utilised for the control of liquidity as both categories allow for short term investments.
- 7.15 The use of longer term instruments (greater than one year from inception to repayment) will fall in the Non-specified investment category. These instruments will only be used where the Authority's liquidity requirements are safeguarded. This will also be limited by the longer term investment limits.
- 7.16 Investment Projections 2012/13 – 2014/15**
- 7.17 The table below sets out the estimates for the expected level of resource for investment or use to defer long term borrowing.

| 2010/11<br>Outturn<br>£'000 | Year End Resources                        | 2011/12<br>Estimate<br>£'000 | 2012/13<br>Estimate<br>£'000 | 2013/14<br>Estimate<br>£'000 | 2014/15<br>Estimate<br>£'000 |
|-----------------------------|---|------------------------------|------------------------------|------------------------------|------------------------------|
| 38,593                      | Balances and Reserves                     | 27,839                       | 23,111                       | 20,735                       | 17,789                       |
| 3,200                       | Provisions                                | 2,200                        | 2,200                        | 2,200                        | 2,200                        |
| <b>41,793</b>               | <b>Total Core Funds</b>                   | <b>30,039</b>                | <b>25,311</b>                | <b>22,935</b>                | <b>19,989</b>                |
| 25,457                      | Working Capital*                          | 24,238                       | 21,201                       | 18,164                       | 15,127                       |
| <b>67,250</b>               | <b>Resources Available for Investment</b> | <b>54,277</b>                | <b>46,512</b>                | <b>41,099</b>                | <b>35,116</b>                |
| (42,935)                    | (Under)over borrowing                     | (41,822)                     | (39,753)                     | (35,638)                     | (27,914)                     |
| <b>24,315</b>               | <b>Expected Investments</b>               | <b>12,455</b>                | <b>6,759</b>                 | <b>5,461</b>                 | <b>7,202</b>                 |

\* The working capital balance is based on an estimate of debtors and creditors at year end.

## 7.19 Benchmarking

- 7.20 A requirement in the revised Codes and the CLG consultation paper is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance. Security and liquidity benchmarks are new requirements to the Member reporting and benchmarks in these areas are significantly less developed. The application of these is also more subjective in nature.
- 7.21 These benchmarks are simple targets (not limits) and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is to assist monitoring and illuminate any changes to the strategy. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report.
- 7.22 The benchmark for monitoring security is based on the historical risk of default associated with the credit rating of an organisation. The higher rated counterparties have a lower rate of historic default.
- 7.23 The table below sets out the historic default percentages for each type of credit rated institution and the period of deposit.

| Years | Maturity Period |        |        |        |        |
|-------|-----------------|--------|--------|--------|--------|
|       | 1               | 2      | 3      | 4      | 5      |
| AAA   | 0.00%           | 0.01%  | 0.05%  | 0.10%  | 0.17%  |
| AA    | 0.03%           | 0.06%  | 0.08%  | 0.14%  | 0.20%  |
| A     | 0.08%           | 0.22%  | 0.37%  | 0.52%  | 0.70%  |
| BBB   | 0.24%           | 0.68%  | 1.19%  | 1.79%  | 2.42%  |
| BB    | 1.22%           | 3.24%  | 5.34%  | 7.31%  | 9.14%  |
| B     | 4.06%           | 8.82%  | 12.72% | 16.25% | 19.16% |
| CCC   | 24.03%          | 31.91% | 37.73% | 41.54% | 45.22% |

