

SCRUTINY CO-ORDINATING COMMITTEE AGENDA



15 June 2012

at 1.00 p.m.

in the Council Chamber

MEMBERS: SCRUTINY CO-ORDINATING COMMITTEE:

Councillors Ainslie, C Akers-Belcher, S Akers-Belcher, Beck, Cook, Fisher, Gibbon, Hall, James, Loynes, Payne, Richardson, Shields, Tempest, Wells and Wilcox.

And all other Scrutiny Members

Councillors Brash, Cranney, Dawkins, Fleet, Griffin, Hargreaves, Jackson, A Lilley, G Lilley, Simmons, Sirs and Turner

**Please note that Members are encouraged to attend the Health Scrutiny meeting at 9.00am (for which you will also receive papers) as this will feed into the overall work programme process.*

1. **APOLOGIES FOR ABSENCE**

2. **TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS**

3. **MINUTES**

3.1 To confirm the minutes of the meeting held on 13 April 2012 (to follow)

4. **RESPONSES FROM THE COUNCIL, THE EXECUTIVE OR COMMITTEES OF THE COUNCIL TO REPORTS OF THE SCRUTINY COORDINATING COMMITTEE**

No Items

5. **CONSIDERATION OF REQUEST FOR SCRUTINY REVIEWS FROM COUNCIL, EXECUTIVE MEMBERS AND NON EXECUTIVE MEMBERS**

No Items

6. FORWARD PLAN

No Items

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

No Items

8. CONSIDERATION OF FINANCIAL MONITORING/CORPORATE REPORTS

No Items

9. ITEMS FOR DISCUSSION

9.1 Presentation - Budget Position 2013/14 and Departmental Briefings:-

- i) Covering Report - Scrutiny Manager; and
- ii) Presentation by Chief Executive, Assistance Chief Executive, Chief Finance Officer, Director of Regeneration and Neighbourhoods and Assistant Director (Prevention, Safeguarding and Specialist Services)

9.2 Overview and Scrutiny Work Programme for 2012/13 – Scrutiny Manager:-

- i) Covering report;
- ii) Health Scrutiny Forum - Work Programme 2012/13 - Chair of the Health Scrutiny Forum; and
- iii) Determining the Overview and Scrutiny Work Programme for 2012/13 - Scrutiny Manager

9.3 Membership of Scrutiny Co-ordinating Committee Working Groups – Scrutiny Manager

9.4 Request For Funding from the Dedicated Scrutiny Budget - Attendance at the Centre for Public Scrutiny Annual Conference and Good Scrutiny Awards (London – 12 June 2012) – Scrutiny Manager

9.5 Request For Funding from the Dedicated Scrutiny Budget – Scrutiny Co-ordinating Committee Work Programme Meeting – Catering – Scrutiny Manager

10. CALL-IN REQUESTS

No Items

11. ANY OTHER ITEMS WHICH THE CHAIRMAN CONSIDERS ARE URGENT

ITEMS FOR INFORMATION

- i) **Date of Next Meeting 22 June 2012, commencing at 1.00pm in the Council Chamber**

SCRUINY CO-ORDINATING COMMITTEE

15 June 2012



Report of: Scrutiny Manager

Subject: PRESENTATION – THE COUNCILS BUDGET POSITION 2013/14 AND DEPARTMENTAL BRIEFINGS – COVERING REPORT

1. PURPOSE OF REPORT

- 1.1 To inform Members that the Chief Executive, Assistance Chief Executive, Chief Finance Officer and Director of Regeneration and Neighbourhoods and Assistant Director (Prevention, Safeguarding and Specialist Services) will be in attendance at today's meeting to provide a presentation covering:
- Councils Budget Position for 2013/14 (including the impact of Council Tax Benefit reform); and
 - Departmental Briefings.
- 1.2 To provide Members with the proposed timetable for the Scrutiny Co-ordinating Committee and the four standing Scrutiny Forums' involvement (with the exception to the Health Scrutiny Forum) in the budget setting process for 2013/14.

2. BACKGROUND INFORMATION

- 2.1 Following the success of presentations given as part of last years work programming process, the Chief Executive, Assistance Chief Executive, Chief Finance Officer and Director of Regeneration and Neighbourhoods and Assistant Director (Prevention, Safeguarding and Specialist Services) will be in attendance at today's meeting to provide an updated presentation in relation to:
- Councils Budget Position for 2013/14 (including the impact of Council Tax Benefit reform); and
 - Departmental Briefings.
- 2.2 As part of the presentation in relation to the Councils budget position for 2013/14, two specific reports have recently been considered by Cabinet (11 June 2012). To assist in consideration of the presentation, copies of these reports are attached.

Appendix A - Medium Term Financial Strategy (MtfS) 2013/14 To 2016/17

Appendix B - Localisation of Council Tax Benefit 2013/14

3. PROPOSED TIMETABLE FOR THE SCRUTINY INVOLVEMENT IN THE BUDGET SETTING PROCESS FOR 2013/14

- 3.1 Building upon the success of the Scrutiny Co-ordinating Committee and the four standing Scrutiny Forums' involvement in last year's budget setting process, it is now time to establish the timetable for the 2013/14 budget setting process.
- 3.2 A proposed timetable for the Scrutiny Co-ordinating Committee and the four standing Scrutiny Forums' involvement (with the exception to the Health Scrutiny Forum) in the budget setting process for 2013/14 has been compiled. A copy of this timetable is attached at **Appendix C** for Members consideration.
- 3.3 In order to meet the statutory timescales of approving the Authority's budget for 2013/14, Members are asked to kindly note that it may be necessary to schedule additional meetings of the Scrutiny Co-ordinating Committee and the four standing Scrutiny Forums' where necessary. Arrangements will also be made for the relevant Director(s) and the appropriate Cabinet Member(s), subject to their availability, to attend those scrutiny meetings which fall under their area(s) of responsibility.

4. RECOMMENDATION

4.1 That Members:

- Receive the presentation and seek clarification on any issues as required; and
- Note the proposed timetable for Scrutiny involvement in the budget setting process for 2013/14.

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

BACKGROUND PAPERS

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

| |
|---|
| <h1>CABINET</h1> <p>11th June 2012</p> |
|---|



Report of: Corporate Management Team

Subject: MEDIUM TERM FINANCIAL STRATEGY
(MTFS) 2013/14 TO 2016/17

1. TYPE OF DECISION / APPLICABLE CATEGORY

Non Key Decision.

2. PURPOSE OF REPORT

2.1 The purposes of the report are:

- i) to provide details of the budget deficits facing the Council over the next two years and indicative forecasts for 2015/16 and 2016/17;
- ii) to enable Cabinet to begin to develop and consult on a proposed strategy which will begin to address these significant financial challenges.

3. BACKGROUND

3.1 Economic Position and Outlook

3.2 The current economic position and outlook are extremely important for the public sector as they effectively determine the amount of money available for public services.

3.3 The UK economy went into recession in 2008 as a result of the impact of the international banking crisis and the subsequent impact on the world wide economy, which has had the most notable impact on the Euro area. The slow and uneven recovery in UK economic activity means that this recession has now outlasted the previous downturns of the 1930s, 1970s and 1980s.

3.4 These issues will continue to have a major impact on the public finances for many years to come. Therefore, whatever the results of the next General Election, the next Government will continue to face significant financial challenges as it has become increasingly clear that the impact of the recession and banking crisis has had a deeper and

longer impact on public sector finances in both the UK and around the world. The most visible impacts of this continuing situation are the challenges facing the Greek economy, more recently Spain and potentially other European countries. This position reflects the fact that the recession was caused by a banking crisis and it is more difficult and takes significantly longer for economies to recover from a recession caused by a banking and financial crisis.

3.5 Against this background it is expected that growth in the UK economy will take longer to recover to 'normal' levels. It also needs to be remembered that the recession and banking crisis cut the overall size of the economy and it will take time for growth to just get the overall level of economic activity back to the pre-recession level. This will continue to impact on the Government's finance as tax revenues will continue at a lower level, particularly taxes from the banking sector.

3.6 These issues will constrain whichever party(s) form the next Government. In addition, any new Government will need to establish their credibility with the financial markets to avoid the UK facing the types of problems experienced by countries in the Euro zone of increasing Government Borrowing costs which lead to higher spending cuts.

3.7 National Financial Position

3.8 The national financial position and decisions made by the Government have had a significant impact on councils over the last two years (2011/12 and 2012/13). The most significant financial factor has been the impact of the Government's 2010 Spending Review.

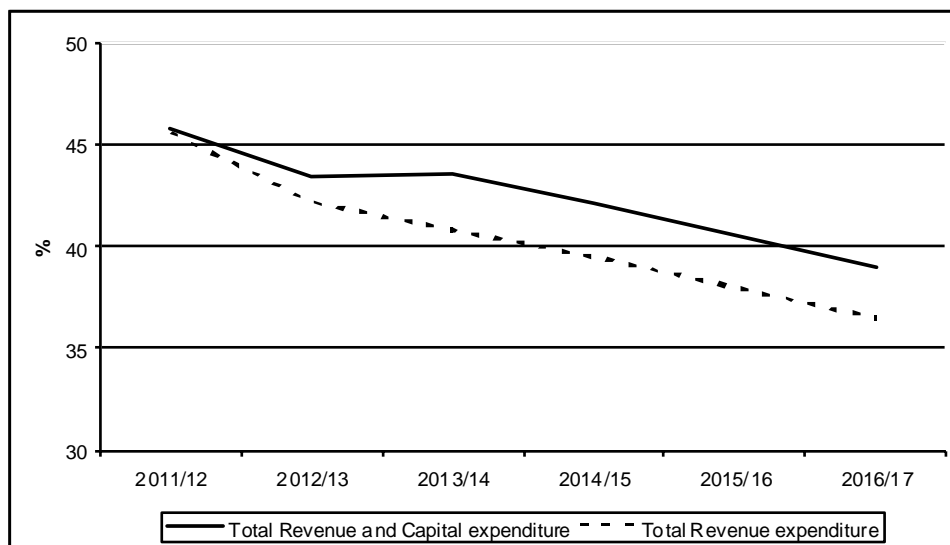
3.9 The 2010 Spending Review outlined the Government's strategy for reducing the public spending deficit and anticipates funding around 75% of the deficit reduction through spending cuts and 25% through tax increases.

3.10 For local authorities the funding cuts detailed in the 2010 Spending Review were amongst the highest in the public sector at 28% over 4 years up to 2014/15. The cuts in local authority funding are significantly higher than the national average cut in public spending of 19%, which reflects the Government's priorities, particularly in relation to health and education. More significantly, the cuts in funding for local authorities were front loaded in 2011/12 and 2012/13.

3.11 Announcements by the Government since the 2010 Spending Review have continued to reinforce the Government's strategy for public sector spending and their commitment to reducing the national budget deficit. The Chancellor of the Exchequer has indicated that spending cuts will continue beyond the current 4 year spending review into 2015/16 and 2016/17, although the precise details will clearly depend on the results of the next General Election.

3.12 The Chancellor's 2012 Budget provided details of forecast public spending for 2015/16 and 2016/17 and stated that total public expenditure as a percentage of Gross Domestic (GDP) will continue to fall until 2016/17. Details are summarised in the following table which highlights the forecast falls in total public expenditure (i.e. capital and revenue expenditure) and more importantly the forecast falls in revenue expenditure within the public sector, which are greater.

Summary of forecast public expenditure as percentage of Gross Domestic Product 2011/12 to 2016/17



Source data - Chancellor's Budget Report 2012 - Annex 1

3.13 The Chancellor's Budget report also stated that average annual real term reductions in overall Government departmental expenditure will increase from 2.3% indicated in the 2010 Spending Review to 3.8% in 2015/16 and 2016/17. The Budget report does not provide details of the impact on individual Government departments. Based on an analysis of the Chancellor's budget forecasts, existing levels of Government expenditure and an expectation that the NHS and Education budgets will continue to receive relative priority it is anticipated that local authorities will face further grant cuts in 2015/16 and 2016/17, when the next Government Spending Review is announced.

3.14 At this stage it is difficult to assess the level of these additional cuts, although based on an analysis of the available national information further cuts in the order of 10% and 15% cannot be ruled out over the two years (2015/16 and 2016/17). For Hartlepool this equates to between £4m and £6m. Clearly, on the back of the formula grant cuts already being made between 2011/12 and 2014/15, of £13.9m (£10.2m made in 2011/12 and 2012/13, plus £3.7m forecast for 2013/14 and

2014/15) additional funding cuts of this magnitude will have a fundamental impact on the Council. Managing ongoing budget deficits will become increasingly more difficult given the measures which have already been implemented in previous years and will require new ways of delivering services, such as collaborating with other authorities, potential trusts etc. to mitigate the level of cuts in front line services.

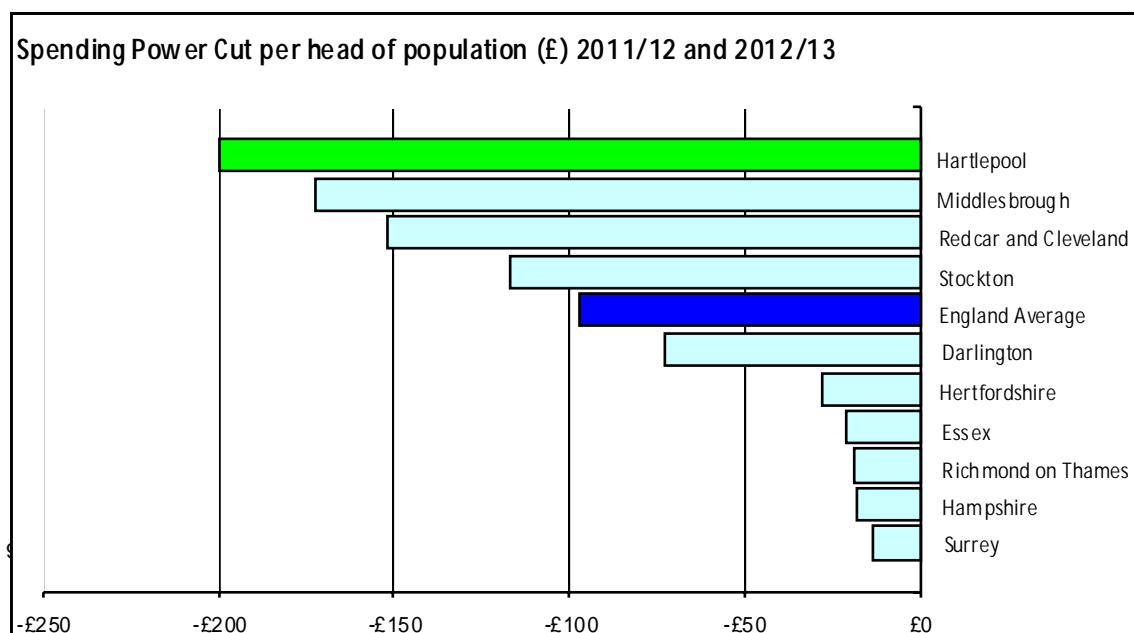
3.15 There is also a risk that the continued ability of local authorities to effectively and safely manage significant changes and cuts in funding over the last two years may result in the sector again being singled out for more cuts in the future. However, this approach would risk imposing an unmanageable financial position on local authorities as despite the challenges the sector has managed in the past additional cuts will be significantly more difficult to manage and may not be sustainable. Further updates will be provided when more information is available.

3.16 In the meantime, this report concentrates on the budget deficits facing Hartlepool in 2013/14 and 2014/15.

3.17 Local Financial Position

3.18 As reported previously the front loading of Government grant cuts in 2011/12 and 2012/13 has had the greatest impact on councils which are more reliant on Government grant to fund local services, than those authorities with greater ability to fund local services from Council Tax. As a result Hartlepool and the other 11 North East Councils have suffered higher grant cuts per resident than other areas.

3.19 The comparisons in the following table highlight the scale of the gross spending power reductions for 2011/12 and 2012/13, which 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).



- 3.20 As a result of the overall spending reductions Hartlepool's total grants have been cut by £18.6m, a 25% reduction over the last two years. These grant cuts included the complete withdrawal of the Working Neighbourhoods Fund. For other grant regimes the grant cuts have required the Council to make very difficult decision to balance budgets. The grant cuts for 2011/12 and 2012/13 are summarised below.

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

- 3.21 The cuts in the Core Formula Grant have required the Council to make significant savings in the General Fund Budget (the main revenue budget) over the last two years. For 2012/13 this involved making permanent cuts of £5.110m in departmental budgets and the use of one off resources of £0.484m to offset the removal of proposed ICT / Revenues and Benefits and Denominational Transport savings from the 2012/13 budget by full Council.
- 3.22 To replace the proposed ICT / Revenues and Benefits savings the Corporate Management Team have been instructed by full Council to examine a range of options for achieving saving in ICT costs. It is anticipated these alternative proposals will provide a part year saving in 2013/14, with the full year benefit being achieved in 2014/15.
- 3.23 In relation to Denominational Transport the budget forecasts included in the MTFs assume this saving will be achieved in 2013/14, although this will be subject to Cabinet and Council approving detailed proposals. A separate report on this issue will be presented to a future Cabinet in June/July.
- 3.24 The decision was also taken to freeze Council Tax in 2012/13 in light of the sustained financial pressure on household budgets as a result of

inflation and / or pay restraint. As a result of this decision the Council is eligible to receive the Government's one-off 2012/13 Council Tax freeze grant. For Hartlepool this one off grant is approximately £1m, which is the amount which would have been raised from the planned 2.5% Council Tax increase included in the MTFs for 2012/13.

