

# SCRUTINY CO-ORDINATING COMMITTEE AGENDA



24 January 2013

at 12.00noon

in the Council Chamber,  
Civic Centre, Hartlepool.

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.

Also Invited – All Scrutiny Members:

Councillors Atkinson, Beck, Brash, Cranney, Dawkins, Fleet, Griffin, Hargreaves, Jackson, A Lilley, G Lilley, Simmons, and Sirs.

Children's Services Scrutiny Forum Co-opted Members: Sacha Paul Bedding and Michael Lee

Children's Services Scrutiny Forum Young People's Representatives: Ashleigh Bostock, Leonie Chappell, Helen Lamb and Sean Wray

1. **APOLOGIES FOR ABSENCE**

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

3. **MINUTES**

3.1 To confirm the minutes of the meetings held on 18 January 2013 (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**

7.1 Medium Term Financial Strategy (MTFS) 2013/14 to 2016/17:-

(a) Consultation Proposals (Scrutiny Manager); and

(b) Presentation.

**8. CONSIDERATION OF FINANCIAL MONITORING/CORPORATE REPORTS**

No items.

**9. ITEMS FOR DISCUSSION**

No items.

**10. CALL-IN REQUESTS**

No items.

**11. ANY OTHER ITEMS WHICH THE CHAIRMAN CONSIDERS ARE URGENT**

**FOR INFORMATION:**

- i) **Date of Next Meeting 8 February 2013, commencing at 10.00am in the Council Chamber**



# SCRUTINY CO-ORDINATING COMMITTEE

## MINUTES

7 December 2012

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

**Present:**

Councillor: Marjorie James (In the Chair)

Councillors: Jim Ainslie, Christopher Akers-Belcher, Stephen Akers-Belcher, Paul Beck, Rob Cook, Ged Hall, Brenda Loynes, Carl Richardson, Linda Shields, Sylvia Tempest and Angie Wilcox.

In accordance with Council Procedure Rule 4.2 (ii), Councillor Geoff Lilley was in attendance as substitute for Councillor Steve Gibbon.

Officers: Dave Stubbs, Chief Executive  
Chris Little, Chief Finance Officer  
John Mennear, Assistant Director, Community Services  
Peter McIntosh, Head of Planning and Development  
Catherine Grimwood, Performance and Partnerships Manager  
Elaine Hind, Scrutiny Support Officer  
Angela Armstrong, Principal Democratic Services Officer

### **109. Apologies for Absence**

Apologies for absence were received from Councillors Keith Fisher, Steve Gibbon and Angie Wilcox.

### **110. Declarations of interest by Members**

There were no declarations at this point in the meeting. See minute 115.

### **111. Confirmation of the minutes of the meetings held on 30 November 2012**

Confirmed.

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

None.

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

None.

**114. Forward Plan**

None.

**115. Medium Term Financial Strategy (MTFS) 2013/14 to 2016/17 – Update** *(Chief Finance Officer)*

The report included an update which detailed changes since the MTFS was considered on Cabinet on 4 October 2012. The update report had also been considered by Cabinet on 19 November 2012 and this report was attached at Appendix 1. Cabinet had requested that the report should be referred to SCC to inform Members of the additional issues which need addressing as part of the 2013/14 budget and to seek SCC views on these proposals as part of the budget process.

A discussion ensued which included the following issues:

- (i) A Member sought clarification on whether there had been any discussions around the potential for schools in the town to convert to academy status? The Chief Executive confirmed that informal discussions were ongoing within Cabinet and political groups at the moment around the implications of schools converting to academy status, particularly around the potential pressure of losing income for the provision of Council services to schools.

Councillor Marjorie James declared a personal interest at this point in the meeting.

- (ii) Referring to the previous discussion, a Member questioned the financial implications for the Council should schools become academies. The Chief Executive indicated that the more schools that become academies the higher the reduction would be in Government grant which was provided to the local authority to support schools. In addition to this, Members were informed that should any of the

- remaining schools have PFI funding commitments, there would be an expectation that those funding commitments would be top sliced off the school's individual budget at the commencement of the financial year. This may result in budget shortfalls in other areas with the school ultimately looking to the Council for financial support.
- (iii) In relation to the council tax freeze grant, a Member sought clarification on the options available to the Council. The Chief Finance Officer confirmed that should Council agree to accept a council tax freeze, this would ultimately result in the need for £400k of additional budget reductions, of which £100k would need to be made in 2013/14 and £400k in 2015/16 when the 2013/14 two year council tax freeze grant would be withdrawn. Members were advised that 2015/16 would be the 5th year of budget reductions in succession and would place the Council in a very difficult position financially. However, it was noted that an increase in council tax of 2% would result in a more favourable resource base which would be sustainable in future years.

### **Recommended**

The recommendations agreed by Cabinet on 19 November 2012 were accepted in their entirety.

## **116. Medium Term Financial Strategy (MTFS) 2013/14 to 2016/17 – Initial Budget Consultations: Feedback from the Overview and Scrutiny Committees** *(Chairs of the Overview and Scrutiny Committee)*

The report included the collective responses of the Scrutiny Co-ordinating Committee and four Standing Scrutiny Forums (with the views of Health Scrutiny Forum included in the Adult and Community Services Scrutiny Forum response), following recent consideration of the Executive's Budget and Policy Framework Initial Proposals for 2013/14.

The Chair moved the recommendations from meeting of the Scrutiny Co-ordinating Committee held on 19 October.

The Chair of Adult and Community Services Scrutiny Forum moved the recommendations from the meeting of the Forum held on 5 November 2012. It was highlighted that during the discussions at the meeting, whilst Members acknowledged the requirement for budget reductions, the need to ensure the vulnerable in society were protected as much as possible was recognised, particularly those with mental health needs.

The Chair of the Regeneration and Planning Services Scrutiny Forum moved the recommendations made from the meeting of the Forum held on 8 November 2012. It was noted that the Iain Wright, MP for Hartlepool had attended a meeting where he had emphasised the importance of the economic regeneration of the town for the future economy. However, the

Mayor had commented that whilst he accepted that the economic regeneration of the town was essential, no service area was sacrosanct in the current economic climate. Members had also highlighted the importance of ensuring the regulatory requirements within Public Protection were fully resourced, including the inspections of food premises.

The Chair of Children's Services Scrutiny Forum moved the recommendations made from the meeting of the Forum held on 13 November 2012. Members had acknowledged that officers had done a huge amount of work to ensure essential services within Child and Adult Services were safeguarded. However, it was recognised that any flexibilities within service areas were dramatically reduced and this was likely to result in difficult budgetary decisions in the future to protect services for the children of the town.

The Chair of Neighbourhood Services Scrutiny Forum moved the recommendations made from the meeting of the Forum held on 14 November 2012. It was highlighted that Members had questioned the future collaboration with North East Procurement Organisation (NEPO). It was noted that there was a review of the NEPO arrangements being undertaken and Members welcomed the opportunity to be involved.

The Chair thanked the individual Chairs for presenting their reports and confirmed that all responses would be collated and forwarded to the Cabinet on 17 December 2012.

### **Recommended**

That the recommendations from each individual Overview and Scrutiny Committee and commented noted above be used to formulate a formal response to Cabinet on 17 December.

## **117. Quarter 2 – Council Overview of Performance and Risk 2012/13** *(Corporate Management Team)*

The report informed Scrutiny Co-ordinating Committee of the progress made against the Council's 2012/13 Corporate and Departmental Plans, for the period ending 30 September 2012, including the overview of performance and risk.

A discussion ensued which included the following issues:

- (i) A Member sought clarification on CAB R040 – Failure to deliver the Reablement Strategy and the future funding of this strategy. The Chief Executive confirmed that it was the intention to continue with the provision of the reablement service and discussions were ongoing in relation to the future funding of this service.
- (ii) In relation to CAD R043 and R041 a Member questioned whether there was any more information on the future funding of an

- apprenticeship programme. The Chief Executive confirmed that future funding for an apprenticeship programme was being explored and Members would be informed of the outcome. A discussion ensued around whether the potential of delayed discharges from hospital had a high risk of failure to achieve target. The Chief Executive indicated that this was a new risk to the Council and was therefore a challenge as it was based around the management of hospital discharges and ensuring people receive care in their home. It was suggested that the Assistant Director, Prevention, Safeguarding and Specialist Services be invited to attend the meeting of the Committee in January 2013 to enable further discussion on reablement and care provision.
- (iii) It was noted that CED R094 – Failure to deliver a new ICT Contract was actively managed and it was suggested that Overview and Scrutiny should be involved to ensure Members were kept up to date with progress. The Performance and Partnerships Manager confirmed that the Quarter 3 update report would include more detail, especially in relation to the risks highlighted by Members. The Chief Executive added that he would provide Members with an update on the process being followed as part of the delivery of the new ICT Contract.
  - (iv) Clarification was sought on CAD R050 Failure to recruit or retrain sufficient staff in key areas of a changing programme offer and CAD R051 Failure of partnerships resulting insufficient venues to deliver training. The Chief Executive confirmed this was part of the Adult Education programme and the key issue was to ensure employees were as well trained as possible. Resources had been identified to fund further training of Council employees who were at risk of compulsory redundancy. In relation to potential venues for future training, the Chief Executive added that the Council currently had a number of training facilities and there was potential for additional facilities at the Brierton site. The Assistant Director, Community Services confirmed that the risk related very specifically to the ability to recruit appropriate tutors in line with changing needs for subject delivery and changing funding priorities. In addition, the pressure on community groups was placing strain on the ability to locate and retain appropriate community based training rooms.
  - (v) The report highlighted a number of achievements across departments and a Member referred to the take up campaign to encourage more pupils to claim free schools meals. A Member questioned the level of take up and the links to the pupil premium and welfare benefit cap. The Director of Regeneration and Neighbourhoods confirmed that the reason that the number of pupils eligible was higher than actual take up was being explored through partnership working with the Revenues and Benefits Team, Child and Adult Services and Regeneration and Neighbourhoods. Consultation with school governors, parents and pupils had been undertaken the results of which would be reported to Corporate Management Team. The Director of Regeneration and Neighbourhoods confirmed that a strategy was being developed and would be submitted to Overview and Scrutiny and Cabinet in due course. The Chief Finance Officer commented that the potential eligibility for free schools meal would also be examined as part of the

implementation of the welfare reform changes and a briefing note regarding the free school meals funding formula would be provided to Members. The importance of ensuring all departments were mindful of the wider needs and benefit entitlements of families was emphasised, the Director of Regeneration and Neighbourhoods indicated that going forward those going through the free school transport appeals process would be provided with information on free school meals.

- (vi) In relation to Family Poverty, the Chair confirmed that along with Councillor Jim Ainslie and Patrick Wilson from Economic Development, she had attended a meeting in Wallsend to participate in regional consultation being undertaken by Central Government in relation to family poverty. The consultation was ongoing and all Members were encouraged to participate in the consultation via the website.
- (vii) The Chief Executive informed Members that the potential issues that may arise from the implementation of the bedroom tax were currently being examined with Housing Hartlepool as the main social housing provider. As part of the Empty Homes Strategy, the Chief Executive indicated that the Council were currently considering purchasing larger buildings and converting them to single person accommodation. A Member highlighted that the Morrison Hall on the Headland was currently vacant and the Chief Executive commented that this was being actively examined to ascertain whether the development of the building would be financially viable for the Council.
- (viii) In addition to the above, the Chief Executive confirmed that in view of the implications from the implementation of the welfare reform changes and bedroom tax, a strategic approach needed to be developed in relation to the collection of monies owed across the Council, Housing Associations and utility providers.
- (ix) The future of Bryan Hanson House was also discussed along with a number of potential options available for the future use of the building.
- (x) A Member stressed the importance of looking at single person accommodation in general and not just at student accommodation. An area of particular concern for Members was in the circumstances of a family breakdown where the single parent without full time custody of the children, would need to have a facility to enable the children to stay with them on occasions to maintain a full relationship with their children.
- (xi) A Member highlighted RND R054 Failure to maintain highway infrastructure and RND R055 Failure to provide effective transport infrastructure and highlighted a number of concerns about what can be done to mitigate any potential problems. The Chief Executive confirmed that to bring all the roads in the town up to the required standard would cost around £25m.
- (xii) It was noted that Members had received a number of calls in relation to the lack of gritting to footpaths. The Chief Executive informed Members that there was a voluntary scheme in place across the south area of the town, where the Council would provide grit to enable volunteers to use it on footpaths, especially around older persons'

- properties. It was suggested that this scheme be highlighted to the voluntary sector in the north area of the town who may wish to operate a similar scheme. However, it was noted that the main routes within the town were gritted to ensure they were kept flowing at all times.
- (xiii) In response to a query from a Member, the Chief Executive confirmed that salt bins located at various points across the town were restocked as soon as practicable. Whilst he added that there was a strict criteria to where the salt bins were placed, Members did have access to ward budgets if they wished to fund the purchase of additional bins and the continued revenue costs.
  - (xiv) A Member questioned the cost to the Council of insurance claims in the last 12 months where people had tripped on damaged footpaths. The Chief Executive indicated that this information would be forwarded to the Member direct.
  - (xv) In relation to CED R094 Failure to deliver a new ICT Contract a Member questioned whether a contract would be in place by October 2013. The Chief Executive indicated a contract would be in place in the required timescale.
  - (xvi) Some concern was expressed in relation to elderly people and the fact that footpaths were not gritted. A Member highlighted that there was provision available through an initiative operated in partnership with the Child and Adult Services Department and Telecare which provided assistance to the elderly by gritting their pathways. The importance of ensuring that members of the public were aware of all avenues of assistance provided during the winter months, especially in relation to the wellbeing of elderly people. A Member added that if anyone was in any difficulties that they could contact their Ward Councillor who would be able to support people in finding the most appropriate assistance.

### **Recommended**

The current position with regard to performance was noted.

## **118. 2011/12 Year End Performance Report** *(Corporate Management Team)*

The report informed Scrutiny Co-ordinating Committee of the year end performance for the key Performance Indicators as identified in the suite of 2012/13 Departmental Plans, and to provide a number of 2012/13 targets that were not available at the time the Plans were agreed.

A Member questioned when the new layout of the Corporate Plan would be available for Members. The Performance and Partnerships Manager confirmed that this would be submitted to the Committee at its January meeting.

**Recommended**

The year end performance report for 2011/12 was noted.

**119. Localising Council Tax Benefit – Consultation Exercise Verbal Update** *(Chief Finance Officer)*

The Chief Finance Officer provided an update to Members and confirmed that in view of additional information provided by Government, further financial modelling had been undertaken. The updated position reflected the impact of reducing the planned Council tax increase to 1.99%, which reduces the overall cost of the scheme. The updated position also reflected an additional option which has become available from the Government's initiative to provide additional one-off grants to councils which limit the reduction in benefit support to 8.5%. Adopting this option will require the Council to fund an additional £160k. As the one-off grant will not be paid after 2013/14 this scheme is not sustainable and the reduction in council tax support will need to increase in 2014/15 to 15% with a potential increase of up to 20% in 2016/17.

A Member sought clarification on the difference the 8.5% and 15% reductions in benefit support would mean to residents. The Chief Finance Officer confirmed that for Band A properties an 8.5% benefit support would equate to paying £78 as opposed to £138 with 15% benefit support with band D paying £93 at 8.5% and £164 at 15%. In relation to passported residents, this would equate to £53 at 8.5% and £103 at 15% in Band A. These figures were averaged as it was recognised that there were a lot of different individual circumstances.

In response to question from a Member, the Chief Finance Officer confirmed that if the Council agreed a reduction in benefit support of 8.5% the budget gap would be £160k in 2013/14. Members were unanimously supportive of a 8.5% reduction in benefit support as opposed to 15 or 20% and noted that the Family Poverty Budget created by Council could be utilised to fund the budget shortfall. It was suggested that this reduction should be in place for a year to enable officers and Members to fully evaluate the impact on services and residents. It was noted that it was due to the Council's previous good management of the overall budget and prudent measures put in place previously that the reduction of 8.5% could be implemented.

However, it was recognised that further mitigation would be required to ensure all families were supported, for example through the promotion of free school meal entitlements.

Members were keen to thank the partners who had taken part in the Localising Council Tax Working Group for their invaluable contribution and to ensure they were informed of the recommendations of the Committee with the option to forward any further comments direct to the Chief Finance

Officer.

The importance of raising awareness with residents of the challenges faced by the Council and the measures to be put in place to deal with those challenges was discussed. The Chief Finance Officer indicated this information could potentially be included within the leaflet that was distributed with council tax bills across the town. It was also suggested that this could also be promoted through a future edition of the Council's Hartbeat magazine.

The Chief Finance Officer confirmed that around 300 responses to the consultation were received with the figures from the most recent consultation event with voluntary organisations and their clients yet to be confirmed.

### **Recommended**

- (i) Cabinet be informed that Members unanimously supported the reduction in benefit support by the lower amount of 8.5% with the resulting budget shortfall to be funded through the family poverty budget created by Council.
- (ii) That all the key partners involved in the Localising Council Tax Working Group be thanked for their invaluable contribution to the process and informed of the Committee's recommendations to Cabinet with any further comments to be forwarded to the Chief Finance Officer direct.
- (iii) That an outline of the budgetary challenges faced by the Council along with the measures put in place to deal with those challenges be included within the leaflet sent to all residents with their council tax bill and an article feature in a future edition of the Council's Hartbeat magazine.

## **120. Adult and Community Services Scrutiny Forum's Progress Report** *(Chair of the Adult and Community Services Scrutiny Forum)*

The Chair of the Adult and Community Services Scrutiny Forum presented the report which informed Members of the progress made to date by the Adult and Community Services Scrutiny Forum since the last report to this Committee.

The Chair of the Forum confirmed that Members reluctantly agreed to the proposed savings and budget reductions but did not support the reduction in subsidy to the Carlton Camp facility as it was considered that this would have a detrimental effect on the camp and the children who attend the camp. The Chief Executive added that alternative proposals had been explored to ensure that the savings proposed from the reduction in subsidy to Carlton Camp could be met from elsewhere, therefore allaying Members' fears.

**Recommended**

That the progress of the Adult and Community Services Scrutiny Forum was noted.

**121. Children's Services Scrutiny Forum** (*Chair of the Children's Scrutiny Forum*)

The Chair of the Children's Scrutiny Forum presented the report which informed Members of the progress made to date by the Children's Services Scrutiny Forum since the last report to this Committee.

**Recommended**

That the progress of the Children's Services Scrutiny Forum was noted.

**122. Neighbourhood Services Scrutiny Forum's Progress Report** (*Chair of the Neighbourhood Services Scrutiny Forum*)

The Chair of the Neighbourhood Services Scrutiny Forum presented the report which informed Members of the progress made to date by the Neighbourhood Services Scrutiny Forum since the last report to this Committee.

**Recommended**

That the progress of the Neighbourhood Services Scrutiny Forum was noted.

**123. Health Scrutiny Forum's Progress Report** (*Chair of the Health Scrutiny Forum*)

The Chair of the Health Scrutiny Forum presented a report which informed Members of the progress made to date by the Health Scrutiny Forum since the last report to this Committee. The Chair requested that the young people who had taken part in the investigation into 'Sexual Health' be informed of the outcome of the investigation.

**Recommended**

- (i) That the progress of the Health Scrutiny Forum was noted.
- (ii) That the outcome of the investigation into 'Sexual Health' be forwarded to the young people who had taken part and contributed to the investigation.

**124. Regeneration and Planning Services Scrutiny Forum's Progress Report** (*Chair of the Regeneration and Planning Services Scrutiny Forum*)

Members were informed of the progress made to date by the Regeneration and Planning Services Scrutiny Forum since the last report to this Committee.

**Recommended**

That the progress of the Regeneration and Planning Services Scrutiny Forum was noted.

**125. Scrutiny Co-ordinating Committee's Progress Report** (*Chair of the Scrutiny Co-ordinating Committee*)

Members were informed of the progress made to date by the Scrutiny Co-ordinating Committee since the last report to this Committee.

All Members and officers were thanked for their hard work and commitment by way of contributions to the investigations undertaken by Overview and Scrutiny, it had displayed excellent partnership working across a number of well chosen investigations.

**Recommended**

That the progress of the Scrutiny Co-ordinating Committee was noted.

**126. Feedback Report: Visit to Bournemouth Borough Council** (*Vice Chair of the Scrutiny Co-ordinating Committee*)

The Chair and Vice Chair of the Committee along with the Chair of the Health Scrutiny Forum had visited Bournemouth to discuss the implementation and operation of their Health and Wellbeing Strategy. Members were provided with a copy of a presentation which detailed Bournemouth and Poole's Health and Wellbeing Strategy for 2013-2016.

The discussions had highlighted that the work currently being undertaken in relation to Health and Wellbeing was heading in the right direction and that there may be merit in exploring collaborative working with North Tees Clinical Commissioning Group as Stockton had similar health and wellbeing issues as Hartlepool. In addition it was noted that the examination and refreshing of the Joint Strategic Needs Assessment being carried out would ensure the Council was in a state of readiness to undertake the full responsibility of the health and wellbeing function.

A Member commented that the Health and Wellbeing Board at Bournemouth and Poole was inclusive of back bench Members which enabled the wider contribution from all Members to health and wellbeing issues. The Vice Chair referred to the resolution from Council on 6 December 2012 for a wider back bench Members involvement in the transitional arrangements of the Health and Wellbeing Board as well as ensuring the new membership was reflective of all the whole Membership of Council. It was noted however, that a separation of membership would still be required to ensure an effective overview of the decision making was in place.

It was suggested that all the information received from Bournemouth and Poole should be forwarded to the Health Scrutiny Forum for future reference.

**Recommended**

- (i) The feedback from the visit to Bournemouth Council in relation to the operation of their Health and Wellbeing Strategy was noted.
- (ii) The information received from Bournemouth and Poole be forwarded to the Health Scrutiny Forum for future reference.

**127. Call-In Requests**

None.

**128. Any Other Items which the Chairman Considers are Urgent**

None.

The meeting concluded at 3.26 pm

CHAIR

# SCRUTINY CO-ORDINATING COMMITTEE

## MINUTES

4 JANUARY 2013

The meeting commenced at 1.00 pm in the Civic Centre, Hartlepool

### **Present:**

Councillor Christopher Akers-Belcher (In the Chair)

Councillors: Jim Ainslie, Paul Beck, Rob Cook, Ged Hall, Brenda Loynes, Robbie Payne, Carl Richardson and Linda Shields.

Officers: Dave Stubbs, Chief Executive  
Andrew Atkin, Assistant Chief Executive  
Chris Little, Chief Finance Officer  
Denise Ogden, Director of Regeneration and Neighbourhoods  
Catherine Grimwood, Performance and Partnerships Manager  
Joan Stevens, Scrutiny Manager  
David Cosgrove, Democratic Services Team

### **129. Apologies for Absence**

Councillors Stephen Akers-Belcher, James, Tempest and Wells.

### **130. Declarations of interest by Members**

None.

### **131. Confirmation of the minutes of the meetings held on 7 December 2012**

Deferred to the next meeting.

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

No items.

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

No items.

**134. Forward Plan**

No items.

**135. Consideration of progress reports/budget and policy framework documents**

No items.

**136. Quarter 2 – Strategic Financial Management Report 2012/13** *(Corporate Management Team)*

The Chief Finance Officer outlined the key elements of the report submitted to Cabinet on 19 November 2012. The report provided an update on the progress of the Council's financial position for the current year and progress in achieving the underspend targets that had previously been set. The report included the following key sections for Members' information –

- Review of Reserves
- 2012/13 Forecast Outturn – Corporate Budgets
- 2012/13 Forecast Outturn – Departmental
- Creation of Departmental Reserves
- Summary of Reserve Review and Outturn Position
- Projected Grant Income to be Earmarked to fund 2013/14 Expenditure
- Early Intervention Grant
- Statement of Accounts
- Key Balance Sheet Information
- Progress Against Additional Capital Receipts Target
- Capital Monitoring 2012/13

The Chief Finance Officer specifically highlighted the risks around the transfer of business rates and specifically those associated with the power station. The higher than anticipated cut in government grant required an additional £770,000 of savings in 2013/14 and an additional £2m of savings in 2014/15. The Chief Finance Officer expressed his concern at the levels of grant cuts the authority was facing over the next four years which, in his opinion, would push some services to the 'tipping point'.

Members questioned the estimated shortfalls in income highlighted in the report and how accurate these were considered to be. The Chief Finance

Officer stated that he believed that the income shortfalls particularly with Building Control and the Shopping Centre were in the order of 95% accurate being based on regularly updated information through the year.

In relation to the Early Intervention Grant (EIG) Members questioned the level of front line service cuts that would be enforced. The Chief Finance Officer indicated that Cabinet had quite early in the process developed a strategy for managing the EIG. Through close management of the budget some underspends had been developed in the current year that could potentially mean that the levels of service could be maintained next year if they were carried forward. There was, however, a another course of action for Members to consider in that rather than utilise all the underspends in the first year, a budget strategy of reducing the front line services on a more managed basis could be implemented giving a slightly longer lead in to the reductions in 2014/15 and beyond. The Vice-Chair acknowledged that the increased savings now required across the authority for 2013/14 did change matters somewhat although the managed underspends did give some flexibility.

Members also questioned the impact of the transfer of some budget elements of the EIG to the Police and Crime Commissioner (PCC). The Director of Regeneration and Neighbourhoods indicated that at this time it was understood that funding may be passported back to the local authorities by the PCC but with a proportion, possibly 10% being retained centrally by the PCC. The PCC would be attending a future meeting of the Committee so these issues could be discussed with him directly. The Vice-Chair indicated that it would be valuable for Members to submit any specific questions they have for the PCC in advance of the meeting so that he could build those issues into his presentation to Members. The Scrutiny manager confirmed she would be writing to Members in this regard and also indicated that the meeting would be open to all Members of the Council.

Members indicated that the risk associated with the power station had been raised previously with Members in relation to the transfer of National Non Domestic Rates (NNDR) to the authority. The Chief Finance Officer indicated that the risk was now quantifiable as the government had now stated the level of shortfall in NNDR that local authorities would have to bear locally before triggering central support. This figure was £1.7m for Hartlepool which effectively made the whole of the power station's rates the risk the Council had to bear. The Town's MP had made arrangements for a meeting with the Minister to explain Hartlepool's unique situation in this respect as the only unitary authority with a nuclear power station within its boundary.

Reference was made to the additional monies approved by Council in relation to the Empty Homes Scheme. The Chief Finance Officer indicated that the additional £315,000 approved by Council related to an additional £165,000 to fund the additional properties in order to meet the overall target of 100 properties and a contingency fund of £150,000. It had initially been intended that both would be funded by prudential borrowing but Council

determined that the funding should be drawn from the budget outturn for 2012/13.

The Vice-Chair questioned the accuracy of the figures around redundancy and early retirement costs. The Chief Financial Officer indicated that these were based on average costs incurred in the past three years and were quite robust in terms of accuracy. Over the past two years the authority had not incurred any significant early release of pension costs. However, with an aging workforce and the levels of cuts anticipated in future years it was not expected that this situation would continue. The only concession from government was that the costs could be capitalised by local authorities.

### **Recommended**

That the report and discussions be noted.

## **137. Proposals for Inclusion in Council Plan 2013/14** *(Chief Executive and Director of Regeneration and Neighbourhoods)*

The Chief Executive gave a presentation to the Committee outlining the challenges that the authority faced in 2013/14 and how these were to be reflected within the outcomes included in the Council Plan for 2013/14 relating to the Chief Executive's department.

The Chief Executive outlined the outcomes the department contributed towards and Members comments in relation to each are set out below. Members questioned the issues raised through the peer review and how these would be addressed. The Chief Executive indicated that a report would be submitted to Council in February responding to the action plan for Members' approval.

Outcome 4 – People have greater access to financial information, advice and support, particularly those currently excluded.

- The performance indicator (PI) in relation to the Credit Union was welcomed. Members questioned if there would be an opportunity for Members to be involved in the drafting of the information to be given to the public in relation to the changes to benefits under the welfare reforms. The Chief Executive indicated that it was intended that some information should be circulated with Council Tax bills and that Members would be involved in the process. Hartlepool was well ahead of other authorities in dealing with this issue and would have one of the lowest reductions in support among authorities in the region. When developing the proposals put to Members, the examples used had been real life families so Members could see the real affects of the welfare reforms.
- Members were concerned at the potential workload impacts and the impact on staff when the welfare changes came into force. The Chief Executive indicated that there was additional training in place for front line staff. It was suggested that including Members in this training may be helpful.
- The Chief Finance Officer cautioned Members that the Council may not

be able to set its budget in February as planned as the government had scheduled the debate on the grant allocations announced before Christmas for the first week in February.

Outcome 27 – Improve the efficiency and effectiveness of the organisation.

- Concern was expressed by Members as to whether there was sufficient staff in place to advise people on the changes arising through the welfare reforms. There was great concern that 9000 families in the town were going to get a bill they hadn't had before.
- The potential reuse of Bryan Hanson House was discussed. The Chief Executive confirmed that a number of avenues were being explored including marketing the building.

Outcome 28 – Deliver effective customer focussed services, meeting needs of diverse groups and maintaining customer satisfaction.

- Members considered that maintaining face to face contact for services was key, particularly with the discussed impacts of the welfare reforms. The Assistant Chief Executive indicated that these services were being maintained. Obviously, the changes brought about by the welfare reforms would have an impact on these public facing services and the staff involved and appropriate measures were being put in place to both monitor and support the service. The Chief Executive commented that the government's own departments would be dealing with many of the people directly affected by the changes initially. The process of change could, however, mean that some families would be hit by new bills or reductions in benefits month after month.

Outcome 29 – Maintain effective governance arrangements for core business and key partnerships.

- No comments.

Outcome 30 – Maintain effective performance, finance and risk management arrangements.

- No comments.

Outcome 31 – Maintain the profile and reputation of the Council.

- Members suggested some amendments to Hartbeat including reformatting to include sections based around the Council's policy areas and potentially increasing the number of issues each year. The Assistant Chief Executive indicated that the format changes could be considered for future issues. In relation to the number of issues each year, the Assistant Chief Executive indicated that in the last two years the budget for Hartbeat had been brought in at zero costs to the council. Income was all through advertising and the number of issues and the potential affect that may have on advertising would need to be

considered carefully. Despite the current economic situation, advertising income had been maintained.

- The transfer of public health responsibilities to the Council from the Primary Care Trust (PCT) was raised as a concern by a Member. The Chief Executive commented that it was still not fully clear as to what contracts and levels of expenditure were being transferred to the Council.
- Members referred to some recent breaches of confidentiality within the authority and questioned if there would still be powers to deal with these under the new constitution. The Chief Executive indicated that a lot of work had already been undertaken in developing the new constitution which would include appropriate measures.

Outcome 32 – Deliver effective Member and Workforce arrangements, maximising the efficiency of the Councils Democratic function.

- The Chief Executive indicated that it was proposed that the workforce strategy should also include Members.

Outcome 33 – Ensure the effective implementation of significant government policy changes.

- Members noted that there were no risks highlighted under this outcome. The Chief Executive indicated that the authority had no option but to comply with government's policy.
- A Member referred to the new regulations that required small businesses to be able to produce 'real time' PAYE information for employees and questioned if this was an opportunity for the Council through some form of commercial venture. The Chief Finance Officer commented that there was no existing capacity within the current workforce and any increase in capacity would require a robust business case.

### **Recommended**

That the presentation and Members comments be noted and fed into the meeting of the Committee on 18 January when the overall Council Plan 2013/14 would be considered.

## **138. Scrutiny Involvement in the Budget Consultation Process – Process Update** *(Scrutiny Manager)*

The Scrutiny Manager reported that following the late receipt of the grant settlement from central government the Chair of the Committee had discussed with the Chief executive the need to amend the agreed scrutiny consultation process. It had been agreed that rather than the each individual Forums considering the respective departmental budget areas, the Scrutiny Coordinating Committee would now consider the whole MTFs budget in detail at one meeting. In order to facilitate this, the Scrutiny Coordinating Committee meeting diaried for the 24 January 2013 had been

extended to commence at 12.00 noon with an expected completion time of 4.00pm.

The report also updated the Committee with the position in relation to the New Homes Bonus. The Chief Finance Officer reported that the Medium Term Financial Strategy (MTFS) had included a forecast NHB allocation for 2013/14 of £1.048m. This income was allocated to partly mitigate the impact of the cuts in the main Formula Grant and therefore reduce the budget cuts the Council will need to make to set a balanced budget for 2013/14. The Government announced details of the national and local allocations for New Homes Bonus (NHB) for 2013/14 on 10th December 2012. Hartlepool has been allocated £1.188m, which is £0.14m more than forecast in the MTFS.

New Homes Bonus payments commenced in 2011/12 and were funded from the national Local Government Grant settlement. Therefore, NHB is not new funding but was simply existing funding allocated to individual councils on the basis of housing growth, rather than an assessment of need if this funding was allocated through the main Formula grant. The payment of NHB needed to be considered in the context of the reductions in Core Formula Grant which had been implemented since 2010/11. In 2010/11 Hartlepool received Core Formula Grant of £58.148m (restated to reflect grant changes implemented in 2011/12), compared to £42.955m forecast for 2013/14, a reduction of £15.193m, or 26%. Therefore, for Hartlepool the 2013/14 NHB allocation of £1.188m replaces a small proportion of the ongoing cut to the main Formula Grant.

A Member referred to the comments of the Mayor made at the Cabinet meeting before Christmas in relation to the new homes bonus as being the only new money available to local authorities would be through building new houses. The Chief Executive indicated that while this was top sliced money, the way it was paid to local authorities made, to some extent, the Mayor's comment correct.

#### **Recommended**

That the report and Members comments be noted.

### **139. Call-In Requests**

No items.

The meeting concluded at 2.50 p.m.

CHAIR

# SCRUTINY CO-ORDINATING COMMITTEE

## MINUTES

18 JANUARY 2013

The meeting commenced at 10.00 a.m. in the Civic Centre, Hartlepool

**Present:**

Councillor Christopher Akers-Belcher (In the Chair)

Councillors: Jim Ainslie, Rob Cook, Ged Hall, Brenda Loynes, Robbie Payne, Carl Richardson, Linda Shields, Sylvia Tempest, Ray Wells and Angie Wilcox.

Officers: Denise Ogden, Director of Regeneration and Neighbourhoods  
Louise Wallace – Director of Public Health  
Sally Robinson, Assistant Director, Prevention, Safeguarding and Specialist Services  
Andrew Atkin, Assistant Chief Executive  
Catherine Grimwood, Performance and Partnerships Manager  
Joan Stevens, Scrutiny Manager  
David Cosgrove, Democratic Services Team

### **140. Apologies for Absence**

Councillors Stephen Akers-Belcher, Keith Fisher, Steve Gibbon and Marjorie James

### **141. Declarations of interest by Members**

None.

### **142. Confirmation of the minutes of the meetings held on 7 December 2012 and 4 January 2013**

Deferred.

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

No items.

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

No items.

**145. Forward Plan**

No items.