- 7.24 The Authority has an extremely cautious investment strategy and this has avoided investment default. As a result the Authority has never suffered investment loss as institutions such as Icelandic banks have not been on the approved investment list. It is expected that the continuation of this investment strategy will avoid investment default. However the Authority still needs to set a formal limit. It is therefore suggested that the Authority will aim to ensure that the historic default probability of its investment portfolio will not exceed 0.2%.
- 7.25 An additional proposed benchmark is the average risk of default. This is based on the historic risk of default multiplied by the value of each investment. It does not constitute the actual expectation of loss. Rather it is intended to give a guide as to the relative security of investments. For the forthcoming year this is expected not to exceed £100,000.
- 7.26 To ensure adequate Liquidity the Authority maintains a bank overdraft facility of £1.5m. In addition the Authority will make use of call accounts to enable cash to be obtained with immediate notice. The proposed benchmark for

monitoring liquidity is 'Weighted Average Life'. This reflects the average number of days to maturity for investments and therefore gives an indication of the liquidity profile of investments held. For the forthcoming year because of the lack of value obtainable for deposits exceeding 12 months and the need to ensure maximum security this benchmark is expected to be 0.5 years, with a maximum of 3 years.

## 7.27 Sensitivity to Interest Rate Movements

7.28 Sensitivity to Interest Rate Movements is a prudential indicator that the Authority is required to disclose. Whilst most of the risks facing treasury management activity are addressed elsewhere in this report (credit risk, liquidity risk, market risk, maturity profile risk), the impact of interest rate risk is discussed but not quantified. The table below highlights the estimated impact of a 1% increase/decrease in all interest rates to the estimated treasury management costs/income for next year. These forecasts are based on a prudent view of a +/- 1% change in interest rates for the full CFR. Equally for investments they are based on a prudent view of the total amount invested. That element of the debt and investment portfolios which are of a longer term, fixed interest rate nature will not be affected by short interest rate changes.

| Impact on Revenue Budgets              | 2012/13<br>Estimated<br>1%<br>£'000 | 2012/13<br>Estimated<br>-1%<br>£'000 |
|--|-------------------------------------|--------------------------------------|
| Interest on Borrowing                  | 968                                 | (968)                                |
| Investment income                      | (68)                                | 68                                   |
| <b>Net General Fund Borrowing Cost</b> | <b>900</b>                          | <b>(900)</b>                         |

## 8. TREASURY MANAGEMENT LIMITS ON ACTIVITY

8.1 There are four further treasury activity limits and the purpose of these are to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs/improve performance.

8.2 The limits are:

- i) Upper limits on variable interest rate exposure – This identifies a maximum limit for the percentage of the Authority's borrowing and investments that are held with variable interest rates. The proposed limits are detailed in the table below.

| Limits on Variable Interest Rates | 2012/13<br>Upper<br>£'000 | 2013/14<br>Upper<br>£'000 | 2014/15<br>Upper<br>£'000 |
|-----------------------------------|---------------------------|---------------------------|---------------------------|
| Borrowing                         | 75,000                    | 75,000                    | 72,000                    |
| Investments                       | 30,000                    | 25,000                    | 20,000                    |

- ii) Upper limits on fixed interest rate exposure – Similar to the previous indicator this covers a maximum limit for the percentage of the Authority's borrowing and investments that are held with fixed interest rates.

| Limits on Fixed Interest Rates | 2012/13<br>Upper<br>£'000 | 2013/14<br>Upper<br>£'000 | 2014/15<br>Upper<br>£'000 |
|--------------------------------|---------------------------|---------------------------|---------------------------|
| Borrowing                      | 105,000                   | 105,000                   | 102,000                   |
| Investments                    | 60,000                    | 50,000                    | 40,000                    |

- iii) Maturity structure of borrowing – this limit is detailed in paragraph 8.3 below.
- iv) Maximum principal sums invested – this limit is detailed in paragraph 8.5 below.