- 3.25 Cabinet and full Council recognised that this decision would result in a permanent reduction in Council Tax income of £1m per year, unless the shortfall could be made up by a higher increase in Council Tax in future years above the forecasts included in the MTFs. It was also recognised that this was unlikely to be achievable owing to the introduction of Council Tax Referendum arrangements. Therefore, to help the Council manage the impact of the £1m one-off 2012/13 Council Tax freeze grant being withdrawn in 2013/14 an amount of £0.727m was set aside from the 2011/12 outturn to partly mitigate this issue in 2013/14. Members will need to determine if this is the strategy they wish to adopt.
- 3.26 The availability of this one-off funding will not provide a permanent solution and only defers the problem until the following year, when a permanent solution will be needed. However, given uncertainty over actual grant cuts for 2013/14, the unknown impact of Business Rate re-localisation and changes to the Council Tax Benefit system in 2013/14, this one-off funding will help the Council manage the budget position in 2013/14 and provide a slightly longer lead time to develop a permanent solution.

4.0 Budget Position 2013/14 to 2014/15

- 4.1 After reflecting the actions taken to set a balanced budget in 2012/13 the Council faces a budget deficit over the next two years (2013/14 and 2014/15) of around £9m, which equates to 10% of the General Fund budget. This is a significant reduction in the overall budget and when account is taken of those areas where there are significant lead times and transitional periods to reduce costs, then the actual cuts in other areas will be significantly greater than 10% over the next two years.
- 4.2 These forecasts include the loss of the 2012/13 Council Tax Freeze grant in 2013/14. The impact of this funding being withdrawn could be partly mitigated in 2013/14 by using the one off monies referred to in paragraph 2.25 of £0.727m, although this will just defer a higher deficit until 2014/15 when a permanent solution will be needed.
- 4.3 There is a significant risk that the Government will reduce the trigger points for Council Tax Referendums in 2013/14 as a result of expected falls in inflation, including the specific impact of the Government's public sector pay cap reducing pressure on local authority budgets, and the need to manage the withdrawal of the one-off 2012/13 Council Tax freeze grant in 2013/14. The trigger point was set at 3.5% for the current year and a reduction to 2.5% for 2013/14 and 2014/15 would

be a prudent planning assumption. This change would reduce forecast Council Tax income by £0.8m over two years and could therefore increase the budget deficit for the next two years to nearly £9.7m.

- 4.4 The following tables summarise the issues detailed in the previous paragraphs. The tables highlight the impact of the Council Tax increase reducing from 3.49% to 2.5% in 2013/14 and 2014/15.

Forecast Budget Deficits 2013/14 and 2014/15

| | 2013/14 £'000 | 2014/15 £'000 | Total £'000 |
|--|------------------|------------------|----------------|
| Forecast deficits based on indicative 2013/14 and 2014/15 Council Tax increases of 3.49% | 4,100 | 4,800 | 8,900 |
| Forecast deficits based on 2013/14 and 2014/15 Council Tax increases of 2.5% | 4,500 | 5,200 | 9,700 |

- 4.5 The above forecasts do not include provision for increased Looked after Children costs. It has previously been reported that these costs are currently anticipated to exceed the ongoing revenue budget in 2012/13 and 2013/14 and it is planned to fund the additional costs from the specific reserve earmarked to manage this risk. It had been hoped that this strategy would provide time to reduce ongoing costs to the level of the base budget. It is increasingly anticipated that this will not be possible owing to increases in the number of Looked after Children. Therefore, this issue is anticipated to be a significant commitment against the 2014/15 budget headroom and based on current spending levels £0.4m may need to be allocated from 2014/15. Increases in Looked after Children numbers and costs have been experienced by all councils in the North East. These trends exacerbate the impact of Government funding cuts implemented over the last two years and the Association of North East Councils is lobbying the Government to address this issue and to provide additional funding for Looked after Children pressures.
- 4.6 There is also a risk following announcements by the Chancellor last year and more recent announcements in April 2012 by a range of Government Ministers that the actual deficits for 2013/14 and 2014/15 will be higher than currently forecast and set out in the above table. These risks include the actual local grant cuts for these years, the impacts of business rates re-localisation and the transfer of Council Tax Benefit to local authority control. Further information is needed to assess the impact of these risks and details will be reported as soon as they are available. In the meantime, details of these risks are provided in the following paragraphs.
- 4.7 Local Grant cuts and Business Rate re-localisation**
- 4.8 The budget forecasts assume that the 2013/14 and 2014/15 local grant cuts will be in line with the national reductions announced in the 2010

Spending Review. There is a risk that changes to the system for determining the baseline for Business Rate re-localisation could result in local grant cuts exceeding the national average, which would repeat the situation applying in 2011/12 and 2012/13.

- 4.9 The impact of Business Rate re-localisation will not be known until detailed regulations are issued and the Government have defined the baseline for setting funding levels for 2013/14 and future years. Until this information is available this is a significant risk area for 2013/14 and 2014/15 as the actual grant cuts for Hartlepool may exceed the current MTFs forecast, which are based on the national grant cuts applying at a local level.
- 4.10 The baseline used for setting future funding levels is being reviewed as part of the process for re-localising Business Rates as it is recognised that this is the only opportunity to make changes before the baselines are locked into the new system. The Council is supporting the Association of North East Council (ANEC) stance that the Government should use the opportunity to address the disproportionate impact on councils serving the most deprived communities, particularly in the North East, of the grant cuts made in the last two years. However, it is unlikely, that this approach will be successful. Similarly, ANEC are asking the Government to recognise the funding pressures on Children's Services.
- 4.11 Although it is too early to make an assessment of the potential impact of these changes Members are advised that each additional 1% reduction in the Formula Grant equates to a funding cut for Hartlepool of £0.46m. The actual grant cuts will not be announced until later in the year, potentially as late as December. Therefore, until these grant allocations are known this continues to be a **risk** which could increase the budget deficits detailed in this report for 2013/14 and 2014/15. This uncertainty makes financial planning more difficult and may require the Council to identify additional measures, within a very short time frame, to balance the budget for 2013/14.
- 4.12 As reported previously there is also ongoing uncertainty about the criteria the Government will use to compensate authorities which experience a significant reduction in in-year business rates as a result of a major employer ceasing to trade, or other in-year factors outside an authorities control. This is a significant financial risk for Hartlepool owing to the impact of the power station on the overall business rates income, as business rates are paid on the basis of the power station output.
- 4.13 Council Tax Benefit changes**
- 4.14 Details of the initial impact of Council Tax Benefit transferring to local authorities, with a 10% funding cut have previously been reported. The key issue will be how the Council manages this position in 2013/14 and

whether Members wish to use the resources set aside as part of the 2011/12 outturn strategy of £1.197m to phase in these changes. There is a detailed report on the impact of these changes on the agenda, which outlines the strategic choices facing the Council.

- 4.15 This issue will need considering in detail once Parliament has approved the necessary primary and secondary legislation. There is still no certainty over when the primary and secondary legislation will be approved by Parliament and the latest indications are summer/autumn 2012. This uncertainty is unhelpful and reduces the effective time councils will have to address this complex issue. Any delays in the legislative timetable significantly increase the risk that local authorities will not be able to make these changes in time for the start of 2013/14. In addition, a number of major IT providers which provide Council Tax Benefit systems have indicated that even without any delays in the legislative timetable it will be extremely challenging to make the necessary changes to existing software within the existing timescale. The Government have not really recognised these risks and they are intent on implementing the 10% funding cut, which will mean councils will need to make some very difficult decisions..
- 4.16 Against this background the decision to allocate resources within the 2011/12 outturn strategy to manage the changes to Council Tax benefit is increasingly likely to be needed to avoid this change impacting on the core budget next year. This is one off funding and will not provide a permanent solution which would increase the budget deficits detailed in this reports and increase the cuts which need to be made in other services.
- 4.17 There is also an increasing risk that once the new Council Tax Benefit system is in place that the initial cash grant will be cash limited. This issue is anticipated to impact in 2013/14 as it is expected that the new Council Tax Benefit grant allocations will be based on the 2011/12 audited Council Tax Benefit grant claims. Therefore, planned increases in Council Tax for 2013/14 will not be funded within the new Council Tax Benefit grant allocations. At this stage it is not anticipated that the Council will wish to pass on further cuts in Council Tax Benefit, over and above those arising from the Government 10% funding cut. Therefore, for planning purposes this commitment needs to be built into the budget forecasts for 2013/14 and 2014/15 and is estimated at £0.4m per year.
- 4.18 Whilst, managing changes to Council Tax Benefit will impact on all authorities, it will have a disproportionate impact on local authorities serving more deprived communities with a higher percentage of residents eligible for means tested support with their Council Tax. These authorities will face a greater financial impact and therefore a more difficult situation to manage at a time of continued public sector spending restraint and potentially increasing demand in households requiring support with their Council Tax.

4.19 Impact of Public Sector pay cap

- 4.20 The base budgets for 2012/13 and 2013/14 included prudent provisions for potential pay awards for April 2012 and 2013. At the end of February 2012 the National Employers Organisation announced that there will be no pay award for 2012/13 and they did not agree to the Trade Unions request to refer this issue to ACAS. The National Employers Organisation acknowledged that this is the third successive year there has been a pay freeze for local authority employees, including low paid employees who have not benefitted from the flat rate increase of £250 awarded nationally to other public sector employers earning below £21,000. The National Employer Organisation therefore indicated they wished to commence negotiations on the April 2013 pay award at an early date.
- 4.21 In terms of the impact on the Council's budget it is anticipated that a cumulative reduction in pay budgets can be made in 2013/14 to reflect the April 2012 pay freeze and in anticipation of continued pay restraint in April 2013 as a result of the Government's 1% public sector pay cap. There is an outside risk that the actual April 2013 pay award may potentially exceed the reduced provision included in the base budget for 2013/14, although this is currently assessed as a very low risk.
- 4.22 A more significant risk is the Council's ability to achieve the salary turnover target built into the base budget owing to significantly lower turnover as a result of reduced employment opportunities in other councils and the wider economy and the deletion of vacant posts to balance the 2012/13 budget. This risk was recognised when the 2012/13 budget was set and the target reduced by 50%, to £0.65m. At that time it was hoped that the remaining risk could be removed as part of the 2013/14 budget and offset from a reduction in the provision for pay awards. Given the anticipated pay cap for 2013/14 it would be prudent to use this opportunity to remove this ongoing risk from the budget for 2013/14 and future years. Assuming Members approve this proposal and the 2012/13 turnover target is achieved it will then be possible to release £0.5m of the Strategic Risk Reserve allocated to manage this risk. A strategy for using this amount will need to be developed when this amount is more certain.
- 4.23 Assuming the proposals detailed in the previous paragraphs are approved there will be a net reduction in the overall forecast budget deficit in 2013/14 of £0.45m and in 2014/15 £1.1m.
- 4.24 Following the announcement of the two year 1% pay cap for the public sector the Department for Communities and Local Government announced that there will be additional cuts in local authority grants in 2013/14 and 2014/15.

- 4.25 The Department for Communities and Local Government have stated that these reductions are based on the difference between the assumed 2.5% pay increase provision they included in the provisional national grant allocations for 2013/14 and 2014/15 and the 1% pay cap. Nationally this equates to £240m in 2013/14 and £257m in 2014/15.
- 4.26 The impact on individual authorities will depend on how these additional cuts are implemented. It is therefore difficult to assess the impact on Hartlepool, although if the additional grant cuts follow the pattern for the cuts already implement there could be an additional disproportionate impact. For planning purposes the minimum additional grant cut is anticipated to be in the order of £0.57m per year.

4.27 School Funding Reform

- 4.28 In April 2012 the Department for Education issued a comprehensive document on School Funding reform, with a consultation deadline of 21st May 2012 and a deadline of 31st October 2012 for Local Authorities to determine a new formula. These arrangements are the first steps towards a National Funding Formula for Schools which the Government has delayed a further two years until 2015/16 and the next Spending Review.
- 4.29 The changes which will be implemented for 2013/14 are extremely challenging, both in terms of the timescale and the potential impact on individual schools and the support services (both education support and non education support services) provided by councils. Officers have commenced work to assess the impact on Hartlepool, including working with the Schools Forum.
- 4.30 At this stage it is too early to assess the financial impact of these changes, although there is a risk there could be an unbudgeted pressure on the Council's budget from these changes. Details will be reported to Members as soon as they are available.

4.31 Police Reform and Social Responsibility Act Implications

- 4.32 The Police Reform and Social Responsibility Reform Act brings in new structural arrangements for national policing, strategic police decision-making, neighbourhood policing and policing accountability. Elections for a Police and Crime Commissioner (PCC) for the Cleveland Force area will take place in November 2012, which has funding implications for the authority. The Community Safety fund of £79,000 will transfer to the PCC, which has over the last three years, has been used by the Safer Hartlepool Partnership to progress a number of initiatives in support of its strategic objectives. The initiatives have been broad ranging, and innovative to respond to local need and identified gaps in service provision. In 2012 the fund has been allocated to Safer Communities and the Joint Action Groups, Alcohol Support Services

linked to Alcohol Treatment Orders and young peoples substance misuse. Additional grants which will transfer to the PCC include the Home office element of the Youth Offending Grant, £170,000, which is allocated against the Prevention Team who deliver a suite of prevention programmes aimed at reducing reoffending and 1st time entrants into the Youth Justice System, as well as the Home Office Drug Intervention Programme grant of £164,000 which currently is allocated against the arrest referral contract.

4.33 Changes to Local Planning Assumptions

4.34 In addition to the financial impact of national issues detailed in the previous paragraphs a number of local factors have also been reviewed to reflect changes since the initial planning assumptions were reported in February 2012. These issues cover the removal of annual capitalisation of revenue expenditure, savings in the severance repayment budget and lower external Audit fees as summarised below:

| | Increase/(decrease) in 2013/14 budget deficit report in February 2012 £'000 |
|--|---|
| <u>Capitalisation of revenue expenditure</u> Since 2010/11 the MTFS has include the annual capitalisation of revenue expenditure as part of the strategy for balancing the revenue budget. Initially this amount was set at £0.5m and was then reduced to £0.25m as part of the 2011/12 budget. The capitalised expenditure has been funded using Prudential Borrowing and the resulting revenue repayment costs have been funded as a budget pressure. Owing to the ongoing cuts in grant funding it would be prudent to remove this capitalisation from the 2013/14 base budget. Continuing to capitalise expenditure up to 2014/15 would result in annual repayment in the order of £0.2m, compared to an annual 'saving' of £0.25m. Continuing beyond 2015/16 would result in annual repayment costs exceeding the annual 'saving'. Capitalisation of revenue expenditure may still be appropriate in specific ad-hoc circumstances, for example to help manage the overall revenue budget if demand pressures in any one year exceed available resources, pending the development of a permanent solution. | 250 |
| <u>Savings in Severance repayment costs</u> Severance costs funded on a loan basis in 2009/10 from the insurance fund were less than anticipated which has enabled the loan to be repaid earlier, which then enables the severance repayment budget to be released as a saving. | (120) |

| | |
|--|------|
| <u>External Audit Fees</u> At the start of March 2012 the Audit Commission notified councils of the savings accruing from the tendering exercise for external audit work. | (90) |
| Net increase from changes in local planning assumptions | 40 |

4.35 Summary of changes in National and Local Planning assumptions

4.36 The changes detailed in the previous paragraphs are anticipated to increase the 2013/14 and 2014/15 budget deficits detailed in paragraph 3.4 as summarised below:

| | Increase/(decrease) in 2013/14 budget deficit report in February 2012 £'000 | Increase/(decrease) in 2014/15 budget deficit report in February 2012 £'000 |
|---|---|---|
| Council Tax Benefit changes (para. 3.17) | 400 | 800 |
| Review of provisions for pay awards and salary turnover targets (paras. 3.19 to 3.23) | (450) | (1,100) |
| Additional Grant cut 2013/14 to reflect clawback of lower pay awards (para 3.26) | 570 | 1,140 |
| Changes in Local Planning Assumptions (para 3.34) | 40 | 40 |
| Net increase in budget deficit from changes in planning assumptions | 560 | 880 |

4.37 The impact of the above changes on the forecast deficits for 2013/14 and 2014/15 is summarised in paragraph 4.5, together with the forecast deficits for 2015/16 and 2016/17.

5.0 Budget Forecasts 2015/16 and 2016/17

5.1 As indicated earlier in the report 2015/16 and 2016/17 will be covered by the next Government Spending Review which is anticipated will continue to reflect the constraint of public spending to reduce the overall level of Government debt, the continued prioritisation of health and education relative to other public services and continued pressure

on welfare spending. The overall position for public spending is unlikely to change even if there is a change in Government. A new Government will still need to adopt a robust public spending strategy to avoid losing the UK's existing AAA credit rating which would lead to increasing Government borrowing costs and consequently higher cuts in public spending.