**146. Second Consultation Draft of the Joint Health and Wellbeing Strategy** *(Director of Public Health)*

The Director of Public Health submitted on behalf of the Shadow Health and Wellbeing Board the second draft of the draft Joint Health and Wellbeing Strategy for Members information. NHS reforms require the Local Authority with partner agencies including the NHS to develop a joint Health and Wellbeing Strategy based on the Joint Strategic Needs Assessment (JSNA). The final strategy must be adopted by April 2013. The strategy should focus on not only protecting the health of the population but improving it through a range of evidence based interventions. Also submitted for Members information were an action plan for the implementation of the strategy and an Equality Impact Assessment.

The Director commented that the strategy aimed to be measurable both qualitatively and quantitatively. The final draft would be submitted to scrutiny in March prior to approval by Cabinet and subsequently Council in April.

**Recommended**

That the second draft of the Joint Health and Wellbeing Strategy be noted.

**147. Council Plan 2013-14** *(Assistant Chief Executive)*

The Assistant Chief Executive submitted for Members consideration and comment, the proposed Council Plan for 2013/14. The comments that had been made by members' during the consultation process involving the standing scrutiny forums reported in the following agenda item would be worked through with departments and an amended plan would come back to this Committee prior to its consideration by Cabinet and subsequently Council.

**Recommended**

That the report be noted.

**148. Draft Departmental Plans 2013/14 – Feedback from the Overview and Scrutiny Committees** *(Chairs of the Overview and Scrutiny Committees)*

The Scrutiny Manager indicated that in the preceding weeks the standing scrutiny forums had considered their respective sections of the draft Departmental Plans for 2013/14. The comments made by the forum members were submitted to the Committee for consideration. The finalised plan will then be brought back to the Scrutiny Co-ordinating Committee on the 8 March 2013, prior to its consideration by Cabinet on the 18 March 2013 and Full Council on the 11 April 2013.

The Vice-Chair commented that one of the over-arching issues had been how the new governance structure would affect the delivery of the Council Plan. The Assistant Chief executive indicated that officers had already had some initial discussions on how the plan would be needed to be adapted to reflect those changes. Any changes would be incorporated in the revised Council Plan to be submitted to the Committee on 18 March.

**Recommended**

That the comments submitted by the standing Scrutiny Forums and as made by this Committee at its meeting on 4 January be noted and that further consideration of the final draft of the Council Plan be undertaken at the meeting on 18 March 2013.

**149. Call-In Requests**

No items.

**150. Any Other Items which the Chairman Considers are Urgent**

No items.

The meeting concluded at 10.15 a.m.

CHAIR

## SCRUTINY CO-ORDINATING COMMITTEE

24 January 2013



**Report of:** Scrutiny Manager

**Subject:** MEDIUM TERM FINANCIAL STRATEGY (MTFS)  
2013/14 to 2016/17 – CONSULTATION PROPOSALS

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### 1. PURPOSE OF REPORT

- 1.1 To enable all Members of Overview and Scrutiny to consider, and comment on, proposals put forward for the Medium Term Financial Strategy (2013/14 to 2016/17).

### 2. BACKGROUND

- 2.1 The Council's Constitution requires that consultations be undertaken in relation to the draft Budget and Policy Framework for each coming year. In accordance with this requirement, successful practice in previous year had been that each Standing Scrutiny Forum would explore proposals in relation to the service areas within its remit. However, owing to the Government delaying the announcement of the provisional 2013/14 Local Government Finance Settlement until 19<sup>th</sup> December 2012, which is significantly later than in previous years, this has result in an extremely tight timescale of this year's budget consultation process and the need to amend the established Scrutiny process. It should also be noted that the Government have indicated that the final 2013/14 Local Government Finance Settlement will now not be made until early February, although an exact date has not yet been provided. Based on experience in previous years it is not expected that there will be any significant changes to the provisional grant figures. However, the later announcement of the final 2013/14 figures may impact on the timetable for referring final budget proposals to Council, as this information is needed to complete the detailed statutory calculations underpinning the Budget and Council Tax decisions which need to be referred to full Council.
- 2.2 The Scrutiny Co-ordinating Committee (at its meeting on the 4 January 2013) subsequently approved a revised process and timetable for consideration of the Executive's proposals for the Medium Term Financial Strategy (2013/14 to 2016/17), with consideration of the proposals retained in their entirety by the Scrutiny Co-ordinating Committee.

- 2.3 In formulating the Scrutiny Co-ordinating Committee's response to this year's very challenging budget, it was recognised that the proposals for each Department must still be looked at in detail. To achieve this, presentations will be given by the Finance and Corporate Services Portfolio Holder and relevant Directors to assist Members in their consideration of the proposals for each of the Councils Departments. The order of presentations at the meeting being:
- **Introductory Presentation** (Finance and Corporate Services Portfolio Holder)
  - **Chief Executive's Department Budget** (Chief Finance Officer)
  - **Regeneration and Neighbourhoods Department Budget** (Director of Regeneration and Neighbourhoods)
  - **Child and Adult Services Department Budget** (Assistant Director, Adult Social Care and Assistant Director (Prevention, Safeguarding and Specialist Services))
- 2.4 In accordance with the agreed process, and timetable, the Scrutiny Co-ordinating Committee's formal response to the initial proposals will be submitted to Cabinet on the 4 February 2013.
- 2.5 All Scrutiny Members have been invited to attend today's Scrutiny Co-ordinating Committee meeting to participate in discussion as part of the consultation process. To assist Members in doing this, in addition to the presentations to be given by each of the Directors, invitations have been extended to the Mayor and each of the Portfolio Holders to attend.

### 3. **CONSIDERATION OF ISSUES**

- 3.1 At its meeting on 17 December 2012, Cabinet considered the following report:-
- Appendix A** - Medium Term Financial Strategy (MTFS) 2013/14 to 2016/17  
(Corporate Management Team)
- 3.2 An additional Cabinet meeting was held on 21 December 2012 to update Cabinet on the impact of provisional 2013/14 Local Government Finance Settlement and the following report was considered:-
- Appendix B** - Medium Term Financial Strategy (MTFS) 2013/14 to 2016/17  
- Supplementary Report (Corporate Management Team)
- 3.3 Please note that the information contained within the report will form the basis of the Directors presentations and following each presentation questions, comments and suggestions will be welcomed in the formulation of the Committee's response to Cabinet.

#### 4. RECOMMENDATIONS

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

- a) as part of the Budget and Policy Framework initial consultation proposals, consider the proposals outline in the reports circulated at **Appendices A and B**; and
- b) formulates any comments and observations it may wish to see included in the formal Overview and Scrutiny response to be presented to the Cabinet on 4 February 2013.

**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.



**Report of:** Corporate Management Team

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

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**1. TYPE OF DECISION / APPLICABLE CATEGORY**

Non Key Decision.

**2. PURPOSE OF REPORT**

2.1 The purpose of the report is to update the MTFS and to enable Cabinet to determine the formal budget proposals it wishes to refer for Scrutiny.

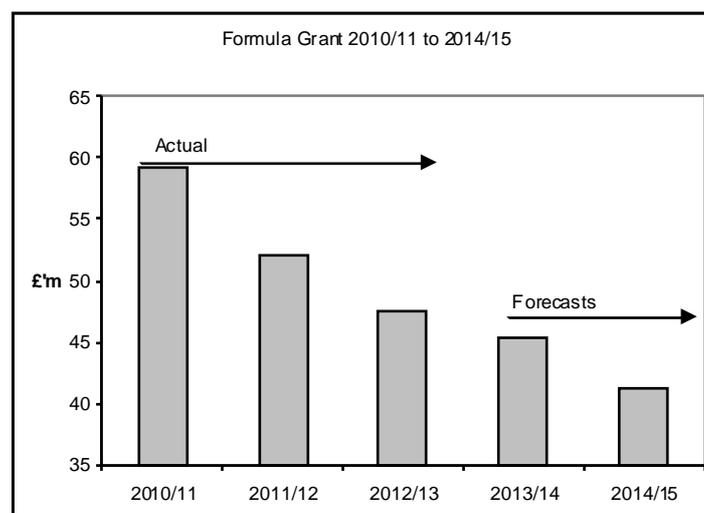
**3. BACKGROUND**

3.1 A number of reports have been submitted to Cabinet over the period June 2012 to November 2012 and have highlighted the significant financial challenges facing the Council in 2013/14 and future years arising from:

- Continued reductions in Formula Grant (the main grant paid to Councils);
- Reductions in specific grants, including the Early Intervention Grant (EIG) and Local Authority Central Spend Equivalent Grant (LACSEG);
- Fundamental changes in the overall system for funding Local Authorities. These changes are the most significant changes since the Community Charge was replaced by the Council Tax in 1993 and will impact on authorities in 2013/14 and transfer additional ongoing financial risks to Councils;

These changes cover two key issues, the re-localisation of business rates and the replacement of the national Council Tax Benefit System with locally determined Council Tax Support schemes.

- 3.2 The report to Cabinet on 4<sup>th</sup> October provided a comprehensive analysis of the financial position facing the Council for the next four years and enabled Cabinet to commence the formal budget consultation process for 2013/14.
- 3.3 The previous reports highlighted the significant uncertainty of funding levels for 2013/14 and future years arising from the range of changes proposed by the Government and the lack of final information on these issues. This uncertainty has now been compounded by indications that the 2013/14 Local Government Finance announcement will not be made until 19<sup>th</sup> December 2012. This is significantly later than in previous years and impacts on the time available for Councils to complete the budget cycle, as the end dates for setting the 2013/14 budget and Council Tax cannot move. Furthermore, it is not yet clear if this will only be a one-year settlement for 2013/14, or a two year settlement for 2013/14 and 2014/15.
- 3.4 As soon as more definite information is available Members will be updated. An additional Cabinet meeting has been scheduled for 21<sup>st</sup> December 2012 to update Members on the Local Government Finance announcement, assuming this is made on 19<sup>th</sup> December 2012 and provides sufficient detail of the impact of changes on individual Councils.
- 3.5 Whilst, the scale of anticipated grant cuts for 2013/14 and 2014/15 are expected to be less than the reductions implemented over the last two years, as grant cuts were front loaded, the challenges for Councils setting next years budget are even more challenging for a number of reasons:
- The forecast that by 2014/15 Hartlepool's annual Formula Grant will be £18.1m less than it was in 2010/11, an ongoing cut of 30%, as summarised below;



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- The impact of significant legislative changes, including introducing new Local Council Tax Support schemes and Business Rate re-localisation;
- The impact of cuts to the Early Intervention Grant (EIG) funding of £1.15m, a cut of 15% in 2013/14, increasing to £1.6m in 2014/15;
- The impact of changes in Local Authority Central Spend Equivalent Grant (LACSEG) funding, which will result in reduced funding when schools become academies and potentially result in a total grant loss of £2.35m.

3.6 Implementing any one of these changes would be challenging for the Council, implementing them all at the same time significantly increase the financial risks the Council will need to manage in 2013/14 and future years. It is therefore essential that robust plans are developed and implemented to manage these issues and any one off costs arising from these changes.

3.7 A key component of this overall strategy has been the development of a robust outturn strategy for the current year (2012/13) to address the additional financial risks facing the Council. These issues were considered by the Corporate Management Team and Cabinet previously approved a strategy based on setting underspend targets and review of reserve targets to identify resources to fund additional one-off expenditure commitments. This strategy is a key element of the strategic approach to managing the Council's financial position over the period of the MTFs (2013/14 to 2016/17) and aims to ensure the Council has a robust financial base to manage continuing grant cuts. This approach will hopefully avoid the need for emergency measures and even higher cuts in budgets in future years.

3.8 This report outlines the key changes since the initial MTFs proposals were considered by Cabinet on 4<sup>th</sup> October 2012 and the impact this has on the recommended strategy for managing the budget position over the next two years.

#### **4. 2012/13 Outturn Strategy and Review of Reserves**

- 4.1 A comprehensive report was submitted to Cabinet on 19<sup>th</sup> November 2012 detailing progress in achieving the targets set for in-year managed budget underspends. This strategy will enable an underspend to be achieved through a combination of robust management actions, including;
- holding posts vacant, which will help reduce the number of compulsory redundancies required to balance the 2013/14 budget;
  - achieving planned savings earlier;
  - careful management of budgets to avoid expenditure where this does not have an adverse impact on services;

## Appendix A

- the financial benefit to the Council of Local Government pay being frozen for the third successive year (fourth year for Chief Officers). This ongoing benefit of the 2012/13 pay freeze has been built into the 2013/14 budget forecast; and
  - savings in interest costs by taking advantage of current interest rates structures. A comprehensive review of this area has also been completed and detailed proposals to secure a permanent budget saving of £1m from 2014/15 in interest and loan repayment costs has been developed.
- 4.2 The report also provided details of progress in achieving the target set for re-assessing reserves where these resources can be released as the risk has reduced, or the initial proposed use of the reserve is no longer a priority in the current financial climate.
- 4.3 The report indicated that total resources from managing these areas is anticipated to be in the range of £5.660m to £6.480m, depending on the final outturn for demand lead budgets.
- 4.4 Assuming these outturns are achieved the level of available resources will exceed the previously identified commitments, which are summarised below, by between £0.191m to £1.011m.

Summary of additional one-off commitments to be funded from 2012/13 outturn and review of reserves

	Best case £'000	Worst Case £'000
Forecast additional grant cuts 2013/14 arising from formula changes and updated population figures	850	850
Business Rates Retention – safety net threshold risk and impact of Power Station	1,000	1,000
Forecast additional redundancy and early retirement costs up to 2016/17	2,500	2,500
Provision for income shortfall 2013/14	500	500
Provision for delayed implementation of planned 2013/14 and 2014/15 savings	500	500
<b>Total additional one-off commitments</b>	<b>5,350</b>	<b>5,350</b>
Less Forecast 2012/13 Managed budget underspends (see note 1)	(3,380)	(4,200)
Less Reserves released from reviewing existing commitments	(2,280)	(2,280)
Funding for one off Accommodation costs (see note 2)	119	119
<b>Forecast uncommitted resources available to temporarily support 2013/14 budget if actual grant cut is higher than forecast</b>	<b>(191)</b>	<b>(1,011)</b>

**Note 1** - These figures assume that none of the forecast outturn is allocated for the Empty Homes Project and the additional forecast costs on this scheme are funded from Prudential Borrowing supported by the Business Case.

**Note 2** - A comprehensive report on the Accommodation Strategy was considered by the Finance Portfolio Holder on 12<sup>th</sup> December 2012 outlining proposals to achieve ongoing budget savings of £0.17m from 2014/15. The budget forecast for 2014/15 anticipate savings of £0.1m from reducing accommodation costs, therefore there may be an additional savings available to reduce the overall net 2014/15 budget deficit. To achieve these savings one-off costs need to be incurred of £0.184m (including a 15% contingency). It is recommended that £0.119m of these costs are funded from the current year's outturn and £0.065m from the part year accommodation costs saving anticipated in 2013/14.

- 4.5 As previously reported it is recommended that a decision on the use of the uncommitted one-off resources is deferred until the 2013/14 Local Government Finance settlement is provided by the Government. If the actual grant cut is higher than forecast these resources will need to be allocated to help balance the 2013/14 budget on a temporary basis.
- 4.6 In the event that the uncommitted resources are not needed to balance the 2013/14 budget it is recommended that these resources are carried forward to 2014/15 to manage ongoing financial risk, particularly if the Government only provide a one year Grant Settlement.
- 4.7 Statutory Accounts 2012/13 – impact of Outturn Strategy**
- 4.8 The successful achievement of the targets set for achieving in-year managed underspend and reviewing reserves will impact on the year end position reported in the Statutory Accounts.
- 4.9 Similarly, the receipt of income from external funders in the current year to pay for services next year will also be reported in the Statutory Accounts, as a contribution to reserves. As reported in previous years this arrangement helps maximise the financial resources available to spend in the town, although it does result in a temporary increase in reserves at the year end.
- 4.10 The Statutory Accounts will also provide a summary of the financial strategy adopted by the Council in 2012/13 to manage budgets robustly and to prepare for future financial challenges. This is a difficult message to explain to the public and Officers and Members will need to work together to explain the strategy to the public.

## 5. Chancellor's Autumn Statement

5.1 The Chancellor made his Autumn Statement on 5<sup>th</sup> December 2012. In broad terms the Statement and information from the Office for Budget Responsibility indicates that Britain's economy is now expected to contract by 0.1% this year owing to the impact of problems in Europe. Growth forecasts for future years are now lower than previously expected and the latest forecasts are:

- 1.2% in 2013;
- 2% in 2014;
- 2.3% in 2015;
- 2.7% in 2016;
- 2.8% in 2017.

5.2 The public sector deficit is expected to fall this year, partly owing to one-off benefits and to continue falling until 2017/18, which is later than previously forecast. These factors highlight the continued financial challenges facing the economy and the public sector, which it is expected will experience a continued period of austerity until 2017/18.

5.3 In terms of specific information regarding the impact on Councils there was little new information. The following issues will impact, although further information will be needed to assess the impact on Hartlepool:

- The Chancellor stated that total public sector spending will reduce from 48% of GDP in 2009/10 to 39.5% in 2017/18. In addition, the Chancellor repeated that 80% of the overall reduction in Government spending will relate to expenditure reductions, with 20% coming from tax increases. These factors underline the view that further grant cuts will be made in future years;
- Government Departmental budget will be cut by an additional 1% in 2013/14 and 2% in 2014/15. The 1% reduction does not apply to Councils, but the 2% reduction will apply in 2014/15. The Autumn Statement indicated that nationally this will reduce total funding for Local Government by a further £455 million in 2014/15. The following table summarises the departmental budget reductions announced by the Chancellor in the Autumn Statement;

	£ million	
	2013-14	2014-15
Education	-155	-305
NHS (Health)	0	0
Transport	-50	-90
CLG Communities	-20	-25
CLG Local Government	0	-445
Business, Innovation and Skills	-150	-280
Home Office	-80	-155
Justice	-75	-140
Law Officers' Departments	-5	-10
Defence	-245	-490
Foreign and Commonwealth Office	-10	-20
Energy and Climate Change	-5	-5
Environment, Food and Rural Affairs	-20	-35
Culture, Media and Sport	-10	-20
Work and Pensions	-75	-155
Scotland	-50	-105
Wales	-20	-65
Northern Ireland	-20	-40
Chancellor's Departments	0	-5
Cabinet Office	-5	-10
Small and Independent Bodies	-5	-10
International Development <sup>2</sup>	-250	-430

- A Comprehensive Spending Review will be completed in the first half of 2013 to determine Government spending priorities for 2016/17 and 2017/18;
- Business rate relief for new development will be provided on the basis of a 'longer grace period'. It is unclear how long this will last and how this will be paid for given the changes to relocalise business rates from April 2013;
- Most welfare benefits for working age adults will be capped at 1% for each of the next 3 years.

- 5.4 Based on the above information it is still not clear whether the Local Government Finance Settlement will cover 1 or 2 financial years, or to determine the actual grant cuts for these years. This position will not become clear until the 19<sup>th</sup> December 2012 when the Local Government Finance Settlement for 2013/14 is issued. This announcement is much later than in previous years and makes financial planning even more difficult, particularly if the actual grant cuts for 2013/14 are greater than anticipated.
- 5.5 If the additional 2% grant reduction is implemented as an across the board 2% grant cut for all Councils this will have a disproportionate impact on Councils which are more dependant on Grant funding, including Hartlepool as the additional 2% Grant cut equates to £0.8m.
- 5.6 From a practical perspective the late grant announcement for 2013/14 will have a significant impact on the time available to develop a strategy to manage actual grant cuts if these are higher than forecast and to then consult on any action which may be necessary to manage

## Appendix A

this position. Completing the Budget and Council Tax setting process as planned in early February 2013 is even more important than in previous years owing to the impact of the Council Tax Benefit reforms, as the Council needs to be able to issue Council Tax bills as soon as possible. The budget timetable and process will need to be reviewed when more information is available.

- 5.7 A recent Department of Health circular provides information on funding arrangements for social care for 2013/14 and future years. This funding will be paid to local Clinical Commissioning Groups and Councils will need to work with these Groups to access this funding. At this stage it is unclear how much will be received by individual Councils. More importantly, it is unclear how this national funding announcement fits in with the main Local Government Funding Settlement. There is a risk that rather than this being new money to fund social care costs that this funding may simply be funded by top slicing the national Formula Grant and providing rebadged funding via the NHS. The Department of Health circular highlights the significant uncertainty regarding next years funding allocations. Further information will be provided as soon as it is available.

## 6. General Fund budget forecast 2013/14 to 2016/17

- 6.1 The MTFs report considered by Cabinet on 4<sup>th</sup> October provided a comprehensive analysis of the national and local issues impacting on the Council's financial position for 2013/14, including initial budget pressures of £0.539m detailed in **Appendix 1**. The report outlined the forecast deficits for the period 2013/14 to 2016/14, as summarised below:

### Summary of forecast deficits 2013/14 to 2016/17

	Low £'000	High £'000
2013/14	5,326	5,326
2014/15	5,520	5,520
	10,846	10,846
2015/16	4,649	5,649
2016/17	3,300	4,300
	7,949	9,949
Total Forecast Deficit	18,795	20,795

- 6.2 The report also provided a detailed strategy for managing the budget deficits facing the Council in 2013/14 and 2014/15 as these are the

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most immediate challenges facing the Council. The previous report highlighted the following key issues:

- The budget deficits for 2013/14 and 2014/15 will only be bridged if significant sustainable budget savings are made in these years;
- The 2013/14 budget will be supported by one-off resources of £1.198m, which avoids higher budget cuts being required for this year and enables the budget to be balanced over a slightly longer period;
- The actual grant cuts for 2013/14 and 2014/15 do not exceed the forecast reductions;
- Indicative annual Council Tax increases for 2013/14 and 2014/15 approved in February 2012 would be reduced from 3.49% to 2.5%. This issue needs reviewing to reflect the Government's announcement on 8<sup>th</sup> October 2012 of lower Council Tax referendum thresholds and arrangements for freezing Council Tax in 2013/14. Further details are provided later in the report.

6.3 Based on these forecasts the previous report advised Members that this strategy should enable the Council to set a balanced budget for 2013/14 and reduce the net deficit for 2014/15 to around £1.3m, as summarised below:

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	Cumulative figures	
	2013/14 £'000	2014/15 £'000
Initial Forecast Deficits reported June 2012 (based on annual 2.5% Council Tax increases)	4,100	8,900
<u>Changes in planning forecasts reported in June 2012</u>		
Add Reduction in Council Tax income from reducing from an indicative 3.49% annual increase to 2.5%	400	800
Add Changes in planning assumptions	560	880
Revised Forecast Deficit reported June 2012	5,060	10,580
<u>Additional Changes in planning forecasts since June 2012</u>		
Add Forecast additional Formula Grant cuts arising from proposal announced by Government in July	600	600
Add Impact of changes in population figures used in to allocate Formula grant	250	250
Less Lower pressures to be funded from 2013/14 budget headroom provision of £1 m	(461)	(461)
Less reduction in 2012/13 Concessionary Fares pressure	(100)	(100)
Less reduction in Chief Executive salary (assumes initial appointment at minimum of grade)	(23)	(23)
Revised Forecast Deficit	5,326	10,846
Less Forecast ICT saving	(300)	(700)
Less Forecast Collaboration Savings	(1,000)	(2,297)
Less Forecast Other Savings	(2,828)	(6,188)
<b>Net Forecast Deficit after proposed savings</b>	<b>1,198</b>	<b>1,661</b>
Less One-off resources allocated to offset removal of 2012/13 Council Tax freeze grant	(348)	(379)
Less One-off funding to be identified from 2012/13 outturn strategy to offset additional Formula grant cuts and impact on changes in population figures used to allocate Formula grant	(850)	0
Net Deficit still to be funded from budget cuts	0	1,282

- 6.4 The previous table highlights the scale of the permanent budget reductions which need to be achieved over the next two years. The current MTFs forecasts are based on achieving:
- significant IT procurement savings commencing in 2013/14, with a full year saving in 2014/15 of £0.7m;
  - Planned Departmental savings for 2013/14 of £3.828m – a budget cut of around 5%;
  - Further departmental savings for 2014/15 of £4.657m – a budget cut of around 6.4%. Cumulatively by 2014/15 the cut in departmental budgets is currently forecast to be £8.485m, or 11.4%.

#### 6.5 2013/14 Savings plan and risk assessment

- 6.6 The following table summarises the proposed savings for 2013/14, which in total are £36,000 more than planned savings, assuming the reduced People Collaboration savings of £250,000 is achieved as detailed in paragraph 6.13. Detailed reports on the individual 2013/14

## Appendix A

savings are set out in the Appendices to this report as shown in the following table:

Appendix	Project Title	Proposed savings included in MTFS (£'000)
2	Adult Social Care	860
3	Community Services	205
4	Home to School Transport	100
5	Performance & Achievement	100
6	Prevention, Safeguarding & Specialist Services	475
7	Resources & Support Services Division of Child & Adult Services	91
8	Regeneration & Planning Services	201
9	Resources Division of the Regeneration & Neighbourhoods Department	228
10	Transportation and Engineering Services	254
11	Waste Management Services - Note 1	400
12	Chief Executives Department	200
		<b>3,114</b>
	Three Borough People Collaboration - Note 2	250
	<b>Total Savings</b>	<b>3,364</b>

Notes

1. This report was considered and approved by Cabinet on 3rd December 2012.

2. As detailed in paragraphs 6.13 to 6.15 the full year saving will not be achieved and a reduced part year saving of £0.250m will be included in the 2013/14 budget.

6.7 The detailed savings reports include a risk assessment section detailing financial and non financial risks of achieving the proposed savings. In terms of financial risks a corporate assessment of the achievability and sustainability of savings has also been completed based on analysing savings between reductions in pay budgets, non pay budgets and income generation, as summarised below:

	Pay savings £'000	Non pay budget savings £'000	Increased income £'000	Total Saving £'000
Chief Executive's Department	155	25	20	200
Child and Adult Services	759	998	74	1,831
Regeneration & Neighbourhoods	332	558	193	1,083
Total	1,246	1,581	287	3,114
Savings as percentage of total	40%	51%	9%	100%

- 6.8 The above table indicates that 40% of the overall savings will be achieved by reducing pay budgets. As detailed in previous reports this is broadly slightly lower than the overall percentage of the current budget which is spent on pay costs of 56%. Further analysis of the proposed pay savings has identified that £0.657m (53%) of the overall saving in this area will be achieved by deleting vacant posts. This position reflects management action taken to hold posts vacant where possible to reduce the need for compulsory redundancies as part of the 2013/14 budget. This action is not sustainable over the period of the MTFs and in future years the number of compulsory redundancies will increase as it will not be possible to hold posts vacant.
- 6.9 With regard to the 2013/14 pay saving which cannot be achieved by deleting vacant posts of £0.589m the Corporate Management Team will continue to manage vacancies during the remainder of the year to provide redeployment opportunities for staff at risk of redundancies.
- 6.10 In terms of managing the financial risk of achieving the overall savings target for 2013/14 the pay savings detailed in the previous paragraphs reduces the financial risk of delivering sustainable savings from 1<sup>st</sup> April 2013. With regard to the non pay and income savings these are based on robust business cases, as described in the detailed report for each area. However, these areas are not without risk and any shortfall in planned savings will need to be addressed by departments identifying alternative proposals for Members approval if this proves necessary. These areas will continue to be managed carefully during 2013/14.
- 6.11 **Update of 2013/14 and 2016/17 budget forecasts**
- 6.12 Further work on the budget forecasts has been completed since the previous report was considered by Cabinet and a range of issues need to be reflected in the budget forecasts for 2013/14 and 2016/17.
- 6.13 For 2013/14 these issues are neutral and maintain a balanced budget, assuming the actual grant cut is not higher than currently forecast. The main issue relates to the forecast People Collaboration savings included in the MTFs previously reported of £0.75m. This was always going to be one of the most challenging savings proposals for 2013/14 and work completed to date now indicates that a full year saving will not be achieved in this area. The October 2012 MTFs report recognised the risk of delays in achieving planned 2013/14 and 2014/15 savings and recommended a risk reserve of £0.5m, as detailed earlier in the report. It is now recommended that £0.367m of this amount is allocated to support the 2013/14 budget. The use of this funding and other changes in the budget forecasts enable the part year savings required from the People Collaboration project to be reduced to £0.25m. If the actual part year People Collaboration savings are more than this amount there will be a reduced call on the risk reserves.

- 6.14 Conversely if the in-year savings are less than £0.25m an additional contribution from the risk reserve of £0.133m may need to be made, which would fully commit this reserve. This would leave a residual potential shortfall of £0.117m to manage in 2013/14. At this stage it is anticipated that the risk of managing this residual in-year shortfall is low. Furthermore, the budget position for 2013/14 may benefit from the Chief Executive's review of the current management structure. This review needs to reflect ongoing capacity requirements during a challenging period of change and links to collaboration projects in both People and Corporate Services. This work is unlikely to be sufficiently complete in time for setting the budget, although depending on the recommendations of the Chief Executive there may be a part year saving. Given the risks of achieving the existing challenging savings programme for 2013/14 and the proposal to commit a significant element of the risk reserves for managing delays in the phasing of planned savings to support the 2013/14 budget it is recommended that any in-year structure review savings which are achieved are earmarked to reduce the call on the risk reserve in 2013/14. This will then enable the uncommitted risk reserve to be carried forward to 2014/15 to manage the risk of achieving the savings in that year, which will be even more challenging.
- 6.15 The following table summaries changes in the budget position for 2013/14, which in total are neutral and are summarised to inform Member of the factors which have changed.

Summary of budget changes 2013/14

	£'000	£'000
Net deficit reported 04.10.12 (as per para. 6.3)		0
<b>Increases in budget deficit</b>		
<u>People Services Collaboration saving</u>	500	
Delayed achievement of forecast saving from People Services collaboration as detailed in paragraph 6.13.		
<u>Looked After Children Pressure</u>	96	
Increase demand for children's social care services and workload pressures within system resulting in need for additional capacity within social work teams to manage demand and ensure caseloads remain at safe level		
<u>Denominational School Transport</u>	125	
Following the Council decision in February 2012 to provide one-off funding to defer making this saving		

in 2012/13 the MTFS forecast anticipated this saving being made in 2013/14. Following the decision by Cabinet on 19 <sup>th</sup> November 2012 the anticipated saving included in the previous MTFS forecast will not be achieved.		
<u>Reduced Council Tax increase</u>  A decrease in the planned Council Tax increase from 2.5% to just below the referendum trigger point to 1.99% will reduce ongoing Council Tax income and therefore increase the budget deficit.	150	
<b>Sub Total – increases in budget deficit</b>		<b>871</b>
<b>Decreases in budget deficit</b>		
<u>Council Tax base</u>  The 2013/14 Council Tax base will be approved in January. It is anticipated that there will be a small increase in the actual tax base compared to the initial assessment included in the MTFS in January 2012.	(168)	
<u>One-off Council Tax Support Grant</u>  The Council will benefit in 2013/14 from a one off grant of £0.2m owing to the impact of the cut in Government grant to fund the new Local Council Tax Support scheme being higher for Hartlepool than the national funding cut. This partly offsets the pressure included in the MTFS to partly fund the implementation of a Local Council Tax Support scheme in 2013/14, although this pressure increases in 2014/15 and the one-off grant will not be received in this year.	(200)	
<u>Department Savings proposals</u>  As detailed in paragraph 6.6 and the detailed savings proposal exceed the savings targets by £36,000.	(36)	
<u>External Audit Fee savings</u>  An initial assessment of the forecast External Audit Fee savings was included in the June 2012 MTFS report. Based on information received from Mazars (the new external auditors) on 1 <sup>st</sup> November 2012 in relation to the 2012/13 External Audit fee it is anticipated that the ongoing saving in	(15)	

2013/14 will be £105,000, which is £15,000 more than initially forecast and included in the MTFS. This fee level assumes the timely preparation of good quality financial statements and working papers.		
<u>Director of Regeneration and Neighbourhood Services saving</u>  Saving reflects lower salary and associated pension and national insurance savings.	(36)	
<b>Sub Total – Decreases in budget deficit</b>		<b>(455)</b>
<b>Temporary Savings / Funding</b>		
<u>Use of 'Delayed Saving' Risk Reserve</u>  As detailed in paragraph 6.13 this amount will partly offset the delayed achievement of planned 2013/14 People Services collaboration savings detailed above.	(367)	
<u>Chief Executive's savings</u>  The MTFS forecast reported on 4 <sup>th</sup> October included a permanent savings from the reduction in the Chief Executive's salary as detailed in paragraph 6.3.  Following the appointment of the current Chief Executive there will also be a temporary employers' pension contribution saving (£24,000) as the current Chief Executive is no longer in the pension scheme and his pension will be based on his previous salary as Director of Regeneration and Neighbourhoods.  This saving will continue while the existing officer is Chief Executive, although it will not be sustainable when there is a change in Chief Executive.  There will also be a temporary savings (£10,000) as the Chief Executive was appointed at the bottom of the revised salary grade.	(34)	
<u>Human Resources Saving</u>  The Chief Executive is currently reviewing all departmental structures and will be making recommendations to Cabinet on a proposed	(15)	

structure early in the New Year. In relation to the Chief Executive's department these proposals will need to address issues in relation to the Human Resources function, in particular the shared Head of Human Resources post. Members will recall that when this arrangement was initially entered into a saving of £51,000 was included in the base budget leaving a net budget provision of £51,000. The Chief Executive's review of the structure will address this issue and recommend whether the whole of this budget is needed to replace lost HR capacity and capability, or whether part, or the whole of the remaining budget can be taken as a saving. Until this review is complete existing temporary arrangements will continue. Therefore, for planning purpose a minimum temporary saving of £15,000 can be included in the 2013/14 budget.		
<b>Sub Total – Temporary Savings / Funding</b>		<b>(416)</b>
<b>Revised Budget Deficit based on forecast grant cuts and annual Council Tax increases of 2.0%</b>		<b>0</b>

- 6.16 The above forecast will change if the actual grant cuts for 2013/14 and 2014/15 are higher than forecast and an update will be provided as soon as the Government provide these details. These forecasts will also be affected by the level of Council Tax Members determine to recommend for 2013/14 and this is addressed in section 7. There may also be a one-off benefit to the 2013/14 budget from the 2012/13 Collection Fund as initial work indicates there will be a Collection Fund surplus. The detailed work will be completed over the next few weeks and assuming there is a Collection Fund surplus this one-off funding must be taken into account when the 2013/14 budget is set. This amount will therefore be available to either offset the actual grant cut if it is higher than forecast, or to reduce the planned use of other one-off resources allocated to support the 2013/14 budget which can then be carried forward to manage budget risks in 2014/15.
- 6.17 For 2014/15 the MTFs forecast assumes the full year one saving from People Services Collaboration of £0.75m will have been achieved and additional year two savings are achieved in this area. A number of other factors have been updated and these measures reduce the 2014/15 net budget deficit from £1.282m reported in October to **£0.608m**, based on the following factors:
- The achievement of the planned 2013/14 and 2014/15 savings programme;
  - Actual grant cuts not exceeding the MTFs forecasts;

- The anticipated Treasury Management strategy saving;
- Annual Council Tax increase of 2% in 2013/14 and 2014/15;
- Budget pressures in 2014/15 do not exceed the £1m headroom provision included in the MTFs. Initial forecasts anticipate the whole of this amount being needed to permanently fund budget pressures which will be funded from specific reserves in 2013/14 relating to income shortfalls (shopping centre and building control) and increased Looked after Children costs. As reported previously the strategy of funding these pressures in 2013/14 from specific reserves has avoided additional budget cuts next year, although it was recognised this is only a temporary solution as these pressures are anticipated to become permanent.