- 8.3 Limits for the 'Maturity Structure of Borrowing' are intended to reduce exposure to large fixed rate sums falling due for refinancing. In the opinion of the Chief Finance Officer limits on fixed and variable rates for **borrowing** are unhelpful and could lead to unnecessary higher costs of borrowing. Previous experience has shown that it is possible to move from a position of predominantly fixed rate borrowing to variable rate borrowing and then back to fixed rate borrowing over a period of two years. In the Chief Finance Officer's opinion this proactive management of investments and borrowing continues to provide the most cost effective strategy for the authority, whilst not exposing the authority to unnecessary risk. The Authority should ensure maximum flexibility to minimise costs to the revenue budget in the medium term. These limits are detailed in the table below.

| Maturity Structure of fixed interest rate borrowing 2012/13 |             |             |             |             |
|---|-------------|-------------|-------------|-------------|
|   | 2011/12     | 2011/12     | 2012/13     | 2012/13     |
|   | £000        | £000        | £000        | £000        |
|   | Lower Limit | Upper Limit | Lower Limit | Upper Limit |
| Under 12 months   | 0           | 93,000      | 0           | 95,000      |
| 12 months to 2 years  | 0           | 102,000     | 0           | 105,000     |
| 2 years to 5 years  | 0           | 102,000     | 0           | 105,000     |
| 5 years to 10 years   | 0           | 102,000     | 0           | 105,000     |
| 10 years to 20 years  | 0           | 102,000     | 0           | 105,000     |
| 20 years to 30 years  | 0           | 102,000     | 0           | 105,000     |
| 30 years to 40 years  | 0           | 102,000     | 0           | 105,000     |
| 40 years to 50 years  | 0           | 102,000     | 0           | 105,000     |
| 50 years to 60 years  | 0           | 102,000     | 0           | 105,000     |
| 60 years to 70 years  | 0           | 102,000     | 0           | 105,000     |

- 8.4 The limits allow for borrowing up to the Capital Financing Requirement at either variable or fixed rates. The intention is to move to fixed rate borrowing when rates are at an appropriate level and may require the temporary use of variable rate borrowing in the interim.
- 8.5 Total principal funds invested for greater than 364 days – These limits are set with regard to the Authority's liquidity requirements and to reduce the need for

early sale of an investment and are based on the availability of funds after each year-end.

| <b>Limit for Maximum Principal Sums Invested &gt; 364 days</b> |               |                |                |
|--|---------------|----------------|----------------|
|  | <b>1 year</b> | <b>2 years</b> | <b>3 years</b> |
|  | <b>£000</b>   | <b>£000</b>    | <b>£000</b>    |
| Maximum  | 0             | 0              | 0              |

## 8.6 Performance Indicators

8.7 The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking. The Authority will produce the following performance indicators for information and explanation of previous treasury activity:

- Average rate of borrowing for the year compared to average available
- Debt – Average rate movement year on year
- Investments – returns above the 7 day LIBID rate

## 9. TREASURY MANAGEMENT ADVISORS

9.1 The authority uses Sector as its treasury management consultants. The company provides a range of services which include:

- Technical support on treasury matters, capital finance issues and the drafting of Member reports;
- Economic and interest rate analysis;
- Debt services which includes advice on the timing of borrowing;
- Debt rescheduling advice surrounding the existing portfolio;
- Generic investment advice on interest rates, timing and investment instruments;
- Credit ratings/market information service comprising the three main credit rating agencies;

9.2 Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice the final decision on treasury matters remains with the Authority. This service is subject to regular review.

## 10. CONCLUSION

10.1 The report provides the Council with the proposed Treasury Management Strategy for 2012/2013, as required by legislation.

10.2 The strategy proposes that the Council continues to net down investments and borrowing as this is expected to provide the lowest cost and minimises risk.

- 10.3 It is also proposed that for specific business cases the Council will take out specific loans locking into the current low rates. This will ensure business cases are sustainable and avoid risk falling on the general fund.
- 10.4 The strategy also proposes that if the interest outlook changes unexpectedly the Chief Finance Officer may seek to undertake longer term borrowing to protect the Authority's financial position.
- 10.5 Where investments need to be made the Council will continue to limit the institutions the Council will invest with and the period of investment to 100 days or less.