- 5.2 For local authorities it is anticipated that grant cuts will continue into 2015/16 and 2016/17. Analysis of national public spending forecasts indicates that over these two years additional total grant cuts in the order of 10% to 15% would be a prudent planning assumption. For Hartlepool, this could equate to an additional grant cut over these two years of £4m to £6m.
- 5.3 The Council will also face local pressures from expenditure on services rising as a result of inflation and demographic pressures exceeding the additional income which can be raised by increasing Council Tax. This is a **structural financial problem** facing authorities like Hartlepool which only fund around 50% of their net budgets from Council Tax. Prior to the spending cuts implemented in 2011/12 the national funding system for local authorities recognised this issue and annual grant increases and the allocation of resources based on need and ability to raise funding locally from Council Tax protected these areas. This level of financial protection is not expected to be built into the new 'tariffs and top' arrangements implemented when business rates are re-localised in April 2013.
- 5.4 The impact for Hartlepool assuming an inflation rate of 2.5% is an annual inflationary costs pressure of £2.3m, compared to an additional income from a 2.5% Council Tax increase of £1m – **an annual structural deficit of £1.3m**. To remove the annual structural deficits annual Council Tax increases of around 5% would be required.
- 5.5 The removal of the 2011/12 Council Tax freeze grant, which is paid for 4 years, in 2015/16 will add £1m to the deficit for this year.
- 5.6 In summary for the period 2013/14 to 2016/17 the Council is facing an overall budget gap in the order of £17.4m to £20.2m. The forecast annual deficits are summarised below and as indicated earlier in the report the Council faces a very significant known deficit over the next 2 years and forecast ongoing deficits in the following two years.

Summary for forecast deficits 2013/14 and 2016/17

| | Low £'000 | High £'000 |
|---------------------------------------|---------------|---------------|
| 2013/14 - note 1 | 4,660 | 5,060 |
| 2014/15 - note 1 | 5,120 | 5,520 |
| | 9,780 | 10,580 |
| 2015/16 | 4,300 | 5,300 |
| 2016/17 | 3,300 | 4,300 |
| | 7,600 | 9,600 |
| Total Forecast Deficit -note 2 | 17,380 | 20,180 |

Note 1 - 2013/14 and 2014/15 forecast include impact of revised planning assumptions detailed in paragraph 3.34 which increase the 2013/14 deficit by £0.56m and the cumulative deficit by 2014/15 by £0.88m.

Note 2 - the total forecast deficits are the aggregate of the forecasts for the four years 2013/14 to 2016/17 and assume that each years budget is balanced from permanent budget reductions.

6.0 Strategy for managing 2013/14 and 2014/15 Budget Deficit

- 6.1 In response to the financial challenges over the last few years, particularly the grant cuts for 2011/12 and 2012/13, the Council has had to take difficult decisions and make significant cuts to balance the budget. The Council approached the previous financial challenges in a planned and systematic way underpinned initially by the Business Transformation Programme. Using this approach the Council has been able to implement significant and fundamental changes in the way the organisation is structured by reducing from 5 to 3 departments. The restructuring has also been supported by re-assessing and re-aligning the responsibilities of senior managers, which reduced the number of chief officer and senior management posts. These measures provided ongoing annual savings in the order of £2.5m. On the downside these changes reduce capacity and place additional responsibilities on remaining officers.
- 6.2 The Business Transformation Programme also provided the basis for systematically reviewing a range of services and delivering the savings required in 2011/12 and 2012/13 to balance the budget, which was the key objective of the programme. In many ways the Council has changed significantly since this programme was adopted. However, the success in achieving savings which have had a minimum impact (when considered in the context of the grant cuts) on front line services tends to understate how much has changed, which illustrates how successful these changes have been.

- 6.3 Another key aspect of the approach adopted over the last few years is the success in achieving sustainable budget savings and the early achievement of these measures in many instances. This has enabled the Council to avoid having to take emergency measures to balance the budget over the last few years.
- 6.4 It also needs to be recognised that the measures implemented over the last few years cannot be repeated as the change has been made and embedded in the organisation. For example, the Council can only reduce from 5 to 3 departments once.
- 6.5 It will be significantly more challenging to achieve the scale of cuts which need to be made over the next two years given the reductions already implemented over the last few years. Therefore, the Council needs to begin to develop a robust plan for achieving the required savings over the next two years to ensure a balanced and sustainable budget can be set.
- 6.6 To begin to put the budget deficits over the next two years into context the following table highlights the impact of these overall reductions on departmental budgets if all areas were reduced by the same percentage. This is not a suggested strategy and only intended to illustrate the scale of the financial challenges facing the Council over the next 2 years.

Indicative impact of budget deficits on departmental budgets 2013/14 and 2014/15 (based on annual Council Tax increases of 3.49%)

| | £'000 |
|---------------------------------|-------|
| Chief Executive's Department | 460 |
| Children and Adult Services | 6,044 |
| Regeneration and Neighbourhoods | 2,396 |
| | 8,900 |

- 6.7 To put these figures into a more detailed context the following issues are highlighted. These examples are only included to illustrate the scale of the budget deficits facing the Council over the next 2 years as it would **clearly not be practical** to implement cuts of this magnitude in any of these areas and a more balanced approach will be needed;

Corporate impact – of overall deficit of around £10m

- The overall deficit equates to 20% of the General fund pay bill (i.e. 1 in 5 jobs); OR
- Nearly twice the total budget for the whole of Chief Executive's department, including the cost of front line Council Tax and Benefits services, payroll services, democratic services etc.

Child and Adult Services – savings in this area of £6.6m equate to either:

- A 60% reduction in the Children and Families budget, which covers Children’s Social Work teams, fostering and looked after children budgets; OR
- The complete withdrawal of all housing related support for vulnerable adults (Supporting People), the closure of all libraries, community centres, leisure facilities, cultural services and grants to the community and voluntary sector.

Regeneration and Neighbourhood Services - savings in this area of £2.6m equate to either:

- The complete withdrawal of all economic development and highways maintenance; OR
- The complete withdrawal of Street Cleansing, Neighbourhood Management and Road Safety.

Chief Executive’s Department – savings in this area of £0.5m equate to either:

- A 60% reduction in the Revenues Budget; OR
- A 40% reduction in the Corporate Finance Budget; OR
- A 100% reduction in the Legal Budget; OR
- The complete withdrawal of all public relations, democratic services and support for members’ budgets, which currently cost £0.4m per year to provide.

6.8 The above information highlights the scale of the budget deficits and the impact this will have on services over the next two years. A detailed strategy needs to be developed to begin to address this position and ensure the required savings can be made for both 2013/14 and 2014/15. The Council cannot delay the development of this plan or its subsequent implementation as this would make the position for 2014/15 unsustainable.

6.9 Given the scale of the budget deficits there is not a single solution to the financial challenges facing the Council and a range of measures will need to be pursued.

6.10 A key area where significant savings can be made is in relation to collaboration with other authorities. Collaboration savings whilst difficult to achieve will help protect front line services. As Members are aware initial feasibility work was undertaken with Darlington Borough Council to identify areas where collaboration could provide savings. This initial work has now been extended to include Redcar and Cleveland Council as a ‘Tri-Borough’ approach will increase the potential savings and resilience available to individual authorities. At this stage the figures included in this report are based on the potential savings identified from the initial feasibility study. These issues need firming up with detailed business cases and then approving by all 3 authorities before they can

be implemented and savings reflected in the 2013/14 budget proposals. This is an extremely complex tasks, which needs to be completed in a short time frame, which nevertheless provides time for all authorities involved to complete the detailed business cases, including the necessary due diligence of these proposals and completion of democratic processes.

It is important in considering the options in respect of collaboration that there are a number of underpinning considerations which are vitally important in the consideration of options and which are being taken into account as part of this work. These include maintaining the sovereignty of the individual organisation and the decision making and protecting front line service provision.

- 6.11 In relation to Child and Adult Services and Corporate Services a range of business cases are being developed to demonstrate in detail how collaboration savings can be achieved. Initially these proposals are examining how savings in management and administration costs may be made through collaboration, which it would not be possible to make by individual councils acting alone. The aim of this approach is to reduce the impact of Government grant cuts on the front line. It needs to be recognised that once collaboration saving are made in management and administration costs that further significant savings will not be possible and a period of stability will be needed to ensure any new arrangements are working effectively. In the longer term additional savings in these areas could only be made if the functions and services councils provide change. Child and Adult Services are also looking at potential collaboration savings from joint procurement.

As previously agreed by Cabinet work is also being undertaken in respect of Corporate Services and this work is running slightly behind the work in Child and Adults, as Corporate Services are primarily provided to the rest of the organisation and will need to reflect the potential shape of the organisation. Work is currently ongoing to scope the services and identify benchmark information to inform potential models.

- 6.12 Similarly, initial investigation of potential collaboration across a range of Regeneration and Neighbourhood Services is also being undertaken to identify potential savings.

It is anticipated that if individual business cases demonstrate saving can be made and implementation if approved by Members that collaboration savings will begin to be achieved in 2013/14 and increase in 2014/15. Details will be reported to Members when they are available to enable proposals to be considered. This work is underpinned by a fundamental principle of individual authorities retaining 100% sovereignty for services within their area.

- 6.13 However, whilst, there is an absolute guarantee around sovereignty the benefits of collaboration will only be achieved if the three boroughs commit to developing robust business cases and more importantly then follow through the implementation of these changes. This will be extremely challenging as it is a new way of working and will require decisions to be made on a timely basis by all three authorities to deliver savings for 2013/14 and 2014/15. These arrangements will not work if one or more organisations slow down the process.
- 6.14 It is also envisaged that the collaboration projects will provide procurement savings through bulk buying power and / or driving down existing contract prices. It is also envisaged that the collaboration work will build on the actions taken by individual authorities to review management structures and provide further savings and resilience by working together where appropriate. The underlying aim of making savings in these areas is to protect front line services, or at least minimise the impact from the ongoing cuts in Government grants. However, it needs to be recognised that whilst the aim of collaboration is to protect front line services the measures needed to achieve these significant savings will require radical and innovative changes in the way services are managed and organised, although these changes will not impact on the sovereignty of individual authorities.
- 6.15 It also needs to be recognised that collaboration will not solve the budget deficits facing the Council over the next two years. However, it should make a significant contribution towards reducing the overall deficit and therefore partly mitigate the impact on front line services. If collaboration savings are not achieved the Council will have to identify alternative proposals, which will inevitably be less palatable and impact on the continued delivery of front line services.
- 6.16 A range of other measures are also being explored to provide the basis for a savings programme for the next two years. These measures alongside proposed collaboration savings are summarised in Appendix A. At this stage these are indicative proposals to provide a starting point for consultation and the development of a final programme, which will reflect the refinement of these initial proposals and the development of detailed business cases to implement individual proposals. As Members will appreciate from previous years the early adoption of an approved programme of savings provides the appropriate lead time to achieve savings from the start of each financial year and manage operational changes. In previous years this approach enabled the Council to manage financial and non financial risk effectively.
- 6.17 Over the next two years the potential collaboration projects are anticipated to provide savings of around £2.3m, largely from savings in management and administration costs. These proposals will therefore help reduce the impact on front line services of continuing grant cuts. Other proposed measures are anticipated to provide savings of around

£6.3m over the next two years. These potential savings are not guaranteed and their achievement will depend on Members approving detailed business cases and savings proposals. Achieving these savings will also be more challenging than in previous year's owing to the cuts which have already been made and will therefore require robust management to ensure forecast timescales are achieved. As savings become more difficult to achieve there is an increasing risks that implementation will be delayed or the actual savings will be less than forecast. This position will need very careful management to avoid storing up financial problems for future years.

- 6.18 The available one-off resources of £0.727m earmarked from the 2011/12 Outturn Strategy to partly offset the removal of the 2012/13 Council Tax freeze grant next year provides some financial flexibility to manage the budget position. It was initially anticipated that these resources would all be used to support the 2013/14 budget. In view of the changes in forecast deficits and the proposed savings programme detailed above it may be appropriate to phase the use of these resources to support the budgets in 2013/14 and 2014/15.
- 6.19 The following table summaries the impact of the above issues on the forecast deficits for 2013/14 to 2014/15 based on the indicative annual Council Tax increases of 3.49% approved in February. The table shows that by phasing the use of the £0.727m one-off Council Tax Freeze reserves the budget for 2013/14 can be balanced, assuming the proposed saving programme is achieved. This proposal would also provide one-off support towards the 2014/15 budget of £0.195m, although further savings of £0.4m will still need to be identified to balance the 2014/15 in addition to the proposed savings programme. The use of one-off resources of £0.195m in 2014/15 will mean that there is a corresponding increase in the 2015/16 budget deficit, which for planning purposes is not a significant issue given the scale of the financial challenge facing the Council in 2015/16 and beyond.

Budget Deficits 2013/14 and 2014/15 based on annual Council Tax increases of 3.49%

| | Cumulative figures | |
|--|--------------------|------------------|
| | 2013/14 £'000 | 2014/15 £'000 |
| Initial Forecast Deficits (as detailed in paragraph 3.4) | 4,100 | 8,900 |
| <u>Permanent budget increases/(decreases)</u> | | |
| Less Changes in planning assumptions paragraph 3.31 | 560 | 880 |
| | 4,660 | 9,780 |
| Less Forecast ICT saving | (300) | (700) |
| Less Forecast Collaboration Savings | (1,000) | (2,297) |
| Less Forecast Other Savings | (2,828) | (6,188) |
| Revised Ongoing Deficit / (Surplus) | 532 | 595 |
| Less One-off resources allocated to offset removal of 2012/13 Council Tax freeze grant | (532) | (195) |
| Revised In-year Deficit / (Surplus) to be bridged | 0 | 400 |

- 6.20 As indicated earlier in the report there is a risk that the Government may reduce the Council Tax referendum thresholds for 2013/14 and 2014/15 in response to anticipated reductions in inflation. For planning purposes it would be prudent to anticipate a reduction in the referendum thresholds from 3.5% to 2.5% and it is recommended that this position is now used for planning purposes. In the event that the Government do not reduce the Council Tax referendum thresholds to 2.5% the Council may be able to consider implementing a higher increase up to the limit of the referendum threshold.
- 6.21 A reduction in Council Tax increases from 3.49% to 2.5% will reduce ongoing Council Tax income by £0.4m per year, which would increase the budget deficits for 2013/14 and 2014/15.
- 6.22 The reduction in Council Tax income in 2013/14 could be largely offset by allocating the whole of the £0.727m one-off Council Tax Freeze reserves to support the 2013/14 budget, although additional savings of £0.205m will need to be identified. The position in 2014/15 would be more challenging as the Council would need to replace both the reduction in Council Tax income and the removal of the one-off Council Tax Freeze reserves (which would be fully committed in 2013/14) by making additional savings of £1.395m in 2014/15. It would not be prudent to carry this additional deficit forward to 2015/16 owing to the significant financial challenges facing the Council in 2015/16 and beyond. Detailed proposals for managing this additional deficit will therefore need to be developed over the next 12 months to ensure a balanced 2014/15 budget can be set. The impact of a reduction in Council Tax increases from 3.49% to 2.5% for 2013/14 and 2014/15 on the budget position is summarised below:

Budget Deficits 2013/14 and 2014/15 based on annual Council Tax increases of 2.5%

| | Cumulative figures | |
|--|--------------------|------------------|
| | 2013/14 £'000 | 2014/15 £'000 |
| Initial Forecast Deficits (as detailed in paragraph 3.4) | 4,100 | 8,900 |
| <u>Permanent budget increases/(decreases)</u> | | |
| Less Changes in planning assumptions paragraph 3.31 | 560 | 880 |
| Impact of reducing Council Tax increases from 3.49% to 2.5% | 400 | 800 |
| | 5,060 | 10,580 |
| Less Forecast ICT saving | (300) | (700) |
| Less Forecast Collaboration Savings | (1,000) | (2,297) |
| Less Forecast Other Savings | (2,828) | (6,188) |
| Revised Ongoing Deficit / (Surplus) | 932 | 1,395 |
| Less One-off resources allocated to offset removal of 2012/13 Council Tax freeze grant | (727) | 0 |
| Revised In-year Deficit / (Surplus) to be bridged | 205 | 1,395 |

6.23 The actual budget deficits for 2013/14 and 2014/15 may be higher than the forecasts detailed in the above table as there is a risk that the actual cuts in Government grant may be higher than anticipated. There are a number of risks which could result in higher grant cuts for the next two years:

- The Government may increase the overall cuts in funding for local authorities previously announced;
- Planned changes in the formula used to allocate grant to councils for 2013/14 and future years may adversely impact on the Council;
- The planning assumptions are based on the national grant cuts applying at a local level. There is a risk that this is not the case and actual local grant cuts are higher than the national cuts, which was the case in 2011/12 and 2012/13.