6.18 In summary the updated gross budget deficits for 2013/14 to 2016/17 are slightly higher than the previous forecasts owing to the impact of reducing planned Council Tax increases in 2013/14 and 2014/15 from 2.5% to 2%. There is also a slight re-phasing of the gross deficit from the first two years to the second two years, as summarised below:

	Low £'000	High £'000
2013/14	5,326	5,326
2014/15	5,272	5,272
<b>Sub Total</b>	<b>10,598</b>	<b>10,598</b>
2015/16 (note 1)	5,015	6,015
2016/17 ( note 1)	3,481	4,481
<b>Updated Total deficit</b>	<b>19,094</b>	<b>21,094</b>
Total deficit reported 04.10.12 (note 2)	18.795	20.795

Note 1 – The higher 2015/16 and 2016/17 budget deficits reflect higher grant cuts in these years.

Note 2 – The deficits for individual years assume each year is balanced from permanent budget reductions. Where temporary funding is used to balance a specific years' budget the implications of deferring permanent saving is reflected in the following year.

## 7. Council Tax 2013/14

7.1 As reported in November the Government has announced details of the proposed 2013/14 Council Tax Freeze Grant and referendum trigger points, as follows:

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- Council Tax Freeze Grant – a 1% grant will be paid to local authorities which freeze the 2013/14 Council Tax at the current level. This grant will be paid for two years - 2013/14 and 2014/15.
  - Council Tax referendum threshold – this will be reduced from 3.5% in 2012/13 to 2% for 2013/14.
- 7.2 It is anticipated that the above proposal will be formally approved by Parliament in December 2012 and will therefore apply for 2013/14 as these issues need to be approved by Parliament on an annual basis.
- 7.3 The June 2012 MTFS report recognised the risk of the Government reducing the Council Tax referendum thresholds and recommended reducing the forecast annual Council Tax increases included in the MTFS for 2013/14 to 2016/17 from 3.5% to 2.5%. This proposal was approved by Cabinet and increased the budget deficits over the period of the MTFS.
- 7.4 In view of the Government's recent announcement the latest planning assumptions included in the MTFS and summarised at section 6 are now based on setting a Council Tax increase just below 2% i.e. at 1.99% for 2013/14.
- 7.5 Cabinet needs to determine whether to recommend either increasing Council Tax just below the referendum trigger point of 2%, i.e. by 1.99% for 2013/14, or to accept the Council Tax Freeze Grant for 2013/14. This decision needs to take account of both the immediate impact on the Council's financial position in 2013/14 and also the longer term impact beyond 2013/14.
- 7.6 Another factor the Council needs to consider is the level of the Council Tax referendum trigger which the Government may set in future years, which is currently unknown. The Government's policy over the period 2011/12 to 2013/14 has been to reduce both the period Council Tax Freeze Grant is paid for and the value of the grant. At the same time the Council Tax referendum thresholds for 2013/14 are significantly lower than they were in 2012/13. Against this background the best that Councils can plan for 2014/15 is that the Council Tax Freeze Grant and referendum trigger points will be the same as for 2013/14. However, there is a risk that lower levels could be implemented, which would further undermine individual Councils financial resources and exacerbate the impact of continuing grant cuts.
- 7.7 The impact of the options available to the Council for 2013/14 are detailed below:

Impact of increasing Council Tax by 1.99%

This option is more sustainable than accepting the Council Tax Freeze Grant of 1% as it will generate additional ongoing Council Tax income

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of £0.6m in 2013/14 and future years. The Councils ability to achieve additional sustainable income is particularly important at a time of reducing Government grant as this income helps to partly mitigate the impact of these funding cuts on services.

The option will impact on household budgets and the weekly additional charge per household will be as follows if this option is implemented:

Property Band	Percentage of houses in each band	Additional weekly charge arising from a 1.99% increase in HBC own Council Tax
A	46.9%	0.36p
B	16.4%	0.42p
C	16.1%	0.48p
D	9.5%	0.54p
E	5.7%	0.66p
F	2.8%	0.78p
G	2.3%	0.90p
H	0.3%	1.08p
	100%	

#### Impact of accepting the 2013/14 Freeze Grant of 1%

As reported previously temporary Council Tax freezes result in permanent funding reductions. Accepting the 2013/14 Council Tax Freeze Grant will reduce ongoing gross income by £0.6m.

This permanent income reduction will be offset by a reduction in the budget pressure for the Local Council Tax Support scheme of £0.2m as provision will not be needed to be made for the increased costs arising from a 1.99% Council Tax increase. This reduces the ongoing net income loss to £0.4m. It will not be possible to make up this loss in future years through higher Council Tax increases as these would require a Council Tax Referendum and it is unlikely that the public would vote to pay higher Council Tax.

If the Council determines to freeze Council Tax an additional 1% grant will be paid by the Government for 2 years, which for Hartlepool will be £0.3m. As this is a time limited grant this does not provide a permanent solution to the permanent loss of Council Tax income and simply defers part of these additional cuts until 2015/16, as summarised in the following table.

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	2013/14 £'000	2014/15 £'000	2015/16 £'000
Permanent reduction in net resources from freezing 2013/14 Council Tax	400	400	400
Council Tax Freeze grant – received for 2 years	(300)	(300)	0
Additional sustainable 2013/14 budget cuts	0	(100)	(100)
Increase in budget cuts	100	0	300

As detailed earlier in the report 2015/16 will be a very difficult budget year owing to the cuts which will have been made in the previous 4 years. The financial challenges (and cuts required) in 2015/16 would therefore be increased if Council Tax is frozen next year.

- 7.8 In summary increasing Council Tax by 1.99% will generate additional permanent income, which is particularly important during a period of Government grant reductions. Accepting the Council Tax Freeze Grant will require additional budget cuts of £0.4m to be made before the start of 2015/16. It is therefore recommended that a Council Tax increase of 1.99% is implemented as this maximises the Council's ongoing income base and provides greater protection for services.
- 7.9 For 2015/16 and 2016/17 it is recommended that the indicative Council Tax increases of 2.5% are maintained, as the Council will need to begin increasing Council Tax income to partly mitigate the ongoing impact of further expected grant cuts. Central Government will need to recognise that if Council Tax continues to be constrained at a time of continuing grant cuts that Councils will become unviable and unable to provide local services. The indicative 2015/16 and 2016/17 Council Tax increases will need to be reviewed when more information is available.
- 7.10 For 2013/14 the Government is removing the requirement on Local Authorities to provide an explanatory leaflet with Council Tax bills. Whilst, the statutory requirement is being removed it is recommended that a leaflet is provided with the 2013/14 Council Tax bills as this provides an opportunity to explain to the public the financial issues facing the Council, the strategy for dealing with these issues and an explanation of the decisions taken in relation to the level of Council Tax for 2013/14. The additional cost of producing the black and white Council Tax information leaflet is £1,800, as all other costs of printing and distributing the Council Tax bills will still be incurred. This cost can be funded from the existing budget.

## **8. Early Intervention Grant (EIG)**

- 8.1 The EIG was established in 2011/12 and funded from a number of specific grants. Hartlepool's initial EIG allocation for 2011/12 was nearly 22% lower than the previous separate grant allocations.
- 8.2 As reported in November the Government are now proposing further changes which will come in next year. Indicative figures provided by the Government indicate that Hartlepool's EIG will be reduced by £1.15 million next year, a cut of 15% compared to a national reduction of 11%.
- 8.3 The national EIG allocation is forecast to reduce by a further 6% in 2014/15. This could increase Hartlepool's EIG cut to £1.6m in 2014/15, an additional cut of £0.45m.
- 8.4 These cuts are not wholly unexpected and previous reports have identified the risk of cuts in EIG. In response to this risk a careful assessment of EIG commitments has been adopted since this funding regime was introduced and this strategy delivered an under-spend in 2011/12. It is also planned to achieve an under-spend in 2012/13. Based on current forecasts the under-spends in 2011/12 and 2012/13 should provide one-off funding of between £1.431m and £1.531m, depending on the actual outturn for 2012/13.
- 8.5 In view of the forecast EIG funding cuts over the next 2 years Cabinet previously approved the recommended strategy of allocating the under-spends from previous years to temporarily offset these grant cuts. This strategy will not provide a permanent solution. However, the alternative strategy would be to cut EIG services by 15% from April 2013, which would require a detailed strategy to be developed and implemented within the next 5 months.
- 8.6 The recommended strategy provides a longer lead time for Members to assess the implications of reducing EIG services to the level of the ongoing EIG funding and a detailed report will be brought back to a future meeting to propose a permanent strategy.
- 8.7 The strategy for addressing the cut in the EIG will also include the impact of redundancy / early retirement costs which will need to be funded from the Council's overall redundancy / early retirement provision.

## **9. Local Authority Central Spend Equivalent Grant (LACSEG)**

- 9.1 Previous reports advised Members of the cuts in the Formula Grant arising from the transfer of Local Education Authority (LEA) funding to academies to reflect the transfer of responsibilities to individual schools. This position affected all LEAs irrespective of the number of academies in an individual authority's area and meant that in 2011/12

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and 2012/13 Hartlepool lost funding even though there were no academies. The arrangements for top slicing the Formula Grant do not reflect the costs which will remain with LEA, even if all schools became academies.

- 9.2 The 2012/13 budget included a provision of £0.28m to off-set the grant reduction. This amount will not be needed in the current year as, following legal challenge by a number of authorities, the Government have withdrawn these arrangements and will be refunding the grant cuts already made for 2011/12 and 2012/13. Detailed allocations for individual councils are not yet known, although it is anticipated Hartlepool may receive a refund for these years of £0.48m. Assuming this amount is received this will mean the Council has £0.76m (£0.28m in-year budget underspend, plus £0.48m one-off grant refund) of one-off resources at the end of the current year.
- 9.3 Whilst the Government has now reversed the previous arrangements for transferring funding they have indicated that new arrangement will be implemented for 2013/14. The new arrangements will involve removing Local Authority Central Spend Equivalent Grant (LACSEG) from the main Formula Grant from 2013/14. The national amount top sliced from the Formula Grant will then be allocated by the Government between LEAs and academies in each LEA's area. The more academies there are in an area the lower the funding which will be allocated to the LEA. There is a significant risk that the funding allocated to individual authorities will not be sufficient to fund statutory, regulatory and overhead costs currently funded from LACSEG. This risk will increase as more schools become academies.
- 9.4 Nationally this funding change will remove £1.2 billion from the Formula Grant and initial figures provided by the Department for Communities and Local Government indicates that Hartlepool's Formula grant will be reduced by £2.35m. As one secondary school has indicated it is to become an academy it is anticipated that the amount of specific funding allocated back to Hartlepool will be £2.15m, a reduction of around £0.2m on the current funding allocation. If more Hartlepool schools become academies further in-year grant reductions will be made during 2013/14 and future years. It is estimated these reductions will be £200,000 per secondary school and £45,000 per primary school. In addition, if more schools become academies during 2013/14 or future years the Government may top slice the national funding and make in-year reductions in individual authorities grant allocations.
- 9.5 At this stage it is anticipated the forecast grant cut of £200,000 can be funded from the budget provision of £280,000 included in the MTFS. It is recommended that the uncommitted budget of £80,000 is earmarked to offset additional in-year grant reductions which it is expected will be made when other schools become academies, as two primary schools are expected to convert during 2013/14. If this occurs the expected in-year grant cut is £90,000, which will mean there is a funding shortfall of

£10,000, although this would increase if more schools become academies. It is recommended that this shortfall is funded from the one-off resources detailed in paragraph 9.2 and the remainder of these resources earmarked to manage the impact of additional schools becoming academies in 2013/14 and future years.

- 9.6 This strategy is not sustainable, as the funding cuts when schools become academies are permanent, and a strategy needs to be developed to address this issue. This strategy needs to determine the minimum level of resources which will be needed to discharge the Council's statutory and regulatory duties as an LEA. It also needs to address the impact on overheads currently funded from the LACSEG. At this stage it is not known how much funding will be provided for these costs, whether the required services can be delivered within the available resources, or whether there will be a budget pressure in 2014/15 and future years.
- 9.7 The availability of this one-off funding provides the Council with the necessary financial flexibility to review this position over the next 12 months and to develop a strategy for managing this position. It is therefore recommended that the one-off funding not needed to fund grant reductions in 2013/14 is allocated towards developing this strategy. This will also include the impact of redundancy / early retirement costs which will need to be funded from the Council's overall redundancy / early retirement provision.

## **10. Public Health Funding**

- 10.1 As Members will be aware Public Health funding will transfer to councils in April 2013. Details of individual councils funding allocations have not yet been issued by the Government, although indicative figures have been provided.
- 10.2 Officers have been working with Health colleagues to develop and agree detailed arrangements for ensuring a smooth transfer of services. This work includes identifying existing contractual commitments which will also transfer to the Council and will be funded from the Public Health grant. This work indicates the indicative funding allocation will be fully committed to meet existing commitments during 2013/14. Officers will develop a detailed strategy for Public Health and use of the funding provided by the Government for 2014/15 and future years during 2013/14. Further updates will be provided when the Government provide more information.

## **11. Capital Programme 2013/14**

- 11.1 There are two elements to the capital programme, namely schemes funded from specific Government capital allocations and locally funded schemes.

- 11.2 In relation to schemes funded from specific Government capital allocations it is anticipated allocations will be announced after the Chancellor Autumn statement, probably towards the end of December, or early January. Details will be reported when they are available.
- 11.3 With regard to local schemes these are provided for from the Council Capital Fund, which is funded from Prudential Borrowing and the resulting annual repayment costs picked up as a revenue budget pressure. As part of the approved 2012/13 budget a Council Capital Fund of £1m was approved to cover capital expenditure requirements in 2012/13 and 2013/14. Council approved the allocation £0.582m to fund specific schemes in 2012/13 and the carry forward of £0.418m for schemes in 2013/14. Use of the carry forward funding will need separate Council approval.
- 11.4 A review of previously approved schemes has been completed to reflect the completion of schemes and the value of resources to carry forward to fund schemes in 2013/14 is £0.470m. In addition, the revenue budget pressures identified for 2013/14 include provision for an additional Council Capital Fund allocation of £0.6m. Therefore, total funding available for 2013/14 is £1.070m.
- 11.5 Detailed proposals for using this funding will be reported to Cabinet and Council in the final budget report for 2013/14 in February 2013. At this stage two schemes has been identified as detailed in the following paragraphs.
- 11.6 The first proposed scheme for 2013/14 is a contribution of £0.1m towards the reconstruction of the A689 arising from the deterioration a section of the highway. Detailed condition surveys indicate that a section of the carriageway is now classified as 'red' on the condition survey criteria. Reconstruction is required as soon as practical owing to the high volume of traffic that uses this section of highway on a daily basis and the need to maintain the highway in a safe condition to avoid accidents. Emergency repairs have been carried out using £16,000 of Local Transport Plan funding. This section of road had not previously been identified for reconstruction in the foreseeable future. However, the condition of the road has deteriorated and parts of the road now require reconstruction. The total cost of reconstruction is £0.68m and it is proposed to fund these costs as follows:

	£'000
Council capital fund	100
Underspend on the 2012/13 Coast Defence Prudential Borrowing repayment budget of £50,000, which has not been needed to match fund contribution towards Coast defence projects which will now be fully funded from Government Capital Grant. It is anticipated this position will continue in 2013/14.	100
Prudential Borrowing – the annual loan repayment costs arising in 2014/15 will be funded by permanently realigning part of the Coast Defence Prudential Borrowing repayment budget of £50,000.	480
<b>Total Funding</b>	<b>680</b>

- 11.7 The funding proposal will reduce the resources available to match fund Coast Protection works. However, following the success in securing Government grants to undertake major Coast Protection schemes this proposal will not impact on the delivery of these schemes. The proposal will leave a residual budget provision of £20,000 to match funding future Coast Protection projects.
- 11.8 The issues in relation to the A689 highlight the future financial challenges facing all Councils in relation to the management of infrastructure assets in a period of reducing capital resources and pressure on the revenue budget from grant cuts and demographic pressures. These issues cannot be addressed by individual Councils and at some point the Government will need to develop a strategy to finance the upgrade of infrastructure managed by Councils. Until such as strategy is developed individual Councils' will need to manage the position as best they can and develop local financial solutions.
- 11.9 The second proposed schemes relates to potential works to the Bowls Club building, which will commit £0.2m of the available Council Capital Fund if approved by Members. There is a separate report on this issue on the agenda.
- 11.10 A detailed report was submitted to Council on 18<sup>th</sup> October 2012 recommending that the additional costs (£165,000) and contingency provision (£150,000) for managing the financial risk of extending the Empty Homes project should be funded from Prudential Borrowing, which would be repaid from the additional rental income generated from extending this scheme, in line with the original business case. Full Council determined that the additional amounts of prudential borrowing only be drawn upon when any departmental underspends had been exhausted.
- 11.11 As detailed earlier in the report the achievement of managed departmental underspends is a key component of the overall financial strategy for managing the financial risks facing the Council over the

next few years, including the impact of actual grant cuts for 2013/14. This information was not reported to Council when they considered the report on the Empty Homes project. Therefore, it is recommended that the budget proposals to be referred to full Council in February 2013 should recommend that the original strategy for funding the additional costs of £165,000 and £150,000 from Prudential Borrowing, which will be repaid from the additional rental income generated from extending this scheme, in line with the original business case, should be adopted. This strategy will maximise the Councils' overall financial flexibility to address the impact of the actual 2013/14 grant cuts, whilst providing a robust financial base for the Empty Homes project.

## **12. Robustness of Budget forecast – Chief Finance Officer's Professional Advice**

- 12.1 As indicated in previous years the Local Government Act 2003 introduced a statutory requirement on an Authority's Chief Finance Officer (CFO) to advise Members on the robustness of the budget forecasts and the adequacy of the proposed level of reserves. If Members ignore this advice, the Act requires the Authority to record this position. This later provision is designed to recognise the statutory responsibilities of the CFO and in practice is a situation that I would not expect to arise for this Authority.
- 12.2 In response to the continuing financial challenges facing councils CIPFA (Chartered Institute of Public Finance and Accountancy) issued guidance reminding chief finance officers and their authorities of the statutory responsibilities when setting budgets. This advice reinforces statutory requirements and provides practical guidance to help chief finance officers discharge their responsibilities.
- 12.3 The Chief Finance Officer's advice will be provided in the budget report to be submitted to Cabinet and Council in February 2013. At this stage there are a number of key issues which will underpin this advice:
- The overall strategic approach being adopted to develop and implement a robust multi-year approach to managing the Council's financial position. This includes setting targets for achieving in-year managed budget underspends in the current year and the review of reserves to identify resources to fund additional one-off expenditure commitments over the next few years. This approach provides a sound financial basis for managing ongoing annual grant cuts and will help avoid even higher budget cuts in future years when one-off unavoidable expenditure commitments need to be funded.

Previous reports identified three significant financial risks over the period of the MTFs and indicated that there may need to be flexibility around the timing of funding for individual risks, which cover the following issues:

**i) Redundancy and Early Retirement costs**

This risk reflects the scale of the budget deficits over the MTFS period and the impact these cuts will have on staffing levels. For the 2013/14 budget it has been possible to minimise the numbers of potential compulsory redundancies through careful management of vacancies, which will reduce redundancy and early retirement costs for this year. However, this is not sustainable and given the scale of budget cuts which will be required over the period of the MTFS there will be significant redundancy and early retirement costs in future years. Furthermore, the initial assessment of these costs only covered General Fund budgets and not the impact of EIG and LACSEG costs. Therefore, the existing provision for redundancy and early retirement costs is still the level recommended by the Corporate Management Team.

**ii) Capital Receipts target of £4.5m**

These resources are allocated to fund capital schemes which have already commenced, principally the completion of Housing Market Renewal schemes. Previous reports have advised Members that achieving these targets will be challenging in the current climate and need careful management. If there is a shortfall in the level of capital receipts actually achieved this will need to be funded from Prudential Borrowing. This would result in an unbudgeted revenue cost and therefore increase future year's budgets deficits. The phasing of these capital receipts over the period of the MTFS is also important as this need to match expenditure commitments. The latest position for 2013/14 is that the phasing risk has increased as a major capital receipt planned for completion early in the new financial year (i.e. the sale of land at Tanfield Road) may be delayed or not achieved at all. This position will need to be managed carefully in 2013/14.

The risk in relation to managing capital receipts targets may increase if Members determine a strategy for the Brierton site as up-front costs will need to be incurred to enable future capital receipts to be achieved. These costs will include the relocation costs of the Education Development Centre / Pupil Referral Unit and demolition costs of the top site at Brierton. These issues will need to be carefully assessed and a strategy developed to manage the phasing of expenditure to reduce risk that the costs which need to be incurred before capital receipts from the sale of land at Brierton and the Education Development Centre / Pupil Referral Unit can be achieved.

The proposal to set an additional capital receipts target of £2m to fund developments at the Brierton Site from the sale of land at the Brierton (upper) site and the EDC site will increase the financial risk that the Council is managing. This is minimum forecast for these sites. As indicated in previous reports if capital receipts targets are not achieved the shortfall will need to be funded from Prudential

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Borrowing, which would result in an additional unbudgeted revenue pressure. Achieving these additional capital receipts will need to be managed carefully to avoid this situation and it is anticipated that the Brierton and EDC sites will be attractive to developers.

Setting an additional capital receipts target of £2m for Brierton means that the Council will be managing an overall capital receipts target of £6.5m. After reflecting capital receipts achieved to date of £0.7m this means capital receipts of £5.8m need to be achieved over the next 2 to 3 years. There are fundamentally two risks which need managing in relation to achieving this target.

The first risk relates to managing any phasing delays in the achievement of capital receipts. This would result in a temporary funding shortfall if capital expenditure has already been incurred and forecast capital receipts are achieved later than anticipated. This would result in an unbudgeted revenue cost as the capital funding shortfall would need to be funded from Prudential Borrowing, until the capital receipt is received.

The second risk relates to a permanent shortfall in the achievement of capital receipts. This would result in a permanent unbudgeted revenue cost as the capital shortfall would need to be funded from Prudential Borrowing on a permanent basis.

The MTFFS forecasts make no provision for either a temporary delay in the achievement of planned capital receipts, or a permanent shortfall in forecast capital receipts. For 2013/14 it is anticipated that this position should be manageable. This position will become clear in the early part of 2013/14 as a number of capital receipts are anticipated to be complete in this period. However, it is recommended that should additional revenue resources become available as part 2012/13 outturn that these should be earmarked to manage the temporary revenue cost of having to use Prudential Borrowing on a short-term basis if capital receipts are achieved later than expected. In the event that capital receipts targets are fully achieved there will be permanent revenue pressures from using Prudential Borrowing. For each £1 million shortfall in capital receipts the unbudgeted revenue pressure is around £60,000, at current interest rates.

In assessing the overall financial risks relating to achievement of an increased capital receipts target I have relied upon information provided by professional officers on the value of forecast capital receipts from specific land sales. On this basis the plans are robust, although the financial risks of achieving additional capital receipts in the current economic environment will need to be carefully managed.

**iii) Business Rate Retention**

The key risk relates to the safety net arrangements and thresholds for managing in-year reductions in business rates collected by individual councils. This is particular risk for Hartlepool owing to the impact of the Power Station on income if there is an in-year shut down. The Government has recently issued final details of how these arrangements will be implemented and a detailed report will be submitted to a future meeting. Although detailed regulations have still not been issued and until these are available the financial impact on Hartlepool cannot be finalised. One of the significant factors confirmed by the Government is the trigger point for providing financial support for in-year reductions in business rates, which has been set at 7.5%. It is still unclear what this equates to in financial terms for Hartlepool, although it does mean that support will only be paid for shortfalls above this threshold. Therefore, as reported previously the Council will face a significant ongoing financial risk in relation to the Power Station.

- The arrangements for implementing a Local Council Tax Support scheme. There is a detailed report on this issue on your agenda which outlines the potential financial risks of this change and arrangements for managing these risks.
- The assumption that Members will approve the proposals for bridging the budget deficit detailed in the report. The proposed savings are the key issue affecting the robustness of the proposed budget. If Members do not approve these proposals the budget forecasts will not be robust as overall expenditure will inevitably exceed available resources;
- The assessment by the Corporate Management Team of the achievability and sustainability of proposed budget reductions for 2013/14. The assessment of the proposed savings reflects the process adopted for identifying, managing and implementing these measures. This includes action taken in the current year to implement proposals earlier to ensure a full year saving is achieved in 2013/14. It also reflects a risk assessment of proposed savings based on an assessment of the level of pay, non-pay savings and increased income savings. In relation to the level of pay savings achieved for 2013/14 this reflects management action taken to hold posts vacant where possible to reduce the need for compulsory redundancies. This action is not sustainable over the period of the MTFs and in future years the number of compulsory redundancies will increase as it will not be possible to hold posts vacant;
- The detailed work undertaken by individual Directors (and their senior managers) in conjunction with my staff regarding the preparation of detailed budget forecasts, including income forecasts;

- Prudent provision for potential pay awards for April 2013;
- A prudent provision for inflation on non pay budgets and income budgets during 2013/2014;
- The identification of specific pressures and inclusion of these commitments within the overall budget requirement;
- A prudent view of the net costs of the Authority's overall cash flow, including the repayment of Prudential Borrowing;
- The comprehensive review of reserves and risks, which has enabled some resources to be released to partly fund additional risks detailed in section 4.

12.4 Advice on the robustness of the budget proposals cannot be finalised until the 2013/14 Local Government Finance Settlement is known as this will set out the actual grant cuts for 2013/14.

### **13. Initial budget consultation feedback**

13.1 The initial budget report considered by Cabinet on 4<sup>th</sup> October was referred to Scrutiny Co-ordinating Committee (SCC) to commence the 2013/14 budget consultation process. A report detailing the comments of SCC will be presented at you meeting.

13.2 Consultation meetings have also been held with the Trade Unions and Business Sector as detailed in Appendix 13.

### **14. CONCLUSION**

14.1 As detailed in previous reports the Council has had to manage significant funding cuts over the last two financial years (2011/12 and 2012/13). In summary the total grant funding received by the Council in 2012/13 is £18.6m lower than it was in 2010/11, which equates to a cut of 25%, which includes:

- A cut in the core Formula Grant of £11.9m, a 20% cut;
- The complete withdrawal of the Working Neighbourhood Fund, a cut of £4.9m.

14.2 In comparison to other areas the reduction in Hartlepool's 'spending power' per resident (the Government's measure of grant cuts) over the last two years is £200, which is nearly twice the national average.

14.3 Whilst, the Council has managed the permanent removal of this funding, this has not been easy and it will become even more difficult to manage further grant cuts over the next 4 years.

- 14.4 The report outlines the financial outlook for the next four years and indicates that further significant grant cuts will need to be managed, both in relation to the core Formula Grant, the EIG and the impact of LACSEG changes.
- 14.5 In relation to the forecast cuts in the core Formula Grant the Council faces a total forecast deficit of **£19m to £21m**, over the next 4 years as summarised below. There is a risk that the actual grant cuts may be higher than forecast, which would increase the budget deficits facing the Council. The forecast deficits are based on annual Council Tax increases of 1.99% in 2013/14 and 2014/15 and 2.5% in 2015/16 and 2016/17. If lower increases are implemented this will reduce the ongoing Council Tax income and increase the forecast budget deficits.

	Low £'000	High £'000
2013/14	5,326	5,326
2014/15	5,272	5,272
<b>Sub Total</b>	<b>10,598</b>	<b>10,598</b>
2015/16 (note 1)	5,015	6,015
2016/17 (note 1)	3,481	4,481
<b>Updated Total deficit</b>	<b>19,094</b>	<b>21,094</b>
Total deficit reported 04.10.12 (note 2)	18.795	20.795

Note 1 – The high 2015/16 and 2016/17 budget deficits reflect higher grant cuts in these years.

Note 2 – The deficits for individual years assume each year is balanced from permanent budget reductions. Where temporary funding is used to balance a specific years' budget the implications of deferring permanent saving is reflected in the following year.

- 14.6 The report provides a detailed strategy for managing the 2013/14 budget deficit, which includes:
- The achievement of net savings of £3.7m, including the part year ICT procurement saving. In relation to the level of pay savings achieved for 2013/14 this reflects management action taken to hold posts vacant where possible to reduce the need for compulsory redundancies. This action is not sustainable over the period of the MTFs and in future years the number of compulsory redundancies will increase as it will not be possible to hold posts vacant;
  - The use of £1.6m of one-off resources from the 2011/12 and 2012/13 outturns. The use of these one-off resources defers this amount of the budget deficit until 2014/15 and provides a longer lead time to identify permanent savings;

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- 14.7 The strategy for balancing the 2013/14 budget deficit is based on a Council Tax increase of 1.99%, which is just below the 2% referendum trigger point. This strategy is recommended by the Corporate Management Team as it provides sustainable income. For most households (i.e. the 63% living in a Band A or B property) the weekly increase is 42p or less.
- 14.8 The report details the impact of accepting the Government's 2013/14 Council Tax Freeze Grant of 1%, which would be received for 2 years. It is not recommended that Council Tax is frozen as this will result in a net reduction in ongoing Council Tax income of £0.4m, which would increase the budgets deficits and the service cuts which will need to be made over the period of the MTFs.
- 14.9 In relation to the 2014/15 budget previous reports identified initial savings proposals and these measures should reduce the budget gap from £5.272m to £0.608m. Detailed proposals for managing the remaining deficit will need to be developed during 2013/14.
- 14.10 With regard to the 2015/16 and 2016/17 budget deficits detailed savings plans will need to be developed. Making these additional budget cuts will be extremely difficult and require the prioritisation of services. Work on developing a strategy to address the budget deficits in these years will need to commence in 2013/14 to provide adequate lead time to consult the public on these proposals and to enable the planned savings to be achieved.
- 14.11 In addition to the significant ongoing budget deficit facing the Council the report also provides details of the additional financial risks transferred to Councils in April 2013 as a result of changes to the Business Rates system and the arrangements for providing Council Tax Support. These risks will need to be carefully managed during 2013/14 and future years.
- 14.12 In relation to the cuts in EIG and LACSEG the reports outlines the actions already taken by managers to prepare for these grant cuts, which provides one-off resources to manage the impact of these cuts over a longer period. This should help achieve a more effective transition of services to reflect the significant cut in funding, particularly in relation to the EIG. If this proactive strategy had not been implemented the Council would have to make these cuts within the next 4 months to ensure 2013/14 costs do not exceed the reduced funding allocation.
- 14.13 Details of additional one-off financial commitments which will need to be funded by the Council are also provided in the report, together with a strategy for funding these issues. This strategy is based on the achievement of managed budget underspend targets in the current year and the re-assessment of existing reserves and the risks/priorities these reserves were earmarked for. If these targets had not been

achieved additional budget cuts of £5.3m would have been needed over the next 4 years.

14.14 In summary over the next 4 years the Council is facing the most challenging financial position since becoming a unitary authority in 1996, which reflects:

- The scale of forecast ongoing Government grant cuts over the next 4 years;
- The transfer of financial responsibility for Council Tax Support to individual Councils, with a 10% national funding cut (effectively a cut for Hartlepool of 14% when account is taken of actual support already provided);
- The implementation of the Business Rates Retention system, which will transfer significant financial risk to individual Councils. This is a particular risk for Hartlepool owing to the potential impact of in-year reductions in the business rates paid by the Power Station.

14.15 The implementation of just one of the above issues in 2013/14 would be challenging for local authorities to manage. The implementation of three fundamental changes in a single year is unprecedented and significantly increases the financial risks being managed by Councils. These issues will need to be carefully managed in 2013/14 and future years. To address these issue the Council needs to adopt a multi-year strategy based on the achievement of 2012/13 managed underspends targets, the achievement of planned saving over the next 4 years and the earmarking of one-off resources to fund one-off expenditure commitments. The recommendations detailed in the next section provide a robust financial strategy for managing these changes and financial risks.

## 15. RECOMMENDATIONS

15.1 It is recommended that the Cabinet notes the report and refers the following proposals to Scrutiny Co-ordinating Committee.

### 15.2 2012/13 Outturn Strategy

15.3 Approve the proposed strategy for funding additional one-off commitments of £5.350m from the review of reserves and the achievement of 2012/13 managed underspend targets, as detailed in paragraph 4.4.

15.4 To note that the level of resources achieved from the review of reserves and the achievement of 2012/13 managed underspend targets is forecast to exceed the additional one-off commitments by between £0.191m and £1.011m, depending on the actual outturn, and to defer making a decision on the allocation of these uncommitted resources until details of the 2013/14 actual grant cuts are known.

**15.5 2013/14 General Fund Budget**

- 15.6 Reconfirm approval of the budget pressures detailed in Appendix 1.
- 15.7 Approve the Departmental savings plans for 2013/14 of £3.364m detailed in Appendices 2 to 12 (including the Waste Management Service savings approved by Cabinet on 3<sup>rd</sup> December 2012) and the ICT procurement saving.
- 15.8 Approve the proposal to fund one-off costs of £184,000 of achieving ongoing accommodation savings of £170,000 from 2014/15 from a combination of the 2012/13 outturn (£119,000) as detailed in recommendation 15.3 and the 2013/14 in-year savings in accommodation costs (£65,000). To note that the savings of £170,000 exceeds the forecast savings included in the 2014/15 MTFS by £70,000, which will reduce the budget deficit for this year.
- 15.9 Note that in the event of there being any shortfall in planned 2013/14 savings individual departments will be responsible for identifying alternative proposals for consideration by Members to address any temporary/permanent funding shortfall.
- 15.10 Approve the allocation of £0.367m from the 'Delayed implementation of planned 2013/14 and 2014/15 savings' reserve to offset a reduction in the planned People Collaboration savings, to a part year saving of £0.25m. To note that the budget forecast assumes a full year saving of £0.75m in 2014/15.
- 15.11 Approve the proposal that any in-year saving achieved in 2013/14 from the Chief Executive's Structure Review are allocated to reduce the call on the 'Delayed implementation of planned 2013/14 and 2014/15 savings' reserve, which will enable any uncommitted reserve to be carried forward to manage risk in future years.
- 15.12 Reconfirm approval to use one-off resources of £1.198m to support of 2013/14, consisting of
- £0.348m from the reserve earmarked to offset the removal of the 2012/13 Council Tax freeze grant and to note the remaining balance of this reserve of £0.379m is allocated to support the 2014/15 budget; and
  - £0.85m from the 2012/13 outturn to offset the impact of higher anticipated grant cuts.
- 15.13 To note that recommendations 15.10 (£0.367m) and 15.12 (£1.198m) will result in total one off support for the 2013/14 budget of £1.565m.

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15.14 Approve the revised planning assumptions detailed in paragraph 6.15, which in total are budget neutral and reflect increases in the budget deficit including the additional Looked After Children pressure, the impact of not achieving the Denominational School Transport savings, which are offset by additional savings/income, including an increase in the Council Tax base.

15.15 Approve a 2013/14 Council Tax increase of 1.99%, which is just below the 2% Council Tax Referendum threshold and to note this secures a permanent increase in net Council Tax income of £0.4m, which would not be achieved if 2013/14 Council Tax is frozen.