## **11. RECOMMENDATIONS**

- 11.1 It is recommended that Members consider the report and approve that it is referred to Council for the approval of the following recommendations:
- i) Approve the Prudential Indicators and Limits relating to Capital Expenditure for 2012/2013 to 2014/2015 as detailed in sections 4 and 5.
  - ii) Approve the continuation of the netting down of investment and borrowing noting that specific loans will be taken out for schemes approved on the basis of individual business cases.
  - iii) Approve the Treasury Prudential Indicators and the Minimum Revenue Provision (MRP) Statement in section 6.
  - iv) Approve Treasury Prudential Indicators in section 7.
  - v) Approve the Investment Strategy Counterparty Criteria contained in section 7 and note that the operational limits will continue to be further restricted.
  - vi) Approve the Treasury Management Limits on Activity in section 8.

Appendix A

**Credit And Counterparty Risk Management**

The CLG issued Investment Guidance in 2010, and this forms the structure of the Council's policy below.

The key intention of the Guidance is to maintain the current requirement for authorities to invest prudently and that priority is given to security and liquidity before interest return. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council has adopted the Code and applies its principles to all investment activity. In accordance with the Code, the Chief Finance Officer has produced its treasury management practices covering investment counterparty policy which requires approval each year.

**Annual Investment Strategy** - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for decision making on investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The strategy proposed for approval by Members is set out below.

**Strategy Guidelines** – The main strategy guidelines are contained in the body of the Treasury Strategy Statement.

**Specified Investments** – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within twelve months if it wishes. These are low risk assets where the possibility of loss of principal or investment income is small. These would include investments with:

1. The UK Government (such as the Debt Management Office, UK Treasury Bills or a Gilt with less than one year to maturity).
2. Other Councils.

3. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. This covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's or Fitch rating agencies.
4. A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society). This covers bodies with a minimum rating of A- (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies. Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. This criteria is:

| Category | Fitch  | Moody's | Standard & Poor's | Counterparty Limit | Time Limit |
|----------|--|---------|-------------------|--------------------|------------|
| A        | F1+/AA-  | P-1/Aa3 | A-1+/AA-          | £10.0m             | 1 Year     |
| B        | F1/A-  | P-1/A3  | A-1/A-            | £3.0m              | 1 Year     |
| C        | Unrated bank subsidiaries and building societies with assets over £1bn   |         |                   | £1.5m              | 6 months   |
| D        | Debt Management Office   |         |                   | £20m               | 1 Year     |
| E        | Nationalised Banks and Banks covered by UK Government Guarantee  |         |                   | £10m               | 1 Year     |
| F        | Other Local Authorities<br>Individual Limits per Authority: <ul style="list-style-type: none"> <li>• £4m County, Metropolitan or Unitary Councils</li> <li>• £1m District Councils, Police or Fire Authorities.</li> </ul> |         |                   | £15m               | 1 Year     |
| G        | The Council's Own Bank   |         |                   | £3.5m              | 1 Year     |

**Non-Specified Investments** – Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any investments with:

- **Building societies not meeting the basic security requirements under the specified investments.** The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Investment Fund may use building societies with assets over £1bn. These will be limited to £2.5m over 3 months.
- Any **bank or building society** that has a minimum long term credit rating of A- for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).

| Category | Fitch  | Moody's | Standard & Poor's | Counterparty Limit | Time Limit |
|----------|--|---------|-------------------|--------------------|------------|
| A        | F1+/AA-  | P-1/Aa3 | A-1+/AA-          | £10.0m             | 1 Year     |
| D        | Debt Management Office   |         |                   | £20m               | 1 Year     |
| E        | Nationalised Banks and Banks covered by UK Government Guarantee  |         |                   | £10m               | 1 Year     |
| F        | Other Local Authorities<br>Individual Limits per Authority: <ul style="list-style-type: none"> <li>• £4m County, Metropolitan or Unitary Councils</li> <li>• £1m District Councils, Police or Fire Authorities.</li> </ul> |         |                   | £15m               | 1 Year     |

**The Monitoring of Investment Counterparties** - The credit rating of counterparties will be monitored regularly. The Council receives credit rating advice from its advisers, Sector, on a daily basis, and as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Chief Finance Officer and if required new counterparties which meet the criteria will be added to the list.