6.24 Owing to the scale and complexity of changes the Government are proposing to the Local Government funding regime from 2013/14 it is not currently possible to assess the impact of these changes, although it is not expected that they will have a positive impact on councils which have the greatest dependency on Government grants. It should be noted that even small percentage changes in the level of grant would have a significant impact on the Council's financial position as a 1% additional grant cut is £0.46m. There is also a risk that initial grant allocations will not be known until December 2012 and possibly as late as January 2013, which makes financial planning more challenging.

6.25 Work is also progressing on potential savings from changes in staff terms and conditions. Any proposals will need Members approval and negotiation with the Trade Unions and are therefore unlikely to have any financial benefit until 2014/15.

7.0 CONCLUSION

- 7.1 Whilst the report expresses the financial position and financial risks facing the Council over the next four 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.
- 7.2 The Council has already faced a 20% (£10.2 million) cut in the main revenue grant over the last two years (2011/12 and 2012/13) and has had to make significant budget cuts to balance the budgets for these years. Whilst, these cuts have been very difficult, they were not unexpected and the Council has been able to implement budget reductions on a managed basis. This approach minimised the adverse impact on services and management of vacancies and redeployment has mitigated the impact on the workforce.
- 7.3 Many of the measures implemented over the last two years to balance the budget cannot be repeated as savings have either been achieved by stopping a service, or services scaled back to a minimum level. This means that balancing the budget for 2013/14 and future years will become significantly more challenging and require more difficult decisions to be made. Savings from 2013/14 onwards will increasingly impact adversely on the overall levels of services provided and the Council will need to prioritise services which are protected and services which are either stopped completely, or scaled back to a very minimum level in order to balance the budget. The Council will also need to clearly communicate the impact of future cuts to the public as these cuts will increasingly have an adverse and much more visible impact on the services people receive.
- 7.4 The report details the financial risks facing the Council over the four years 2013/14 to 2016/17 and the forecast budget deficits for this period, as summarised in the following table. Addressing these deficits will require a fundamental change in how the Council operates and the services provided as these cuts will need to come from the existing net General Fund budget of £91m. Clearly, making cuts in the order of £17m to £20m from a budget of £91m will be extremely challenging, fundamentally change the Council and need careful management.

Summary for forecast deficits 2013/14 and 2016/17

| | Low £'000 | High £'000 |
|--------------------------------|--------------|---------------|
| 2013/14 - note 1 | 4,660 | 5,060 |
| 2014/15 - note 1 | 5,120 | 5,520 |
| | 9,780 | 10,580 |
| 2015/16 | 4,300 | 5,300 |
| 2016/17 | 3,300 | 4,300 |
| | 7,600 | 9,600 |
| Total Forecast Deficit -note 2 | 17,380 | 20,180 |

Note 1 - 2013/14 and 2014/15 forecast include impact of revised planning assumptions detailed in paragraph 3.34 which increase the 2013/14 deficit by £0.56m and the cumulative deficit by 2014/15 by £0.88m.

Note 2 - the total forecast deficits are the aggregate of the forecasts for the four years 2013/14 to 2016/17 and assume that each years budget is balanced from permanent budget reductions.

- 7.5 As a result of the continuing cuts in Government funding it will become increasingly important that planned savings are robust and sustainable as the Council will have less financial flexibility to manage the overall budget. To manage this process a clear strategy for managing the budget position over more than one year will need to be developed. Therefore, this report concentrates on the budget deficits facing the Council in 2013/14 and 2014/15 as these represent the most immediate challenge facing the Council.
- 7.6 The report updates the forecast deficits for 2013/14 and 2014/15 and highlights the risks to the forecast level of Council Tax income and Government grant funding. At this stage it is recommended that the savings plans are based on Council Tax referendum thresholds being reduced to 2.5%. For 2013/14 the budget can be balanced by releasing the majority of the one-off resources previously allocated to offset the loss of the 2012/13 Council Tax freeze grant, although this assumes the planned saving programme is achieved. For 2014/15 the initial savings plans do not fully balance the budget and further savings will need to be identified. The planned savings plan for the next two years also assume a significant saving can be achieved from ICT, with a part year saving commencing in 2013/13 and the full year saving in 2014/15.
- 7.7 In relation to the impact of actual grant cuts for 2013/14 and 2014/15 these continue to be a risk and the Council may face higher grant cuts than currently forecast. A strategy will need to be developed if this situation arises.

- 7.8 The proposals to collaborate with Darlington Borough Council and Redcar and Cleveland Council provide the opportunity to achieve savings towards the overall budget deficits, whilst minimising the impact on front line services. The achievement of these savings will require commitment from all authorities to business cases which demonstrate how savings can be achieved.
- 7.9 Collaboration will not solve the budget deficits facing the Council over the next two years, although it should provide a contribution and therefore partly mitigate the impact on front line services.
- 7.10 However, it needs to be recognised that despite the forecast benefits of collaboration and the cuts made over the last few years more difficult decisions and cuts still need to be made. Inevitably, the Council will increasingly need to make difficult decisions and see these through to ensure the Council remains financially viable. The Council cannot avoid making these decisions and needs to develop a robust plan to address the 2013/14 and 2014/15 deficits, to avoid having to make unplanned and therefore deeper cuts.
- 7.11 The Outturn Strategy approved in February 2012 will help the Council manage this position as it set aside one-off resources to fund one off commitments (i.e. redundancy / early retirement costs and Housing Market Renewal costs). The outturn strategy also allocated one-off resources to help manage the withdrawal of the 2012/13 Council Tax freeze grant and the impact of changes to Council Tax Benefit. The availability of these resources avoids these issues impacting on the core budget in 2013/14 and provides a more robust basis for preparing next year's budget.
- 7.12 At this stage there are a number of specific issues which require a Cabinet lead on to enable these issues to be reflected in the MTFs and to enable initial consultation views to be sort from Scrutiny Co-ordinating Committee and other interest parties as follows:
- Do Cabinet wish to propose allocating the resources of £0.727m set aside within the 2011/12 outturn strategy to offset the loss of the 2012/13 Council Freeze grant in 2013/14?;
 - In relation to changes to the Council Tax Benefit regime for 2013/14 and the 10% grant cut do Cabinet wish to propose (note further detailed work will be needed on the preferred option to assess the financial impact)
 1. allocating the whole of the resources of £1.197m set aside within the 2011/12 outturn strategy to provide a one-off protection scheme for Council Tax Benefit claimants potentially facing cuts in support of between 15% and 20%, as a result of the Government reducing funding for this benefit by 10%?; OR

2. use this money to provide a phased protection scheme which provides some support in 2013/14 and 2014/15 to provide a longer lead time for people to manage this change? OR
3. implement a local Council Tax Benefit scheme within the reduced funding allocation provided by the Government, without any temporary local protection; OR
4. maintain existing Council Tax Benefit support on a permanent basis and in 2013/14 fund the additional cost from the available one-off resources, pending the identification of additional permanent General Fund budget cuts in 2014/15 of £1.2m to fund the continuation of this scheme; OR
5. A combination of the above options.

8.0 RECOMMENDATIONS

8.1 It is recommended that the Cabinet

- i) note the report;
- ii) determine proposals in relation to the specific issues detailed in paragraph 6.9;
- iii) refer the report to Scrutiny Co-ordinating Committee to commence the 2013/14 budget process and seek views on the issues detailed in the report.

9.0 REASONS FOR RECOMMENDATIONS

- 9.1 To enable Cabinet to determine initial proposals to be referred to Scrutiny Co-ordinating Committee to commence the 2013/14 Budget Process.

10.0 APPENDICES

- 10.1 As previously agreed, Appendix A will be circulated with the report rather than available on request.

11.0 BACKGROUND PAPERS

None

12.0 CONTACT OFFICER

Chris Little
Chief Finance Officer
01429 52(3003)

| Scheme | Potential Saving 13/14 £'000 | Potential Saving 14/15 £'000 | Risk | Impact |
|--|---|---|-------------|--|
| Three Borough Collaboration | | | | |
| Rationalisation of management structures through collaboration across three LAs - approximately 40 management posts to be deleted. | 750 | | M | |
| Deliver further savings on adult commissioned services through retendering or decommissioning services. | | 637 | H | This budget was cut by approximately £900k in 2012/13. Further cuts will be difficult to achieve and will have a major impact on services. Fewer services will be available to provide support for people with social care needs. Loss of funding for existing providers. |
| Deliver further savings on children's commissioned services through retendering or decommissioning services. | | 50 | H | Budgets reduced in 2012/13. Further cuts will impact on services available to support children and young people. |
| Adult Social Care | | | | |
| Reduction in front line service provision including Direct Care & Support, Employment Support, Occupational Therapy and Social Work teams. | 620 | 450 | H | Longer waiting times for assessment, increased caseloads for frontline staff, inability to maintain current levels of performance and potential for increased placement costs, potential for services to become unsafe. |
| Revise Contributions Policy and remove or reduce cap on the maximum amount that people contribute. | | 100 | H | Requires three month consultation to implement. People will pay more for the support that they receive (based on a financial assessment). |
| Review costs of commissioned day services, high cost placements and support for carers. Savings to be achieved through re-tendering or decommissioning services. | 240 | | H | Fewer services available to provide support for people with social care needs. Loss of funding for existing providers. Potential pressure in terms of placements. |
| Review PCT income for CHC and joint packages and take further steps to maximise the benefit for adult social care. | | 150 | VH | Very volatile area. PCT approach is changing and move to CCGs (Clinical Commissioning Groups) may result in this being a pressure rather than a potential saving. |
| Further reductions across all housing related support (SP) schemes. | | 650 | VH | This budget has been cut by £900k (20%) over the last two years. Further cuts will destabilise services and may increase pressure on other social care budgets such as residential care. |
| Children's Social Care | | | | |
| Close of youth centres and children's centres. | 350 | 450 | H | Increased risk of anti social behaviour and young people in contested space, non compliance with statutory requirements for children's centres, vulnerable families not receiving support, reduce service delivery of early intervention services. In context of risk of future funding cuts due to floor damping on EIG (Early Intervention Grant). |
| Freeze foster care allowances | 25 | | H | Foster carers become dissatisfied with local authority service and move to independent sector where placement costs are greater. |
| Review Care Matters and CAMHS budgets and remove funding based on previous year's underspend. | 100 | | M | Budgets reduced in 2012/13, used to support development of services for looked after children and offset against costs of placements in independent sector. |
| Staffing reductions to front line services, social work teams and YOS. | | 200 | VH | Less capacity to provide services to children in context of increasing demand. Increase in caseloads for front line staff, inability to maintain current levels of performance, services become unsafe. |

| Scheme | Potential Saving 13/14 £'000 | Potential Saving 14/15 £'000 | Risk | Impact |
|--|---------------------------------|---------------------------------|------|--|
| Education | | | | |
| Reduced support to schools. | 100 | 150 | H | Increased risk of schools being placed in an OFSTED category and / or forced into academy status. Schools likely to seek support from outside the LA leading to loss of income and reduced quality assurance opportunities . Loss of confidence by schools in the ability of their own LA to support them, particularly where they are a school causing concern. |
| Support Services | | | | |
| Staff reductions and increased income. | 90 | 100 | M | Staffing reductions will impact on ability to deal effectively with management information requirements across child and adult services and also statutory requests from both Department of Health and Department for Education. Quality and speed of responses will be impaired. Other back room support services for professionals across the department will be affected. |
| Schools Transport - savings through re-tendering. | 100 | 100 | M | Constant reductions in school transport provision will increase the risk that statutory provisions will be affected if re-tendering doesn't produce required savings. Greater challenge and dissatisfaction from parents. |
| Community Services | | | | |
| Remove subsidy to Carlton Outdoor Centre and cease biennial maritime festival. | 105 | | M | Requires local schools to pay unsubsidised rates at Carlton, removes the biennial event from the events programme to focus on income generation into cultural facilities. |
| Cultural Trust across two or more LAs within Tees Valley, or closer partnership working or locally determined savings - will all incur significant service reductions leading to potential closure of some services, increased income from fees & charges will partly mitigate the impact of major cuts. | 100 | 150 | M | This will lead to reduced services within communities, potential for total loss of certain service areas and reduced senior staffing which will impact on the capacity for income generation and safe delivery of service provision. Increased fees will be required and resistance will be needed to the challenge this will instigate. |
| TOTAL POTENTIAL SAVINGS | 2,580 | 3,187 | | |

Regeneration and Neighbourhoods Savings Proposals

| Scheme | Potential Saving 13/14 | Potential Saving 14/15 | Risk | Impact |
|--|-------------------------------|-------------------------------|-------------|---|
| Collaboration | | | | |
| Changes in services and options in respect of reduced staffing and costs | 50 | 110 | M | The savings are largely dependent upon collaboration within Corporate Services and a smaller amount in Place. Savings through joint procurement exercises will be reliant upon how we can work jointly, the market place and gaining benefits from economies of scale. There may be impact on internal staff and the local economy. 13 / 14 savings rely upon potential "tactical / quick wins" from collaboration which will be challenging |
| Other Savings | | | | |
| Waste Management Reconfiguration - Revision of refuse collection and recycling arrangements | 400 | 200 | M | The savings are based upon current recycling market rates which could be impacted upon if there was a drop in the market. These changes may cause some disruption to service, which in turn could lead to non-compliance by residents, whether deliberate or accidental. However, as each of the proposals would be introduced simultaneously, disruption would be minimised. Formal consultation and communication with residents would ensure that users of the service are aware of the changes. 2014/15 savings would be provided through the introduction of a subscribed green waste collection service or the cessation of it altogether |
| Revision of operations in Parks and Countryside including lifeguard reduction, income generation in grounds maintenance and horticulture | | 80 | M | Risk is associated with the current economic climate resulting in the loss of external works. Changes to the lifeguard service were discussed previously and agreed that we would reduce the number of weeks the service was provided, these changes have been introduced and the risk has proved minimal to date. Reduction in the number of weeks the lifeguard service is provided, this was introduced during 2011/12 and no adverse impacts have been received from the public. The council has received Quality beach awards for 2012/13 based upon 2011/12 performance including the lifeguard service. |
| Facilities Management - Revision of working arrangements and income generation | | 100 | M | Facilities Management is a volatile area with respect to building maintenance, however changes within how services are delivered internally have resulted in increased income opportunities e.g. Empty homes, and DFGs (Disabled Facilities Grants). We will look to reduce overtime by employing more FTEs rather than Part Time employees and paying overtime. Schools continue to be a major client for this service area, the school funding reform heralds several changes in the method of school funding. which will mean the budgets for school meals will be delegated in full to all schools not just secondary. |
| Neighbourhood Management (including Community Safety and street cleansing) - Review of structure and working arrangements | | 150 | M | Reduction in service performance regarding street cleansing and community safety services |
| Restructuring operational changes and income generation in Regeneration and Planning | 200 | 100 | M | The impacts of achieving savings of this magnitude is that services will start to fail and statutory functions will not be delivered to the appropriate level. These include public health, planning and housing related statutory functions in addition there is a risk that no income will be generated. |

Regeneration and Neighbourhoods Savings Proposals (continued)

| Scheme | Potential Saving 13/14 £'000 | Potential Saving 14/15 £'000 | Risk | Impact |
|--|---------------------------------|---------------------------------|------|--|
| Procurement, property and Support Services - Restructuring, improved contracting , property rationalisation and income generation | 175 | 180 | M | The savings rely upon income generation in relation to maintaining existing services / workflow with reduced resources and bringing in additional income from external clients such as Housing Hartlepool and Health and capital works through the Empty Homes project. Schools are a major client in respect of capital works and revenue income therefore the reform of school funding and levels of future capital investment pose risks to the fee earning requirements of non-budgeted areas. |
| Transportation and Engineering - Income generation in ITU (Integrated Transport Unit), Engineering Services and driver assessment. | 223 | 50 | H | Significant savings in excess of £1m have been achieved in this area to date. To enable service expansion and growth determines a fine balance of efficiency measures against invest to save and invest to promote income stream. Depleted resource levels will require careful planning and impact analysis of existing service provision standards to allow for income generation "start up" and achievement |
| TOTAL POTENTIAL SAVINGS | 1,048 | 970 | | |

Chief Executives Savings Proposals

| Scheme | Potential Saving 13/14 £'000 | Potential Saving 14/15 £'000 | Risk | Impact |
|---|---------------------------------|---------------------------------|------|--|
| Collaboration | | | | |
| Changes in services which need to be determined based upon the development of the agreed business case. This will likely result in changes to services provision, management and delivery structures and associated changes | 200 | 500 | | The savings are largely dependent upon collaboration within Corporate Services and a smaller amount in Place. The risks have not been fully quantified as the basis for any potential collaboration and the likely scale and impact of it have not been fully assessed. The indicative figures are based on the original investigation and a part year affect for 13/14 as this project is running 6 months behind the Child and Adult Business case |
| TOTAL POTENTIAL SAVINGS | 200 | 500 | | |

| | | | | |
|--|--------------|--------------|--|--|
| TOTAL POTENTIAL SAVINGS ALL DEPARTMENTS | 3,828 | 4,657 | | |
|--|--------------|--------------|--|--|

| |
|--|
| <h1>CABINET</h1> <h2>11 June 2012</h2> |
|--|



Report of: Chief Finance Officer

Subject: LOCALISATION OF COUNCIL TAX BENEFIT
2013/14

SUMMARY

1. TYPE OF DECISION / APPLICABLE CATEGORY

1.1 None key decision.

2. PURPOSE OF REPORT

2.1 To inform Cabinet of the legislative changes affecting Council Tax Benefit, the forecast impacts on the council and the proposed response plans in determining a local council tax support scheme.