15.16 Note that the previous recommendations enable a 2013/14 balanced budget to be set, assuming the actual grant cut does not exceed the forecast.

15.17 Approve the production of a 2013/14 Council Tax Leaflet to explain the budget issues for 2013/14 and to note this cost of £1,800 can be funded from the existing budgets.

**15.18 2014/15 to 2016/17 General Fund Budget**

15.19 Approve indicative Council Tax increases of 1.99% for 2014/15 and 2.5% for 2015/16 and 2016/17.

15.20 Note that an initial savings plan has been developed for 2014/15, which reduces the forecast deficit still to be bridged for this year to £0.608m and a detailed report will be submitted during 2013/14 to finalise this strategy. To note that the 2014/15 deficit will be reduced by any additional accommodation cost savings which are achieved (as detailed in recommendation 15.8) and savings achieved from the Chief Executive's Structure Review.

15.21 Note that no saving plans have been developed for 2015/16 and 2016/17 and these will be developed during 2013/14.

**15.22 Early Intervention Grant.**

15.23 Approve the proposed strategy to allocate EIG 2011/12 and 2012/13 underspends of between £1.431m and £1.531m (depending on the final 2012/13 outturn) to temporarily offset the EIG grant cut in 2013/14 of £1.15m and increasing grant cut in 2014/15 of £1.6m.

15.24 To note that if 15.26 is approved this will provide a longer lead time for developing a strategy to address these funding cuts, which will be reported to Members before the end of June 2013.

### **15.25 Local Authority Central Spend Equivalent Grant**

- 15.26 Approve the proposed strategy to allocate Formula Grant refunds of top sliced Academy funding (£0.48m) and 2012/13 budget underspend for forecast Academy funding top slice (£0.28m) to manage the risk of in-year 2013/14 LACSEG funding cuts if schools convert to academies
- 15.27 To note that if 15.22 is approved this will provide a longer lead time for developing a strategy to address these funding cuts, which will be reported to Members before the end of June 2013.

### **15.28 Public Health Funding**

- 15.29 Note the current position as detailed in section 10 and note that further a further update will be provided when the Government announced details of 2011/14 Public Health allocations.

### **15.30 Capital Programme 2013/14**

- 15.31 Note that detailed proposal for using the Council Capital Fund will be reported to Cabinet and Council in February 2013 as part of the final 2013/14 budget report and will include the following proposed schemes:

- £100,000 towards the reconstruction of the A689 (as detailed in paragraph 11.6, which provided details of the funding strategy for meeting the total costs of this scheme of £680,000);
- Approve the proposal in relation to the Empty Homes project to seek Council approval of the original strategy for funding the additional costs for this scheme of £165,000 (additional 3 properties) and £150,000 (contingency provision) from Prudential Borrowing, which will be repaid from the additional rental income generated from extending this scheme, in line with the original business case. To note that this strategy will maximise the Councils' overall financial flexibility to address the impact of the actual 2013/14 grant cuts, whilst providing a robust financial base for the Empty Homes project.

## **16. REASONS FOR RECOMMENDATIONS**

- 16.1 To enable Cabinet to approve the final budget proposal to be referred for formal scrutiny.

## **17. APPENDICES**

- 17.1 Included in the report to provide detailed information to support recommendations in the report.

**18. BACKGROUND PAPERS**

- Cabinet report 19<sup>th</sup> November 2012 – MTFS 2013/14 to 2014/15 update
- Cabinet report 4<sup>th</sup> October 2012 – MTFS 2013/14 to 2016/17
- Cabinet report 11<sup>th</sup> June 2012 – MTFS 2013/14 to 2016/17
- Cabinet report 3<sup>rd</sup> September 2012 – MTFS – Strategy for Managing Financial Risks
- Cabinet report 3rd September - 2013/14 Localisation of Council Tax Support

**15. CONTACT OFFICER**

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**SCHEDULE OF 2013/14 PRESSURES**

Description of pressure	Value of pressure		
	Reported 04.10.12  £'000	Additional pressure identified since 04.10.12  £'000	Total   £'000
<b>Corporate issues</b>			
<u>Brierton Community Sports</u> Actual pressure exceeds provision included in base budget from 2012/13.	65	0	65
<b>Income pressures</b> - these issues relate to the 2.5% inflation increase included in the MTFS forecast which is not expected to be achieved for areas previously identified as shortfalls in the 2012/13 budget and addressed as budget pressures covering			
<u>a) Shopping Centre income inflation</u> Income depends on occupancy of shop units and it is not expected that the Council's share of rental income will increase in the current economic climate.	24	0	24
<u>b) Car Parking income inflation</u> Car Parking - owing to the current economic climate it is not recommend that an increase in car parking charges is implemented in 2013/14. Furthermore, owing to the practicalities of setting an increase which generates increases in multiples of 5p a higher increase than 2.5% would be required. It is therefore recommended that no increase is applied for 2012/13. The position can be reviewed for 2014/15.	37	0	37
<u>Council Capital Fund</u> A one-off Council Capital Fund of £1m was established as part of the 2012/13 budget proposals and included in the 'one-off strategic costs', to cover capital priorities in 2012/13 and 2013/14.  Council approved commitments against this fund of £0.582m, leaving an uncommitted balance of £0.418m (this increased from £0.368m to £0.418m as West View Cemetery Lodge and Carnegie schemes did not progress) for additional schemes which need Cabinet and Council approval. The pressure shown would support Prudential Borrowing of approximately £0.6m in 2013/14 (actual value of capital spending depends on specific schemes approved which will have different operational lives). When account is taken of the brought forward resources there will be £1.070m to manage one-off capital risks. Detailed proposals for using part of this funding is set out in section 11 and final proposals will be reported in February 2013.	50	0	50
<b>Regeneration and Neighbourhood Services</b>			
<u>NFFO (Non Fossil Fuel Obligation)</u> The Government have removed the 27% 'credit' SITA and the Council received since the start of the contract. This was part of the contract and always planned.	279	0	279
<u>Landfill Tax</u> There is an annual increase in Land Fill Tax of £8 per tonne, which includes the bottom ash from the incinerator.	29	0	29
<u>Loss of LPSA funding</u> The Independent Domestic Violence Advisor (£20k) and Men's Perpetrator Programme (£15k) are services included in the Domestic Violence specification, which has recently been commissioned. The Victims Services Officer (£20k) is linked to Neighbourhood teams and covers all crime categories.	55	0	55
<u>Street Lighting Pressure</u> It had previously not been anticipated that the Carbon Reduction Commitment (CRC) would apply to street lighting. However, from 2013/14 the CRC will apply to street lighting and it is anticipated this will increase costs by £50k. It is envisaged that for 2013/14 (and probably 2014/15) this additional cost can be funded from the overall electricity budget of the Council as costs have not increased as much as previously forecast owing to action taken by NEPO (North East Purchasing Organisation) to secure to lower energy prices for 2013/14.	0	0	0
<b>Child and Adult Services</b>			
<u>Looked After Children</u>	0	96	96
<b>Total Potential Pressure Identified</b>	<b>539</b>	<b>96</b>	<b>635</b>

**Report of:** Assistant Director – Adult Social Care

**Subject:** SAVINGS PROGRAMME 2013/14 – ADULT SOCIAL CARE

## **1.0 PURPOSE OF REPORT**

1.1 The purpose of the report is to identify the proposals for delivering savings in respect of adult social care as part of the budget for 2013/14.

## **2.0 BACKGROUND**

2.1 The report details one of the reviews which forms part of the 2013/14 Savings Programme

2.2 The proposals in the report identify the savings to be made, the risks associated with these and the considerations which have been taken into account in developing them including consideration of key elements which together comprise SROI.

### 2.3 Scope

The areas of expenditure that are under consideration within this review are as follows:

#### Assessment & Care Management

- Social Work Teams
- Adult Safeguarding
- Occupational Therapy Team

#### Residential Placements

#### Personal Budgets

- Home Care
- Equipment
- Day Services
- Supported Accommodation
- Direct Payments (allocations to people to use as they wish to meet their care and support needs)

### 2.4 Aims

The focus of adult social care is to support people to remain independent and to exercise choice and control regarding how their support needs are met. Some services are provided by the department (including assessment and care management and disability day services) and others are commissioned for people (such as residential placements and day services for older people).

2.5 Service Users

People who use adult social care services in Hartlepool are over 18 and assessed against the Fair Access to Care Services (FACS) criteria as having a substantial or critical level of need. Services support older people, people with learning disabilities or a physical disability, people with mental health needs, people who have alcohol dependency and carers.

2.6 Engagement

The department engages with people who use services through a range of methods including:

- Carers Strategy Group
- Learning Disability Partnership Board
- Mental Health Forum
- Champions of Older Lifestyles Group
- Service User Focus Groups; and
- Family Leadership Courses

Feedback is also obtained through the annual Adult Social Care User Survey, Service User Experience Sampling and through complaints and compliments.

The first Local Account for adult social care was published in December 2012 and tells residents about:

- how well adult social care in Hartlepool has performed
- the challenges faced; and
- plans for future improvements

It is a requirement that a Local Account is produced annually and feedback on the first published document in 2012 will inform future versions.

2.7 Inputs / Expenditure

The total expenditure on adult social care is £41.1m, with £8.2m income from people's personal contributions and a further £3.7m from other income (primarily NHS funding).

The breakdown of how the £41.1m is spent is as follows:

Area of Expenditure	Spend
Assessment & Care Management	£6.2m
Residential Placements	£17.5m
Personal Budgets	£17.4m

The breakdown of spend on personal budgets is as follows:

Area of Expenditure	Spend
Home Care	£6.85m
Direct Payments	£4.5m
Supported Accommodation	£1.87m
Day Services	£1.8m
Equipment	£1m
Other	£1.38m

**2.8**     Outputs / Outcomes

The Care Quality Commission no longer assess or rate adult social care service provision but the last two assessments rated Hartlepool's services as excellent – the best rating that could be achieved. Since the last assessment, services have continued to perform well and the majority of the performance indicators for adult social care have been achieved or exceeded.

Some of the outputs achieved are as follows:

- Over 5,700 people receive support from adult social care services.
- Over 2,000 carers had an assessment during the last year and received support to maintain their caring role.
- The number of people using telecare continues to grow with almost 900 people currently being supported.
- People received over 5,200 pieces of equipment to help them stay at home.
- Over 95% of people receive their equipment and adaptations within 7 working days.

Some areas where particularly positive outcomes have been achieved include:

- Just over 90% of people who have ongoing social care needs and are eligible to receive a personal budget have their support provided through a personal budget and exercise choice and control over how their support needs are met.
- Over 18% of people with a learning disability and approximately 12% of people receiving mental health services are in paid employment.
- Hartlepool has not had a delayed transfer of care from hospital which is attributable to social care.
- A wide range of services have been developed to support older people to retain their independence. These include reablement services, extra care housing options and telecare.

**2.9**     Savings Target

The savings target for the Child & Adult Services Department for 2013/14 is £2,580,000 and £860,000 of this target relates to Adult Social Care.

**3.0**     **PROPOSALS**

**3.1**     Commissioned Services

There are a range of services that are commissioned by the department to support people who are eligible for adult social care services. These include:

- Carers Assessment and Information Services
- Direct Payment Support Service
- Housing Related Support (extra care housing, floating support and supported accommodation schemes)
- Respite Service for People with Learning Disabilities

- Day Opportunities for People with Mental Health Needs; and
- Day Opportunities for Older People

A significant level of savings was achieved from commissioned services in 2012/13 and all services have been reviewed again to identify areas where further savings can be made in 2013/14.

There are two commissioned services which provide building based day opportunities for older people – a day centre at Hartfields and a service specifically for people with dementia at Gretton Court (which is jointly funded by the PCT). Ongoing work with the day centre for older people at Hartfields has identified a saving of £120,000 due to lower uptake of places than was anticipated when the service was originally commissioned. This is largely due to people using direct payments to access support and social activities in different ways. There will be no reduction in service as a result of this saving being achieved, so no impact on people using the service.

A review of funding for support for carers has identified that a saving of £80,000 can be made through changing how some services are delivered and also through additional funding being secured from the PCT. For example, the support required when carers access the Carers Emergency Respite Service is now provided through the in-house Direct Care & Support Service and a new three year contract for Carers Assessment and Support will be jointly funded rather than being fully funded by the Council. There will be no reduction in service as a result of this saving being achieved; there will be additional investment from the PCT in carers services which will support carers to meet their own health needs. There will be no adverse impact on carers who are currently being supported.

A review of high cost placements for people with learning disabilities has identified a saving of £40,000. This saving has been achieved through negotiation with providers to ensure that people are receiving appropriate levels of care and hours of support based on their individual assessed needs. Again, there will be no reduction in service as a result of this saving being achieved, so no impact on people receiving this support.

The total saving from commissioned services is £240,000.

### 3.2 Equipment Budget

Approximately £1m is spent each year on equipment and adaptations that enable people to retain their independence and stay in their own homes for as long as they are able to. The type of equipment supplied includes;

- Mobility aids such as walking sticks and walking frames
- Grab rails
- Bathing aids; and
- Daily living aids that help with dressing, cooking and cleaning.

The budget has been under spent for the last three years and the balance has been used to support Disabled Facilities Grants (which fund larger adaptations such as level access shower rooms and downstairs bath or

bedrooms) or to offset pressures elsewhere within the adult social care budget. This under spend of £100,000 has now been identified to contribute to the adult social care savings for 2013/14.

### 3.3 Provider Services

There are a small range of services which are provided in-house by adult social care. These are:

- Direct Care & Support Service – Reablement and Home Care
- Disability Day Services - Warren Road and the Centre for Independent Living (previously the Havelock Day Centre)
- Employment Link and Floating Support Service for People with Learning Disabilities or Mental Health Needs

All of these services have been reviewed and a number of areas where savings can be made have been identified. The restructure involves bringing all of the services together under a single Provider Services Manager, which will reduce management costs and enable more flexible working across services, making best use of the skills and experience of the current staff.

Within the Direct Care & Support Service there are a number of unworked hours / vacant posts which have been held, partly as a contingency to manage peaks in demand and partly to create redeployment opportunities for staff identified as being at risk in other areas of the service. The saving that can be identified in this area, while still retaining some posts for redeployment, is £200,000.

The proposed restructure within Disability Day Services involves reducing tiers of management, making the service more streamlined without having a direct impact on the people who are supported at Warren Road and the Centre for Independent Living. This will involve deleting seven posts (including two vacancies) and creating three new posts.

The Employment Link and Floating Support Service supports people with mental health needs and / or learning disabilities to access employment and services within their communities. The team is made up of:

- 1 Band 12 Team Manager
- 1 Band 10 Supervisor
- 3 Band 8 Employment Link Workers
- 7 Band 8 Floating Support Workers
- 4 Band 6 Community Workers
- 1 Band 6 Team Clerk

The Employment Link element of the service supports a total of 116 people with 12 new referrals in 2011 and 35 referrals in 2012 (linked to the introduction of a new apprenticeship scheme). It is proposed that the team of three Employment Link Workers moves to be managed within the Employment Development Team in Economic Regeneration. This is a more effective use of resources and will mean that people with additional support needs due to their learning disability or mental health issues will be able to access the generic employment support service while still having access to

staff with the particular knowledge and expertise required to meet those needs. This model provides greater resilience within the Employment Development Team and promotes the integration of people with additional needs within mainstream services.

The floating support element of the service provides a service to approximately 80 people at any one time, supporting people to access community services, build their confidence and become more independent. A review of the service has identified that the work undertaken and the focus on increasing independence is very similar to the approach taken within the reablement service although with smaller caseloads and slower throughput. As a result, it is proposed that this service is disbanded and all posts are deleted, with four new posts created within the reablement service to pick up this element of work. A total of fourteen posts would be deleted with four new posts created within the reablement team to absorb some of this work and to provide redeployment opportunities. The loss of this number of posts will inevitably result in a change or reduction in service for some people. Individuals who are affected will be offered support to use their personal budget differently to access services through a Personal Assistant or other alternative.

The proposed restructures within disability day services, employment link and floating support service will achieve a saving of £320,000. Together with the removal of vacant posts / unworked hours within the home care service, the total saving from provider services is £520,000

#### **4.0 OPTIONS ANALYSIS**

4.1 Various options have been explored across Adult Social Care to achieve the savings which have been discounted, primarily due to the level of risk involved. These include:

- Reduce capacity in social work teams – considered too high risk due to impact on waiting times, performance indicators and caseloads.
- Reduce spend on residential placements – not possible in light of the fair cost of care exercise and increased pressures on residential provision.
- Reduce spend on personal budgets – this is not possible without a fundamental review of the Council's approach to personalisation and the Resource Allocation System. People who already have services could not have their resource reduced without evidence of a change in their assessed level of need.
- Increase income from personal contributions – this would require a full review of the current Contributions Policy involving a formal consultation exercise and the level of savings that would be generated has not been quantified. This may be revisited for 2014/15.
- Increase income from the NHS – this is a very volatile area and funding secured is often allocated on a short term basis, which does not address the requirement for ongoing cuts from the general fund budget.

**5.0 RISK IMPLICATIONS**

5.1 There are a number of risks implicit in the delivery of any package of savings and it is important to recognise these as part of any decision making. A summary of the risks considered as part of the proposals has been identified below:

- Reduced flexibility within provider serviced to manage peaks in demand, which are usually associated with severe winters or pressures within NHS services. This may result in delayed transfers of care from hospital which are attributable to adult social care as well as tensions with the Foundation Trust if cases cannot be picked up as quickly as they have been previously.
- Reduced flexibility to manage changing demand for equipment services, which may result in increased waiting times and / or financial pressures in future years.
- Increased spend on personal budgets due to the disbanding of the floating support service for people with learning disabilities or mental health needs.

**6.0 FINANCIAL CONSIDERATIONS**

6.1 The Savings Programme 2013/14 is planned to deliver total savings of £3.8m towards the budget deficit for 2013/14. It has been highlighted in previous reports to Cabinet that failure to take savings identified as part of the Savings Programme will only mean the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget.

6.2 The proposals outlined will deliver the following savings:-

<b>Service</b>	<b>Proposed Savings</b>
Commissioned Services	£240,000
OT Equipment Budget	£100,000
Provider Services	£520,000
<b>Total Proposed Savings</b>	<b>£860,000</b>

6.3 The proposals in relation to Provider Services involve a number of posts being deleted, which will result in redundancy costs. The exact costs can't be determined until redeployment opportunities are fully explored and the relevant redundancy selection processes are undertaken.

**7.0 EQUALITY AND DIVERSITY CONSIDERATIONS**

7.1 An Equality Impact Assessment has been undertaken and is attached as **Appendix 2A**.

7.2 By definition, all of the savings proposals in adult social care will affect the people who access adult social care services – people who are over eighteen and assessed against the Fair Access to Care Services (FACS)

criteria as having a substantial or critical level of need (older people, people with learning disabilities or a physical disability, people with mental health needs, people who have alcohol dependency and carers).

## **8.0 STAFF CONSIDERATIONS**

8.1 Informal consultation with Trade Unions regarding the recommendations has been undertaken. Staff affected by the proposals have been informally and formal consultation will be undertaken (in line with agreed HR policies and procedures) if the proposals are accepted.

8.2 It is anticipated that a total of 21 posts will be deleted resulting in 13 potential redundancies and 8 people being redeployed into posts that are being held / created to reduce the impact on staff. Of the 13 people at risk of redundancy there have been 5 expressions of interest in voluntary redundancy leaving 8 people at risk of compulsory redundancy if the voluntary redundancy applications are approved and they are not successfully redeployed.

## **9.0 COMMENTS FROM SCRUTINY REVIEW**

The Adult & Community Services Scrutiny Forum considered the savings proposals for adult social care at their meetings on 17 September, 23 October and 5 November 2012.

In relation to the savings proposals put forward 'Members of the Adult and Community Services Scrutiny Forum were mindful of the very difficult financial position and the required savings required in Adult and Community Services. Although Members reluctantly recognised the need to support a number of the saving proposals they wished to draw Cabinet's attention towards the desire to protect vulnerable people wherever possible from cuts, particularly when related to mental health needs'.

In relation to reductions in front line service provision 'Members were particularly concerned about the proposed staffing implications through the deletion of 15-20 posts. Although the Forum acknowledged that savings had to be found, they emphasised that if there was a way to protect staff from compulsory redundancies, then those avenues should be explored'.

## **10.0 RECOMMENDATIONS**

It is recommended that Cabinet support the proposals outlined, which will achieve savings of £860,000 in adult social care in 2013/14.

## **11.0 REASONS FOR RECOMMENDATIONS**

11.1 The review forms part of the 2013/14 Savings Programme, as set out in the Medium Term Financial Strategy 2013/14 to 2016/17 report to Cabinet on 11 June 2012.

**12. CONTACT OFFICER**

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Department	Division	Section	Owner/Officer
Child & Adult Services	Adult Social Care		Jill Harrison, Assistant Director – Adult Social Care
<b>Function/ Service</b>	<b>Adult Social Care Services</b>		
	<u>Commissioned Services</u> <ul style="list-style-type: none"> <li>• Day opportunities services for older people</li> <li>• Services that support carers</li> <li>• Residential placements for people with disabilities</li> </ul>		
	<u>Provider Services</u> <ul style="list-style-type: none"> <li>• Disability Day Services</li> <li>• Employment Link Service</li> <li>• Floating Support Services</li> </ul>		
<b>Information Available</b>	<p>Savings proposals have been identified following careful consideration of commissioning budgets, spend in service areas over the past three years and existing staffing structures.</p> <p>The proposed savings from commissioned services will be achieved without any reduction in service or direct impact on those people currently accessing services.</p> <p>The proposed savings from provider services will be achieved without any reduction in service or direct impact on those people currently accessing services.</p> <p>There will be less flexibility for services to respond to increased demand and less potential for one off investment in provision of Disabled Facilities Grants. People who are eligible to receive Disabled Facilities Grants will still receive the same service although there may be longer waiting times.</p> <p>People who currently access floating support services will continue to receive a service, although this will be provided by reablement workers with a specific focus on working age adults. The support will continue to focus on supporting people to access community services, build their confidence and become more independent but may be more time-limited than the current service with people encouraged to use their personal budget to access support if they have ongoing support needs and are eligible for services. In such cases, care managers will work with individuals to identify their support needs and how they can most appropriately be met. The Direct Payment Support Service is also available for people to access if they need help with managing their finances, employing staff etc. The service currently supports adults with learning disabilities and / or mental health needs who will be informed of the change in how services are provided and any negative impact will be monitored.</p> <p>The proposed savings from provider services will involve the deletion of approximately 21 posts. From the information available from workforce statistics, there is no inequity in terms of impact on staff due to their age, gender or any other protected characteristic.</p>		

<b>Relevance</b>  <i>Identify which strands are relevant to the area you are reviewing or changing</i>	<b>Age</b>	X
	<b>Disability</b>	X
	<b>Gender Re-assignment</b>	
	<b>Race</b>	
	<b>Religion</b>	
	<b>Gender</b>	
	<b>Sexual Orientation</b>	
	<b>Marriage &amp; Civil Partnership</b>	
	<b>Pregnancy &amp; Maternity</b>	
<b>Information Gaps</b>	<p>Staff affected by the proposed restructure in Provider Services will be formally consulted in (line with agreed HR policies and procedures) if the proposals are accepted.</p> <p>With regards to the floating support service, whilst we know that currently the service supports 80 people at any one time to access community services, build their confidence and become more independent, we are not sure how many of these individuals can make more use of their personal budget to arrange their own support or will need support from the reablement team. We will monitor the service to ensure that the impact of the proposed changes for those who access the service is minimised.</p>	
<b>What is the Impact</b>	<p><b>Eliminate Unlawful discrimination</b>, harassment, victimisation, and any other conduct prohibited by the act N/A</p> <p><b>Advance Equality of Opportunity</b>, between people who share protected characteristics and those who don't N/A</p> <p><b>Foster Good Relations</b>, between people who share a protected characteristic and people who do not share it. N/A</p>	
<b>Addressing the impact</b>	<p>1. No Impact- No Major Change</p> <p>2. Adjust/Change Policy</p> <p><b>3. Adverse Impact but Continue</b>  <b>The proposed changes to the floating support service will potentially have an impact on people who access those services who are more likely to be people with a mental health problem and / or learning disability. However, we will monitor the proposal to ensure that individuals maximise the use of their personal budget to identify more personalised support. In addition, support will still be available via the reablement service and we will monitor take up of that service.</b></p> <p>4. Stop/Remove Policy/Proposal</p>	

**7.1(a)**  
**Appendix A(2A)**

<b>Action identified</b>	<b>Responsible Officer</b>	<b>By When</b>	<b>How will this be evaluated?</b>
Consultation with Provider Services staff.	Neil Harrison, Head of Service	31 January 2013	Staff will have been offered the opportunity to consider / comment on proposals and put forward alternative suggestions, in line with agreed HR policies and procedures.
Communication with people using floating support services.	Neil Harrison, Head of Service	31 March 2013	People who use the services will have been offered the opportunity to consider / comment on proposals and put forward alternative suggestions.
Monitor uptake of reablement services and use of personal budgets by people currently accessing floating support services.	Neil Harrison, Head of Service	31 January 2014	Services will be reviewed to ensure that they are meeting the identified needs of individuals who are eligible for services and require ongoing support.

**Report of:** Assistant Director, Community Services

**Subject:** SAVINGS PROGRAMME 2013/14 – Community Services division of the Child & Adults department

**1.0 PURPOSE OF REPORT**

1.1 The purpose of the report is to identify the proposals for delivering savings in respect of Community Services as part of the budget for 2013/14.

**2.0 BACKGROUND**

2.1 The report details one of the reviews which forms part of the 2013/14 Savings Programme

2.2 The proposals in the report identify the savings to be made, the risks associated with these and the considerations which have been taken into account in developing them including consideration of key elements which together comprise SROI.

2.3 The services under consideration in this report are all part of the universal services provided and managed through the Community Services division. Earlier in the year there was considerable work undertaken to investigate the potential benefit of including all current services within a 'Cultural Trust'. This was originally considered as a larger collaboration model with Darlington Borough Council and then latterly, once it became clear it was not an appropriate cost saving option, some additional work was undertaken to investigate a Hartlepool model. The conclusions identified that such a move would actually cost more to implement, the biggest unknown at this point in time is the Government's intentions regarding NDR tax relief for charities. Existing charitable trusts currently benefit from 85% tax relief on non domestic rates which can be a considerable saving. Many local authorities have considered Trusts or other forms of outsourcing for their services, from the work undertaken, the recommendation was to withhold from going down this route at the present time. This has therefore led to consideration of other more immediate savings and efficiencies to assist in meeting the departmental target for the current corporate cost savings.

2.4 The universal services provided within Community Services have seen significant reductions in recent years, including the reduction of senior management and amalgamation of service areas. In 2012/13, this culminated in the combining of Libraries and Museums etc into Culture and Information with the deletion of another senior manager post.

2.5 The services provided by the local authority are unique in scope and apart from some specialist private, educational or voluntary sector specific service

providers in sport, music and specialist heritage, the town's cultural sector provision is largely underdeveloped in broad service terms outside of those services provided by Hartlepool Borough Council. The current scope of Community Services included for consideration is wide ranging and includes:

- 2.5.1 **Culture & Information – Libraries** This area consists of a very busy central library with four branch libraries, a mobile library and home library service and the network gives excellent coverage across the town. The service was reduced by the closure of two branch libraries in 2011/12 with one being demolished and one joint library and community centre building transferring to the voluntary sector for alternative use. The home library service and the outreach activities undertaken by staff, particularly targeted at older people and children are very well patronised.
- 2.5.2 **Culture & Information – Museums, Arts & Events** A wide ranging service which provides the Museum of Hartlepool, Hartlepool Maritime Experience, Hartlepool Art Gallery, Town Hall Theatre and a wide ranging events and arts outreach programme. The service was severely reduced in size as part of the 2011/12 budget but remains resilient in providing core services to the resident and visitor alike. Visitor figures at the Museum and Art Gallery have shown good increases in the current year which is also the final year of the renaissance funding with a transition grant ending in March 2013 and as a consequence, a number of staff will leave posts as the funding ceases. The current year has seen delivery of the Diamond Festival and the Olympic Torch Relay with additional regular smaller scale events including the Seaton Fireworks Display for which we currently have one further year of very welcome private sponsorship.
- 2.5.3 **Sport & Recreation – Leisure Services** The facilities are centered on Mill House Leisure Centre, Headland Sports Centre, Brierton Sports Centre and Grayfields Recreation Ground that are supported by the Sport & Physical Activity Team providing sport, health and wellbeing programmes such as club and coach development, disability sport, fitness and exercise programmes and holiday activities for example which all contribute towards the aim of increasing participation to contribute to the Public Health Agenda. These are complemented by the vigorous Hartlepool Exercise for Life Programme (HELP) supported with PCT funding, the Outdoor Activity Team and the Community Learn to Swim Team which provides the Primary School Swim Programme as well as community lesson provision.
- 2.5.4 **Sport & Recreation - Outdoor Education** The service manages Carlton Outdoor Education Centre (OEC) and has been very successful in reducing costs and increasing income over the last two years as the centre has been robustly managed and marketed to achieve good occupancy. This has been very challenging as former local authorities have withdrawn their funding over the last 3 years and the Carlton Trustees have been very supportive of the initiatives introduced and planned.
- 2.5.5 **Sport & Recreation – Summerhill** Summerhill Local Nature Reserve (LNR) & Outdoor Activity Centre (OAC) is becoming more active as a centre

for outdoor activity. The recent cycling centre initiative and the current investment from grants and partners to improve the BMX track which will greatly improve its standing in national circuits, are real timely legacies following the 2012 Olympics. The Visitor Centre also continues to be developed with the introduction of the Emerge Gallery and the Café operation in this current year.

- 2.5.6 **Sport & Recreation** The service is also responsible for the development of projects and initiatives and is very adept at funding bid developments that have attracted considerable capital investment from external partners to support Hartlepool's sporting and recreational infrastructure. Over the years this has made the provision of facilities such as the Headland Sports Hall, King George V and Grayfields Pavilion, the extensive refurbishment of Mill House and the Rossmere Skatepark and MUGA possible. It also secures revenue partner funding year on year and delivers a wide range of health related activity to encourage participation and improve healthy lifestyles. This also includes the distribution of Public Health funding on behalf of the PCT.

## 2.6 SERVICE USERS

The range of services covered in this report are delivered across the whole of the Borough dealing with all age groups and abilities. Within this broad definition there are many specialist and targeted activities and these are usually in respect to well established core functions. For example with the Home Library service for housebound users, these are generally the elderly in the community and the service links well with colleagues in adult social care as part of the preventative agenda whereas the primary swimming program is targeted at primary schoolchildren who have swim standards to meet and therefore covers a different age group altogether. Similarly, the service supports the development of sporting activity from grass roots community provision to elite programmes.

All the service areas are also able to secure opportunities for grants which often have very specific output criteria to meet, therefore, in general Community Services has a very diverse range of delivery opportunities and outputs.

## 2.7 ENGAGEMENT

Feedback and engagement with service users and non users is obtained in a number of different ways and this is determined by the nature of the service, the target audience, the way in which the services are delivered or as previously mentioned, the criteria of any specialist funding. Examples include:

- Satisfaction questionnaires / annual customer surveys
- Active People national data
- Annual returns to funding bodies and annual inspections/monitoring
- Activity evaluation and feedback forms
- Consultation to aid project development

- Standards achieved in relation to service standards
- Quality achievement awards/Licences – e.g. VAQAS for visitor attractions, Adventurous Activity Licensing Authority (AALA) and Learning outside the classroom (LoTC) for Carlton Outdoor Education Centre and the Outdoor Activity Team. Matrix standards for library services, Quest for Leisure Facilities and the Sport & Physical Activity Team, Green Flag for Summerhill etc.
- Immediate customer feedback – compliments & complaints
- Mystery Visits
- Inspections e.g. AALA, LoTC, Quest, Green Flag etc
- Visitor / admission numbers
- Scrutiny investigations – e.g. Museum Collections
- Third party user participation statistics e.g. Sport England
- Income generation targets.

## 2.8 INPUTS

The net cost to the Council of providing the services within the Community Services Division is as follows:

	<b>Net cost</b>	<b>Gross budget</b>
Culture – Arts, Museums & Events	£531,000	£1,230,000
Culture – Libraries & community	£1,359,000	£1,423,000
Sport & Rec – facilities & sport & physical activity	£839,000	£1,673,000
Sport & recreation – Carlton OEC	£68,000	£494,000
Sport & Rec – Summerhill LNR & OAC	£100,000	£130,000
Archaeology	£23,000	£145,000
Adult Education	£ 0	£1,317,000
<b>TOTAL</b>	<b>£2,920,000</b>	<b>£6,412,000</b>

## 2.9 OUTPUTS

A brief overview of service outputs for Hartlepool is impressive:

<b>Visitor attractions</b>	Hartlepool Art Gallery Annual Visitors (2011/12)	63,361
	Town Hall Theatre Annual Visitors (2011/12)	59,091

	Museum of Hartlepool Annual Visitors (2011/12)	101,999
	Hartlepool Maritime Experience Annual Visitors (2011/12)	47,163
<b>Libraries</b>	Annual visits 2011/12	447,260
	Books loans 2011/12	369,679
	Number of people supported by the Home Library Service 2011/12	618
	Use of the Peoples Network computers [hours per annum]	41,008

### Visitor Survey analysis for Headland, MHLC and Brierton

550 customers surveyed by independent researchers

92% customers either very satisfied or satisfied

85% customers feel what they get is good value for money

Leisure Centre attendances – 2011/12 375,077

Carlton OEC - 93% respondents felt centre was offering a service at either above or in excess of expectations (Sept 2010 to Sept 2011)

2011/12 GP Referrals – 1087 people

## 2.10 OUTCOMES

Outcomes are always more difficult to quantify, particularly in the short term, however the services provided contribute greatly to the health & wellbeing agenda, living longer and better physical and mental health, adult literacy and mature student qualifications via Adult Education, and generally a contribution to the quality of life. Libraries directly input into improving literacy levels and enabling people to reach their full potential through the delivery of its early years literacy programmes, services to schools and successful engagement with adults seeking informal learning opportunities.

The library provides a safe, non-judgemental and welcoming community space where people can meet or engage with others.

## 2.11 SAVINGS TARGET

The savings target for the Child & Adult services department is £2,580,000 for the financial year 2013/14. The specific target allocated to Community Services is £205,000 which reflects the size of the net budget of Community Services.