3. BACKGROUND

3.1 The Cabinet report of 10th October 2011 highlighted the government's proposals, as part of the "Local Government Resource Review", to localise financial support for Council Tax Benefit. Council Tax Benefit is currently a national benefit with policy and rules set by Central Government, but which is administered by local authorities on an agency basis. Under the new arrangements to apply from April 2013, local authorities will be required to define and agree their own local schemes of support.

3.2 The costs of funding Council Tax Benefit are currently met by the Department for Work and Pensions which reimburses expenditure incurred by local authorities. These arrangements mean that local authorities do not currently face financial risk from the demand led nature of benefit payments as this risk is managed by Central Government.

3.3 From April 2013, the Council will be allocated a cash grant to fund its local scheme and importantly the level of this grant will be 10% lower than the value of awards under the current scheme. Council Tax Benefit awards in Hartlepool are about £13.3m pa and the Medium Term

Financial Strategy has made reference to the potential future financial risks and challenges facing the Council from this change.

- 3.4 The financial risk of managing a 10% grant cut will be shared with the police and fire authorities. Hartlepool's share of this cut is estimated to be £1.1m.

4. Legislative and IT Timelines

- 4.1 The Welfare Reform Act 2012 contains provisions for the abolition of council tax benefit paving the way for new localized schemes. It is anticipated that a new Local Government Finance Bill will complete its passage through parliament before the summer 2012 recess which will set out a framework for new localised support schemes. Detailed regulations contained in secondary legislation will follow probably in early autumn 2012. There remains a risk that the primary legislation will be delayed but not the date of effective implementation, the effect of which will be to substantially reduce the amount of time that councils will have to respond.
- 4.2 A local scheme will need to have been determined (following appropriate consultation) and associated IT changes implemented and tested before Council Tax Bills are produced in February 2013, for the 2013/14 financial year. IT companies are already indicating the risk that necessary amendments to computer systems may not be ready in time to support the changes. Notwithstanding the uncertainties regarding legislation and IT systems, the Council needs to progress the development of its local scheme in anticipation.

5. Developing a Local Scheme

- 5.1 The Government have stated that in introducing a localized system of support for council tax, it will seek to ensure that the most vulnerable in society, particularly pensioners are protected. Government had initially indicated that Councils should also consider ensuring support for other vulnerable groups. In terms of the impact on households, this will depend on the detailed design of individual local schemes. Initial analysis indicates that protecting pensioners could see a reduction of 15% in current levels of Council Tax Support for others in the absence of any other Hartlepool council funding resources. This cut could rise to 18% when police and fire authority budgets as precepting bodies are taken into account.
- 5.2 Other vulnerable groups are not defined but could include disabled claimants, lone parents with children, etc. Under the new system there will be less overall funding, therefore the more groups that are protected will magnify the impact of any changes and loss of support to other Council Tax Benefit claimants. This will place an additional burden on household budgets particularly working age "non vulnerable" claimants who will be required to pay a higher proportion of their Council Tax. It is

unclear at this stage how north eastern councils as well as councils nationally will respond to the issue of defining and potentially protecting other vulnerable groups. This will be an important issue for consideration as part of Hartlepool's local scheme determination.

5.3 To inform the development of a local scheme, a high level analysis of those receiving support under the current arrangements has been undertaken and is set out in the table below:

Estimated Council Tax Benefit Awards 2012/13
By value and number

| Pension Age (on full or partial CTB) | Working Age on Income Support / Job Seekers Allowance (unemployed on full CTB) | Working Age Vulnerable * (on full or partial CTB) | Working Age Other (on full or partial CTB) | Total Value of Council Tax Benefit Awards 12/13 # |
|--|--|---|--|--|
| £ | £ | £ | £ | £ |
| 5.8m | 3.5m | 0.5m | 3.5m | 13.3m |
| 6,592 claims | 3,797 claims | 664 claims | 4,172 claims | 15,225 claims |

* Indicative Vulnerable definition covers those households where a DWP disability premium is in payment or a Council Tax disability property band deduction has been awarded.

Total Council Tax Benefit is the financial support given to cover council tax bills covering Hartlepool BC, Cleveland Fire Authority and Cleveland Police budgets.

5.4 The Benefits system is a complex means tested framework and in defining a local scheme the council will need to embrace, as far as possible, three core principles:

- Simplicity
- Cost / Affordability
- Fairness

To assist with the future financial modeling of alternative local scheme options, an IT toolset has been acquired which the council can use to interrogate the benefits system database. Some of the early provisional modeling results (albeit these are not exhaustive) are set out in the table below for illustrative purposes:

Modeled Potential Council Tax Support Cost Reductions
(based on 2012/13 forecast data)

| Scenario | Council Tax Support Cost Saving |
|--|---------------------------------|
| 1. Protect Pensioners and restrict other council tax support to households only in Property Bands A to C | £130,000 |
| 2. Protect Pensioners and reduce allowable upper capital limit to other households to £1,000 | £438,000 |
| 3. Protect Pensioners and restrict support to all other households to a maximum of 90% of their Council Tax Bill | £878,000 |
| 4. Protect Pensioners and restrict support to all other households to a maximum of 85% of their Council Tax Bill | £1,271,000 |
| 5. Protect Pensioners and restrict support to all other households to a maximum of 80% of their Council Tax Bill | £1,662,000 |

5.5 Assuming a local council tax support scheme is adopted based on scenario 5, the impacts across a range of illustrative live claims has been calculated and is set out in Appendix A for information. This analysis only considers council tax support changes, households will be impacted by a range of other Welfare Reform changes including changes to housing benefit entitlement and benefit caps limiting the maximum income of households from national welfare benefits.

6. Consultation

6.1 The government have indicated that they will require local authorities to submit their proposed local scheme to some form of scrutiny or challenge and that precepting authorities should also have an appropriate role in the process. At Hartlepool, given the relatively high levels of deprivation and dependency on benefits support, some members have already indicated a desire to be actively engaged with the process of considering options relating to a new council tax support scheme through a member working group. The timing of consultation is set out in the proposed project timetable set out in Section 8.

7. Financial Risks and Funding Sources

7.1 Whilst for Hartlepool BC, the potential level of central government grant cut for Council Tax has been forecast at £1.1m, the Council will also be responsible for the financial risk associated with any increases in the number of claimants accessing financial help with their council tax bills. Once a local Council Tax Support scheme has been approved for a particular financial year it cannot be amended within that financial year. A

new local scheme can be determined, but can only be applied from the beginning of a subsequent financial year.

- 7.2. Furthermore, there is an unquantifiable risk that some pensioners may currently not be accessing council tax benefit because of a stigma associated with benefits but whom may decide to access financial help in the future if the new scheme were termed a rebate / reduction / discount. These potential financial risks will require that the Council has ongoing robust arrangements for monitoring the cost, numbers and types of households accessing its local scheme.
- 7.3. The Government has indicated that it is considering a series of amendments to council tax liability regulations affecting certain classes of dwellings eg. empty properties that are uninhabitable / undergoing major repairs, short term empty unfurnished properties, second homes and properties that have been re –possessed by lenders. These changes if implemented will potentially allow councils to raise additional council tax revenues which could be used to fund general fund expenditure or be earmarked to offset in part the costs of a local council tax support scheme. Detailed financial modelling of the additional yield has yet to be completed but early indications are that it will be insufficient to cover the cut in national central government funding for council tax support schemes. For Hartlepool, the additional council tax yield from removing the former 50% discount on empty council tax properties (after 6 months) was factored into the 2012/13 budget process. This policy change already effected by the council reduces the potential for new additional yield from April 2013.
- 7.4. There is also an increasing risk that once the new Council Tax Benefit system is in place that the initial cash grant will be cash limited. This issue is anticipated to impact in 2013/14 as it is expected that the new Council Tax Benefit grant allocations will be based on the 2011/12 audited Council Tax Benefit grant claims. Therefore, planned increases in Council Tax for 2013/14 will not be funded within the new Council Tax Benefit grant allocations. Based on the Council's share of Council Tax Benefit costs of around £11m and the indicative 2013/14 Council Tax increase of 3.49% this could equate to an additional budget pressure of £0.4m per year. As referred to in the Medium Term Financial Strategy Report, at this stage it is not anticipated that the Council will wish to pass on further cuts in Council Tax Benefit, over and above those arising from the Government 10% funding cut.
- 7.5. In determining its local council tax support scheme that will apply from April 2013, the council will need to consider the relationship between the gross central government cut of £1.1m, the cost of protecting pensioners and any other vulnerable groups and the impact on other non protected council tax support claimants. The following table sets out potential impacts assuming pensioners only are protected from the cut:

| Impact on General Fund £ | Impact on Non Pensioner claimants £ | Cut in council tax support for Non Pensioner Claimants (excl Police & Fire) % |
|-----------------------------|--|--|
| 1,100,000. | 0 | 0 |
| 825,000 | 275,000 | 4 |
| 550,000 | 550,000 | 7 |
| 275,000 | 825,000 | 11 |
| 0 | 1,100,000 | 15 |

7.6. The government have indicated that despite the legislative and IT delay risks, should local authorities not be able to determine a new localized scheme within agreed budget parameters and be in a position to make the necessary IT infrastructure and administrative changes then the default should be to continue to apply the existing national scheme. Whilst such a contingency will provide for short term stability in financial support for the public, the associated scheme funding shortfall of about £1.1m would fall to be met by the General Fund.

8 Project Timetable

8.1. Although the primary legislation has not passed through parliament it is important that that the council has a robust proactive project plan for dealing with this challenge. The council's broad proposed timelines are set out below and against a background of an ambitious government legislative timetable:

Proposed Local CTB Timeplan

| | |
|---|------------------|
| Report to Cabinet on issues, principles | Jun 12 |
| Terms of Reference of consultation.determined | Jun 12 |
| Officer Financial Modeling of range of scheme options | May / Jun 12 |
| Officer Regional / Sub Regional analysis of localized schemes | May / Jun 12 |
| Consultation on options - member groups | Jun – July 12 |
| Consultation with precepting bodies | July - Aug 12 |
| Consultation with external representative groups | Sep 12 |
| Final budget modeling of Local Scheme using latest claimant data. | Oct 12 |
| Council – Local Scheme Determination linked to budget cycle | Nov 12 |
| IT system amendments / testing | Nov 12 –Jan 13 |
| Communication of New Policy to claimants | Dec 12 –Jan 13 |
| 2013/14 Council Tax Bills produced / issued | Feb 13 – Mar 13. |

9 CONCLUSION

- 9.1 The effect of the 2010 spending review and government policy is that the council is moving from a nationally funded scheme of council tax support to a locally funded scheme. These changes will be challenging for those councils serving communities with relatively high levels of deprivation as in Hartlepool where 1 in every 3 households is receiving some level of support with their council tax bills. These changes will impact directly on the individual and the local economy from reduced spending power.
- 9.2 The council will need to develop and agree a new local scheme of council tax support to apply from April 2013 that will involve either implementing a new scheme within a reduced central government funding allocation, make additional cuts in other services to maintain the level of support provided by the current council tax benefit scheme or a compromise that involves sharing the cut between the general fund and those that are disadvantaged. Further details of the potential options are set out in the conclusions within the Medium Term Financial Strategy report presented to Cabinet as part of today's agenda.

10 RECOMMENDATIONS

- 10.1 Cabinet note the report.
- 10.2 Cabinet endorse the proposed project plan set out in Section 8.
- 10.3 Cabinet refer this issue to Scrutiny Co-ordinating Committee for consideration.

11 REASONS FOR RECOMMENDATIONS

- 11.1 To allow Cabinet refer this issue to Scrutiny Co-ordinating Committee for consideration.

12 APPENDICES AVAILABLE ON REQUEST, IN THE MEMBERS LIBRARY AND ONLINE

- 12.1 Appendix A supports this report.

13 BACKGROUND PAPERS

None.

14 CONTACT OFFICER

John Morton
Assistant Chief Finance Officer
John.morton@hartlepool.gov.uk

Appendix A

Illustrative Local Council Tax Support Scheme Impacts

Assumed Local Policy – Protect Pensioner households and restrict support to all other households to a maximum of 80% of their Council Tax Bill. All other current scheme regulations / rules apply

Case 1 Husband , Wife (37 and 47) and 2 children (under 16)

Live in Band A property and receive partial Council Tax Benefit

Husband unemployed, Wife working - 30 hours per week on minimum wage earning £172 after Tax and NI

Total weekly income from wages, Child Benefit, Working Tax Credits and Child Tax Credits £385.25 per week. Income exceeds Govt calculation of need therefore not entitled to full council tax benefit.

Current level of Council Tax Benefit £8.17 per week

New Local Scheme Council Tax Support £3.91 per week

Loss £4.26 per week or about £221 pa which will be added to Council Tax account.

.

Case 2 Male, single 49

Single person aged 49

Lives in Band A property and receives partial Council Tax Benefit

Works 16 hours per week on minimum wage earning £97.28 per week

Income exceeds Govt calculation of need and therefore not entitled to full council tax benefit

Current level of Council Tax Benefit £11.75 per week

New Local Scheme Council Tax Support £8.55 per week

Loss £3.20 per week or about £166 pa which will be added to Council Tax account.

Case 3 Unemployed couple, no children, Band D property

Receive DWP Income Support (IS) (£111.45 per week)

Currently receive full council tax benefit as on IS

Current level of Council Tax Benefit £32.21 per week

New Local Scheme Council Tax Support £25.77 per week

Loss £6.44 per week.

Previously had no council tax to pay but now have to pay £335.80 pa.

NB These examples only consider council tax issues and other Welfare Reform changes are taking place which will impact on housing benefit awards.

**PROPOSED 2013/14 BUDGET AND POLICY FRAMEWORK TIMETABLE
OVERVIEW AND SCRUTINY COMMITTEES' INVOLVEMENT**

| TIMESCALE/ DATE OF MEETING | TO CONSIDER |
|--|--|
| <p>Scrutiny Co-ordinating Committee</p> <p>19 October 2012</p> | <p>Budget and Policy Framework 2013/14 - Initial Consultation Proposals.</p> <p>To consider the Chief Executive's pressures and priorities, grant terminations and contingencies. (Nominated Chief Officer(s) on behalf of the Chief Executive's Department to be in attendance along with the Mayor and responsible Portfolio Holder(s) subject to availability)).</p> <p>Relevant sections of the Initial Consultation Proposals are then to be considered by the relevant Scrutiny Forum to enable Scrutiny Members to have a more holistic view of the whole budget.</p> |
| <p>MEETINGS OF THE 4 SCRUTINY FORUMS TO BE HELD w/c 5 November 2012:</p> <p>Neighbourhood Services Scrutiny Forum 14 November 2012</p> <p>Children's Services Scrutiny Forum 13 November 2012</p> <p>Adult & Community Services Scrutiny Forum 5 November 2012</p> <p>Regeneration & Planning Services Scrutiny Forum 8 November 2012</p> | <p>Purpose of additional meetings to consider on a departmental basis the pressures and priorities, grant terminations and contingencies.</p> <p>Relevant Director and Portfolio Holder(s) (subject to availability) to be in attendance.</p> |

**PROPOSED 2013/14 BUDGET AND POLICY FRAMEWORK TIMETABLE
OVERVIEW AND SCRUTINY COMMITTEES' INVOLVEMENT**

| TIMESCALE/ DATE OF MEETING | TO CONSIDER |
|--|--|
| <p>Scrutiny Co-ordinating Committee 7 December 2012</p> | <p>To consider the responses to the budget proposals from the four Scrutiny Forum and to formulate the Scrutiny Co-ordinating Committee's formal response for consideration by the Cabinet on 19 December 2011.</p> <p>All Directors and Cabinet Members to be invited to attend.</p> <p>Delegated Authority to be given to the Chair of SCC to agree the content of the formal response to Cabinet.</p> |
| <p>Cabinet 19 December 2012</p> | <p>i) SCC to feedback to Cabinet on their initial consultation proposals; and</p> <p>ii) To consider the finalised (second round) budget proposals for formal Scrutiny.</p> |
| <p>Scrutiny Co-ordinating Committee 4 January 2012</p> | <p>To consider the finalised (second round) budget proposals of the Cabinet agreed on 19 Dec 13, with particular focus being placed upon the Chief Executive's Department</p> <p>Nominated Chief Officer(s) on behalf of the Chief Executive's Department to be in attendance along with responsible Portfolio Holder ((s) subject to availability)).</p> |
| <p>MEETINGS OF THE 4 SCRUTINY FORUMS TO BE HELD w/c 14 January 2013:</p> <p>Neighbourhood Services Scrutiny Forum 16 January 2013</p> <p>Children's Services Scrutiny Forum 15 January 2013</p> | <p>Purpose of additional meetings - to consider the Executive's finalised budget proposals on a departmental basis in relation to pressures and priorities, grant terminations and contingencies.</p> <p>Relevant Director and Portfolio Holder ((s) subject to availability)) to be in attendance.</p> |

**PROPOSED 2013/14 BUDGET AND POLICY FRAMEWORK TIMETABLE
OVERVIEW AND SCRUTINY COMMITTEES' INVOLVEMENT**

| TIMESCALE/ DATE OF MEETING | TO CONSIDER |
|---|--|
| <p>Adult & Community Services Scrutiny Forum 14 January 2013</p> <p>Regeneration & Planning Services Scrutiny Forum 17 January 2013</p> | |
| <p>Scrutiny Co-ordinating Committee 25 January 2013</p> | <p>To consider the formal responses of the SCC and the 4 Scrutiny Forums and to agree the formal response on the Executive's finalised proposals for submission to Cabinet on 4 February 2013.</p> <p>Invitation extended to Elected Mayor and responsible Portfolio Holder(s) subject to availability)</p> <p>Nominated Chief Officer(s) on behalf of the Chief Executive's Department to be in attendance.</p> |
| <p>Cabinet 4 February 2013</p> | <p>Cabinet to consider feedback from formal scrutiny and finalisation of Budget and Policy Framework to be referred to Council</p> <p>SCC to submit and present formal response in relation to the budget proposals to this meeting of Cabinet.</p> |
| <p>Council 7 February 2012</p> | <p>Council to consider the Cabinet's Budget and Policy Framework Proposals</p> |

ENDS PROCESS

SCRUTINY CO-ORDINATING COMMITTEE

15 June 2012



Report of: Scrutiny Manager

Subject: OVERVIEW AND SCRUTINY WORK PROGRAMME FOR 2012/13

1. PURPOSE OF REPORT

- 1.1 To clarify the revised process for the determination of the Overview and Scrutiny Work Programme for the 2012/13 Municipal Year.
- 1.2 To provide an overview of the role and functions of the Scrutiny Co-ordinating Committee and each of the Overview and Scrutiny Forums to assist in the consideration of suitable topics for inclusion into the 2012/13 Scrutiny Work Programme.
- 2.1 To seek a decision in relation to the proposal that:
 - The focus of the overall Scrutiny Work Programme for 2012/13 should be on the provision of services and activities to meet the health and welfare / social needs of Hartlepool's residents (now and in the future); and
 - The Marmot principles (in conjunction with the Joint Strategic Needs Assessment and Public Health indicators) be utilised as the overarching framework against which the provision of Council services and potential options for service changes, as part of the budget and collaborative working process, can be measured / assessed by Scrutiny.

2. BACKGROUND

Overall Work Programme

- 2.2 The role of Scrutiny Co-ordinating Committee is twofold in that carries out a co-ordinating role for the four standing Scrutiny forums together with the scrutiny element focussing on the budget, various plans and strategies that make up the policy framework. As such there is a need to develop a Work Programme for the 2012/13 Municipal Year.

- 2.3 Members have in the past been supportive of the need for Overview and Scrutiny involvement in the budget setting process at a far earlier stage than has previously occurred. In recognition of the extreme financial challenge facing the authority, the process for identification of the Scrutiny Work programme was amended as follows:
- Original Process - Each Forum independently identifying their own work programmes, for approval by the Co-ordinating Committee.
- Revised Process - Work programmes across all Forums discussed and identified by the Co-ordinating Committee at one meeting (to which all Scrutiny Members would be invited).
- 2.4 Following the success of this process in identifying a truly co-ordinated work programme for 2011/12, with a clear focus on Scrutiny involvement in the exploration of the Councils challenging budgetary issues it is proposed to repeat the process for 2012/13, with additional consideration of collaboration proposals / activities.
- 2.5 In addition to this, consideration of a new proposal for 2012/13 is being sought. The proposal being that:
- The overall Scrutiny Work Programme for 2012/13 focus on the provision of services and activities to meet the health and welfare / social needs of Hartlepool's residents (now and in the future); and
 - In order to achieve this, the 'Marmot' principles (in conjunction with the Joint Strategic Needs Assessment and Public Health indicators) be utilised as the overarching framework against which the provision of Council services and potential options for service changes, as part of the budget and collaborative working process, can be measured / assessed by Scrutiny.
- 2.6 There are 6 Marmot Principles, against each of which priority objectives and policy recommendations are identified to reduce health inequalities. Details are attached at **Appendix A**. It is suggested that each of the principles could be allocated to respective Forums, and in conjunction with the Joint Strategic Needs Assessment and Public Health indicators, could be used as an overarching framework under which 'in year' budget and collaboration items could be considered. Assisting in the identification / understanding of the impact / implications of proposals / service changes.
- 2.7 A summary of the principles and potential split across the Forums is detailed over the page.

| Marmot Principles | Potential Forum Allocation |
|---|--|
| Give every child the best start in life | Children's Services Scrutiny Forum |
| Enable all children, young people and adults to maximise their capabilities and have control over their lives | Children's Services Scrutiny Forum / Adult and Community Services Scrutiny Forum |
| Create fair employment and good work for all | Regeneration and Planning Services Scrutiny Forum |
| Ensure healthy standard of living for all | Regeneration and Planning Services Scrutiny Forum |
| Create and develop health and sustainable places and communities | Neighbourhood Services Scrutiny Forum |
| Strengthen the role and impact of ill health prevention | Health Scrutiny Forum |

2.8 As part of the process for consideration of this proposal, the views Health Scrutiny Forum have been sought at its meeting on the 15 June 2012. In considering the proposal, the Health Scrutiny Forum received a detailed presentation in relation to:

- Preparation for the transfer of Public Health responsibilities and the development of an effective / responsive Health and Wellbeing Strategy for the future delivery of services;
- Key health issues for Hartlepool; and
- Background in relation to the Marmot principles, Joint Strategic Needs Assessment and Public Health indicators.

2.9 All Members of Scrutiny have been invited to attend the Health Scrutiny Forum meeting at 9.00am on the 15 June 2012, in order to receive information which will assist in deliberations regarding the proposal put forward for this years scrutiny work programme.

2.10 Details of the Health Scrutiny Forums views in relation to the proposal will be provided at this meeting.

Health Scrutiny Work Programme

2.11 The Health Scrutiny Forum is responsible for the development of the health scrutiny function in Hartlepool and developing and carrying out an appropriate programme of work. As required by regulations the function is

solely the Forum's responsibility and cannot be determined by the Scrutiny Co-ordinating Committee. In light of this, a meeting of the Health Scrutiny Forum is to be held at 9am on the 15 June 2012 to identify its 2011/12 work programme and the outcome of this meeting will be reported to the Scrutiny Co-ordinating Committee (at item 9.2(ii) of today's agenda).

3. ROLE AND FUNCTIONS OF THE SCRUTINY CO-ORDINATING COMMITTEE

- 3.1 The membership of the Scrutiny Co-ordinating Committee reflects both the Council's political make-up and the five standing Scrutiny Forums (which are equally represented on the Committee). A total of sixteen Elected Members serve on the Committee, consisting of the Chair (appointed by Council) and the Chair, Vice-Chair and one other Members from each of the five standing Forums.
- 3.2 This approach enables the Scrutiny Co-ordinating Committee to draw on the experience of a variety of Members, represent a cross-section of political views and equally represent each of the five standing Forums. The Scrutiny Co-ordinating Committee is responsible for the overall management of Overview and Scrutiny within the Authority. Other authorities' experience of scrutiny appears to have benefited from the establishment of such a body. Given the increasing importance of the scrutiny role under the new arrangements and the likely increase in workload of the scrutiny function the role of the Scrutiny Co-ordinating Committee is invaluable. The main roles and functions of the committee are as follows:-
- (i) To work with the five Forums to decide an annual Overview and Scrutiny Work Programme, including the programme of any ad-hoc Forum that it appoints, to ensure that there is efficient use of the Forums and that the potential for duplication of effort is minimised;
 - (ii) To lead the involvement of Overview and Scrutiny in the development of the budget and the plans and strategies that make up the policy framework and to delegate issues for consideration to the Forums;
 - (iii) Where matters fall within the remit of more than one Overview and Scrutiny Forum, to determine which of them will assume responsibility for any particular issue and to resolve any issues of dispute between overview and scrutiny Forums;
 - (iv) To receive requests from Members, the executive and/or the full council for items (including those referred via the Councillor Call for Action mechanism) to be considered by overview and scrutiny forums and to allocate them, if appropriate to one or more overview and scrutiny forum;
 - (v) To put in place and maintain a system to ensure reports from Overview and Scrutiny to the Executive are managed efficiently and do not

exceed any limits set out in the Constitution (this includes making decisions about the priority of reports, if the volume of such reports creates difficulty for the management of Executive business or jeopardises the efficient running of the Council business);

- (vi) To exercise the power of call-in in relation to Executive decisions made as set out in Section 21 (3) of the Local Government Act 2000, or allocate them to the appropriate overview and scrutiny Forum for consideration; and
- (vii) Assessing, monitoring and advising on the role of the Council's central support services in supporting the Council's progress towards the Community Strategy's priority aims, including:-
 - General policies of the Council relating to the efficient use of resources (people, money, property, information technology); and
 - District Auditor performance reports, the District Auditor's Annual Audit Letter, Best Value Performance Indicators and health and safety issues.
- (viii) To undertake the functions of the Councils Crime and Disorder Committee - holding the local Crime and Disorder Reduction Partnership to account (as required by the Crime and Disorder (Overview and Scrutiny) Regulations 2009).

4. THE FUNCTIONS AND REMIT OF OVERVIEW AND SCRUTINY FORUMS

4.1 The five standing Overview and Scrutiny Forums have three main **functions** and these are set out in the following paragraphs:-

(a) Policy Development and Review

Overview and Scrutiny Forums may:

- (i) Assist the Council and the Executive in the development of the budget and policy framework by in-depth analysis of policy issues;
- (ii) Conduct research, community and other consultation in the analysis of policy issues and possible options;
- (iii) Consider and implement mechanisms to encourage and enhance community participation in the development of policy options;
- (iv) Question members of the Executive and Chief Officers about their views on issues and proposals affecting the area; and

- (v) Liaise with other external organisations operating in the area, whether national, regional or local, to ensure that the interests of local people are enhanced by collaborative working.

(b) Scrutiny

Overview and Scrutiny Forums may:

- (i) Review and scrutinise the decisions of the Executive and Chief Officers both in relation to individual decisions and their overall strategic direction;
- (ii) Review and scrutinise the work of the Council in relation to its policy objectives, performance targets and/or particular service areas;
- (iii) Question members of the Executive and Chief Officers about their decisions, whether generally in comparison with the service plans and targets over a period of time, or in relation to particular decisions, initiatives or projects;
- (iv) Review and scrutinise the performance of other public bodies in the area, requesting them to attend and address relevant scrutiny forums to speak about their activities and performance;
- (v) Investigate other issues of local concern, outside the control of the Council and other public bodies in the area, and make recommendations to the Council, the Executive and / or other organisations arising from the outcome of the scrutiny process;
- (vi) Question and gather evidence from any person (with their consent); and
- (vii) Make recommendations to the executive and / or the council arising from the outcome of the scrutiny process.

(c) Finance

Overview and Scrutiny Committees may exercise overall responsibility for the finances made available to them. This presently consists of a dedicated overview and scrutiny budget of 50k. Applications for funding must be made through Scrutiny Co-ordinating Committee.

- 4.2 The strategic direction of the Scrutiny Forums will be to assess, monitor and advise on the Council's progress towards the 7 priority aims of the Community Strategy whilst the operational direction of the individual Scrutiny Forums will be governed by the **remits** outlined in the Constitution. The remits of each of the Overview and Scrutiny Committees are as follows:-

Adult and Community Services Scrutiny Forum

‘To consider issues relating to specialist targeted and universal services in relation to adults, culture and leisure.’

Children’s Services Scrutiny Forum

‘To consider issues relating to specialist (intervention), targeted (prevention), universal services for children and young people and Youth Justice.’

Neighbourhood Services Scrutiny Forum

‘To consider issues relating to property, technical services, environmental services, emergency planning, public protection and housing.’

Regeneration and Planning Services Scrutiny Forum

‘To consider issues relating to regeneration, the Community Strategy, building control, development control, economic development, landscape and conservation, housing services (including strategic housing) and community safety.’

Health Scrutiny Forum

‘To consider issues relating to and to exercise the powers of the Health and Social Care Act 2001 in the provision of health services at both local and regional level.’

- 4.3 There will be, however, from time to time, be issues that could be considered by more than one forum and it will be for the Scrutiny Co-ordinating Committee to determine which forum should examine a particular issue. It is also open to the Scrutiny Co-ordinating Committee to appoint ad hoc forums. For example, where an issue comes within the remit of two scrutiny forums, the Scrutiny Co-ordinating Committee could decide to establish an ad hoc forum made up of four Members from each of those two Forums.

5. SCHEDULE OF FORUM DATES FOR 2012/13

- 5.1 Detailed in **Appendix B**, for Members information, are the scheduled dates for meetings of the Scrutiny Co-ordinating Committee and each of the Standing Scrutiny Forums in 2012/13.

6. RECOMMENDATIONS

- 6.1 That the report be noted; and
- 6.2 Consideration given to implementation of the proposal that:

- i) The focus of the overall Scrutiny Work Programme for 2012/13 should be on the provision of services and activities to meet the health and welfare / social needs of Hartlepool's residents (now and in the future); and
- ii) The Marmot principles (in conjunction with the Joint Strategic Needs Assessment and Public Health indicators) be utilised as the overarching framework against which the provision of Council services and potential options for service changes, as part of the budget and collaborative working process, can be measured / assessed by Scrutiny.

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

BACKGROUND PAPERS

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

- (i) Hartlepool Borough Council Constitution.

BACKGROUND TO THE MARMOT REVIEW

The Marmot Review into health inequalities in England (published on 11 February 2010):

- Proposes an evidence based strategy to address the social determinants of health, the conditions in which people are born, grow, live, work and age and which can lead to health inequalities;
- Draws further attention to the evidence that most people in England aren't living as long as the best off in society and spend longer in ill-health. Premature illness and death affects everyone below the top;
- Proposes a new way to reduce health inequalities in England post-2010; and
- Argues that, traditionally, government policies have focused resources only on some segments of society. To improve health for all of us and to reduce unfair and unjust inequalities in health, action is needed across the social gradient.

Summary of Findings and Recommendations

People living in the poorest neighbourhoods in England will on average die seven years earlier than people living in the richest neighbourhoods.

- i) People living in poorer areas not only die sooner, but spend more of their lives with disability - an average total difference of 17 years.
- ii) The Review highlights the social gradient of health inequalities - put simply, the lower one's social and economic status, the poorer one's health is likely to be.
- iii) Health inequalities arise from a complex interaction of many factors - housing, income, education, social isolation, disability - all of which are strongly affected by one's economic and social status.
- iv) Health inequalities are largely preventable. Not only is there a strong social justice case for addressing health inequalities, there is also a pressing economic case. It is estimated that the annual cost of health inequalities is between £36 billion to £40 billion through lost taxes, welfare payments and costs to the NHS.
- v) Action on health inequalities requires action across all the social determinants of health, including education, occupation, income, home and community.

A framework for action

The review sets out a framework for action under two policy goals:

- to create an enabling society that maximizes individual and community potential;
- and to ensure social justice, health and sustainability are at the heart of all policies.

Central to the Review is the recognition that disadvantage starts before birth and accumulates throughout life. This is reflected in the 6 policy objectives and to the highest priority being given to the first objective:-

DETAILS OF THE MARMOT PRINCIPLES

1) GIVE EVERY CHILD THE BEST START IN LIFE

Priority objectives

- 1 Reduce inequalities in the early development of physical and emotional health, and cognitive, linguistic, and social skills.
- 2 Ensure high quality maternity services, parenting programmes, childcare and early year's education to meet need across the social gradient.
- 3 Build the resilience and well-being of young children across the social gradient.

Policy recommendations

- 1 Increase the proportion of overall expenditure allocated to the early years and ensure expenditure on early years development is focused progressively across the social gradient.
- 2 Support families to achieve progressive improvements in early child development, including:
 - Giving priority to pre- and post-natal interventions that reduce adverse outcomes of pregnancy and infancy.
 - Providing paid parental leave in the first year of life with a minimum income for healthy living.
 - Providing routine support to families through parenting programmes, children's centres and key workers, delivered to meet social need via outreach to families.
 - Developing programmes for the transition to school.
- 3 Provide good quality early years education and childcare proportionately across the gradient. This provision should be:
 - Combined with outreach to increase the take-up by children from disadvantaged families

- Provided on the basis of evaluated models and to meet quality standards.

2) ENABLE ALL CHILDREN, YOUNG PEOPLE AND ADULTS TO MAXIMISE THEIR CAPABILITIES AND HAVE CONTROL OVER THEIR LIVES

Priority objectives

- 1 Reduce the social gradient in skills and qualifications.
- 2 Ensure that schools, families and communities work in partnership to reduce the gradient in health, well being and resilience of children and young people.
- 3 Improve the access and use of quality lifelong learning across the social gradient.