### 3.0 PROPOSALS

- 3.1 **Culture & Information – Libraries** – the proposals include the retention of appropriate non pay budgets at 2012/13 levels and the re-organisation of staffing at tier 5 level to reduce by two posts, both of which are currently vacant following staff departures. The service impact should not be noticeable to the general service user and whilst certain services may take longer to achieve, the whole service delivery function is undergoing constant change and improved efficiency and re-thinking service functions is a constant.  
**£31,000**
- 3.2 **Culture & Information – Arts, Museums & Events** – the proposals include the retention of appropriate non pay budgets at 2012/13 levels, the inclusion of a new income area based on a successful outcome of utilising the HME car park for regular hire events and a regular car boot sale is currently within the planning process. It is considered that this or potential alternative income streams are sufficiently robust to include. Income targets for admissions etc across the Cultural Services area are proposed to be limited to current levels due to challenges in securing paid admissions; this is a major marketing requirement for 2013/14 and does underline the vulnerability to maintaining service provision in areas which rely on significant income generation. The impact of the budget reductions will not overtly impact on the general service user, in fact the potential for more activity on site and event led promotion will hopefully seek to ensure busier cultural sites with additional income being generated.  
**£37,000**
- 3.3 **Culture & Information – Maritime Festival** – whilst this is fully managed within the cultural events section, this is identified separately due to this saving proposal being selected and discussed by Scrutiny. The proposal is to cease the biannual maritime festival and save the annual budget of £35,000, however in place of a two yearly high profile but risk challenged 2 day event, the intention is to focus on delivery of current and additional self funding regular events. A full description and case has been submitted as part of the Scrutiny process. Will the loss be noticed? As this is a major event once every two years then Officers would suggest; not initially, however this is mitigated by the intention of enabling event staff to actually do more on a more regular basis and seek greater attendances at the events that run. The loss will also be mitigated by the opportunity for Council to consider future major events on a one off basis and provide support funding on a case by case basis.  
**£35,000**
- 3.4 **Sport & Recreation – Facilities and Physical Activity** – the savings proposals within sport and recreation include a second year of budget reduction across non staff budgets through continued budget efficiencies, reassessing income generation and by the non inflationary increase of individual budget heads. This is helpful at securing substantial contributions

towards savings without significant impact on any one area of service delivery. This also includes a review of the management and staffing structure at Summerhill LNR & Outdoor Activity Centre to better reflect the opportunity that can be achieved at income generation and site management and appearance; with the potential for a subsequent removal of a post. It also includes a reduction in operational opening hours at the Headland Sports Centre on weekends when usage is extremely low.

The Primary School swimming programme is currently provided with a budget and marketed through the annual 'buy back' procedure. However, this causes many logistical problems for Mill House Leisure Centre due to a lack of knowledge of the pool reservation required for schools owing to late information of the actual buy back levels required. It is therefore intended to change the procedure and will drop out of the 'buy back' and market lesson provision directly to all schools and other organisations. This has been costed and it is estimated that a cost neutral position can be achieved for the programme without any increase on the offer made currently to schools. In 2014/15, it is envisaged that this should actually be able to be reduced. Ultimately this should be a more robust arrangement and there is greater potential to then offer main pool space to other groups including the public who are currently not able to make use of the Pool during term-time weekday mornings.

Will the budget proposals significantly impact? There will be an immediate awareness of the closure of the Headland Sports Centre on a weekend, but alternative facilities are available within the service and also in the private sector. Should demand improve then this could potentially be reversed in part and the facility will of course remain for major event hire on a demand basis. The Primary School Swimming programme and Summerhill will be more reactive to demand and developing needs and it should have a positive impact in terms of cost benefit.

**£70,000**

- 3.5 **Sport & Recreation – Carlton OEC** – Carlton has had its revenue position transformed over the last two years and we are still reaping the benefit of management structure changes within the first full (academic) year of implementation. Carlton has been selected by Scrutiny for investigation and the full presentation and reports have been submitted as part of that process.

It is important to highlight that the facilities at Carlton are not owned by Hartlepool BC and are only managed and operated by the Council by virtue of a lease arrangement with the Carlton Trustees. In other words, it is not an asset that could potentially generate a capital receipt for the Council.

Carlton has suffered from a number of funding challenges with the withdrawal of the three former Cleveland partners over the last three or four years. Whilst this left a series of significant budget gaps, these have been largely filled by seeking additional full market price residencies. This in turn has safeguarded the facility for all current users, including of course the

prime original participants – Hartlepool Primary Schools.

Working with the Carlton Trust members has been most helpful in securing their support and anticipated funding assistance by securing grants that local authorities are deemed ineligible to apply for. The current budget for Carlton by Hartlepool is £68,000pa, in recent years the Carlton budget has had to have significant short term additional support by the Council due to the withdrawal of partner local authorities and prior to the benefits of new management arrangements. This now gives confidence that we are able to reduce costs further. The current proposals include slightly reducing the Hartlepool primary school allocation to match recent demand and to maintain the Hartlepool subsidy differential, whilst introducing seasonal cost changes being the only area where individual school preference will impact. The changing basis of school funding and the direct allocation of pupil premium funds should safeguard against discrimination for any disadvantaged families. This is really in the gift of the individual primary schools and their policies in relation to the targeting of the pupil premium.

Following Scrutiny discussion, Officers will work on continued site efficiencies, a new pricing structure to reflect the seasonal aspects of peak and off-peak weeks and increased occupancy with the further development of new markets. Carlton operates in a free market business world and it is confidently anticipated the outlined savings can be made.

**£32,000**

#### 4.0 OPTIONS ANALYSIS

- 4.1 The approach to the budget efficiency targets has been specifically to minimise loss of service and skilled staff and the outlined option seeks to achieve this.
- 4.2 The current service areas are broad ranging and have already been integrated into a smaller number of management units as part of previous years' efficiencies. The alternative to the options proposed is additional closure of front line services - these are either difficult to achieve without complete closure of a service area or a complete withdrawal of service areas from community locations.
- 4.3 The closure of two branch libraries and three community centres in 2011/12 was only achieved due to a professionally demonstrated series of alternatives and a careful withdrawal of service from areas which could be adequately served by the remaining branch network, now more in tune with a service for the size of the Borough.
- 4.4 Remaining services are largely represented by one service outlet – e.g. one community theatre (Town Hall Theatre), one art gallery, one Museum and associated visitor attraction which is regularly hailed as the jewel in the Tees Valley etc. Future ongoing service efficiencies will undoubtedly begin to bite into the remaining cultural fabric of the town.

- 4.5 Most other services earn significant revenue income, draw in considerable partnership funding or are supported by outside contract funding (adult education) or archaeology which saw the introduction of a 4 day week in May 2012 and is now demonstrating the ability to earn significant contract income to meet its annual running costs which partly mitigates the public subsidy required.
- 4.6 If the outlined efficiencies are not approved then the alternatives are very unpalatable indeed.

## **5.0 RISK IMPLICATIONS**

- 5.1 There are a number of risks implicit in the delivery of any package of savings and it is important to recognise these as part of any decision making. A summary of the risks considered as part of the proposals has been identified below:
- Loss of regular school attendances at Carlton leading to shortfalls in income.
  - Lack of culture spending leading to shortfalls in anticipated service income targets.
  - High reputation and popularity of Community Services areas of service are damaged leading to non achievement of user targets.
  - Failure to fulfil contractual funding obligations causing damage to existing partnerships.
  - Reduced staff morale. This was hit with the service cuts in 2012/13 and will therefore not be raised by continued cuts in service and ongoing efficiencies. Staff will be fully consulted in redesigning of services to ensure that the service is delivered in an effective and efficient manner.
  - Loss of staff expertise. The efficiencies will seek to minimise loss of experience and skills wherever possible but staff resignations cannot be anticipated and may account for the greatest threat to loss of experience.

## **6.0 FINANCIAL CONSIDERATIONS**

- 6.1 The Savings Programme 2013/14 is planned to deliver total savings of £3.8m towards the budget deficit for 2013/14. It has been highlighted in previous reports to Cabinet that failure to take savings identified as part of the Savings Programme will only mean the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget.

The proposals are confidently identified as being sustainable in approach and give opportunity to continue to minimise service costs whilst maintaining current core areas of service provision and minimise the loss of experienced staff.

The proposals deliver the following proposed savings:

Service	Proposed Savings
Element 1 Libraries	£31,000
Element 2 Arts, Events & Museums	£37,000
Element 3 Maritime Festival	£35,000
Element 4 Sport & Recreation	£70,000
Element 5 Carlton OEC	£32,000
<b>Total Proposed Savings</b>	<b>£205,000</b>

## 7.0 EQUALITY AND DIVERSITY CONSIDERATIONS

7.1 The potential impact of the budget proposals on the future of service provision and consideration of how this will affect service users and details of any alternative services users may be able to access (including services available from external providers are considered within the EIA (Equality impact Assessment)).

Impact Assessments have been undertaken and are attached as follows.

**Appendix 3A** – EIA for budget reductions relating to non scrutiny determined items.

**Appendix 3B** – Carlton OEC proposed reductions in budget.

**Appendix 3C** – Hartlepool Maritime Festival, budget removal.

## 8.0 STAFF CONSIDERATIONS

8.1 Consultation on the proposals has included full involvement of Human Resources colleagues for advice and impact. Consultation with staff Trade Unions regarding the recommendations will be undertaken and is planned as an integral element of the proposals.

## 9.0 ADULTS & COMMUNITY SCRUTINY FORUM COMMENTS

9.1 Reduce Subsidy to Carlton Outdoor Centre (£32k), Cease Biennial Maritime Festival (£35k).

In relation to the reduced subsidy to Carlton Outdoor Centre, the Forum strongly felt it could not support such a saving proposal, in particular without the results of the questionnaire to schools carried out by Community Services being available at the time of the meeting.

Members were particularly concerned about the impact of the reduced subsidy on the affordability for local schools to continue to support Carlton Outdoor Centre and the potential for pupils to miss out on the experience at a time when household budgets are becoming increasingly tighter. The Forum

recommended that this saving be reconsidered in twelve month's time and an alternative saving proposal be found.

In considering the proposal to cease the biennial maritime festival, Members reluctantly agreed to support the saving proposal, particularly with Community Services continuing to focus on smaller, more frequent activities such as Christmas Crackers and Spoo-Quay.

## **10 RECOMMENDATIONS**

- 10.1 It is recommended that these proposals, as outlined, be approved as having the least impact on service delivery and the public who are the recipients of our service activities.

## **11 REASONS FOR RECOMMENDATIONS**

- 11.1 The review forms part of the 2013/14 Savings Programme, as set out in the Medium Term Financial Strategy 2013/14 to 2016/17 report to Cabinet on 11<sup>th</sup> June 2012.

## **12 BACKGROUND PAPERS**

There are no background papers to this report.

## **13 CONTACT OFFICER**

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Department	Division	Section	Owner/Officer
Child and Adult Services	Community Services	Community Services	John Mennear
Function/ Service	<p><i>Culture and Information – Libraries</i> <i>Culture and Information – Museums, Arts &amp; Events</i> <i>Sport and Recreation</i></p> <p>The impact assessment focuses on the proposed closure of the Headland Sports Hall at weekends. Impact assessments for the proposed ceasing of the Maritime Festival and changes to Carlton Outdoor Education Centre are attached.</p>		
Information Available	<p>The information we have about users of our services suggests that the section has been successful in attracting people to the services.</p> <p>Sport and recreation services provide activities to vulnerable adults including those with a learning and/or physical disability. For the quarter July to September 2012, there were 1,482 attendances at events such as the Sportability Club, Boccia, New Age Curling and the disability football league.</p> <p>We engage with our service users in a number of ways including:</p> <ul style="list-style-type: none"> <li>• Satisfaction questionnaires</li> <li>• Annual returns to funding bodies</li> <li>• Activity evaluation and feedback forms</li> <li>• Standards achieved in relation to service</li> <li>• Quality achievement awards</li> <li>• Immediate customer feedback - complaints and compliments</li> <li>• Visitor/admission numbers</li> <li>• Scrutiny investigations</li> <li>• Third party user participation statistics, eg. Sport England</li> <li>• Income generation targets</li> </ul> <p>Weekend attendances at Headland Sports Hall are low at an average of 45 people per day (including team activity). Attendance numbers and income are significantly less than during the week.</p> <p>We do not systematically collect demographic data on the people who use the centre. However, we do know that the centre is currently booked for disabled football every Saturday during term time until March 2013. On average 15 people attend these weekly sessions and the sessions were originally scheduled at the Headland to increase weekend participation and income. Brierton Sports Centre</p>		

	has been identified as an alternative location for these sessions.	
<b>Relevance</b>  <i>Identify which strands are relevant to the area you are reviewing or changing</i>	<b>Age</b>	
	<b>Disability</b>	√
	<b>Gender Re-assignment</b>	
	<b>Race</b>	
	<b>Religion</b>	
	<b>Gender</b>	
	<b>Sexual Orientation</b>	
	<b>Marriage &amp; Civil Partnership</b>	
	<b>Pregnancy &amp; Maternity</b>	
	<b>Information Gaps</b>	We do not systematically gather demographic data on people who attend venues, events or activities in community services unless specifically requested to do so by funders.
<b>What is the Impact</b>	The main identifiable impact in terms of the proposed closure of Headland Sports Hall at weekends is on the group accessing disabled football. However, alternate arrangements are available for this group.	
<b>Addressing the impact</b>	<i>The outcome of the impact assessment may be one or more of the following four outcomes; You must clearly set out your justification for the outcome/s.</i>	
	<b>1. No Impact- No Major Change</b> - It is clear that there is no potential for discrimination or adverse impact on the above Protected Characteristics. All opportunities to promote Equality have been taken and no further analysis or action is required.	
	<b>2. Adjust/Change Policy</b> – You may have to make adjustments to address potential problems or missed opportunities that impact adversely on those with protected characteristics.	
	<b>3. Adverse Impact but Continue</b> – Your decision may be to continue without making changes, this may be the right outcome even if your assessment identifies the potential for adverse impact. (E.g. Cabinet decision to withdraw a service).	
	<b>4. Stop/Remove Policy/Proposal</b> – Your assessment reveals unlawful discrimination it must be stopped and removed or changed.	
<b>Actions</b>		

*It will be useful to record and monitor any actions resulting from your assessment to ensure that they have had the intended effect and that the outcomes have been achieved.*

Action identified	Responsible Officer	By When	How will this be evaluated?
Consult with disabled football group to assess suitability of alternate venue	Ian Gray	March 2013	Football group continue to meet.
Collect data on characteristics of people accessing the centre at weekends.	Ian Gray	December 2013	Better understanding of any additional support needed for people being able to access alternate venues.
Consultation with weekend users of Headland Sports Hall	Ian Gray	December 2013	People are able to access alternate venues.

Date sent to Equality Rep for publishing	00/00/00
Date Published	00/00/00
Date Assessment Carried out	00/00/00

Department	Division	Section	Owner/Officer	
Child & Adult	Community Services	Culture & Information	John Mennear – Assistant Director (Community Services)	
Function/ Service	Hartlepool's bi-annual Maritime Festival – removal of the budget and to cease the event.			
Information Available	<p>The numbers attending the maritime festival vary considerably and are significantly dependant on the weather. Questionnaires are distributed to attendees and comments on social media and in visitors books are reviewed.</p> <p>From analysis of 149 completed questionnaires from the Diamond Festival (2012), the majority of completed questionnaires were by women (62%) and 54% were aged 44 or under. This was a snapshot of attendance and with evidence from staff who run the events indicating that attendance at the festivals tend to be from a good mix of the town's population, we cannot say how representative or generally applicable to all free events this finding is. For example, the evaluation of the Tall Ships Races 2010 in contradiction, found that just under two thirds of visitors were aged over 45 years.</p>			
Relevance	Age		√	
Identify which strands are relevant to the area you are reviewing or changing	Disability		√	
	Gender Re-assignment			
	Race			
	Religion			
	Gender			
	Sexual Orientation			
	Marriage & Civil Partnership			
	Pregnancy & Maternity			
	Information Gaps	We do not systematically gather demographic data on people who attend free events organised by the section. Where we do have data, it is just a snapshot of attendees and so not necessarily representative of attendees. It would be difficult and resource intense to try and collect more meaningful data due to potential number of visitors and the fact that they come along to an event for entertainment and are less likely to want to take part in surveys.		
	What is the Impact	1. <b>No Impact- No Major Change</b> - It is clear that there is no potential for discrimination or adverse impact on the above Protected Characteristics. All opportunities to promote Equality have been taken and no further analysis or action is required.		

	<p><i>As noted, anecdotally we believe that attendees at the Maritime Festivals have tended to be mixed and representative of the town's population. As such we do not anticipate that no longer delivering a free Maritime Festival will have a disproportionate impact on any of the protected characteristics of the Equality Act.</i></p> <p><i>However, it is possible that the organising and holding of such free events might encourage people from socio economic groups who don't normally attend cultural activities to participate. Removing such opportunities might impact on those groups decisions to access cultural services in the future.</i></p>		
<b>Addressing the impact</b>	<p><i>The Council will continue to provide a series of low cost events as part of their annual programme. Currently, due to sponsorship, the annual firework display is still free to visitors and ongoing sponsorship will be sought. Low cost event include Spooquay; Christmas Crackers; and Pirate Day.</i></p> <p><i>As part of the Cultural Services draft business development plan, we will explore the active promotion of HME car park to other organisations wanting to stage events.</i></p> <p><i>The events team are working more closely with other HBC teams such as sport &amp; recreation, youth services, and health services, along with external organisations such as the Headland Carnival Committee and Red Dreams to jointly organise and provide support to run and expand existing events for local people. The events staff will continue to provide advice and guidance to those wishing to execute their own events, this includes representation to the Independent Safety Advisory Group (ISAG) group.</i></p> <p><i>Whilst removing a bi-annual event from the programme may have an effect on the Cultural life of the town it will not disproportionately affect any single group in the society. The fact that the Culture &amp; Information Service still offers a mixture of free and paid events will mitigate the loss of the Maritime Festival.</i></p>		
<b>Actions</b>			
<p><i>It will be useful to record and monitor any actions resulting from your assessment to ensure that they have had the intended effect and that the outcomes have been achieved.</i></p>			
<b>Action identified</b>	<b>Responsible Officer</b>	<b>By When</b>	<b>How will this be evaluated?</b>
<p><b>Surveys at other events such as Spookquay, Christmas Crackers</b></p>	<p><b>David Worthington</b></p>	<p><b>October &amp; December 2012</b></p>	<p><b>Face-to-face surveys with people attending events.</b></p>

Date sent to Equality Rep for publishing	00/00/00
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Date Assessment Carried out	00/00/00

Department	Division	Section	Owner/Officer	
Child & Adult	Community Services	Sport & Recreation	John Mennear – Assistant Director (Community Services)	
Function/Service	Carlton Outdoor Education Centre – reduction of Council budget that supports the use of the Centre			
Information Available	<p>Carlton Outdoor Education Centre delivers residential outdoor activities to primary school children and other groups. A subsidy is provided by the Council which allows Hartlepool primary schools to access the centre at a reduced rate. During 2011/12, 15 out of 30 Hartlepool primary schools used Carlton at the reduced rate.</p> <p>We do not believe that the subsidised rate impacts on the rate that is charged by the school to parents but this needs to be investigated further.</p> <p>Evidence suggests that when the subsidy is removed completely, the numbers of schools accessing the service will reduce. The retention of a subsidised or discounted price is critical to Hartlepool school retention. Despite the previous removal of subsidy, schools from Stockton, Middlesbrough and Redcar do continue to access Carlton Outdoor Education Centre to varying degrees.</p> <p>In addition, the centre now delivers activities to a wide range of age groups including adults and clients with disabilities.</p> <p>Feedback from user evaluation is very positive with 93% of users advising that they felt the service offered was either above or exceeded standard expectations.</p>			
Relevance	Age	X		
Identify which strands are relevant to the area you are reviewing or changing	Disability			
	Gender Re-assignment			
	Race			
	Religion			
	Gender			
	Sexual Orientation			
	Marriage & Civil Partnership			
	Pregnancy & Maternity			
	Information Gaps	Whether any local authorities continue to subsidise schools for educational use of outdoor centres since the introduction of the Pupil Premium. Telephone survey to be conducted to elicit		

	<p>information.</p> <p>We do not know exactly what impact reducing the subsidy would have on the numbers of Hartlepool schools who access the service. Whilst evidence from the other local authorities suggests that the impact would be minimal, further information would be needed to be obtained from operational experience.</p> <p>A reduction in the subsidy rate would potentially have an impact on individuals/families – if schools decide to increase the cost to families, the impact could be unfairly felt by low income families. Whilst not a protected characteristic, it is flagged up as schools currently have different approaches to parental contributions. Schools are in receipt of the Pupil Premium and it is with them to determine how that funding is to be used.</p>
<p><b>What is the Impact</b></p>	<p>We do not anticipate that the proposed reduction of base budget would have any impact in terms of increasing inequality in access to the service. However, if the school decided to increase cost to families to adjust for the lack of subsidy, this might have a negative impact on poorer families.</p> <p>It is possible that because of our intention to standardise pricing and introduce peak/off-peak rates, wider access to the centre will be improved so providing more opportunities to more people.</p> <p>There may be a risk of Hartlepool Primary schools no longer making use of Carlton but experience has shown that where subsidised use has already been withdrawn by previous partner local authorities, some of their schools have continued to attend at a non-subsidised price.</p>
<p><b>Addressing the impact</b></p>	<p>The outcome of the impact assessment may be one or more of the following four outcomes; You must clearly set out your justification for the outcome/s.</p> <p><b>1. No Impact- No Major Change</b> - It is clear that there is no potential for discrimination or adverse impact on the above Protected Characteristics. All opportunities to promote Equality have been taken and no further analysis or action is required.</p> <p>We do not believe that the proposal targets or excludes a specific equality group or community. Potentially, the proposal will create more opportunities for wider access to Carlton Outdoor Education Centre so foster good relations between different groups.</p> <p><del><b>2. Adjust/Change Policy</b> – You may have to make adjustments to address potential problems or missed opportunities that impact adversely on those with protected characteristics.</del></p> <p><del><b>3. Adverse Impact but Continue</b> – Your decision may be to continue without making changes, this may be the right outcome even if your assessment identifies the potential for adverse impact. (E.g. Cabinet decision to withdraw a service).</del></p> <p><del><b>4. Stop/Remove Policy/Proposal</b> – Your assessment reveals</del></p>

	<i>unlawful discrimination it must be stopped and removed or changed.</i>		
<b>Actions</b>			
<i>It will be useful to record and monitor any actions resulting from your assessment to ensure that they have had the intended effect and that the outcomes have been achieved.</i>			
<b>Action identified</b>	<b>Responsible Officer</b>	<b>By When</b>	<b>How will this be evaluated?</b>
Survey other local authorities re subsidised use	Pat Usher	October 31 <sup>st</sup> 2012	Telephone survey
Survey HBC schools to ascertain whether they will continue to promote and value Outdoor Education opportunities	Pat Usher	October 31 <sup>st</sup> 2012	Paper questionnaire
Survey HBC schools to sek their current approach to parental contributions to OE opportunities.	Pat Usher	October 31 <sup>st</sup> 2012	Paper questionnaire
Monitor use of the site by groups/individuals other than schools.	Pat Usher	July 2014	Visitor figures
Monitor impact of decision.	Pat Usher	July 2014	Visitor figures

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**Report of:** Head of Planning and Development

**Date:** 17 December 2012

**Subject:** SAVINGS PROGRAMME 2013/14 – HOME TO SCHOOL TRANSPORT

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## 1 PURPOSE OF REPORT

1.1 The purpose of this report is to identify proposals for the delivery of savings in respect of Home to School Transport as part of the budget for 2013/2014.

## 2 BACKGROUND

2.1 The report details one of the reviews which forms part of the 2013/2014 Savings Programme.

2.2 The proposals in the report identify the savings to be made, the risks associated with these and the considerations which have been taken into account in developing them including consideration of key elements which together comprise SROI.

2.3 The services under consideration in this report are as follows,

### 2.4 Home to School Transport –

The Services provides transport related support to pupils who are eligible to free transport from Home to School.

2.5 **Service Users** – The range of services covered by this report are Primary and Secondary mainstream pupils, Primary and Secondary Special pupils in mainstream settings and Special School pupils.

2.6 **Engagement** – Service users provide feedback in a number of different ways and this is determined by the type of service, target group and arrangements to do with the type of delivery. Examples include:

- The Transport Champion Group is made up of neighbourhood, diverse operators and young people's representatives. The aim of the group is to consult on all transport related matters, in an effort to improve the transport opportunities to the community as a whole.
- The Special Educational Needs Transport Panel is made up special needs, transport and education specialists. The aim of the group is to

evaluate the current transport provision, in order to ensure all aspects of travel meet the individual needs of the pupils

- Individual surveys and consultation exercises are used predominantly during any proposed alteration to the service provided

## 2.7 Inputs

The net cost to the Council of providing the services within the Home to School Transport area is as follows:

	Net Cost	Gross Budget
Primary (mainstream)	£33,171	£33,171
Secondary (mainstream)	£360,447	£445,381
Special in Primary	£57,720	£57,720
Special in Secondary	£101,772	£101,772
Special	£803,549	£830,158
<b><u>TOTAL</u></b>	<b>£1,356,659</b>	<b>£1,468,202</b>

## 2.8 Outputs

A brief overview of service inputs is as follows:

	Pupil numbers
Primary mainstream	54
Secondary mainstream	461
SEN	327
Primary concessionary	6
Secondary concessionary	49

## 2.9 Outcomes

The Council has a responsibility to make arrangements for all eligible children to travel to school in reasonable safety and comfort and arrive there without stress or difficulty so that they can benefit from their education. The Home to School transport arrangements provides an efficient and cost effective solution to that duty.

**2.10 Savings target**

The savings target for the Child and Adult Services Department for the financial year 2013/2014 is £2,580,000 with the Home to School Transport budget within the Resources and Support Services Division having to achieve £100,000 of this figure.

**3 SAVINGS PROPOSALS**

- 3.1 Tenders – following a review of current Home to School Transport provision, the Passenger Transport Service identified a number of contracts relating to Taxi and Private Car Hire and relevant PSV routes which expired in July 2012. It was therefore necessary to undergo a tender process in order to secure new contracts. Tenders unless otherwise disclosed, were invited for a three year period with a further option to extend for a further two years. All new contracts were awarded by September 2012.

**£30,000**

- 3.2 Yellow Bus Review – The Integrated Transport Unit additionally took the opportunity to bring in-house three routes currently operated by external providers in order to support a further efficiency. The service is extremely popular and has been developed in order to accommodate, extended school activities, swimming programmes and other curriculum activities. Each school has been allocated a Transport Officer in order to manage the provision. The service is a cost effective provision for schools and the Council.

**£28,000**

- 3.3 All Route Review – A further in year review of all routes took place providing for further efficiencies. The review takes place on a 6 monthly basis in order to accommodate changes to particular routes. The review is a fundamental strategy for the Integrated Transport Unit in administering cost effective service delivery. The review is carried out in consideration of the Special Educational Needs Transport Panel in order to support the progress of young people who have special educational needs

**£42,000****4. OPTIONS ANALYSIS**

- 4.1 Following a review of current Home to School Transport provision, the Passenger Transport Service identified a number of contracts relating to Taxi and Private Car Hire and appropriate PSV Routes which expired in July 2012. It has been therefore necessary to undergo a tender process in order to

secure new contracts. The outcome resulted in an efficiency of 30k. The Council followed an E Auction process which encourage good competition with all participating operators

## 5. RISK IMPLICATIONS

5.1 There are a number of risks implicit in the delivery of any package of savings and it is important to recognise these as part of any decision making. A summary of the risks considered as part of the proposals has been identified below:

- Increased pressure to achieve cost reductions leading to less flexibility in use of transport resources
- Reduced opportunity to invest in additional fleet (yellow buses) in order to expand services
- Departmental budgeting structure demonstrates that the Integrated Transport Unit supports budget efficiencies for both Regeneration and Neighbourhood Services and Child and Adult Services

## 6. FINANCIAL CONSIDERATIONS

6.1 The Savings Programme 2013/2014 is planned to deliver total savings of £3.8m towards the budget deficit for 2013/2014. It has been highlighted in previous reports to Cabinet that failure to take savings identified as part of the Savings Programme will only mean the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget.

The proposals deliver the following proposed savings:

Service	Proposed Savings
Tenders	£30,000
Yellow Bus Review	£28,000
All route review	£42,000
<b>Total Proposed Savings</b>	<b>£ 100,000</b>

## 7. EQUALITY AND DIVERSITY CONSIDERATIONS

7.1 There are no equality or diversity implications resulting from these proposals as the service has not been reduced and continues to provide transport to all eligible pupils.

**8 STAFF CONSIDERATIONS**

8.1 There are no staffing implications arising from the proposals.

**9 FEEDBACK FROM THE TRANSPORT WORKING GROUP**

9.1 The Working Group has expressed its support for the implementation of these savings proposals and requested that these views be included in the report to be considered by Cabinet.

**10 COMMENTS FROM SCRUTINY REVIEW**

10.1 Members supported all the savings proposals presented to the Children's Services Scrutiny Forum and recognised that the areas identified would have the least impact on front line services and staffing.

**11 RECOMMENDATIONS**

11.1 It is recommended to proceed with the proposals as outlined above.

**12. REASONS FOR RECOMMENDATIONS**

12.1 The review forms part of the 2012/2013 Savings Programme as set out in the Medium Term Financial Strategy 2013/2014 to 2016/2017 to Cabinet on 11th June 2012.

**13. APPENDICES AVAILABLE ON REQUEST, IN THE MEMBERS LIBRARY AND ON-LINE**

13.1 There are no appendices to this report.

**14. BACKGROUND PAPERS**

14.1 There are no background papers with this report.

**15. CONTACT OFFICER**

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**Report of:** Assistant Director Performance & Achievement

**Subject:** SAVINGS PROGRAMME 2013/14 - PERFORMANCE & ACHIEVEMENT DIVISION OF CHILD AND ADULT SERVICES DEPARTMENT

## **1.0 PURPOSE OF REPORT**

1.1 The purpose of the report is to identify the proposals for delivering savings in respect of the Performance & Achievement Service as part of the budget for 2013/14.

## **2.0 BACKGROUND**

2.1 The report details one of the reviews which forms part of the 2013/14 Savings Programme.

2.2 The proposals in the report identify the savings to be made, the risks associated with these and the considerations which have been taken into account in developing them including consideration of key elements which together comprise SROI.

2.3 The aim of the Performance and Achievement Division is to fulfill the statutory responsibilities of the Local Authority in relation to its educational provision and to provide a range of advice and support services to schools and educational establishments that enable those organisations to function more effectively. A small School Improvement and Advice Team has been retained within the Performance and Achievement Division. This team is funded from three sources: (1) earned-income via a Service Level Agreement with schools (2) additional income from OFSTED inspections, conferences and out-of-borough school support (3) Council funding. The School Improvement Team works, on request, with all the schools in Hartlepool and a growing number of schools in other boroughs. The service is highly regarded in Hartlepool, particularly for its support of literacy, numeracy and Early Years issues, and has a growing reputation in Darlington and South Tyneside.

2.4 The impact of this service can be best described through a number of qualitative and quantitative measures:

- No school in Hartlepool has been judged by OFSTED to be 'failing' for a number of years. In addition, 79% of Hartlepool's educational establishments have been judged to be 'Good' or 'Outstanding' by OFSTED, which places Hartlepool 25<sup>th</sup> nationally in the HMCI rankings.

- Primary school achievement, as measured by Key Stage 2 SAT results, are above the national average and at their highest in the last seven years.
- The number of pupils achieving five A\*-C GCSE (including maths and English) has been on an upward trend for five years.

2.5 A savings target of £100,000 has been identified for 2013-14.

### **3.0 PROPOSALS**

3.1 It is proposed that:

1. The School Improvement and Advice budget will be reduced by £73,381 from £161,399 to £88,018 to reflect revised operational and funding arrangements.
2. The Children's Services Specific Support which has a budget of £42,471 will be reduced by £26,619 to £15,852, again to reflect revised operational and funding arrangements.
3. The Performance and Achievement budget will therefore be reduced by £100,000 in 2013-14.
4. Furthermore, additional income will be generated in a number of ways, including:
  - Increasing in the number of OFSTED inspections to be carried out by the School Improvement Team.
  - Marketing the 2013-14 School Improvement Service SLA to schools outside of Hartlepool.
  - Increasing the charge made to schools for the 2013-2014 School Improvement Service SLA
  - Bringing more of the School Improvement Partner work in-house to avoid payment to external suppliers.
  - Arranging regular conferences where a charge will be made to participants.

### **4.0 OPTIONS ANALYSIS**

In order to prevent any further reduction in the staffing size of the Performance and Achievement team, which has been reduced drastically over the last three years, and to capitalize on the income-generating ability of the School Improvement and Advice service, this was the only option that was considered in detail and that was felt to be achievable without a detrimental impact upon schools in Hartlepool.

### **5.0 RISK IMPLICATIONS**

5.1 It needs to be recognised that the savings proposed represent very little risk in terms of detrimental impact upon the service offered in 2013-2014. In

subsequent years, however, a number of risks need to be borne in mind to ensure that schools are fully supported:

- Not achieving the income generation target; a business plan will be devised that sets out how the income will be generated over the course of 2013-2014 and 2014-2015 for each of the potential funding streams.
- A negative impact upon Hartlepool schools due to officers working in schools in Darlington and Redcar & Cleveland as part of the collaboration
- Maintaining the capacity of the School Improvement and Advice team; additional capacity has been built into the team through the appointment of a Senior School Improvement Officer (vacant since January 2012) and an affordable increase in the full-time equivalence of the two part-time literacy and numeracy consultants.
- The reputation of the council should any school be judged to be 'inadequate' by OFSTED.
- A further risk to consider is the financial implications of schools converting to academies. Both the Local Authorities Dedicated Schools Grant (DSG) which provides funding for areas such as FSM eligibility, Trade Union support, Ethnic Minority, Licences and Behaviour Support Services (ie. Ed Psych, School Attendance, Exclusions). and the Local Authority Central Spend Equivalent Grant (LACSEG) which is funding that the Council currently receives as part of its overall funding settlement (separate to DSG) to fund statutory Education services will be reduced according to the number of schools that convert.

## 6.0 FINANCIAL CONSIDERATIONS

6.1 The Savings Programme 2013/14 is planned to deliver total savings of 3.8m towards the budget deficit for 2013/14. It has been highlighted in previous reports to Cabinet that failure to take savings identified as part of the Savings Programme will only mean the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget.

The proposals contained in this report deliver the following proposed savings:-

Service	Proposed Savings
Performance & Achievement	£100,000
<b>Total Proposed Savings</b>	<b>£100,000</b>

There will be no additional costs to the Council of this savings plan.

**7.0 EQUALITY AND DIVERSITY CONSIDERATIONS**

7.1 See the attached Equality and Diversity Impact Assessment Statement  
(**Appendix 5A**)

**8.0 STAFF CONSIDERATIONS**

8.1 All staff have been consulted on this proposal and are supportive of the action being taken. There are no redundancy implications contained within this proposal.

**9.0 RECOMMENDATIONS**

9.1 It is recommended that the proposals set out in this paper be accepted as the Performance and Achievement Division's contribution to the 2013/14 Savings Programme.

**10.0 REASONS FOR RECOMMENDATIONS**

10.1 The review forms part of the 2013/14 Savings Programme, as set out in the Medium Term Financial Strategy 2013/14 to 2016/17 report to Cabinet on 11<sup>th</sup> June 2012.

**11 CONTACT OFFICER**

**Dean Jackson**

**Assistant Director (Performance & Achievement)**

Department	Division	Section	Owner/Officer
Child and Adult Services	Performance & Achievement	School Improvement, Advice & Support	Dean Jackson
Function/Service	School Improvement, Support and Advice section of Performance and Achievement Division of Child and Adult Services		
Information Available	<p>The proposed reduction in the budget for School Improvement, Advice and Support in 2013-14 will not result in any reduction in the service currently being offered to schools but it removes any additional capacity that the School Improvement Service has to react to unexpected changes in a school's circumstances, such as pupil achievement, leadership and management, the quality of teaching or behaviour and safeguarding. Schools have indicated, however, through the Schools' Forum, that should any 'unexpected change' occur in a school that necessitated high levels of additional support, they would provide additional financial resource for the School Improvement Service.</p> <p>The provisions in Part 4 of the Education and Inspections Act 2006, as updated by 2012 Advice to Local Authorities, relating to schools causing concern places a responsibility upon a Local Authority to identify any of its schools that are causing concern and to act accordingly to bring about improvement in order to "... ensure that every pupil is provided with the education and opportunities they deserve".</p> <p>Hartlepool Local Authority has clear strategies and procedures in place for:</p> <ul style="list-style-type: none"> <li>(a) identifying a school judged to be temporarily vulnerable or, over time, causing concern;</li> <li>(b) supporting and challenging the school to bring about improvement;</li> <li>(c) monitoring the school's self-evaluation of its improvement.</li> </ul> <p>A school causing concern is likely to one where, over time, standards are unacceptably low and are likely to remain so, there has been a serious breakdown in the way the school is managed or governed which is prejudicing standards of performance or the safety of staff or pupils is threatened. The overriding priority of the School Improvement Service is to support the school to provide the best possible environment to help all children and young people maximize their potential and make the progress they deserve.</p>		

<b>Relevance</b>			
<i>Identify which strands are relevant to the area you are reviewing or changing</i>	<b>Age</b>		✓
	<b>Disability</b>		
	<b>Gender Re-assignment</b>		
	<b>Race</b>		
	<b>Religion</b>		
	<b>Gender</b>		
	<b>Sexual Orientation</b>		
	<b>Marriage &amp; Civil Partnership</b>		
	<b>Pregnancy &amp; Maternity</b>		
	<b>Information Gaps</b>	The impact on the School Improvement Service of schools becoming academies.	
<b>What is the Impact</b>	<p><b>Eliminate Unlawful discrimination</b>, harassment, victimisation, and any other conduct prohibited by the act N/A</p> <p><b>Advance Equality of Opportunity</b>, between people who share protected characteristics and those who don't N/A</p> <p><b>Foster Good Relations</b>, between people who share a protected characteristic and people who do not share it. N/A</p>		
<b>Addressing the impact</b>	<p><b>1. No Impact- No Major Change: The policy is robust and there is no potential for discrimination or adverse impact. All opportunities to promote equality have been taken.</b></p> <p>2. Adjust/Change Policy: N/A</p> <p>3. Adverse Impact but Continue: N/A</p> <p>4. Stop/Remove Policy/Proposal: N/A</p>		
<b>Actions</b>			
<i>It will be useful to record and monitor any actions resulting from your assessment to ensure that they have had the intended effect and that the outcomes have been achieved.</i>			
<b>Action identified</b>	<b>Responsible Officer</b>	<b>By When</b>	<b>How will this be evaluated?</b>
Monitor the ongoing quality of the support provided to schools by the School Improvement Service	Mark Patton, Senior School Improvement Officer	31 <sup>st</sup> August, 2013	1. Evaluation questionnaires completed by schools 2. Discussion with Headteachers

**7.1(a)**  
**Appendix A(5A)**

Monitor the impact of schools becoming academies on the School Improvement Service	Dean Jackson	31 <sup>st</sup> August, 2013	1. Monitoring Service Level Agreement buy-back 2. Monitoring number and nature of requests for support received from Academies.
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Date sent to Equality Rep for publishing	00/00/00
Date Published	00/00/00
Date Assessment Carried out	00/00/00

**Report of:** Assistant Director (Prevention, Safeguarding and Specialist Services)

**Subject:** SAVINGS PROGRAMME 2013/14 – PREVENTION, SAFEGUARDING AND SPECIALIST SERVICES

## **1.0 PURPOSE OF REPORT**

1.1 The purpose of the report is to identify the proposals for delivering savings in respect of the Prevention, Safeguarding and Specialist Services division of Child and Adult Services as part of the budget for 2013/14.

## **2.0 BACKGROUND**

2.1 The report details one of the reviews which forms part of the 2013/14 Savings Programme

2.2 The proposals in the report identify the savings to be made, the risks associated with these and the considerations which have been taken into account in developing them including consideration of key elements which together comprise SROI.

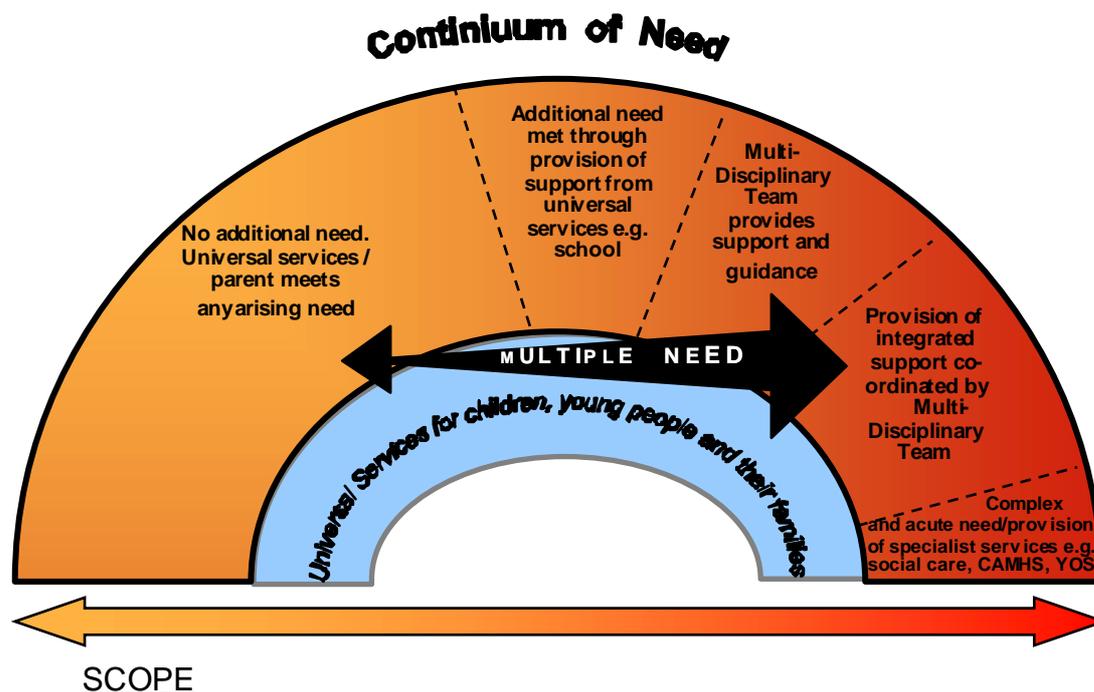
2.3 The Prevention, Safeguarding and Specialist Services division of Child and Adult Services has a range of statutory and non statutory responsibilities. It is responsible for the delivery of:

- Social care services for children in accordance with the Children Act 1989;
- The Youth Offending Service in accordance with the Crime and Disorder Act 1998;
- Early intervention services for children, young people and their families including the provision of children's centres and the families information service;
- Integrated Youth Support Service including the provision of youth centres and services for young people not in education, employment or training;
- Strategic commissioning for children.

### AIM

2.4 The division is structured to provide support services to children, young people and their families across the continuum of need as illustrated below. The aim of this is to ensure that families receive the right services at the right time and where a child is identified as having needs that cannot be met through universal services alone, a range of responsive tailored services are available to the child and his/her family to prevent need from escalating and

becoming more acute. Prevention, Safeguarding and Specialist Services support children and their families throughout Hartlepool.



2.5 The following areas of service are within the scope of this proposal:

- Social work services for children in need (including those in need of protection);
- Youth Offending Service;
- Early intervention information hub, locality teams and resource team;
- Services for looked after children including provision of residential and foster care, services for care leavers and the adoption service;
- Integrated Youth Support Service;
- Review and development unit and Independent Reviewing Officer service;
- Commissioned services for children.

### SERVICE USERS

2.6 Prevention, Safeguarding and Specialist Services provide services to children and young people between the ages of 0 – 18. For some specific groups, for example young people with disabilities and those leaving care, services are extended beyond childhood up to the age of 25. In responding to the needs of children and young people, the service works with the child's parents, carers and significant others to ensure that family members have their needs met wherever possible to enable them to provide safe and effective care for their children and promote their wellbeing.

ENGAGEMENT

- 2.7 The service undertakes regular engagement activity with service users across the breadth of the service and within each service area. The service has a Participation Strategy which outlines how children, young people and their families are engaged in shaping and influencing the delivery of services they receive individually as well as the wider development of policy and services provided by the division. Earlier in 2012, the Integrated Youth Support Service was awarded the Gold 'Hear by Right' Award in recognition of the work of the service in putting young people's voices at the heart of service delivery and development.
- 2.8 There are a number of engagement and consultation groups which inform the development of services, these include amongst others, the Children in Care Council, Friends of Exmoor Grove, One Hart, One Mind One Future, (parents Forum), Young Inspectors and Children's Centre Forums. Feedback from services users is also sought through satisfaction surveys which are sent out at the point of case closure for all social care cases, comments, compliments and complaints received and focus groups to consult on particular proposals or developments.
- 2.9 The information received through these mediums informs the remodeling, and development of services and the policies and procedures that detail how services are to be provided. For example during 2011/12, the Early Intervention Strategy was developed which reshaped how these services are delivered in Hartlepool. As part of the development of the strategy, a series of consultation sessions were completed with groups of children, young people, parents and carers, staff and partner agencies. The information from these sessions was collated into emerging themes and informed the development of the strategy.

INPUTS

- 2.10 The total expenditure for Children's Services (excluding the Dedicated Schools Grant) is £23.9m.

The breakdown of how the £23.9m is spent is as follows:

Area of Expenditure	Spend
Prevention Safeguarding and Specialist Services	£20.8m
Education (excluding DSG)	£0.8m
Resources and Support Services	£2.3m

- 2.11 A breakdown of expenditure in the Prevention, Safeguarding and Specialist Services is as follows:

Area of Expenditure	Spend
Children's Social Care	£11.5m

Early Intervention Services	£7.5m
Youth Offending Service	£0.5m
Youth Service	£0.4m
Management and Support	£0.9m

### OUTPUTS/OUTCOMES

- 2.12 Children's Services deliver services to children, young people and their families to enhance their quality of life and achieve key outcomes in terms of safety, health, education, wellbeing and supporting successful transitions to adulthood. Services are provided across the universal, targeted and specialist services continuum.
- 2.13 The Prevention, Safeguarding and Specialist Services Division provides service to children in Hartlepool in accordance with their needs and include the delivery of universal, targeted and specialist services. Children's social care is responsible for ensuring that children are protected from harm, receive services to meet any assessed needs they may have and their welfare is promoted to achieve improved outcomes. For children who are looked after and leaving care, the service fulfils a statutory and corporate parent responsibility providing children with appropriate care placements to meet their needs, promoting their education, health and social and emotional wellbeing and supporting young people into independence. Children's social care services are regulated via various inspections undertaken by Ofsted. The current judgments of regulated services are as follows:
- Announced Inspection of Safeguarding and Services for Looked After Children – GOOD (June 2010);
  - Adoption Service – SATISFACTORY (May 2011);
  - Fostering Service – GOOD (July 2012);
  - Residential Care Exmoor Grove – GOOD (September 2012).
- 2.14 Performance of the service is monitored via statutory returns to the Department for Education on an annual basis. The service performs well with the majority of indicators achieving or exceeding their target and when compared with the national average and regional and statistical neighbours.
- 2.15 The Youth Offending Services provides both prevention and statutory services in line with legislation to work with young people to prevent offending and re-offending and promote community safety. This service was re-inspected in January 2011 and judged as performing in accordance with the national average scores for Youth Offending Services nationally. This was a significant improvement on the previous inspection outcome when scores were below average. Performance of the Youth Offending Service is monitored by the Strategic Management Board on a quarterly basis. Good performance has been noted in the significant reduction of first time entrants to the criminal justice system and the low use of remand and custodial sentences. The service is currently focusing its efforts on reducing the re-offending rates of young people.

- 2.16 For vulnerable children, under the Early Intervention Strategy, the service provides information, support and guidance to universal services and families to support children's needs. Where these needs require a targeted response, the service provides and commissions a range of integrated support services on a locality basis across the 0 – 19 age range. These services provide tailored packages of support to children and their families to meet assessed needs at the earliest point of these emerging and prevent need from increasing to where more specialist services are required. The early intervention strategy is in its first year of delivery and its effectiveness is yet to be fully evaluated. However, to date feedback from children, young people, their families and professionals has been positive and the recent peer review of safeguarding identified the strategy and service delivery model as a strength. A performance management framework has been developed to measure the effectiveness of the strategy and a report will be presented to Cabinet in June 2013 detailing a full year one review of the service.

### SAVINGS TARGETS

- 2.17 The savings target identified for the Prevention, Safeguarding and Specialist Services division of Child and Adult Services is £475,000.

## **3.0 PROPOSALS**

### CHILDREN'S SOCIAL CARE

- 3.1 Children's social care is made up of a number of budgets which provide for the delivery of social work teams, services for children and families and services commissioned from the voluntary, community and independent sector. The majority of the social care budget is allocated for the provision of placements for looked after children. A high proportion of these placements are delivered by the Council's foster care service; however a minority, around 24%, is provided by the independent fostering and residential sector. These placements are high cost and a substantial amount of work is undertaken within the division to manage demand for these placements and ensure the service achieves value for money from providers. During the 2011/12 budget savings review, a significant amount of the savings realised from the division was identified from within commissioned services.
- 3.2 The proposals for 2013/14 include a contribution of £133,000 from children's social care. The largest proportion of this (£60,000) has been identified by the removal of the Care Matters budget for children looked after. In 2008/09, local authorities first received the Care Matter Grant via the Area Based Grant to provide additionality to services provided for looked after children. The grant was allocated for three years to be invested in projects designed to improve the outcomes of looked after children which research had shown were substantially below those of their peers who were not looked after. The grant was subsequently moved to the Revenue Support Grant in 2011/12. Since its introduction, the Care Matters grant has been used in Hartlepool to provide support and services for children looked after over and above the

base budget and as a consequence its use has changed annually as there are no ongoing commitments against the budget. It has been used for, amongst other things, a residential holiday for children in care to Carlton, provision of individual support for children to promote their education and the refurbishment of Exmoor Grove and 9 Church Street to provide a high quality and comfortable environment for children.

- 3.3 In 2011/12 a reserve was created from the underspend of the Care Matters budget which is to be utilised to support the development of supported accommodation at Blakelock Gardens and the children's home at 302 Stockton Road. It is proposed that the Care Matters budget of £60,000 is removed from the divisional budget in 2013/14. In addition to this, it is proposed that an additional £10,000 of savings is realised from the budget allocated to improving outcomes for looked after children. This budget is used to promote opportunities for looked after children, for example to fund residential school trips, extra curricular activities for children in care such as dancing, music or horse riding lessons. The budget also supports participation work with looked after children providing the resources required to fund this work. Historically there has been an underspend in this budget and in 2012/13, the projected underspend is £10,000, indicating that the activity it supports is at a lower cost than the allocated budget.
- 3.4 The impact of the reduction in these budgets for looked after children will be that the department will lose the flexibility these budgets offers to promote additionality for looked after children. However, the creation of the reserve to support development work will mitigate the impact for projects that are currently in the pipeline. Within the divisional budget there remains a budget commitment for improving outcomes for looked after children and this budget will continue to be used to support participation and extra curricular activities for children in care. Funding has also been allocated to schools through the Pupil Premium to provide additional support for children looked after as well as other vulnerable pupils and the authority is working with schools to ensure that this funding is maximised to improve the education outcomes for looked after children.
- 3.5 During 2011/12, the division redesigned and re-commissioned the service specification for the delivery of child and adolescent mental health services (CAMHS) for children looked after from Tees Esk and Wear Valley NHS Trust. This contract provides dedicated services for these vulnerable children over and above the services commissioned for all children in Hartlepool by PCT. Under the revised service specification, the division has ensured that it is not commissioning services for children looked after which are included in the PCT contract. For example the provision of psychiatric services; if a looked after child requires this type of support, s/he will receive this as an entitlement through the PCT contract, therefore the local authority should not be commissioning this service as well. As a consequence of the redesign of the service specification, which includes a clear stipulation of the number of sessions purchased per week from, for example, psychologist, primary mental health workers and therapists, the service can monitor

services received and ensure that looked after children benefit directly from these additional services.

- 3.6 The revised service specification has reduced the cost of the contract realising a saving of £20,000, which it is proposed forms part of the divisional savings target. Due to the stringent service specification and monitoring arrangements in place for the delivery of these CAMHS services for looked after children, there will be no detrimental impact arising from this saving which has been realised as a result of robust negotiation and commissioning.
- 3.7 In 2011/12 the service consolidated its contracts with providers of therapeutic services for children and created a spot purchase budget to procure these services under a framework agreement rather than block contracting with providers. As it was the first year of this revised arrangement, a budget was set aside for these services and the current spend and forecast indicates that this budget can be reduced. It is therefore proposed that this budget is reduced by £10,000. It is not anticipated that this saving will have a detrimental impact upon the delivery of therapeutic services for children as these will continue to be arranged within the remaining budget.
- 3.8 The balance of the proposed savings for children's social care is made up of the consolidation of a number of costs centres where changes of accommodation and practices have resulted in budget under spends. This includes supplies and services budgets which as a result of rationalisation of capital assets are no longer required and budgets with uncommitted balances that have, in the past, been used to fund service development work. In 2012/13, these budgets have not been spent and the consolidation of them, which amounts to £33,000, is proposed for savings. There will be no impact upon the delivery of services for children through the removal of this funding as it has not been required within the current year and officers now undertake service development work.

#### EARLY INTERVENTION AND PREVENTION SERVICES

- 3.9 In 2011/12 the division developed an Early Intervention Strategy which came about as a consequence of the removal of the ring fenced grants that were previously allocated for these services. The removal of ring fenced arrangements allowed local authorities to look more flexibly at how services were delivered and make them more responsive to need in the local area. The strategy was ratified by Cabinet in December 2011 and the implementation of the Early Intervention Strategy commenced in April 2012.
- 3.10 As part of the development of the new service, a saving of £220,000 was created in preventative services base budgets when these transferred to the re-modelled provision funded from the Early Intervention Grant. It is proposed that this saving contributes towards the divisional savings target for 2013/14.

- 3.11 Under the Early Intervention Strategy, it was identified that there is a need to promote the emotional health and wellbeing of children, young people and their families at a universal and targeted level. Therefore within the strategy, a budget of £100,000 was allocated for the procurement of two primary mental health workers from Tees, Esk and Wear Valley NHS Trust (TEWV) to work within the north and south locality teams. Over the past 6 months the service has worked with the Trust to recruit to these posts without success. In the meantime, further work has been undertaken on a Tees wide basis to develop child and adolescent mental health services and the PCT has committed funding to local areas for community based primary mental health workers. These workers will be identified from within existing TEWV staff as the service is remodeled under a new service specification. This development from the PCT fits with the proposals within the Early Intervention Strategy and meets the same assessed need; therefore it is proposed that the £100,000 is taken as a saving.
- 3.12 As the savings identified from early intervention and prevention are as a consequence of the transfer of funding to the early intervention grant, there will be no impact upon staff or services as these continue to be delivered funded by the Early Intervention Grant. Similarly there will be no impact resulting from the decision not to continue with the procurement of primary mental health workers and offering this budget as a saving given this is now being funded by the PCT. However, the Government has recently announced significant cuts to this grant in 2013/14 and 2014/15 and a report outlining the risks and proposals to mitigate these as far as possible was considered by Cabinet on 19<sup>th</sup> November 2012.

#### YOUTH OFFENDING SERVICE

- 3.13 A saving of £22,000 is proposed from the Youth Offending Service. This service is funded by a grant from the Youth Justice Board and a partnership budget to which the local authority is the major contributor. As part of the funding, the budget makes provision for the delivery of a substance misuse nurse to work with young people in or on the periphery of the criminal justice system. Following the departure of the postholder in 2010, this post has been vacant and substance misuse services have been provided through the wider substance misuse contract for young people delivered by Hyped. When the substance misuse service was re-commissioned in 2012, the service specification included the detailed requirements of the service to support young people in contact with the Youth Offending Service. This contract is fully funded through the Early Intervention Grant and meets the requirements of the Youth Offending Service as they have a full time substance misuse worker based in the team.
- 3.14 It is proposed that 50% of the allocated budget (£22,000) is taken as savings for 2013/14. The remaining amount will be retained within the budget to mitigate potential future risks associated with cuts to the Early Intervention Grant, a revised youth offending grant formula likely to be introduced in 2013/14 and the transfer of funding of the Youth Offending Service to the Police and Crime Commissioner. As the young people's substance misuse

service contract includes the provision of services to young people in the youth offending service, there will be no impact on staff, service users or service delivery from this savings proposal.

#### 4.0 OPTIONS ANALYSIS

4.1 A number of other savings options have been considered within Prevention, Safeguarding and Specialist Services, however these have been discounted primarily due to the potential impact they have on service delivery and the risks associated with realising the savings. These include:

- Freezing foster care allowances – HBC currently pays the Fostering Network recommended allowance rates to foster carers and has, year on year, uplifted its rates in accordance with the recommended rate. This has ensured that the Council competes well in the fostering market and continues to attract prospective foster carers to the Council. Not uplifting foster carers rates on an annual basis will have an impact upon our ability to continue to recruit foster carers and may result in existing carers moving to the independent sector. The loss or slowing of recruitment of foster carers will increase the Council's dependence upon the provision of foster placements from the independent sector which are higher cost as an agency fee is paid in addition to the carers allowance for the child. In the long term, this shift will result in substantially higher placement costs for the local authority and therefore would be a false economy.
- Reduce capacity within social work and prevention teams – currently there is an increasing demand for services for children and young people and their families as demonstrated by the increasing numbers of referrals to social care and increase in children looked after. Staff caseloads are being effectively managed, however any reduction in the number of workers in the teams will increase caseloads to an unmanageable level and result in unacceptable risks in terms of child protection, staff well being and achievement of performance indicators.
- Reduce spend on placements for children looked after – the service is robust in seeking to manage demand for placements and the costs of these. The numbers of children looked after are increasing in Hartlepool and this is reflective of the national picture. Services are in place to, wherever possible, prevent the need for a child to come into care, however where children cannot be safely maintained with their family it is necessary for them to become looked after as not to do so would result in them being at risk of significant harm.
- Further reductions in prevention and early intervention services – research highlights the long term benefits to children and their families of early intervention and prevention of problems from becoming acute and harmful. Reducing the capacity of early intervention services will very likely increase pressure on specialist services for example youth offending and children's social care which are higher cost. In addition, as a consequence of cuts to future funding for these services, they will be scaled back substantially in 2013/14.

- Further reductions in the Youth Offending Service – there are plans to revise the funding formula for the Youth Offending Service and in the future, some or all of these services will be commissioned by the Police and Crime Commissioner. The uncertainty of future funding of the Youth Offending Service means that cuts should not be considered until the future arrangements and their impact on the local service becomes clear.

4.2 The above options have not been proposed for savings for the reasons outlined. The proposals outlined in this report in the view of officers are the most efficient and effective options as they have the lowest risks associated with them in terms of impact upon children and young people and service delivery.

## **5.0 RISK IMPLICATIONS**

5.1 There are a number of risks implicit in the delivery of any package of savings and it is important to recognise these as part of any decision making. A summary of the risks considered as part of the proposals has been identified below:

- Reduced flexibility and funding to fulfill our corporate parent responsibilities to children looked after. Removal of budgets that have been used to provide additionality for children looked after means there will be less opportunity to deliver high cost service developments in the future. However, in the past two years a number of projects have been or are in the process of being delivered and reserve funding is available to complete these. For individual children, there remains funding within the budget to promote participation, corporate parenting activities and opportunities for them to enjoy a variety of activities that enhance their wellbeing.
- The biggest risk to early intervention services in the context of the proposed savings in 2013/14 relates to the recent announcement of a cut of £1.1m in 2013/14 and a further £0.5m in 2014/15. This information was not known when the divisional savings were initially developed. A full report has been presented to Cabinet on these risks with proposals for use of reserve to mitigate the immediate impact of the cuts so that services can be scaled back in a planned and evidence based way.
- For the Youth Offending Service there are risks associated with the uncertainty around future funding arrangements. In order to effectively manage this, the service has held vacant posts and retained 50% of the funding for the substance misuse nurse post to mitigate the uncertainty and risk.

## **6.0 FINANCIAL CONSIDERATIONS**

6.1 The Savings Programme 2013/14 is planned to deliver total savings of 3.8m towards the budget deficit for 2013/14. It has been highlighted in previous reports to Cabinet that failure to take savings identified as part of the Savings Programme will only mean the need to make alternative unplanned

cuts and redundancies elsewhere in the Authority to balance next year's budget.

6.2 The proposals for Prevention, Safeguarding and Specialist Services meet the target set for the division and are sustainable as provision is made to manage the budget reduction and continue to deliver services effectively.

6.3 The proposals deliver the following proposed savings:-

Service	Proposed Savings
Care Matters Grant	£60,000
Improving outcomes for CLA	£10,000
CAMHS	£20,000
Contracts	£10,000
Consolidation of budgets	£33,000
Early Intervention and Prevention Service	£320,000
Youth Offending Service	£22,000
<b>Total Proposed Savings</b>	<b>£475,000</b>

6.4 There are no associated costs with delivering the proposed savings.

## 7.0 EQUALITY AND DIVERSITY CONSIDERATIONS

7.1 An Impact Assessment has been undertaken and is attached as **Appendix 6A**.

7.2 The vast majority of children who receive services from the division are vulnerable children and their lives are affected by issues such as poverty, abuse and neglect, poor parenting and deprivation. The savings proposals will affect vulnerable children through the reduction in funding to the services they receive. However, in identifying these savings proposals, every effort has been made to minimise the impact on vulnerable children by identifying the least disruptive options and where capacity remains within the service to mitigate the impact.

## 8.0 STAFF CONSIDERATIONS

8.1 There are no staffing implications to the savings proposals put forward within this report.

## 9.0 COMMENTS FROM SCRUTINY REVIEW

9.1 Members supported all the savings proposals presented to the Children's Services Scrutiny Forum and recognised that the areas identified would have the least impact on front line services and staffing. However, Members did

note that the proposals stripped out any flexibility of service provision in a number of the areas identified.

- 9.2 With regard to the divisional savings for Prevention, Safeguarding and Specialist Services, Members supported the savings proposals, but raised concerns regarding the sustainability of funding in a number of areas, particularly where services were now fully or partially dependant on external/partner funding, which cannot be guaranteed to continue in the future.

## **9.0 RECOMMENDATIONS**

- 9.1 That Cabinet approves the proposed saving of £475,000 from the Prevention, Safeguarding and Specialist Services division of Child and Adult Services for 2013/14.

## **10.0 REASONS FOR RECOMMENDATIONS**

- 10.1 The review forms part of the 2013/14 Savings Programme, as set out in the Medium Term Financial Strategy 2013/14 to 2016/17 report to Cabinet on 11<sup>th</sup> June 2012.

## **11 APPENDICES AVAILABLE ON REQUEST, IN THE MEMBERS LIBRARY AND ON-LINE**

## **12 BACKGROUND PAPERS**

Early Intervention Strategy December 2011  
Participation Strategy 2012  
Cabinet Report – Medium Term Financial Strategy (MTFS) 2013/14 to 2016/17 – Update 19/11/2012

## **13 CONTACT OFFICER**

Sally Robinson  
Assistant Director, Prevention, Safeguarding and Specialist Services  
Child and Adult Services  
Civic Centre

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## Impact Assessment Form

Department	Division	Section	Owner/Officer
Child and Adult Services	Prevention, Safeguarding and Specialist Services	Prevention, Safeguarding and Specialist Services	Sally Robinson
Function/Service	Prevention, Safeguarding and Specialist Services division of Child and Adult Services		
Information Available	<p>Children receiving services from Prevention, Safeguarding and Specialist Services are amongst the most vulnerable children in the town and their lives are affected by issues such as poverty, abuse and neglect, poor parenting and deprivation. As a consequence, they are vulnerable to poor outcomes in terms of their health, education and social and emotional development. Within this group of vulnerable children, the division provides services to children looked after, children at risk of significant harm and children and young people in the Youth Offending Services. These children are especially vulnerable and have significantly poorer outcomes when compared to their peers for example in areas such as educational achievement, mental health and wellbeing and engagement in education, employment and training.</p> <p>The division provides services to children, young people and their families across the continuum of need including universal services e.g. youth clubs; targeted services e.g. children's centres and prevention teams; and specialist services e.g. children's social care and youth offending service. The greatest number of children access universal services which are open to all children in the town. The early intervention services offer universal services, for example via services available through children's centres, however, these services are targeted at children and their families who have needs that require additional support and if continued unmet would escalate becoming more complex and acute. The services delivered under the early intervention strategy are supporting approximately 1,000 children and their families.</p> <p>Specialist services are delivered in accordance with the statutory framework through the Children Act 1989 for children's social care and the Crime and Disorder Act 1998 for the Youth Offending Service. As at 30 September 2012, there were 956 children active to social care, of whom, 198 were looked after, 101 were subject to a child protection plan and 657 were children in need. Within the Youth Offending Service there are 54 young people</p>		

receiving a statutory service and a further 78 young people being supported by the service to prevent them from entering the criminal justice system.

The proposals for savings affect all services delivered by the division. Demand for services is high and the service has seen an increase in the numbers of referrals for both prevention and social care services. The delivery of the savings will have a small impact upon the services provided as there will be less funding within the budget to manage resources flexibly.

The impact of the reduction in the funding for looked after children will be that the department will lose the flexibility these budgets offers to promote additionality for looked after children. However, the creation of the reserve to support development work will mitigate the impact for projects that are currently in the pipeline. Within the divisional budget there remains a budget commitment for improving outcomes for looked after children and this budget will continue to be used to support participation and extra curricular activities for children in care. Funding has also been allocated to schools through the Pupil Premium to provide additional support for children looked after as well as other vulnerable pupils and the authority is working with schools to ensure that this funding is maximised to improve the education outcomes for looked after children. A revised service specification for the child and adolescent mental health services for children looked after will ensure that services commissioned meet the needs of children in care that they benefit directly from these additional services.

There will be no impact associated with the savings proposed from the Early Intervention Service as funding for posts has been transferred from the revenue support budget to the Early Intervention Grant. Services previously proposed to be commissioned through the use of the grant are now being commissioned by the PCT and will meet the purpose of these roles as outlined in the early intervention strategy. As part of the development of the strategy, a series of consultation sessions were completed with groups of children, young people, parents and carers, staff and partner agencies. The information from these sessions was collated into emerging themes and informed the development of the strategy.

There will be no impact associated with the savings proposed from the Youth Offending Service. Through the re-commissioning of the Young People's Substance Misuse Service, substance in 2012, the service specification

	included the detailed requirements of the service to support young people in contact with the Youth Offending Service. This contract is fully funded through the Early Intervention Grant and meets the requirements of the Youth Offending Service as they have a full time substance misuse worker based in the team.		
<b>Relevance</b>  <i>Identify which strands are relevant to the area you are reviewing or changing</i>	<b>Age</b>		✓
	<b>Disability</b>		✓
	<b>Gender Re-assignment</b>		✓
	<b>Race</b>		✓
	<b>Religion</b>		✓
	<b>Sex</b>		✓
	<b>Sexual Orientation</b>		✓
	<b>Marriage &amp; Civil Partnership</b>		✓
	<b>Pregnancy &amp; Maternity</b>		✓
	<b>Information Gaps</b>	No gaps in information identified. The savings proposals have been developed over a six month period allowing sufficient time for all of the relevant information to be taken into consideration.	
<b>What is the Impact</b>	The proposed changes support the three aims of the Equality Act to ensure services provided are appropriate to the needs of children and young people.		
	<i>Aim 1: Eliminate unlawful discrimination, harassment, victimisation, and any other conduct prohibited by the act.</i>		
	<i>Aim 2: Advance Equality of opportunity, between people who share protected characteristics and those who don't.</i>		
	Services for vulnerable children aim to improve life chances, opportunities and outcomes.		
	<i>Aim 3: Foster good relations between people who share a protected characteristic and those who do not share it.</i>		
	Services for vulnerable children and young people, promote their needs and improving outcomes lead to improved community cohesion.		
<b>Addressing the impact</b>	<b>1. No Major Change</b>		
	<b>2. Adjust/Change</b>		
	<b>3. Continue as is</b>		
	<b>4. Stop/Remove</b>		
<b>Action identified</b>	<b>Responsible Officer</b>	<b>By When</b>	<b>How will this be evaluated?</b>

Date sent to Equality Rep for publishing			12/11/2012

**Report of:** Head of Planning and Development

**Date:** 17 December 2012

**Subject:** SAVINGS PROGRAMME 2013/14 – RESOURCES  
AND SUPPORT SERVICES DIVISION OF CHILD  
AND ADULT SERVICES DEPARTMENT

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## 1 PURPOSE OF REPORT

1.1 The purpose of the report is to identify the proposals for delivering savings in respect of the Resources and Support Services Division as part of the budget for 2013/2014.

## 2 BACKGROUND

2.1 The report details one of the reviews which forms part of the 2013/2014 Savings Programme.

2.2 The proposals in the report identify the savings to be made, the risks associated with these and the considerations which have been taken into account in developing them including consideration of key elements which together comprise SROI.

2.3 The services under consideration in this report are as follows,

**Support Services and Admissions** – Administrative support to the Child and Adult Services Department and school admissions arrangements;

**Performance and Management Information** – Management and school performance data;

**Schools Transformation** – Capital development planning across all school sectors

2.4 **Service Users** – The range of services covered by this report are delivered across the whole department as a support to internal users and in providing specific services to school sectors and a neighbouring Local Authority.

2.5 **Engagement** – Service users provide feedback in a number of different ways and this is determined by the type of service, arrangements to do with the type of delivery and target group. Examples include:

- Regular progress meetings;
- Service agreements;

**2.6 Inputs**

The net cost to the Council of providing these specific services within the Resources and Support Services Division are as shown below:

	Net Cost	Gross Budget
Support Services and Admissions	£709,979	£709,979
Performance and Management Information	£151,706	£214,700
Schools Transformation	£ 20,761	£ 20,761
<b><u>TOTAL</u></b>	<b>£882,446</b>	<b>£945,440</b>

**2.7 Outputs**

The Resources and Support Services Division manages and delivers the following across school sectors and the department:

- Income generation from neighbouring Local Authority;
- Delivery of Support and Management Information Services to the Child and Adult Services Department and Schools
- Planning and preparation of the Schools' Capital Programme
- Contract management of the BSF ICT Contract

**2.8 Savings target**

The savings target for the Child and Adult Services Department for the financial year 2013/2014 is £2,580,000 with the Resources and Support Services Division having to achieve £90,000 of this figure.