Policy recommendations

- 1 Ensure that reducing social inequalities in pupils' educational outcomes is a sustained priority.
- 2 Prioritise reducing social inequalities in life skills, by:
 - Extending the role of schools in supporting families and communities and taking a 'whole child' approach to education.
 - Consistently implementing 'full service' extended school approaches
 - Developing the school-based workforce to build their skills in working across school-home boundaries and addressing social and emotional development, physical and mental health and well-being.
- 3 Increase access and use of quality lifelong learning opportunities across the social gradient, by:
 - Providing easily accessible support and advice for 16–25 year olds on life skills, training and employment opportunities
 - Providing work-based learning, including apprenticeships, for young people and those changing jobs/careers
 - Increasing availability of non-vocational lifelong learning across the life course.

3) CREATE FAIR EMPLOYMENT AND GOOD WORK FOR ALL

Priority objectives

- 1 Improve access to good jobs and reduce long-term unemployment across the social gradient.
- 2 Make it easier for people who are disadvantaged in the labour market to obtain and keep work.

3 Improve quality of jobs across the social gradient.

Policy recommendations

- 1 Prioritise active labour market programmes to achieve timely interventions to reduce long-term unemployment.
- 2 Encourage, incentivise and, where appropriate, enforce the implementation of measures to improve the quality of jobs across the social gradient, by:
 - Ensuring public and private sector employers adhere to equality guidance and legislation
 - Implementing guidance on stress management and the effective promotion of wellbeing and physical and mental health at work.
- 3 Develop greater security and flexibility in employment, by:
 - Prioritising greater flexibility of retirement age
 - Encouraging and incentivising employers to create or adapt jobs that are suitable for lone parents, carers and people with mental and physical health problems.

4) ENSURE HEALTHY STANDARD OF LIVING FOR ALL

Priority objectives

- 1 Establish a minimum 1 income for healthy living for people of all ages.
- 2 Reduce the social gradient in the standard of living through progressive taxation and other fiscal policies.
- 3 Reduce the cliff edges faced by people moving between benefits and work.

Policy recommendations

- 1 Develop and implement standards for minimum income for healthy living.
- 2 Remove 'cliff edges' for those moving in and out of work and improve flexibility of employment.
- 3 Review and implement systems of taxation, benefits, pensions and tax credits to provide a minimum income for healthy living standards and pathways for moving upwards.

5) CREATE AND DEVELOP HEALTH AND SUSTAINABLE PLACES AND COMMUNITIES

Priority objectives

- 1 Develop common policies 1 to reduce the scale and impact of climate change and health inequalities.

- 2 Improve community capital and reduce social isolation across the social gradient.

Policy recommendations

- 1 Prioritise policies and interventions that reduce both health inequalities and mitigate climate change, by:
 - Improving active travel across the social gradient
 - Improving the availability of good quality open and green spaces across the social gradient
 - Improving the food environment in local areas across the social gradient
 - Improving energy efficiency of housing across the social gradient.
- 2 Fully integrate the planning, transport, housing, environmental and health systems to address the social determinants of health in each locality.
- 3 Support locally developed and evidence based community regeneration programmes that:
 - Remove barriers to community participation and action
 - Reduce social isolation.

6) STRENGTHEN THE ROLE AND IMPACT OF ILL HEALTH PREVENTION.

Priority objectives

- 1 Prioritise prevention 1 and early detection of those conditions most strongly related to health inequalities.
- 2 Increase availability of long-term and sustainable funding in ill health prevention across the social gradient.

Policy recommendations

- 1 Prioritise investment in ill health prevention and health promotion across government departments to reduce the social gradient.
- 2 Implement an evidence-based programme of ill health preventive interventions that are effective across the social gradient by:
 - Increasing and improving the scale and quality of medical drug treatment programmes
 - Focusing public health interventions such as smoking cessation programmes and alcohol reduction on reducing the social gradient
 - Improving programmes to address the causes of obesity across the social gradient.
- 3 Focus core efforts of public health departments on interventions related to the social determinants of health proportionately across the gradient.

SCRUTINY DATES – 2012/13

ADULT AND COMMUNITY SERVICES SCRUTINY FORUM

Mon 9 July 2012 – 1.00 pm
Mon 13 August 2012 – 1.00 pm
Mon 17 September 2012 – 1.00 pm
Mon 29 October 2012 – 1.00 pm
Mon 5 November 2012 – 1.00 pm (Budget)
Mon 3 December 2012 – 1.00 pm
Monday 14 January 2013 – 1.00 pm (Budget)
Mon 11 February 2013 – 1.00 pm
Mon 11 March 2013 – 1.00 pm
Mon 8 April 2013 – 1.00 pm

CHILDREN'S SERVICES SCRUTINY FORUM

Tue 10 July 2012 – 4.30 pm
Tue 4 September 2012 – 4.30 pm
Tue 9 October 2012 - 4.30 pm
Tue 13 November 2012 – 4.30 pm (Budget)
Tue 11 December 2012 – 4.30 pm
Tue 15 January 2013 – 4.30 pm (Budget)
Tue 12 February 2013 – 4.30 pm
Tue 12 March 2013 – 4.30 pm
Tue 16 April 2013 – 4.30 pm

HEALTH SCRUTINY FORUM

Fri 15 June 2012 – 9.00am (Work Programme Meeting)
Thur 28 June 2012 – 10.00am
Thur 23 Aug 2012 – 10.00am
Thur 20 Sep 2012 – 10.00am
Thur 18 Oct 2012 – 10.00am
Thur 29 Nov 2012 – 10.00am
Thur 10 January 2013 – 10.00am
Thur 7 February 2013 – 10.00am
Thur 7 March 2013 – 10.00am
Thur 18 April 2013 – 10.00am

NEIGHBOURHOOD SERVICES SCRUTINY FORUM

Wed 11 July 2012– 1.00 pm
Wed 22 August 2012– 1.00 pm
Wed 19 September 2012– 1.00 pm
Wed 17 October 2012– 1.00 pm
Wed 14 November 2012 – 1.00 pm (Budget)
Wed 12 December 2012– 1.00 pm
Wed 16 January 2013– 1.00 pm (Budget)
Wed 13 February 2013 – 1.00 pm
Wed 20 March 2013 – 1.00 pm
Wed 17 April 2013 – 1.00 pm

REGENERATION AND PLANNING SERVICES SCRUTINY FORUM

Thur 12 July 2012– 3.00 pm
Thur 30 August 2012– 3.00 pm
Thur 27 September 2012– 3.00 pm
Thur 1 November 2012 – 3.00 pm
Thur 8 November 2012 – 3.00 pm (Budget)
Thur 13 December 2012 – 3.00 pm
Thur 17 January 2013 – 3.00 pm (Budget)
Thur 21 February 2013 – 3.00 pm
Thur 21 March 2013 – 3.00 pm
Thur 18 April 2013 – 3.00 pm

SCRUTINY CO-ORDINATING COMMITTEE

Fri 15 June 2012 – 1.00 pm (Work Programme Meeting)
Fri 22 June 2012 0 1.00 pm (School Admissions Call-In)
Fri 27 July 2012 – 10.00 am
Fri 24 August 2012 – 1.00 pm
Fri 28 September 2012 – 1.00 pm
Fri 19 October 2012 – 10.00 am (Budget)
Fri 7 December 2012 – 1.00 pm (Budget)
Fri 4 January 2013 – 1.00 pm (Budget)
Fri 25 January 2013 – 1.00 pm (Budget)
Fri 8 March 2013 – 1.00 pm
Fri 26 April 2013 – 1.00 pm

SCRUTINY CO-ORDINATING COMMITTEE

15 June 2012



Report of: Chair of the Health Scrutiny Forum

Subject: HEALTH SCRUTINY FORUM WORK PROGRAMME
2012/13

1. PURPOSE OF REPORT

- 1.1 To advise the Scrutiny Co-ordinating Committee of the Health Scrutiny Forum's Work Programme for the 2012/13 Municipal Year; and
- 1.2 To relay the Health Scrutiny Forums views, comments and suggestions to the Scrutiny Co-ordinating Committee in relation to, the proposal that:
 - The focus of the overall Scrutiny Work Programme for 2012/13 should be on the provision of services and activities to meet the health and welfare / social needs of Hartlepool's residents (now and in the future); and
 - The Marmot principles (in conjunction with the Joint Strategic Needs Assessment and Public Health indicators) be utilised as the overarching framework against which the provision of Council services and potential options for service changes, as part of the budget and collaborative working process, can be measured / assessed.

2. BACKGROUND

Health Scrutiny Forum Work Programme 2012/13

- 2.1 The Health Scrutiny Forum is responsible for the development of the health scrutiny function in Hartlepool and developing and carrying out an appropriate programme of work. As required by regulations the function is solely the Forum's responsibility and cannot be determined by the Scrutiny Co-ordinating Committee. In light of this, a meeting of the Health Scrutiny Forum will be held at 9am on the 15 June 2012 to identify its 2012/13 work programme. The outcome of this meeting and details of the agreed work programme will be reported to the Scrutiny Co-ordinating Committee at today's meeting.

Overall Scrutiny 2012/13 Work Programme - Proposal

- 2.2 In addition to identifying its work programme, the Health Scrutiny Forum has also been asked to consider, and express a view in relation to, a proposal that the overall Scrutiny Work Programme for 2012/13 be focused on
- ‘The Provision of Services and Activities to meet the Health and Welfare / Social Needs of Hartlepool’s residents (now and in the future)’
- 2.3 In order to achieve this, it is proposed that the ‘Marmot’ principles be utilised as an overarching framework against which the delivery of services could be measured / evaluated, in conjunction with localised information/evidence in relation to need. In particular, it is proposed that this process be applied to ‘in year’ consideration of budget and collaboration items, enabling the implications / impact of proposals to be measured by Scrutiny.
- 2.4 To assist in consideration of the proposal, the Health Scrutiny Forum received a detailed presentation from the Director of Public Health, covering:
- Preparation for the transfer of Public Health responsibilities and the development of an effective / responsive Health and Wellbeing Strategy for the future delivery of services;
 - Key health issues for Hartlepool; and
 - Background information in relation to the Marmot principles, Joint Strategic Needs Assessment and Public Health indicators, to assist in consideration of the proposal that the focus of the overall Scrutiny Work Programme for 2012/13.
- 2.5 All Members of Scrutiny have been invited to attend the Health Scrutiny Forum meeting at 9.00am on the 15 June 2012, in order to receive information provided as part of the presentation which will assist in deliberations regarding the proposal put forward for this years scrutiny work programme (as detailed in 2.2 and 2.3 above).
- 2.6 Given the tight timescale between the Health Scrutiny Forum (held at 9.00am today) and the meeting of the Scrutiny Co-ordinating Committee (at 1.00pm in the same day), the views, comments and suggestions expressed by the Health Scrutiny Forum will be reported verbally to the Scrutiny Co-ordinating Committee at today’s meeting (under item 9.2(i) of today’s agenda).

3. RECOMMENDATION

- 3.1 That the Scrutiny Co-ordinating Committee:-
- i) Notes the content of the Health Scrutiny Forum Work Programme for 2012/13; and

- ii) Receives and considers the Health Scrutiny Forum views, comments and suggestions in relation to the proposal that:
- The overall scrutiny work programme focus on the provision of services and activities to meet the health and welfare / social needs of Hartlepool's residents (now and in the future); and
 - The Marmot principles (in conjunction with the Joint Strategic Needs Assessment and Public Health indicators) be utilised as the overarching framework against which the provision of Council services and potential options for service changes, as part of the budget and collaborative working process can be measured / assessed by Scrutiny.

**COUNCILLOR STEPHEN AKERS-BELCHER
CHAIR OF THE HEALTH SCRUTINY FORUM**

Contact Officer:- Laura Stones – Scrutiny Support Officer
Chief Executive's Department - Corporate Strategy
Hartlepool Borough Council
Tel: 01429 523647
Email: laura.stones@hartlepool.gov.uk

BACKGROUND PAPER

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

- i) Report of the Scrutiny Support Officer entitled 'Determining the Scrutiny Forum's Work Programme for 2012/13' presented to the Health Scrutiny Forum meeting held on 15 June 2012.

SCRUTINY CO-ORDINATING COMMITTEE

15 June 2012



Report of: Scrutiny Manager

Subject: SELECTION OF POTENTIAL TOPICS FOR INCLUSION IN THE 2012/13 SCRUTINY WORK PROGRAMME

1. PURPOSE OF REPORT

1.1 To provide a range of information to assist in consideration of potential topics for inclusion into the Overview and Scrutiny Work Programme for the 2012/13.

2. BACKGROUND INFORMATION

2.1 Members are asked to consider potential topics for inclusion into the Overview and Scrutiny Work Programme for the 2012/13 Municipal Year (subject to the availability of time within each Forums Work Programme).

2.2 Details of potential items for inclusion in the work programme, including areas of work around the budget (over and above the standard budget consultation process) and collaboration, are outlined in the following appendices for Members consideration on a Forum by Forum basis:-

Appendix 1 – Scrutiny Co-ordinating

Appendix 2 – Adult and Community Services Scrutiny Forum

Appendix 3 – Children’s Services Scrutiny Forum

Appendix 4 – Neighbourhood Services Scrutiny Forum

Appendix 5 – Regeneration and Planning Services Scrutiny Forum

2.3 Scrutiny has a key role in over-seeing the general policies of the Council relating to the efficient use of resources. In undertaking this role, Scrutiny receives key budgetary and performance management reports throughout the year. To assist Members in the timetabling of potential additional topics, details of these reports (on a Forum by Forum basis) are also provided in the above appendices.

2.4 Once Members have identified their chosen Scrutiny topics, anticipated time frames will need to be applied. It is suggested to Members that a standard template for applying time allocations should be treated with caution as when scoping a subject a number of complexities may arise, therefore the anticipated

duration should be allocated to the subjects on an individual basis. Members are also advised to be cautious in setting an overly ambitious Work Programme for which it may be unable to deliver given its dual role.

3. RECOMMENDATIONS

- 3.1 Members are requested to consider the selection topics for inclusion into the Overview and Scrutiny Work Programme for the 2012/13 Municipal Year, utilising the tables provided.
- 3.2 That the Scrutiny Co-ordinating Committee approves the suggested Work Programmes for the Overview and Scrutiny Committees.

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

BACKGROUND PAPERS

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

| | |
|--|---|
| Scrutiny Co-ordinating Committee Work Programme 2012/13 | |
| Budget items | Detail |
| Procurement, property and Support Services - Restructuring, improved contracting , property rationalisation and income generation | The savings rely upon income generation in relation to maintaining existing services / workflow with reduced resources <u>and</u> bringing in additional income from external clients such as Housing Hartlepool and Health and capital works through the Empty Homes project. Schools are a major client in respect of capital works and revenue income therefore the reform of school funding and levels of future capital investment pose risks to the fee earning requirements of non-budgeted areas. |
| Collaboration items | Detail |
| Changes in corporate services which need to be determined based upon the development of the agreed business case. This will likely result in changes to services provision, management and delivery structures and associated changes to corporate services. | The savings are largely dependent upon collaboration within Corporate Services and a smaller amount in Place. The risks have not been fully quantified as the basis for any potential collaboration and the likely scale and impact of it have not been fully assessed. The indicative figures are based on the original investigation and a part year affect for 13/14 as this project is running 6 months behind the Child and Adult Business case |

| | |
|--|--|
| Adult and Community Services Scrutiny Forum Work Programme 2012/13 | |
| Budget items | Detail |
| Bundle 1 - Adult Social Care Front Line Services | |
| Reduction in front line service provision including Direct Care & Support, Employment Support, Occupational Therapy and Social Work teams. | Longer waiting times for assessment, increased caseloads for frontline staff, inability to maintain current levels of performance and potential for increased placement costs, potential for services to become unsafe. |
| Bundle 2 - Adult Social Care Commissioning | |
| Review costs of commissioned day services, high cost placements and support for carers. Savings to be achieved through re-tendering or decommissioning services. | Fewer services available to provide support for people with social care needs. Loss of funding for existing providers. Potential pressure in terms of placements. |
| Further reductions across all housing related support (SP) schemes | This budget has been cut by £900k (20%) over the last two years. Further cuts will destabilise services and may increase pressure on other social care budgets such as residential care. |
| Bundle 3 - Community Services | |
| Remove subsidy to Carlton Outdoor Centre and cease biennial maritime festival. | Requires local schools to pay unsubsidised rates at Carlton, removes the biennial event from the events programme to focus on income generation into cultural facilities. |
| Cultural Trust across two or more LAs within Tees Valley, or closer partnership working or locally determined savings - will all incur significant service reductions leading to potential closure of some services, increased income from fees & charges will partly mitigate the impact of major cuts. | This will lead to reduced services within communities, potential for total loss of certain service areas and reduced senior staffing which will impact on the capacity for income generation and safe delivery of service provision. Increased fees will be required and resistance will be needed to the challenge this will instigate. |
| Municipal Year 2014 / 2015 | |
| Revise Contributions Policy and remove or reduce cap on the maximum amount that people contribute. | Requires three month consultation to implement. People will pay more for the support that they receive (based on a financial assessment). |
| Review PCT income for CHC and joint packages and take further steps to maximise the benefit for adult social care. | Very volatile area. PCT approach is changing and move to CCGs (Clinical Commissioning Groups) may result in this being a pressure rather than a potential saving. |
| Collaboration items | |
| Bundle 1 - Management Structures / Commissioning | |
| Rationalisation of management structures through collaboration across three LAs - approximately 40 management posts to be deleted (joint with CSSF) | |
| Deliver further savings on adult commissioned services through retendering or decommissioning services (joint with CSSF) | This budget was cut by approximately £900k in 2012/13. Further cuts will be difficult to achieve and will have a major impact on services. Fewer services will be available to provide support for people with social care needs. Loss of funding for existing providers. |

| | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|---------------|
| | | | | | | | | | | | | | | | | | | | | 16 April 2013 |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|---------------|