**3 SAVING PROPOSALS**

3.1	<b><u>Support Services</u></b> Various non-staff budgets	£60,000
3.2	<b><u>School Admission</u></b> Provision of appeals service to neighbouring Local Authority	£15,000
3.3	<b><u>Performance and Management Information</u></b> Reduction of hours in a post	£10,500
3.4	<b><u>Schools Transformation</u></b> Reduction in feasibility budget	£6,000

### 3.5    **Impact of Proposals**

3.6    Proposals have been drawn up with a view to minimising the impact on service delivery across the department:

- Savings in Support Services are drawn from Premature Retirement Costs, Mobile Phones, Consumables, Catering and Supplies and will have little impact as primarily the reductions are a result of under utilised budgets.
- The reduction in hours of the Performance and Management Team will be covered by a reorganisation of workloads and functions within the team itself;
- The savings rely upon income generation in relation to the increased workload arising from arrangements to manage the appeals process in a neighbouring Local Authority which generates an income of £15k annually;
- Early feasibility work on the schools' capital programme can be met by project funding with less reliance on this budget.

## 4    **OPTIONS ANALYSIS**

4.1    In order to prevent reduction to the size of the Resources and Support Services Division pending the outcome of the major Support Services Review, it was considered appropriate to focus on a detailed examination of all administrative budgets and to fully utilise the opportunity that has presented itself to bring in additional income following an approach by another Local Authority. All of the savings and earned income proposals can be achieved without a detrimental impact on the department. The review of Support Services is expected to be implemented by the summer of 2013 in readiness for the 2014/15 savings round.

## 5    **RISK IMPLICATIONS**

5.1    There are a number of risks implicit in the delivery of any package of savings and it is importance to recognise these as part of any decision making. A summary of the risks considered as part of the proposals has been identified below:

- Increased pressure and less flexibility;
- Potential for income generation – contribution and new opportunities;
- Balance of workload conflicting with income earning potential;
- Possible reduced effectiveness.

**6 FINANCIAL CONSIDERATIONS**

6.1 The Savings Programme 2013/2014 is planned to deliver total savings of £3.8m towards the budget deficit for 2013/2014. It has been highlighted in previous reports to Cabinet that failure to take savings identified as part of the Savings Programme will only mean the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget.

6.2 The proposals deliver the following proposed savings:

<b>Service</b>	<b>Proposed Savings</b>
Support Services	£60,000
School Admissions ( income )	£15,000
Performance and Management Information	£10,500
Schools Transformation	£ 6,000
<b>Total Proposed Savings</b>	<b>£ 91,500</b>

**7 EQUALITY AND DIVERSITY CONSIDERATIONS**

7.1 An Impact Assessment has been undertaken for each service areas to ensure the impact upon service users is minimal. The Impact Assessment form is included at **Appendix 7A**

**8 STAFF CONSIDERATIONS**

8.1 Informal dialogue will be undertaken with Trade Unions and staff. Staff impacted on by the proposals are fully supportive of the plans. There are no redundancy implications contained within this proposal.

**9 COMMENTS FROM SCRUTINY REVIEW**

9.1 Members supported all the savings proposals presented to the Children's Services Scrutiny Forum and recognised that the areas identified would have the least impact on front line services and staffing.

**10 RECOMMENDATIONS**

10.1 It is recommended that Cabinet accept the proposals as outlined above.

**11 REASONS FOR RECOMMENDATIONS**

11.1 The review forms part of the 2013/14 Savings Programme, as set out in the Medium Term Financial Strategy 2013/14 to 2016/17 report to Cabinet on 11<sup>TH</sup> June 2012.

**12 APPENDICES AVAILABLE ON REQUEST, IN THE MEMBERS LIBRARY AND ON-LINE**

12.1 **Appendix 7A** - Impact Assessment Form

**13 BACKGROUND PAPERS**

13.1 There are no background papers to this report.

**14 CONTACT OFFICER**

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Department	Division	Section	Owner/Officer																		
Child and Adult Services	Performance and Achievement	Resources and Support Services	Peter McIntosh																		
<b>Function/ Service</b>	<p>Resources and Support Services. Changes proposed to address the budget deficit and achieve targets set.</p> <p><b>Support Services</b> – Proposals for reduction in a number of non-staffing budgets that are under utilised.</p> <p><b>Admissions</b> – Proposal to generate additional income through management of appeals work in a neighbouring Local Authority.</p> <p><b>Performance and Management</b> – Proposal to decrease resources through the voluntary reduction of hours by a member of staff.</p> <p><b>Schools Transformation</b> – Proposal to decrease some of the resources used to fund feasibility studies in the schools capital sector.</p>																				
<b>Information Available</b>	<p>Information available that has been used to inform these proposed changes:</p> <ul style="list-style-type: none"> <li>• Current structures and proposed structure</li> <li>• Job Description</li> <li>• Consultation with staff and Unions</li> <li>• Divisional and sectional budgets</li> </ul>																				
<b>Relevance</b>	<table border="1"> <tr> <td><b>Age</b></td> <td></td> </tr> <tr> <td><b>Disability</b></td> <td></td> </tr> <tr> <td><b>Gender Re-assignment</b></td> <td></td> </tr> <tr> <td><b>Race</b></td> <td></td> </tr> <tr> <td><b>Religion</b></td> <td></td> </tr> <tr> <td><b>Gender</b></td> <td></td> </tr> <tr> <td><b>Sexual Orientation</b></td> <td></td> </tr> <tr> <td><b>Marriage &amp; Civil Partnership</b></td> <td></td> </tr> <tr> <td><b>Pregnancy &amp; Maternity</b></td> <td></td> </tr> </table>			<b>Age</b>		<b>Disability</b>		<b>Gender Re-assignment</b>		<b>Race</b>		<b>Religion</b>		<b>Gender</b>		<b>Sexual Orientation</b>		<b>Marriage &amp; Civil Partnership</b>		<b>Pregnancy &amp; Maternity</b>	
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<i>Identify which strands are relevant to the area you are reviewing or changing</i>																					
<b>Information Gaps</b>	None																				
<b>What is the Impact</b>	Careful consideration has been given to the financial proposals and they are not deemed likely to impact on equality for the workforce. No adverse equality impact has been identified.																				

<b>Addressing the impact</b>	<b>1. No Major Change</b> – The Impact Assessment shows that the proposals are robust and that there is no potential for discrimination or adverse impact on any protected group.		
	<b>2. Adjust/Change Policy</b> – non applicable		
	<b>3. Adverse Impact but Continue</b> – non applicable		
	<b>4. Stop/Remove Policy/Proposal</b> – non applicable		
<b>Actions</b>			
<b>Action identified</b>	<b>Responsible Officer</b>	<b>By When</b>	<b>How will this be evaluated?</b>
<b>Date sent to Equality Rep for publishing</b>		00/00/00	
<b>Date Published</b>		00/00/00	
<b>Date Assessment Carried out</b>		00/00/00	

**Report of:** Assistant Director – Regeneration and Planning

**Subject:** SAVINGS PROGRAMME 2013/14 – REGENERATION AND PLANNING SERVICES

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## 1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to identify the proposals for delivering savings in respect of the Regeneration and Planning Division as part of the budget for 2013/14.

## 2. BACKGROUND

- 2.1 The report details one of the reviews which forms part of the 2013/14 Savings Programme.
- 2.2 The proposals in the report identify the savings to be made, the risks associated with these and the considerations which have been taken into account in developing them including consideration of key elements which together comprise SROI.
- 2.3 The services under consideration as part of this report are as follows,
- 2.3.1 **Planning Services** – Planning Services is responsible for Planning Policy Development Control, Planning Enforcement, and Landscape Planning and Conservation. Planning Policy: Is responsible for spatial planning policy and sustainable development policy, this includes the preparation, monitoring and review of the statutory Local Development Framework including the Core Strategy, which will establish the overarching planning policy framework for the Borough and will eventually replace the Hartlepool Local Plan. The section also provides policy advice in relation to planning applications and guidance on development activities, including the preparation of development briefs. Development Control & Planning Enforcement: This section is concerned with assessing proposals for new development and their impact on their surroundings, particularly in the form of planning applications. The service encourages the use of an advisory service (One Stop Shop) to enable proposals to be considered informally before applications are submitted, helping to improve the quality of development where appropriate. The section is also responsible for monitoring development and, where necessary, implementing enforcement action against unauthorised development, including derelict and untidy buildings and land. Landscape Planning and Conservation: Provide professional and technical expertise aimed at the conservation, protection and enhancement of the natural and built environment of Hartlepool.

- 2.3.2 **Public Protection** - The Public Protection section consists of three discrete teams: Commercial, Environmental Protection and Trading Standards & Licensing. The Commercial Team carries out inspections, complaint investigation and sampling to ensure that food is safe and fit to eat and workplaces are safe. The Environmental Protection Team is involved with noise and pollution related matters as well as providing a comprehensive service for pest control and managing and promoting the open market. The Trading Standards & Licensing Team ensures that the business sector complies with a wide range of trade and consumer legislation. The team also issues and carries out enforcement relating to a large variety of licences, including Alcohol, Entertainment, Takeaways, Taxis, Gambling and Fireworks.
- 2.3.3 **Housing Services** - The Housing Services Team is responsible for administering and undertaking the Council's strategic housing functions, together with Housing Market Renewal activity and the Housing Options Service based at Park Tower. Activity also includes managing bids for associated housing and regeneration funds, together with funding for the provision of affordable housing, housing advice and homeless services, tenancy advice and assistance. The team work with Registered Providers to build affordable housing in the town and with other developers to improve and increase the affordable housing options available in Hartlepool. Their role is also to support and assist in the progression of the Housing Partnership. In addition, the team co-ordinates and works with housing delivery services teams to ensure an integrated Housing Service across the Authority. The Private Sector Housing team is involved in the current problems associated with low demand in the private housing sector, working with landlords regarding empty homes and selective licensing and leads on key delivery projects such as the empty property acquisition project. The team also provides financial help for adaptations to houses for disabled persons and to owners to improve the condition of private houses. The Housing Advice Team runs the Choice Based Lettings Service, maintains the Housing Register (waiting list), gives free advice and, where appropriate, assistance in obtaining and keeping accommodation. The team operates a Tenancy Relations Service to give advice and assistance to landlords and tenants in the conduct of tenancies.
- 2.3.4 **Economic Regeneration** - The Economic Regeneration Team provides the Council lead on the Jobs and Economy Theme and offers services to residents and businesses. The Business Team is responsible for Hartlepool's Business Incubation System providing business infrastructure such as Queens Meadow, Incubation Units at Hartlepool Enterprise Centre and working with key partners including UKSE to develop high quality business units. The Team has established Enterprise Zones at Queens Meadow, Port Estates and Oakesway. At the same time the team works with growth companies to ensure they can maximise financial assistance available through, for example, Regional Growth Fund where the team has a successful track record. The Regeneration Team is driving forward regeneration plans

for Seaton Carew, based on mixed development opportunities, Mill House and Skills Quarter initiative. The Tourism Team undertakes specialist business support for the visitor economy and is actively involved in the development of a range of activities including the EAT Initiative. The service is also at the forefront of e marketing activities. Hartlepool Working Solutions offers employability services to get residents back into training and employment.

**2.3.5 Building Control** - The Building Control Section provides a mix of advisory, consultancy, inspection and enforcement services. Its aim is to ensure that building work is carried out to meet the national Building Regulation requirements, which include health and safety, energy conservation, disabled access and facilities, electrical safety and water conservation measures. This is achieved by examining submitted plans, site inspections, enforcement of non-compliant and unauthorised work and consultations on various matters such as safety at sports grounds. The Building Control team work closely with many agencies and Council sections, especially Development Control, to allow for ease of development for those undertaking building work, providing pre-submission advice via the One Stop Shop.

#### **2.3.6 Service Users**

The range of services covered by this report are delivered across the whole of the borough dealing with all age groups, however, within these functions there are many discreet services which are tailored for particular user groups, for example,

- Going Forward project – 16 to 24 year olds (NEETS)
- Flexible Support Fund – 80% targeted towards 18 to 24 year olds.
- Selective Licensing – targeted towards areas of the town with a high proportion of private rented housing
- Housing Adaptations service – targeted towards people with disabilities
- The Business Team – supports the business community from both new start businesses through to large inward investors.

#### **2.3.7 Engagement**

Feedback from service users is obtained in a number of different ways and this is often determined by the type of service, the target audience, the way in which it is delivered. Examples include,

- Development of the Economic Regeneration Strategy – involved full consultation and engagement with the business community, partner

agencies, the third sector, colleges, residents, etc through workshops and web based engagement.

- Building Control – regular annual customer satisfaction survey.
- Private Sector Housing services – full scrutiny investigation including workshops with residents, landlords, agents and presentations to the Neighbourhood Services Scrutiny forum and members of the public by other local authorities, the probation service, etc.
- Housing Regeneration Carr and Hopps Street – fortnightly drop in session for local residents to keep them informed of developments and discuss their housing needs.
- Development of Housing Strategy – visited all residents groups and consultative forums to share information and discuss proposals.
- Regular attendance at residents groups related to issues of housing standards, Selective Licensing, Empty Homes strategy, etc.
- Public Protection undertake questionnaire survey of businesses regarding the services they have received whether it be for Trading Standards, Commercial Services or Licensing services.
- Visitor surveys related to tourism activities, for example the Golf Week to evaluate the success and to learn from comments and suggestions.
- Annual satisfaction survey with tenants of the Hartlepool Enterprise Centre.
- Regular consultation with key stakeholders through the Economic Regeneration Forum and the Housing Partnership.
- All trainees on employability programmes including Going Forward are regularly consulted for satisfaction ratings.
- These are just a few examples of the many forms of consultation and engagement undertaken to ensure that the right services are being delivered and in the right way to meet customer needs and expectations. The information and feedback collected is then used to shape and inform future service delivery. A recent example of this is the consultation and engagement undertaken in the run up to the relocation of

## 2.4 Inputs

The net cost to the Council of providing the services within the Regeneration and Planning Division are as follows,

Economic Regeneration	£1,041,000
Planning Services	£ 453,000
Public Protection	£ 551,000
Housing Services	£ 608,000
Building Control	£ 224,000
<b>Total</b>	<b>£2,877,000</b>

## 2.5 Outputs and Results

### Building Control

- The service significantly impacts on key outcomes by the enforcement of the Building Regulations, contributing towards the health, safety and wellbeing of Hartlepool residents and visitors alike by ensuring their safety in and around buildings. The service also has a positive key impact on sustainability in regard to climate change issues and at the same time contributes to the health and wellbeing of local residents.
- Hartlepool Building Control section enforces the national Building Regulations by way of plan appraisals, site inspections, and contravention inspections. This ensures that buildings and developments are built to agreed national building regulation standards.

### Economic Regeneration

- The service contributes to a range of key economic performance outcomes including unemployment and employment rates, business start up and business stock levels, provision of key business infrastructure including business park development and managed workspace. Whilst not the focus of the service the health and wellbeing of local residents is positively impacted on through meaningful employment.
- Hartlepool was particularly successful in RGF round 2 with five Hartlepool companies receiving awards including Heerema, Huntsman Tioxide, PD Ports, Able UK and J&B Recycling. Hartlepool achieved 55% of the round two allocations made in Tees Valley. Total proposed private sector investment including potential end users for PD Port and Able UK are as follows;

Total direct jobs	1,920
Total indirect jobs	2,236
Construction jobs	500

Safeguarded jobs 462  
Total investment £225m

- Hartlepool achieved 33% of the land allocation within the Tees Valley Enterprise Zone with Port Estates achieving ECA status, Queens Meadow achieving NDR discount status and Oakesway Industrial Estate achieving local Enterprise Zone status.

### **Planning Services**

- The service contributes to key outcomes including supporting the long term sustainable development and growth of the town which in turn impacts on the health and wellbeing of local residents.
- The determination of planning applications which supports the development and growth of the town and also carries out appropriate planning regulation enforcement which supports appropriate development and growth. Planning plays a key role in a comprehensive and coordinated approach of action against untidy and derelict buildings and land and also deals extensively with the control of waste sites.
- Production of the Local Development Framework which provides a long term plan to support the development of the town and at the same time supporting the Council's priorities. In addition the framework will incorporate CIL obligations to secure funding to implement new infrastructure investment.
- The service has supported the development of Hartlepool's three Enterprise Zones with the implementation of LDO's.
- Development of planning and development briefs for key sites including master planning which helps deliver growth through the allocation of sites.
- Provision of the One Stop Shop advisory service which helps to ensure applications are submitted that address relevant issues.
- Conservation provides specialist advice aimed at the conservation, protection and enhancement of the natural and built environment of Hartlepool including advice and guidance to owners of listed buildings and other historic assets and has supported conservation areas by providing grant support. The service includes ecology and arbocultural advice and the service has undertaken paid for consultancy work. Current key projects include the Limestone Landscape project in Hart and Elwick, the Village Atlas for Elwick and the delivery of greater public access and connectivity in the area supported by Heritage Lottery Funding. In addition the service ensures that the Authority complies with all statutory duties and contributes to external environmental plans such as the European Marine Site Management Plan.

### **Housing Services**

- The service contributes to key performance outcomes including the reduction in empty homes, improved residential accommodation including HMR and reducing homelessness, which in turn contributes to the health and wellbeing of local residents.
- Empty Homes initiatives are a key activity within this service, including a pilot programme with Housing Hartlepool and the Empty Homes purchase scheme.
- The service proactively uses section 215 planning powers to improve housing conditions and at the same time undertakes statutory enforcement where appropriate.
- A range of grant assistance is delivered to help owners carry out essential repairs and also offers the disabled facilities grant.
- Housing and homelessness advice is provided and specific targeted support is given to many vulnerable groups and clients which allows individuals to maintain independent living.
- The service also develops strategies and provides specialist advice on the development of appropriate Council policies in relation to the housing market and at the same time liaises with external partners and developers to ensure the appropriate provision of residential accommodation. A developing area of work is around welfare reform and there is extensive liaison with partners to ensure that local residents are fully supported through major reform processes.
- Housing Regeneration remains a key issue for the town with several sites including Carr Hopps seeing significant investment in improving homes and housing stock.
- Choice based letting allocations has been successfully implemented in the town and is very popular with clients and service partners.
- Selective Licensing has been introduced to improve standards in properties in low demand areas. This tool is proving useful in conjunction with other measures to improve housing management.

### **Public Protection**

- The Public Protection service contributes to key performance outcomes by the enforcement of food, health & safety, animal health, environmental protection, trading standards and licensing legislation which aims to safeguard and improve the health and well-being of people working, living and visiting Hartlepool. In addition we provide technical and professional

advice to duty holders (internal & external), local businesses and members of the public.

- The following are key activities of the service and their associated outcomes:
  - Discharge of a wide range of statutory functions
  - Premises Visits
  - Investigation of complaints and notifiable incidents e.g. accidents, food poisoning, air pollution and noise complaints etc.
  - Licensing, Registration or Approval of premises, processes and persons
  - Provision of pest control service
  - Management of open market
  - Provision of technical & professional advice
  - Sampling & monitoring e.g. food, water, air quality, product safety
  
- Key outcomes include :-
  - reduction in work-related accidents and occupational disease
  - reduction in food poisoning
  - reduction in complaints
  - reduction in crime and/or public disorder e.g. doorstep crime
  - an improvement in health
  - an improvement in environmental quality (air & water quality)
  - an improvement in public safety
  - better informed, legally compliant businesses

## 2.6 Savings target

The savings target for the Regeneration and Neighbourhoods Department is £1,048,000 for the financial year 2013/14. The approach taken within the Department has been not to apportion specific percentage targets to each Division/service, but to look at options emerging from across the department in a more structured manner in order to achieve the overall target.

## 3 PROPOSALS

### 3.1 Planning Services

Reduce the number of Planning Services staff by one post.

In addition, as a result of all of the planning functions being brought together under one service manager during the last round of budget savings, other savings have been identified through the consolidation of budgets.

### 3.2 Public Protection

Various proposals including the following,

- Non implementation of the Career Development Scheme
- Deletion of one post within the service
- Misc small budget items
- Income generation related to new commercial contracts for pest control services related to mice

The proposed savings can be achieved, though there are certain risks which need to be borne in mind. The decision not to implement the career development scheme has been agreed with staff in consultation with the trade unions. This however, is on the understanding that if and when the financial situation of the Council improves, discussions can be recommenced with a view to its implementation.

### 3.3 **Housing Services**

Reconfiguration of the Service leading to a reduction of one post.

The risks involved in reducing by one post mean that other officers will be required to pick up additional duties from the deleted post. This can be managed, but will increase the pressure upon staff at a time when all staff are working under extreme pressure. As part of this process, two other members of staff dealing with Housing Adaptations would transfer across to the Resources Division within Building Design and Management. This would create greater resilience within that service area.

### 3.4 **Economic Regeneration**

Reconfiguration of the service resulting in the reduction of one post. In addition, it is proposed to reduce the marketing budget.

As with the proposal for a similar reconfiguration within the Housing Services area, there are risks and impacts associated with a reduction of this nature. There will be a need to integrate the role of the selected post across the rest of the section and there will be a loss of expertise.

It is also worth pointing out that given the current state of the economy, the Economic Regeneration services are increasingly in demand due to the need to encourage new business formations, encourage business expansion and job creation, and encourage investment in the area, especially through the promotion of the Enterprise Zones in Hartlepool. There is also an increasing need to work with those people without employment, especially young people.

### 3.5 **Building Control**

Increased fee income from expanding the partnering service with builders and developers operating outside the Borough – this could be through offering a remote plan checking service, etc.

**Grand Total across the division - £201,000**

**4 OPTIONS ANALYSIS**

4.1 Various options have been explored across all of the service areas within the Division, including the following,

- Reduce the number of Housing Advice team staff based at Park Tower
- Cease the Out of Hours Noise service
- Reduce the number of planning officers across both Development Control and Planning Policy
- Reduce the number of Environmental Health officers
- Further streamlining of management functions within the Division
- Reduce the Pest Control service.

4.2 In reaching the decision as to why these options have not been put forward in this report, the key driver has been the impact this would have on the delivery of frontline service. All of the above listed options would seriously impact upon the Council's ability to deliver key frontline and often statutory services at a time when these particular services are in increasing demand – eg impact of welfare reforms on the workload of the Housing Advice team.

**5 RISK IMPLICATIONS**

5.1 There are a number of risks implicit in the delivery of any package of savings and it is important to recognise these as part of any decision making. A summary of the risks considered as part of the proposals has been identified below:

- Increased pressure on frontline staff and management.
- Reduced staff morale. Where restructuring has a staff impact in a service area full consultation will be undertaken with staff in those areas and staff will be actively engaged in redesigning services to ensure that the service is delivered in an effective and efficient manner.
- Reduced effectiveness with regard to marketing the Borough to potential visitors and businesses. To mitigate against budget reductions the service will continue to move further towards e marketing as a cost effective and targeted approach, brochure printing will be rationalised and combined where appropriate. In addition income generation will continue supporting the cost of key marketing campaigns such as the EAT initiative.
- Loss of expertise. The proposed staff restructure will ensure that the majority of management and operational skill sets are still maintained at an appropriate level and training will be provided to staff where appropriate.

**6 FINANCIAL CONSIDERATIONS**

- 6.1 The Savings Programme 2013/14 is planned to deliver total savings of £3.8m towards the budget deficit for 2013/14. It has been highlighted in previous reports to Cabinet that failure to take savings identified as part of the Savings Programme will only mean the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget.

The proposals deliver the following proposed savings:-

<b>Service</b>	<b>Proposed Savings</b>
Planning Services	£57,000
Public Protection	£42,000
Housing Services	£48,000
Economic Regeneration	£49,000
Building Control	£5,000
<b>Total Proposed Savings</b>	<b>£201,000</b>

**7 EQUALITY AND DIVERSITY CONSIDERATIONS**

- 7.1 An Impact Assessment will be undertaken for each service area to ensure impacts upon service users is minimised.

**8 STAFF CONSIDERATIONS**

- 8.1 Informal dialogue will be undertaken with the trade unions and staff in order to flag up potential areas where staff may be placed at risk of redundancy. The potential number of redundancies as a consequence of these proposals being accepted is 4.

**9 RECOMMENDATIONS**

- 9.1 It is recommended to proceed with the proposals as outlined above.

**10 REASONS FOR RECOMMENDATIONS**

- 10.1 The review forms part of the 2013/14 Savings Programme, as set out in the Medium Term Financial Strategy 2013/14 to 2016/17 report to Cabinet on 11<sup>th</sup> June 2012.

**11 BACKGROUND PAPERS**

There are no background papers with this report

## **12 CONTACT OFFICER**

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**Report of:** Director of Regeneration and Neighbourhoods

**Subject:** SAVINGS PROGRAMME 2013/14 – RESOURCES  
DIVISION OF THE REGENERATION AND  
NEIGHBOURHOODS DEPARTMENT

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## **1 PURPOSE OF REPORT**

- 1.1 The purpose of the report is to identify the proposals for delivering savings in respect of the Resources Division as part of the budget for 2013/14.

## **2 BACKGROUND**

- 2.1 The report details one of the reviews which forms part of the 2013/14 Savings Programme
- 2.2 The proposals in the report identify the savings to be made, the risks associated with these and the considerations which have been taken into account in developing them including consideration of key elements which together comprise SROI.

- 2.3 The services under consideration as part of this report are as follows,

**Logistics** – Stores, plant, equipment, depot management and ancillary services

**Procurement** – Corporate Procurement Team and Reprographics.

**Building Design and Management** – Architects, surveying, technical support

**Estates and Property Management** – Centralised management of Council property, including energy management and asset management

**Support Services** – Administrative, financial and workforce support to the Regeneration and Neighbourhoods Department

### **Service Users**

The range of services covered by this report are delivered across the whole of the borough as a support to internal customers within the Council and in providing commercial services to external organisations

### **Engagement**

## 7.1(a) Appendix A(9)

Feedback from service users is obtained in a number of different ways and this is often determined by the type of service, the target audience, the way in which it is delivered. Examples include,

- Satisfaction questionnaires
- Regular progress meetings
- Attending user forums e.g. Hartlepool Access Group

### Inputs

The net cost to the Council of providing the services within the Resources Division are as follows,

	Net Cost	Gross Budgets (cost)
Logistics	£ 0k	£728K
Procurement (inc Reprographics)	£ 17k	£509k
Building Design and Management	£ 801k	£989K
Estates and Property Management	£ 196k	£375K
Support Services	£ 100k	£1,200K
<b><u>TOTAL</u></b>	<b>£1114k</b>	<b>£3,801k</b>

Note: Some areas do not have budgets and rely on fees and income as is demonstrated in the information above.

### Outputs

- Delivery of Support Services to internal Council departments.
- Income generation from external organisations.

### Savings target

The savings target for the Regeneration and Neighbourhoods Department is £1.1 million for the financial year 2013/14. The approach taken within the Department has been not to apportion specific percentage targets to each Division/service, but to look at options emerging from across the department in a more structured manner in order to achieve the overall target.

## 3 SAVING PROPOSALS

**7.1(a)**  
**Appendix A(9)**

3.1	<b>Collaboration</b> Original aspiration was to gain some “quick wins” in the Corporate Services Collaboration project particularly through joint procurement exercises and possibly staffing. It is too early in the project to identify such savings and therefore the £50k target has been taken up in the “Logistics” savings.	£ 0k
3.2	<b>Logistics</b> Use of stores services surplus and additional income through project work and selling of services	£80k
3.3	<b>Building Design and Management</b> Combination of technical / surveying staff and consequential reduction in number of staff through a retirement (Linking work on DFG / DPAs in Housing Services)  Reduction of hours of Legionella Team Leader after a request from the member of staff	£38k  £16k
3.4	<b>Support Services</b> Combination of functions with a post in Public Protection  Various non-staff budgets  Reduction of hours in a post in Service Development after a request from the member of staff  Reduction of one post in Support Services	£13k  £ 6k  £ 6k  £15k
3.5	<b>Estates and Property Management</b> Energy savings from reduced consumption as a result of energy saving measures instituted over the past two years through “Invest-to-Save”	£30k
3.6	<b>Procurement</b> Not replacing a member of staff who has recently left the Authority and developing existing team members (net saving)	£24k
	<b><u>TOTAL</u></b>	<b>£228k</b>
3.7	<b>Impact of Proposals</b>  <ul style="list-style-type: none"> <li>• 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.</li> </ul>	

**7.1(a)**  
**Appendix A(9)**

- Savings in Support Services will rely upon more efficient working and reduction of service in some low risk areas.
- Reductions in the Procurement Team will be covered by a reorganisation of workloads and functions within the team itself (including developing team members) and in Support Services. Delivery of key projects such as the ICT Contract and the Child and Adult / VCS programmes will need to be monitored carefully. The reduction here may link into the Corporate Services Collaboration Project.

**4 OPTIONS ANALYSIS**

4.1 Various options have been explored across all of the service areas within the Division, including the following: -

- Reducing further the number of Technical Officers in Building Design and Management, however, in order to deliver workloads this would not be recommended. Most officers in this area are not budgeted and rely on fees. The workload is high at present.
- Reviewing the Print Unit – this was reviewed in the last two years and is contributing positively.
- The Estates and Asset Management Team were reviewed but the team was the subject of cuts last year and its workload determined that no reduction was justified.
- Maintenance budgets generally were considered, although this budget is reduced every time we dispose of a property.

**5 RISK IMPLICATIONS**

5.1 There are a number of risks implicit in the delivery of any package of savings and it is important to recognise these as part of any decision making. A summary of the risks considered as part of the proposals has been identified below:

- Increased pressure on frontline staff and management
- Potential for income generation – contribution and new opportunities
- Balance of workload versus fee earning potential
- Potential reduced effectiveness
- Loss of expertise and internal technical support generally and to key projects and programmes in particular

**6 FINANCIAL CONSIDERATIONS**

6.1 The Savings Programme 2013/14 is planned to deliver total savings of 3.8m towards the budget deficit for 2013/14. It has been highlighted in previous reports to Cabinet that failure to take savings identified as part of the Savings Programme will only mean the need to make alternative

## 7.1(a) Appendix A(9)

unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget.

The proposals deliver the following proposed savings:-

Service	Proposed Savings
Logistics	£80,000
Building Design and Management	£54,000
Support Services	£40,000
Property Management	£30,000
Procurement	£24,000
<b>Total Proposed Savings</b>	<b>£228,000</b>

### 7 EQUALITY AND DIVERSITY CONSIDERATIONS

- 7.1 An Impact Assessment has been undertaken for each service area to ensure impacts upon service users is minimised. The Impact Assessment form is included at **Appendix 9A**.

### 8 STAFF CONSIDERATIONS

- 8.1 Informal dialogue will be undertaken with the trade unions and staff in order to flag up potential areas where staff may be placed at risk of redundancy. The potential number of redundancies as a consequence of these proposals being accepted is 1. There is one retirement involved (confirmed by the member of staff) and two members of staff who have requested reductions in their working hours. A vacancy will not be filled in one area but there will be some development and enhancement for the remaining team.

### 9 RECOMMENDATIONS

- 9.1 It is recommended to proceed with the proposals as outlined above.

### 10 REASONS FOR RECOMMENDATIONS

- 10.1 The review forms part of the 2013/14 Savings Programme, as set out in the Medium Term Financial Strategy 2013/14 to 2016/17 report to Cabinet on 17<sup>th</sup> December 2012.

### 11 APPENDICES AVAILABLE ON REQUEST, IN THE MEMBERS LIBRARY AND ON-LINE

- 11.1 **Appendix 9A** - Impact Assessment Form

**12 BACKGROUND PAPERS**

12.1 There are no background papers with this report.

**13 CONTACT OFFICER**

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Impact Assessment Form

Department	Division	Section	Owner/Officer
<i>Regeneration &amp; Neighbourhoods</i>	<i>Resources</i>	<i>Resources</i>	<i>Graham Frankland</i>
Function/ Service	<p><i>Resources</i></p> <p><i>Changes proposed to address the budget deficit and achieve targets set within the resources.</i></p> <p><b>Property Management</b> - Proposal for energy savings from reduced consumption as a result of energy saving measures.</p> <p><b>Support Services</b> - Proposal to combine existing support functions with a post in Public Protection, make small reductions in various non staffing budgets, decrease Service Development resources through the voluntary reduction of hours by a member of staff and through the removal of one post from the structure.</p> <p><b>Building Design and Management</b> - Proposal to combine technical / surveying staff and consequential number of staff through a retirement (linking work on DFG / DPAs in Housing Services)</p> <p><b>Procurement</b> - Proposal to not replace a member of staff who has recently left the Authority.</p> <p><b>Logistics</b> - Use of stores services surplus and additional income through project work and selling of services</p>		
Information Available	<p><i>Information available that has been used to inform these proposed changes:</i></p> <ul style="list-style-type: none"> <li>• <i>Current structures and proposed structures</i></li> <li>• <i>Staffing profiles across all areas</i></li> <li>• <i>Established HR Procedures (Selection criteria is based on objective matters which are not related to any protected groups).</i></li> <li>• <i>Job Descriptions</i></li> <li>• <i>Job evaluation process</i></li> <li>• <i>Formal consultation process with staff and Unions.</i></li> </ul>		
Relevance	<b>Age</b>		
<i>Identify which strands are relevant to the area you are reviewing or changing</i>	<b>Disability</b>		
	<b>Gender Re-assignment</b>		
	<b>Race</b>		
	<b>Religion</b>		

	Sex	
	Sexual Orientation	
	Marriage & Civil Partnership	
	<i>Pregnancy &amp; Maternity - One post will be reduced. One person from the team affected by this proposal is currently on maternity leave and will be provided with full information, communication and consultation in line with Council Policy in order to ensure there is no adverse impact on equality within the team.</i>	
Information Gaps	NONE	
What is the Impact	<p><i>This Impact Assessment has been carried out at the formative stage and is an integral part of the development of the proposals. Careful consideration has been given to the financial proposals and they are not deemed likely to impact on equality for the workforce. No adverse equality impact has been identified.</i></p> <p><i>The profile of affected staff is not significantly different from the overall profile of the service.</i></p> <p><i>Support mechanisms are in place to minimise impact on all staff including those identified as at risk and those with protected characteristics.</i></p> <p><i>The staff identified as being at risk have been defined by reference to service areas or particular job role and the process does not unfairly target individuals or discriminate against any protected groups. The selection criteria are based on objective matters which are not related to any protected groups.</i></p>	
	<i>Aim 1: Eliminate unlawful discrimination, harassment, victimisation, and any other conduct prohibited by the act.</i>	
	<i>No impact</i>	
	<i>Aim 2: Advance Equality of opportunity, between people who share protected characteristics and those who don't.</i>	
	<i>No impact</i>	
	<i>Aim 3: Foster good relations between people who share a protected characteristic and those who do not share it.</i>	
	<i>No impact</i>	
Addressing the impact	<b>1. No Major Change</b> - <i>The Impact Assessment demonstrates that the proposed changes are robust and that there is no potential for</i>	

	<i>discrimination or adverse impact on any protected group.</i>		
	2. Adjust/Change		
	3. Continue as is		
	4. Stop/Remove		
Action identified	Responsible Officer	By When	How will this be evaluated?
Date sent to Equality Rep for publishing		00/00/00	

**Report of:** Director of Regeneration and Neighbourhoods

**Subject:** SAVINGS PROGRAMME 2013/14 –  
TRANSPORTATION AND ENGINEERING DIVISION  
OF THE REGENERATION AND  
NEIGHBOURHOODS DEPARTMENT

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**1. PURPOSE OF REPORT**

1.1 The purpose of the report is to identify the proposals for delivering savings in respect of the **Transportation and Engineering Division** as part of the budget for 2013/14.