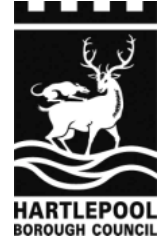
| Children's Services Scrutiny Forum Work Programme 2012/13 | | |
|--|--|--|
| Budget items | | Details |
| Bundle 1 - Early Intervention Strategy | | |
| Close of youth centres and children's centres | | Increased risk of anti social behaviour and young people in contested space, non compliance with statutory requirements for children's centres, vulnerable families not receiving support, reduce service delivery of early intervention services. In context of risk of future funding cuts due to floor damping on EIG (Early Intervention Grant). |
| Bundle 2 - Children's Social Care and Youth Offending | | |
| Freeze foster care allowances | | Foster carers become dissatisfied with local authority service and move to independent sector where placement costs are greater. |
| Review Care Matters and CAMHS budgets and remove funding based on previous year's underspend. | | Budgets reduced in 2012/13, used to support development of services for looked after children and offset against costs of placements in independent sector. |
| Staffing reductions to front line services, social work teams and YOS. | | Less capacity to provide services to children in context of increasing demand. Increase in caseloads for front line staff, inability to maintain current levels of performance, services become unsafe. |
| Bundle 3 - Education | | |
| Reduced support to schools. | | Increased risk of schools being placed in an OFSTED category and / or forced into academy status. Schools likely to seek support from outside the LA leading to loss of income and reduced quality assurance opportunities . Loss of confidence by schools in the ability of their own LA to support them, particularly where they are a school causing concern. |
| Bundle 4 - Support Services | | |
| Staff reductions and increased income | | Staffing reductions will impact on ability to deal effectively with management information requirements across child and adult services and also statutory requests from both Department of Health and Department for Education. Quality and speed of responses will be impaired. Other back room support services for professionals across the department will be affected. |
| Bundle 5 | | |
| Schools Transport - savings through re-tendering (joint NSSF) | | Constant reductions in school transport provision will increase the risk that statutory provisions will be affected if re-tendering doesn't produce required savings. Greater challenge and dissatisfaction from parents. |
| Collaboration items | | |
| Bundle 1 - Management Structure / Commissioning | | |
| Rationalisation of management structures through collaboration across three LAs - approximately 40 management posts to be deleted (joint with ACSSF) | | |
| Deliver further savings on children's commissioned services through retendering or decommissioning services (joint with ACSSF) | | Budgets reduced in 2012/13. Further cuts will impact on services available to support children and young people. |

| | |
|--|---|
| Neighbourhood Services Scrutiny Forum Work Programme 2012/13 | |
| Budget items | Detail |
| Waste Management Reconfiguration - Revision of refuse collection and recycling arrangements | The savings are based upon current recycling market rates which could be impacted upon if there was a drop in the market. These changes may cause some disruption to service, which in turn could lead to non-compliance by residents, whether deliberate or accidental. However, as each of the proposals would be introduced simultaneously, disruption would be minimised. Formal consultation and communication with residents would ensure that users of the service are aware of the changes. 2014/15 savings would be provided through the introduction of a subscribed green waste collection service or the cessation of it altogether |
| Revision of operations in Parks and Countryside including lifeguard reduction, income generation in grounds maintenance and horticulture | Risk is associated with the current economic climate resulting in the loss of external works. Changes to the lifeguard service were discussed previously and agreed that we would reduce the number of weeks the service was provided, these changes have been introduced and the risk has proved minimal to date. Reduction in the number of weeks the lifeguard service is provided, this was introduced during 2011/12 and no adverse impacts have been received from the public. The council has received Quality beach awards for 2012/13 based upon 2011/12 performance including the lifeguard service. |
| Facilities Management - Revision of working arrangements and income generation | Facilities Management is a volatile area with respect to building maintenance, however changes within how services are delivered internally have resulted in increased income opportunities e.g. Empty homes, and DFGs (Disabled Facilities Grants). We will look to reduce overtime by employing more FTEs rather than Part Time employees and paying overtime. Schools continue to be a major client for this service area, the school funding reform heralds several changes in the method of school funding. which will mean the budgets for school meals will be delegated in full to all schools not just secondary. |
| Neighbourhood Management (including Community Safety and street cleansing) - Review of structure and working arrangements | Reduction in service performance regarding street cleansing and community safety services |
| Restructuring operational changes and income generation in Regeneration and Planning (joint with RPSSF) | The impacts of achieving savings of this magnitude is that services will start to fail and statutory functions will not be delivered to the appropriate level. These include public health, planning and housing related statutory functions in addition there is a risk that no income will be generated. |
| Transportation and Engineering - Income generation in ITU (Integrated Transport Unit), Engineering Services and driver assessment. | Significant savings in excess of £1m have been achieved in this area to date. To enable service expansion and growth determines a fine balance of efficiency measures against invest to save and invest to promote income stream. Depleted resource levels will require careful planning and impact analysis of existing service provision standards to allow for income generation "start up" and achievement |
| Schools Transport - savings through re-tendering (joint with CSSF) | Constant reductions in school transport provision will increase the risk that statutory provisions will be affected if re-tendering doesn't produce required savings. Greater challenge and dissatisfaction from parents. |
| Collaboration items | Detail |
| Changes in services and options in respect of reduced staffing and costs (joint with RPSSF) | The savings are largely dependent upon collaboration within Corporate Services and a smaller amount in Place. Savings through joint procurement exercises will be reliant upon how we can work jointly, the market place and gaining benefits from economies of scale. There may be impact on internal staff and the local economy. 13 / 14 savings rely upon potential "tactical / quick wins" from collaboration which will be challenging |

| | | |
|--|--|--|
| Regeneration and Planning Services Scrutiny Forum Work Programme 2012/13 | | |
| Budget items | | Detail |
| Restructuring operational changes and income generation in Regeneration and Planning (joint with NSSF) | | The impacts of achieving savings of this magnitude is that services will start to fail and statutory functions will not be delivered to the appropriate level. These include public health, planning and housing related statutory functions in addition there is a risk that no income will be generated. |
| Collaboration items | | Detail |
| Changes in services and options in respect of reduced staffing and costs (joint with NSSF) | | The savings are largely dependent upon collaboration within Corporate Services and a smaller amount in Place. Savings through joint procurement exercises will be reliant upon how we can work jointly, the market place and gaining benefits from economies of scale. There may be impact on internal staff and the local economy. 13 / 14 savings rely upon potential "tactical / quick wins" from collaboration which will be challenging |

SCRUTINY CO-ORDINATING COMMITTEE

15 June 2012



Report of: Scrutiny Manager

Subject: MEMBERSHIP OF SCRUTINY CO-ORDINATING COMMITTEE WORKING GROUPS

1. PURPOSE OF THE REPORT

1.1 To seek nomination for the membership of the following Working Groups, created by the Scrutiny Co-ordinating Committees:

- Health Reform Working Group; and
- Localising Council Tax Benefit Working Group.

2. BACKGROUND INFORMATION

2.1 During the course of 2012 the Committee identified the need for the creation of two Working Groups.

Health Reform Working Group

2.2 The Scrutiny Co-ordinating Committee at its meeting on the 27 January 2012 considered a request for consideration by Scrutiny of the Draft Hartlepool Public Health Transition Plan, prior to its final approval by Cabinet on 5 March 2012. In considering this request, the Committee approved the creation of a Working Group (now called the Health Reform Working Group) to participate in the consultation process and also, to look at the development of the role of scrutiny in relation to the operation of Hartlepool's Health and Wellbeing Board.

2.3 The work of this group, in relation to the development of the role of scrutiny in relation to the operation of Hartlepool's Health and Wellbeing Board, will be continuing during the 2012/13 Municipal year. In order for this to occur following the recent elections, consideration needs to be given to the membership of the group.

2.4 Details of those who are currently members of the Working Group are as follows:-

Councillor James (Chair)
Councillor C Akers-Belcher
Councillor S Akers Belcher
Councillor Wells
Councillor Griffin – Vacancy (no longer a member of the Scrutiny Co-ordinating Committee)
Councillor Preece – Vacancy (no longer a member of the Scrutiny Co-ordinating Committee)

- 2.5 The Committee is asked to consider if it wishes to reaffirm the membership of the Working Group, filling the vacant positions, or fully refresh the membership. Please note that there is no requirement for Working Groups to be politically balanced, this would be at the discretion of the Committee.

Localising Council Tax Benefit Working Group

- 2.6 The Scrutiny Co-ordinating Committee at its meeting on the 14 October 2011, received a detailed report on the Government's proposal for localising support for Council Tax Benefits from 2013/14. During the course of discussions, emphasis was placed upon the importance of Member involvement in the development of the new local scheme of council tax support and in doing this, the Committee agreed that a Working Group would be formed, when required.

- 2.7 The Committee agreed that the membership of the Working Group would be created within the Council's proportionality arrangements. In order to achieve this, it is suggested that the group should consist of 7 Members, broken down as follows:-

Labour (4 Places)
Independent (1 Place)
Putting Hartlepool First (1 Place)
Conservative (1 Place)

- 2.8 In creating the group it was also requested that:

- i) Local authority benefits advice workers and Revenues and Benefits Managers be invited to participate in the activities of the Working Group.
- ii) A selection of anonymous family scenarios be provided to enable a benefits advice perspective to be taken into consideration.

- 2.9 The Committee is asked to:

- i) Consider the size of the Working Group (number of Members)
- ii) Appoint to the places available.

3. RECOMMENDATIONS

- 3.1 That the Scrutiny Co-ordinating Committee makes appointments to the following Working Groups:

- Health Reform Working Group; and
- Localising Council Tax Benefit Working Group.

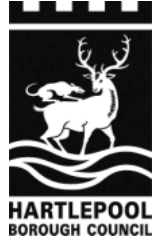
Contact:- Joan Stevens – Scrutiny Manager
Chief Executive’s Department – Corporate Strategy
Hartlepool Borough Council
Tel: 01429 284142
Email: joan.stevens@hartlepool.gov.uk

BACKGROUND PAPERS

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

SCRUTINY CO-ORDINATING COMMITTEE

15 June 2012



Report of: Scrutiny Manager

Subject: REQUEST FOR FUNDING - ATTENDANCE AT THE CENTRE FOR PUBLIC SCRUTINY ANNUAL CONFERENCE AND GOOD SCRUTINY AWARDS (LONDON – 12 JUNE 2012)

1. PURPOSE OF REPORT

- 1.1 To seek approval from the Scrutiny Co-ordinating Committee for a request to fund the attendance by 2 Members and 1 Officer from the Children's Service Scrutiny Forum at the Centre for Public Scrutiny (CfPS) Annual Conference and Good Scrutiny awards, on 12 June 2012, from within the Overview and Scrutiny Function's dedicated scrutiny budget.

2. FUNDING PROPOSAL

- 2.1 In line with Council procedures, the agreed pro-forma has been completed and is attached as **Appendix A**. The purpose of the completed pro-forma is to assist this Committee in determining whether to fund the attendance by 2 Members and 1 Officer from the Children's Services Scrutiny Forum at the annual CfPS Conference and the Good Scrutiny Awards.

3. THE COUNCIL'S FINANCIAL PROCEDURE RULES

- 3.1 The Financial Procedure Rules are those rules that the Council must have to govern its financial affairs. These rules are required by law to ensure that large sums of public money are spent properly and wisely.
- 3.2 The Financial Procedure Rules together with Standing Orders, apply to all parts of the Council, to Elected Members and employees and form an integral part of the Council's Constitution.

- 3.3 Consequently, whilst this Committee is requested to make a decision on the merits of the request for funding, the Committee must also adhere to the Council's Financial Procedure Rules.

4. RECOMMENDATIONS

4.1 It is recommended that the Scrutiny Co-ordinating Committee:-

- (a) determines whether the proposal is justified on the basis of information provided in **Appendix A**;
- (b) determines whether the proposal is a sufficient priority within the remaining budgetary provision; and
- (c) agrees in principal that any funding allocated, is in accordance with the Council's Financial Procedure Rules.

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

BACKGROUND PAPERS

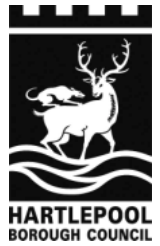
No background papers were used in the preparation of this report.

**PRO-FORMA TO REQUEST FUNDING TO SUPPORT
SCRUTINY WORK PROGRAMMING**

| |
|--|
| <p>Title of the Overview and Scrutiny Committee: Scrutiny Co-ordinating Committee</p> |
| <p>Title of the current scrutiny process for which funding is requested: Scrutiny work programming meetings</p> |
| <p>To clearly identify the purpose for which additional support is required: To allow Members to attend the consecutive Health Scrutiny and Scrutiny Co-ordinating work programming meetings on 15 June 2012 and efficiently move between the meetings with minimum disruption.</p> |
| <p>To outline indicative costs to be incurred as a result of the additional support: Catering costs:- £86.60</p> |
| <p>To outline any associated timescale implications: N/A</p> |
| <p>To outline the 'added value' that may be achieved by utilising the additional support as part of the undertaking of the Scrutiny Investigation: N/A</p> |
| <p>To outline any requirements / processes to be adhered to in accordance with the Council's Financial Procedure Rules / Standing Orders: N/A</p> |
| <p>To outline the possible disadvantages of not utilising the additional support during the undertaking of the Scrutiny Investigation: N/A</p> |
| <p>To outline any possible alternative means of additional support outside of this proposal: N/A</p> |

SCRUTINY CO-ORDINATING COMMITTEE

15 June 2012



Report of: Scrutiny Manager

Subject: REQUEST FOR FUNDING – SCRUTINY CO-ORDINATING COMMITTEE WORK PROGRAMME MEETING - CATERING

1. PURPOSE OF REPORT

- 1.1 To seek approval from the Scrutiny Co-ordinating Committee for a request to fund the provision of catering for the work programming meeting on 15 June 2012, from within the Overview and Scrutiny Function's dedicated scrutiny budget.

2. FUNDING PROPOSAL

- 2.1 In line with Council procedures, the agreed pro-forma has been completed and is attached as **Appendix A**. The purpose of the completed pro-forma is to assist this Committee in determining whether approval should be given to fund the catering for the Scrutiny Co-ordinating Committee work programme meeting to be held on 15 June 2012.

3. THE COUNCIL'S FINANCIAL PROCEDURE RULES

- 3.1 The Financial Procedure Rules are those rules that the Council must have to govern its financial affairs. These rules are required by law to ensure that large sums of public money are spent properly and wisely.
- 3.2 The Financial Procedure Rules together with Standing Orders, apply to all parts of the Council, to Elected Members and employees and form an integral part of the Council's Constitution.
- 3.3 Consequently, whilst this Committee is requested to make a decision on the merits of the request for funding, the Committee must also adhere to the Council's Financial Procedure Rules.

4. RECOMMENDATIONS

4.1 It is recommended that the Scrutiny Co-ordinating Committee:-

- (a) determines whether the proposal is justified on the basis of information provided in **Appendix A**;
- (b) determines whether the proposal is a sufficient priority within the remaining budgetary provision; and
- (c) agrees in principal that any funding allocated, is in accordance with the Council's Financial Procedure Rules.

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

BACKGROUND PAPERS

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

**PRO-FORMA TO REQUEST FUNDING TO SUPPORT
SCRUTINY WORK PROGRAMMING**

| |
|--|
| <p>Title of the Overview and Scrutiny Committee: Scrutiny Co-ordinating Committee</p> |
| <p>Title of the current scrutiny process for which funding is requested: Scrutiny work programming meetings</p> |
| <p>To clearly identify the purpose for which additional support is required: To allow Members to attend the consecutive Health Scrutiny and Scrutiny Co-ordinating work programming meetings on 15 June 2012 and efficiently move between the meetings with minimum disruption.</p> |
| <p>To outline indicative costs to be incurred as a result of the additional support: Catering costs:- £86.60</p> |
| <p>To outline any associated timescale implications: N/A</p> |
| <p>To outline the 'added value' that may be achieved by utilising the additional support as part of the undertaking of the Scrutiny Investigation: N/A</p> |
| <p>To outline any requirements / processes to be adhered to in accordance with the Council's Financial Procedure Rules / Standing Orders: N/A</p> |
| <p>To outline the possible disadvantages of not utilising the additional support during the undertaking of the Scrutiny Investigation: N/A</p> |
| <p>To outline any possible alternative means of additional support outside of this proposal: N/A</p> |