**2. BACKGROUND**

2.1 The report details one of the reviews which form part of the 2013/14 Savings Programme.

2.2 The proposals in the report identify the savings to be made, the risks associated with these and the considerations which have been taken into account in developing them including consideration of key elements which together comprise SROI.

2.3 The services under consideration as part of this report are as follows,

Highways, Traffic and Transport  
Integrated Transport Unit  
Engineering Design and Management.

2.4 Description of Services

**Highways, Traffic and Transport are:**

Traffic and Transport Services

The Team is responsible for the development and implementation of the Council's traffic policy, thereby maintaining the safe and smooth flow of traffic in Hartlepool, together with achieving a reduction in casualties on the town's roads. The Team also deals with the co-ordination of road works in order to minimise congestion by the implementation of legislation imposed upon the Authority through the Traffic Management Act 2004. It also deals with the development of the traffic signals and controlled crossing network and the licensing of activities that take place on the highway and co-ordination of traffic/transportation responses to planning applications.

Other key roles are to provide a safe and effective transport system that enables equal accessibility and maximum choice. This involves the development, co-ordination and monitoring of a wide range of schemes

funded through the Local Transport Plan (LTP), co-ordination of public transport services and information and the encouragement of more sustainable forms of transport through travel planning and promotion.

#### Parking Services

The Parking Services section is responsible for the enforcement of yellow line offences on the public highway and parking orders covering all car parks and several on-street permit controlled locations. The section manage the resident, visitor, commuter and business contracted parking, together with all pay and display car parks and limited stay sites.

#### Asset Management

The Asset Management Team is responsible for the management of the highway asset, the identification and prioritisation of highway maintenance works, the overall management of public rights of way, stopping-up and diversion orders and the management of new developments.

#### Highway Services

The section provides reactive and scheduled maintenance and regeneration services on highways and public lights in Hartlepool. The aim of the section is to maintain the highway network in a manner that enables continuous and safe movement for all modes of transport. The service has five parts:

- the Gulley Service;
- the Highway Inspection Service;
- the Highway Maintenance Service;
- the Street Lighting Service; and
- the Winter Gritting Service.

#### **Integrated Transport Unit (ITU) are:**

##### School Crossing Patrol

School Crossing Patrols were first established by the School Crossing Patrol Act 1953. School Crossing Patrols are provided under the Road Traffic Regulation Act 1984 as amended by the Transport Act 2000. The 1984 Act gives the Council the power to appoint School Crossing Patrols to help children cross the road on their way to and from school, or from one part of the school to another, between specified hours. Section 270 of the Transport Act 2000 amended the aforementioned 1984 Act to permit patrols to operate 'at such times as the Authority thinks fit' to stop traffic to help anyone (child or adult) to cross the road whether or not they are travelling to or from school.

The School Crossing Patrol Service is not a statutory function and the responsibility for ensuring that school children arrive at school remains with parents/guardians.

#### Collaborative Working

Hartlepool Borough Council has maximised the operation of fleet vehicles in order to provide both core services and extended opportunities to schools, colleges and educational sites, additional Local Authorities and Health Trusts. The programme offers cost effective transport to a range of establishments and generates income to support further development.

The integration of services allows the Council to reduce the amount of time that vehicles are not used during the day. Each service is supported by Transport Officers to encourage efficient use of the integrated services available.

Income surplus is used to compensate existing budget areas, replacing existing budget with trade income. This ensures that services can continue without the need for a centralised budget. It is important to note that the income must be sustainable in order to ensure the initiative is fully effective.

#### Service Users

The range of services covered by this report are Schools, Colleges, Local Authorities, Health Services, general public and business.

#### Highways Design and Management

Civil Engineering – This team provides a service to a number of clients that includes the Transport and Engineering Division, Resources Division, and Regeneration and Planning Division.

The works carried out includes feasibility studies, site investigations, detailed design, traffic engineering, preparation of contract documents including tendering process, contract management including site supervision and financial control of projects, procurement of goods / services and the management of consultants including the preparation of briefs.

#### Structural Engineering

This team provides a service to a number of clients that includes Transport and Engineering Division, Resources Division and Children's Services. In addition, this team has client responsibility for the ongoing maintenance of all highway structures in the town.

The works carried out includes feasibility studies, site investigations, detailed

**7.1(a)**  
**Appendix A(10)**

design, preparation of contract documents including tendering process, contract management including site supervision financial control of projects, procurement of goods / services, the management of consultants including the preparation of briefs, dealing with dangerous structures and the checking of submitted building regulation structural calculations.

Environmental Engineering

This team provides a service to a number of clients that includes Technical Services Division, Resources Division and Children’s Services Department and Hartlepool Revival. In addition, this team has client responsibility for contaminated land, coast protection, land drainage, closed landfill sites and advice on planning applications in these work areas. This client based work includes the production and implementation of high level policy documents covering all of these client activities.

The works carried out includes demolition work, feasibility studies, site investigations, detailed design, preparation of contract documents including tendering process, contract management including site supervision, financial control of projects, procurement of goods / services and the management of consultants including the preparation of briefs.

2.5 **Engagement**

Feedback from service users is obtained in a number of different ways and this is often determined by the type of service, the target audience, the way in which it is delivered. Examples include,

- Satisfaction questionnaires
- Regular progress meetings
- Attending Neighbourhood Forums
- Transport Champions Group
- Transport Liaison Group

2.6 **Inputs**

Highways, Traffic and Transportation

Service specific	Highways, Traffic & Transportation	£526,000
	Winter Maintenance	£259,000
	Scheduled Highway Maintenance	£120,000

Integrated Transport Unit

Service specific	Passenger Transport	£79,000
	ITU Management	£63,000
	Road Safety (school crossing patrols)	£181,000

Engineering Design & Management

Service specific £35,000

**2.7** Outputs

- Delivery of integrated transport associated services.
- Delivery of Local Transport Plan, incorporating design, management and maintenance of network.
- Income generation from external organisations.

**2.8** Savings Target

The savings target for the Regeneration and Neighbourhoods Department is £1,048,000 for the financial year 2013/14. The approach taken within the department has been not to apportion specific percentage targets to each division/section, but to look at options emerging from across the department in a more structured manner in order to achieve the overall target.

**3.0 PROPOSALS**

Highways, Traffic & Transportation

Deletion of a Management post within Asset Management creating a saving of £34,000. This post will be deleted 'in year' (September 2013) to allow appropriate handover and training to the remaining Asset Management staff. This will minimize any likely negative impact on service delivery.

Cessation of dedicated verge signage enforcement function. This will achieve a saving of £10,000. Presently the enforcement function is carried out by the Neighbourhood Services Division on behalf of the Transportation and Engineering Division. Giving up this budget will determine the need for a more collective responsibility from supervisory staff across both Divisions in relation to reporting illegal signage on the network. The risks are therefore low in negative terms.

Reduction of £25,000 from the existing winter maintenance budget. Improvements to existing and additional asset renewal programmes have ensured better and more reliable equipment for the future. This should reduce the need for maintenance of same assets for the foreseeable future therefore reducing spend. Investment in back-up machinery and plant should also assist in reducing operational costs.

Integrated Transport Unit (ITU)

Collaborative working

Initial discussions with neighbouring authorities has highlighted a desire for joined up working with the Integrated Transport Unit, in particular, the area of

passenger transport with Darlington Borough Council and Redcar & Cleveland Council.

The ITU has been tasked with achieving a target income of £50,000 in this area for the 2013/14 period. As with any collaborative venture, there is always an element of risk in not achieving desired outcomes. To ensure the Council meets this target the agreed sum will be removed from the ITU Management budget provision therefore ensuring the target is achieved and found from baseline budget. Income, as and when generated will then be set against the budget reduction therefore creating a balance.

#### Health Partnership

Stage 1 discussions with the Health Trusts and broader health sector within Tees Valley are nearing completion and opportunities for income generation are now being negotiated. A target income receipt of £50,000 has been set for the ITU and as described in collaborative working narrative, any risks in not achieving this target will be borne by the overall ITU budget provision.

#### School Crossing Patrol Service

Initial proposals suggested the removal of staff at those crossing sites already serviced by controlled crossing systems i.e. Puffin light controlled.

The management team of road Safety, have devised a scheme which will ensure a full service continues therefore reducing the need for staff redundancies.

The full service will be retained by administering the following key tasks:

- Each crossing point will be profiled in terms of risk rating based on other safety features e.g. light controlled, zebras, traffic calming, 20 mph zones etc.
- Each site will be rated against national establishment criteria – level of use, volume and speed of vehicles.
- Each site will be given a red, amber and green risk rating and a priority rank for coverage in the event of sickness.
- When sickness occurs staff will be expected to cover a higher priority site (red) from their own lower risk (green) site. This typically will involve staff moving from a light controlled crossing (green rating) to a higher priority site.
- The benefit of adopting a rating system is that those sites with the greatest risk will always be covered.
- All sites and staff will be reviewed with a view to locating staff closer to their own homes, and employing staff on lower risk crossings on fixed term stand-by contracts to cover for absence at higher risk sites.

This option ensures that HBC budgets for the service received and reduces the need to pay for any additional casual staff to cover sickness which currently occurs. The added benefit of adopting this model is that all occupied



## 7.1(a) Appendix A(10)

- Removal completely of staff from controlled crossing sites is always a potentially sensitive issue. Although the service is not a statutory service there is still a perceived requirement by some for full service provision. The Road Safety Management team has investigated the potential for sponsorship from the private sector and the schools taking ownership but very little positive feedback has transpired to date. The new service function proposals will ensure a service remains for the 13/14 period and continual dialogue will be held with any potential sponsor and schools.

### 5.0 RISK IMPLICATIONS

5.1 There are a number of risks implicit in the delivery of any package of savings and it is important to recognise these as part of any decision making. A summary of the risks considered as part of the proposals has been identified below:

- Increased pressure on frontline staff and management
- Potential for income generation – contribution and new opportunities
- Balance of workload versus fee earning potential
- Potential reduced effectiveness
- Loss of expertise and internal technical support generally and to key projects and programmes in particular.

### 6.0 FINANCIAL CONSIDERATIONS

6.1 The Savings Programme 2013/14 is planned to deliver total savings of £3.8m towards the budget deficit for 2013/14. It has been highlighted in previous reports to Cabinet that failure to take savings identified as part of the Savings Programme will only mean the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget.

6.2 The proposals deliver the following proposed savings:-

<b>Service</b>	<b>Proposed Savings</b>
Engineering Design & Management	£50,000 (income)
ITU – collaborative working	£50,000 (income)
ITU – partnership with Health	£50,000 (income)
Highways Asset Management	£34,000
Highways verge signage	£10,000
Highways winter maintenance	£25,000
School crossing patrol (re-configuration)	£35,000
<b>Total Proposed Savings</b>	<b>£254,000</b>

This section should also include an assessment of the potential costs of delivering the savings e.g. redundancy and other costs and relate to the section below on staffing implications

## **7.0 EQUALITY AND DIVERSITY CONSIDERATIONS**

7.1 **Appendix 10A** outlines the impact assessment for each of the areas within the report.

## **8.0 STAFF CONSIDERATIONS**

8.1 Dialogue will continue with Trade Unions and staff to ensure any areas of risk or change are highlighted.

8.2 The impact in relation to redundancies is minimal within these proposals and discussions have already taken place with the staff and the Council's HR department/section management.

8.3 No other staff members are subject to compulsory redundancies within the proposals.

## **9.0 COMMENTS FROM SCRUTINY REVIEW**

9.1 The savings were discussed at the Neighbourhood Services Scrutiny Forum on the 14<sup>th</sup> November

### ***“iii) Transport and Engineering Division Savings***

***Members were supportive of the savings proposals and income generation activities, particularly the potential to provide direct services for health partnerships.”***

## **10.0 RECOMMENDATIONS**

10.1 It is recommended to proceed with the proposals as outlined in the report.

## **11.0 REASONS FOR RECOMMENDATIONS**

11.1 The review forms part of the 2013/14 Savings Programme, as set out in the Medium Term Financial Strategy 2013/14 to 2016/17 report to Cabinet on 11<sup>th</sup> June 2012.

**12.0 APPENDICES AVAILABLE ON REQUEST, IN THE MEMBERS LIBRARY AND ON-LINE**

12.1 Impact Assessment forms.

**13.0 BACKGROUND PAPERS**

13.1 There are no background papers to this report.

**14. CONTACT OFFICER**

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## APPENDIX 10A

## Impact Assessment Form

Department	Division	Section	Owner/Officer	
<i>Regeneration and Neighbourhoods</i>	<i>Transportation and Engineering</i>	<i>Highways, Traffic and Transport</i>	<i>Mike Blair</i>	
Function/ Service	<i>Winter Maintenance</i>			
Information Available	<i>Winter Maintenance Service Plan- No impact on service provision, savings established through operational efficiencies</i>			
Relevance  <i>Identify which strands are relevant to the area you are reviewing or changing</i>	Age		No	
	Disability		No	
	Gender Re-assignment		No	
	Race		No	
	Religion		No	
	Gender		No	
	Sexual Orientation		No	
	Marriage & Civil Partnership		No	
	Pregnancy & Maternity		No	
	Information Gaps	<i>None</i>		
	What is the Impact	<i>No impact service will be maintained in its entirety</i>		
Addressing the impact	<b>1. No Impact - No Major Change</b> Service delivery will be maintained at the same levels, savings will be achieved through operational <i>efficiencies</i>			
	<b>2. Adjust/Change Policy-</b> N/A			
	<b>3. Adverse Impact but Continue as is</b> N/A			
	<b>4. Stop/Remove Policy/Proposal-</b> N/A			
Action identified	Responsible Officer	By When	How will this be evaluated?	
Date sent to Equality Rep for publishing				
Date Published				

Date Assessment Carried out	
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**Impact Assessment Form**

Department	Division	Section	Owner/Officer	
<i>Regeneration and Neighbourhoods</i>	<i>Transportation and Engineering</i>	<i>Highways, Traffic and Transport</i>	<i>Mike Blair</i>	
<b>Function/Service</b>	<i>Scheduled Highway Maintenance contribution to Highway Enforcement</i>			
<b>Information Available</b>	<i>£10k contribution to enforcement of illegal signage positioned on the public highway. Reduction in contribution will not effect service provision</i>			
<b>Relevance</b>  <i>Identify which strands are relevant to the area you are reviewing or changing</i>	<b>Age</b>		<b>No</b>	
	<b>Disability</b>		<b>No</b>	
	<b>Gender Re-assignment</b>		<b>No</b>	
	<b>Race</b>		<b>No</b>	
	<b>Religion</b>		<b>No</b>	
	<b>Gender</b>		<b>No</b>	
	<b>Sexual Orientation</b>		<b>No</b>	
	<b>Marriage &amp; Civil Partnership</b>		<b>No</b>	
	<b>Pregnancy &amp; Maternity</b>		<b>No</b>	
	<b>Information Gaps</b>	<i>None</i>		
	<b>What is the Impact</b>	<i>No impact as service will not be affected</i>		
	<b>Addressing the impact</b>	<b>1. No Impact - No Major Change</b> - <i>No change to service</i>		
<b>2. Adjust/Change Policy</b> - <i>N/A</i>				
<b>3. Adverse Impact but Continue as is</b> <i>N/A</i>				
<b>4. Stop/Remove Policy/Proposal</b> - <i>N/A</i>				
<b>Action identified</b>	<b>Responsible Officer</b>	<b>By When</b>	<b>How will this be evaluated?</b>	
<b>Date sent to Equality Rep for publishing</b>				
<b>Date Published</b>				
<b>Date Assessment Carried out</b>				

## Impact Assessment Form

Department	Division	Section	Owner/Officer	
<i>Regeneration and Neighbourhoods</i>	<i>Transportation and Engineering</i>	<i>Highways, Traffic and Transport</i>	<i>Mike Blair</i>	
Function/Service	<i>Highway Asset Management</i>			
Information Available	<i>Savings attributable to voluntary redundancy of one post, replacement with existing member of staff and removal of their post from structure</i>			
Relevance  <i>Identify which strands are relevant to the area you are reviewing or changing</i>	Age		No	
	Disability		No	
	Gender Re-assignment		No	
	Race		No	
	Religion		No	
	Gender		No	
	Sexual Orientation		No	
	Marriage & Civil Partnership		No	
	Pregnancy & Maternity		No	
	Information Gaps	<i>None</i>		
	What is the Impact	<i>No impact</i>		
	Addressing the impact	1. <b>No Impact - No Major Change</b> - Service will continue to be provided with fewer staff		
		2. <b>Adjust/Change Policy</b> - N/A		
3. <b>Adverse Impact but Continue as is</b> - N/A				
4. <b>Stop/Remove Policy/Proposal</b> - N/A				
Action identified	Responsible Officer	By When	How will this be evaluated?	
Date sent to Equality Rep for publishing				
Date Published				
Date Assessment Carried out				

## Impact Assessment Form

Department	Division	Section	Owner/Officer	
<i>Regeneration and Neighbourhoods</i>	<i>Transportation and Engineering</i>	<i>Integrated Transport Unit</i>	<i>Alastair Smith</i>	
Function/Service	<i>To provide an integrated transport service for the community of Hartlepool including services relating to fleet, passenger transport and road safety</i>			
Information Available	<p><i>To maximize the operation of fleet vehicles in order to provide both core services and extended opportunities to schools, colleges, and educational sites, additional Local Authorities and Health Trusts</i></p> <p><i>Income surplus will be used to support the target efficiency of £100,000</i></p> <p><i>The minor alteration to the School Crossing Patrol Service will provide a further 35k</i></p> <p><i>The impact to services is extremely minimal and would not demonstrate significant impact to service users</i></p>			
Relevance	Age	No		
<i>Identify which strands are relevant to the area you are reviewing or changing</i>	Disability	No		
	Gender Re-assignment	No		
	Race	No		
	Religion	No		
	Gender	No		
	Sexual Orientation	No		
	Marriage & Civil Partnership	No		
	Pregnancy & Maternity	No		
	Information Gaps	N/A		
	What is the Impact	N/A		
Addressing the impact	1. No Impact - No Major Change			
Action identified	Responsible Officer	By When	How will this be evaluated?	
N/A	N/A			
Date sent to Equality Rep for publishing				
Date Published				
Date Assessment Carried out				

# CABINET REPORT

3<sup>rd</sup> December 2012



**Report of:** Director of Regeneration & Neighbourhoods

**Subject:** REVIEW OF WASTE MANAGEMENT SERVICES

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## 1.0 TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Key Decision (test (i)/(ii)) Forward Plan Reference No. RN26/12

## 2.0 PURPOSE OF REPORT

2.1 To confirm changes to the domestic household waste collection service in Hartlepool, which provide savings that contribute to the Council's overall financial strategy for 2013/14.

2.2 The proposals in the report identify the savings to be made, the risks associated with these and the considerations which have been taken into account in developing them.

## 3.0 BACKGROUND

3.1 At a meeting in October 2011, Cabinet gave approval for the Waste & Environmental Services section to carry out a review of the domestic household waste collection service in Hartlepool. The review featured four key elements:

- i. Changes to the kerbside dry recycling service;
- ii. Use of route optimization technology to increase efficiency of collection rounds;
- iii. Four day working week;
- iv. Suspension of green waste collections during winter months.

3.2 The overall savings target for 2013/14 was set at £400,000.

3.3 Hartlepool Borough Council currently delivers a refuse collection service to around 42,000 households, which involves an alternate weekly collection of residual waste and recyclable waste, including garden waste.

- 3.4 Essentially, the service is delivered over the five working days, Monday to Friday inclusive; however, Saturday collections are also carried out on occasions where there is a Bank Holiday.
- 3.5 The present kerbside dry recycling service is undertaken partly in-house and partly by an external service provider. The external service provider collects paper, cans and glass, along with any textile recyclables, using blue boxes and blue bags. The Council's own service is responsible for collecting plastic and card, along with green waste, in a split bodied vehicle.
- 3.6 The system was introduced in 2005 and at the time was considered amongst the best, with residents being given the opportunity to recycle a high percentage of their domestic household waste. Despite this innovative approach, the system is not without its problems in that segregation of the various waste streams is dependant on residents and their willingness to participate in the scheme. Some receptacles used for the scheme, such as poly bags, are perishable and are often carried away by the wind or 'disappear'. A recent inspection by the Health & Safety Executive also criticised the scheme because of the level of manual handling required. Furthermore, a shift in public support for recycling services has meant the scheme is in need of updating. Indeed, a public consultation exercise carried out in the autumn of 2011 shows there is strong support in Hartlepool for a kerbside recycling service that makes participation easier and encourages residents to recycle more.
- 3.7 A copy of the HSE Audit of the Hartlepool Waste Collection Service is available on request, in the member's library, and on-line. The HSE guidelines 'Collecting, transfer, treatment and processing household waste and recyclables' is available as a background paper.
- 3.8 Further details of the public consultations carried out for the kerbside dry recycling service are also available as a background paper; Transport & Neighbourhoods Portfolio, 10<sup>th</sup> February 2012.
- 3.9 A soft market testing exercise carried out in 2011 confirmed the likelihood of significant financial savings being achieved by consolidating the two currently separate dry recycling elements of the kerbside collection service, and delivering the one service through an external service provider. Accordingly, a contract tender was prepared in the summer of 2012, which took account of the required changes. The tender attracted the interest of twelve external service providers and of these twelve; seven were invited to tender (ITT). Four tenders were returned by the closing date of 5<sup>th</sup> October 2012.
- 3.10 Following the subsequent evaluation process, the contract was awarded to the successful bidder after it was confirmed the savings target of £400,000 could be achieved by externalizing the service in this way. The savings are illustrated in the table at 7.2 below.

- 3.11 Further details of the contract evaluations for the Kerbside Dry Recycling contract are available as a background paper to this report; Audit Sub-Committee, 5<sup>th</sup> November 2012.

#### **4.0 PROPOSALS**

- 4.1 In order to achieve the target savings of £400,000 for 2013/14, it is proposed that the following changes to the domestic household waste collection service are introduced concurrently on the 1<sup>st</sup> April 2013:

##### CHANGES TO THE KERBSIDE DRY RECYCLING SERVICE

- 4.2 The present dual stream service carried out partly by the in-house team and partly by an external contractor, will be consolidated into one. This will be delivered by an external service provider. The contract will run for a period of seven years, commencing 1<sup>st</sup> April 2013, and will end on March 31<sup>st</sup> 2020. This coincides with the end of the present residual waste disposal contract with SITA.
- 4.3 As part of the new arrangements, households will be provided with a single 240 litre wheeled bin in which all dry recyclable wastes will be co-mingled and presented, with the exception of glass materials. Glass will be presented separately in the blue box already provided.

##### USE OF ROUTE OPTIMISATION TECHNOLOGY TO INCREASE EFFICIENCY OF COLLECTION ROUNDS

- 4.4 The Council has used Routesmart software funded by the Regional Improvement & Efficiency Partnership to investigate the use of route optimisation technology and minimise the number of miles travelled on each collection round. By implementing the recommendations of the route optimisation project, it is anticipated that the Council will reduce its carbon footprint and also achieve savings on fuel costs.

##### FOUR DAY WORKING WEEK

- 4.5 A four day working week, Tuesday to Friday, will bring a range of benefits, including a reduced requirement for Bank Holiday 'catch up' i.e. weekend working. The number of Bank Holiday's where a service is required would effectively be reduced by half, needing only to cover Good Friday, Christmas and New Year. This alone would present a significant reduction in overtime payments and extra payments to the waste disposal site at Haverton Hill (SITA) for opening on a weekend.
- 4.6 Downtime that results from the four day working week can be used for vehicle maintenance; thus reducing the need for hire vehicles at approx £250 a day.

- 4.7 All staff affected by the ‘four day working week’ proposals have been consulted throughout the process and will continue to be kept informed via informal and formal briefings sessions. Trade Unions have also been consulted, and will continue to be informed, on all aspects of the proposed changes.

#### SUSPENSION OF GREEN WASTE COLLECTIONS DURING WINTER MONTHS

- 4.8 Whilst given consideration as part of the review, suspending the green waste service was likely to be unpopular with residents, as many households take advantage of the opportunity to carry out winter pruning/garden clearance operations during this period; furthermore, such a proposal would have implications for staff involved in delivering the service. However, it is now apparent that the required savings target of £400,000 for 2013/14 has essentially been achieved through other aspects of the review and in particular the dry recycling collection service. It is therefore not necessary at this time to suspend the green waste service during the winter months.

### **5.0 COMMUNICATION / CONSULTATION**

#### PUBLIC

- 5.1 To ensure that residents are aware of the future changes, an intense and comprehensive communication campaign will be carried out from December 2012 up until the full implementation on the 1<sup>st</sup> April 2013. This will include direct drop leafleting, use of social media, presentations at public meetings, and drop-in sessions, website, press releases/media, Hartbeat and vehicle advertising. The use of multiple communication methods/techniques will provide several opportunities for members of the public to learn of the changes to their domestic household waste collection service. In addition, when the new receptacles are delivered to each household, information leaflets will be attached outlining the new collection methods and service.
- 5.2 The public consultation exercise will also assist in identifying those households that are unable to store and/or present a co-mingled 240 litre wheeled bin. In situations like this, alternative arrangements will be offered in the way of smaller receptacles or bags.

#### STAFF

- 5.3 All staff affected by these proposals have been consulted throughout the process and will continue to be kept informed via informal and formal briefings sessions. Trade Unions have also been consulted, and will continue to be informed, on all aspects of the proposed changes.

## MEMBERS

- 5.4 Members will receive direct and indirect communications via the proposed communication strategy that will be carried out across the town prior to the introduction of the changes on April 1<sup>st</sup> 2013.

## **6.0 RISK IMPLICATIONS**

- 6.1 There are a number of risks implicit in the delivery of any package of savings and it is important to recognise these as part of any decision making. A summary of the risks considered as part of the proposals has been identified below:

- 6.1.1 Diversion of extra waste to recycling, as a result of an improved recycling service will impact upon tonnages required under contractual obligations with SITA. However, if the proposed changes realise an anticipated 20% saving in the amount of residual waste being taken to the EfW plant, this will not breach our contractual obligations with SITA.
- 6.1.2 These radical changes may cause some disruption to the service, which in turn could lead to non compliance by residents, whether deliberate or accidental. However, as each of the three 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, that their views have been taken into account, and that the new improved service will be capable of encouraging increased recycling rates.
- 6.1.3 Non-participation in the kerbside dry recycling scheme could occur in situations where residents are unable to store and/or present a co-mingled 240 litre wheeled bin. In situations like this, alternative arrangements will be offered in the way of smaller receptacles or bags. Records of properties, which may have storage/presentation issues, already exist within the Waste & Environmental Services section; however, the communication strategy associated with the introduction of the new service will assist in identifying other properties where there is a need for alternative solutions.
- 6.1.4 If the Council adopts a system whereby the income it receives from recyclable materials is based on market 'tracker' rates, then the level of income received will also fluctuate. This will present particular problems with budget forecasting. This risk has been eliminated via an upper limit being set for the contract management fee, which is £380,000 per annum, and a lower limit being set for any reimbursement for recyclable waste collected. This lower limit is fixed at £0 (zero pounds), which effectively

means the Council will never pay over and above the fixed management fee for the disposal of recyclable waste collected from the kerbside during the term of this contract.

## 7.0 FINANCIAL CONSIDERATIONS

7.1 The Savings Programme 2013/14 is planned to deliver total savings of £3.8m towards the budget deficit for 2013/14. It has been highlighted in previous reports to Cabinet that failure to take savings identified as part of the Savings Programme will only mean the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget.

7.2 The following table illustrates the positive financial outcomes resulting from changes to the kerbside dry recycling service:-

Current			Proposed		Savings
	Service Area	Budget	Service Area	Proposed Costs	
<b>Contracted</b>	Kerbside Collection (blue boxes)	£ 410,000.00	All Dry Recyclable Materials	£380,000.00	<b>£30,000.00</b>
<b>In House</b>	Kerbside Collection \ Green Waste (White Bag\ Brown Bin)	£ 724,391.00	Green Waste (brown bin)	£354,391.00	<b>£370,000.00</b>
<b>TOTAL</b>		<b>£1,134,391.00</b>		<b>£734,391.00</b>	<b>£400,000.00</b>

### PRUDENTIAL BORROWING FOR THE PURCHASE OF BINS

7.3 As part of the proposals to consolidate the two currently separate dry recycling elements of the kerbside collection service, and deliver this service through one external service provider, it will be necessary for the Council to provide suitable receptacles for each household. This will involve the purchasing of circa 42,000 240 litre wheeled bins in which residents will place all dry recyclable waste material, with the exception of glass. Glass items will be presented separately in the blue box currently provided by the Council. It should be noted that any replacement/additional boxes will be provided entirely at the contractors expense for the duration of this contract.

7.4 The cost of the new wheeled bins can be initially financed from the existing wheeled bin leasing budget, and the procurement of the bins can be progressed using the normal purchase agency arrangements for leases.

However, it may be possible to achieve further savings by undertaking an options appraisal of the financing options, including Prudential Borrowing, The preferred financing option will be considered as part of the 2013/14 MTFS and approval for any borrowing sought from Council in February, if required.

#### DELIVERY OF WHEELED BINS

- 7.5 The logistics of rolling-out the proposed 240 litre wheeled bin to circa 42,000 households will require precise coordination. The receptacles are stacked for ease of transportation and therefore require assembling on site. The cost of delivering and assembling the receptacles town-wide will be circa £52,000 and this will be funded from the underspend on the 2012/13 Waste Management Revenue Budget.

#### PUBLIC COMMUNICATION

- 7.6 The costs associated with the public communications described in section 5.1 above will be absorbed within the Waste & Environmental Services staffing levels and budgets.

### **8.0 LEGAL CONSIDERATIONS**

- 8.1 Section 45a of the Environment Protection Act and the Household Waste Recycling Act states that Local Authorities must provide a separate collection of at least two recyclates by December 2010 this is reinforced in the Waste Regulations 2011, sections 8 and 11. The above proposals will continue to meet these requirements.

### **9.0 STAFF CONSIDERATIONS**

- 9.1 All staff affected by these proposals have been consulted throughout the process, and will continue to be kept informed via informal and formal briefings sessions. Trade Unions have also been consulted, and will continue to be informed on all aspects of the proposed changes.
- 9.2 Natural wastage has reduced staffing levels by three, meaning no compulsory redundancies will be necessary as a result of these changes, and it will not be necessary for any member of staff to transfer to the external service provider under TUPE regulations.
- 9.3 As savings have been achieved through the dry recycling contract, suspension of the green waste collection service during the winter months will not be necessary; therefore, the current level of service will be maintained and staff will remain on 52 week contracts instead of the originally proposed 40 weeks.

**10. SECTION 17 OF THE CRIME AND DISORDER ACT 1998  
CONSIDERATIONS**

- 10.1 There are no section 17 considerations associated with the proposed changes to the domestic household waste collection service.

**11. EQUALITY AND DIVERSITY CONSIDERATIONS**

- 11.1 An Impact Assessment has been undertaken in relation to the proposed changes to the domestic household waste collection service. A copy of the Impact Assessment is available on request, in the member's library, and on-line.

**12. RECOMMENDATIONS**

- 12.1 It is recommended that the following changes, which allow for a more efficient and cost effective waste management service in Hartlepool are introduced concurrently on the 1<sup>st</sup> April 2013:
- a) The Council consolidates its two currently separate dry recycling elements of the kerbside collection service, and delivers the service via one external service provider. In doing so, it is proposed that the Council provides residents with a 240 litre wheeled bin for co-mingled dry recyclable waste, to accompany the 55 litre blue box already in service; this will be used for glass materials.
  - b) Changes to collection rounds are introduced under the route optimisation programme as detailed in section 4.4 above.
  - c) A four-day working week, Tuesday to Friday inclusive, is introduced as detailed in section 4.5 above.
  - d) Essentially, the required savings target of £400,000 for 2013/14 has been achieved through consolidating the dry recycling elements the kerbside collection service. It is therefore not necessary at this time to suspend the popular green waste collection service during the winter months and accordingly no changes are proposed. However, this element of service could be a consideration in any future financial planning/strategic exercise.

**13. REASONS FOR RECOMMENDATIONS**

- 13.1 The changes to the waste management service form part of the 2013/14 Savings Programme, as set out in the Medium Term Financial Strategy 2013/14 to 2016/17 report to Cabinet on 11<sup>th</sup> June 2012.

- 13.2 Essentially, the consolidation of the kerbside dry recycling service will deliver the 2013/14 savings target; however, the proposed changes also reflect the wishes expressed by residents in the public consultation exercise. Furthermore, the proposed changes also provide a solution to concerns shown by the HSE in a recent audit of the Council's refuse collection service.
- 13.3 By implementing the recommendations of the route optimisation project, it is anticipated that the Council will reduce its carbon footprint and also achieve savings on fuel costs.
- 13.4 The four-day working week will bring Hartlepool in line with the rest of the Tees Valley authorities. This compatibility will provide greater scope for future collaborative working with neighbouring authorities.
- 13.5 The green waste, or garden waste, collection service is a favourite with residents and whilst the tonnages collected during the winter months may reduce, many people take advantage of the opportunity to carry out winter pruning/clearance operations. As such, any suspension of the service during the winter months is likely to be unpopular.
- 13.6 Non-suspension of the green waste service during the winter months will ensure staff delivering the service retain a full 52-week employment status.

**14. APPENDICES AVAILABLE ON REQUEST, IN THE MEMBERS LIBRARY AND ON-LINE**

- 14.1 HSE Audit of the Hartlepool Waste Collection Service (**Appendix 11A**)
- 14.2 Impact Assessment (Changes to the Domestic Household Waste Collection Service) (**Appendix 11B**)

**15. BACKGROUND PAPERS**

- 15.1 Cabinet report of October 2011 – Review of Waste Management Services.
- 15.2 WYG Environment report - 'Review of Kerbside Recycling Collection Schemes in 2010/11
- 15.3 HSE guidance - 'Collecting, transfer, treatment and processing household waste and recyclables.
- 15.4 Transport & Neighbourhoods Portfolio, 10<sup>th</sup> February 2012 – Findings of the Kerbside Dry Recycling Consultation.
- 15.5 Audit Sub Committee report, 5<sup>th</sup> November 2012 – Kerbside Dry Recycling Contract.

**16. CONTACT OFFICER**

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**17. FURTHER INFORMATION**

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HM Principal Inspector  
Bruno Porter

15 April 2011

Reference 4241356

Dear Mrs Ogden

## HEALTH & SAFETY AT WORK ETC. ACT 1974

Re: Waste management and recycling intervention

I write following my attendance at the meeting held at The Civic Centre with Craig Thellwell, Fiona Srogi and Stuart Langston on 2 February, and my subsequent visits to observe municipal waste collection with Tony Spence on 8 March.

As a result of these visits, I have identified the following matters which require further attention.

### 1. Reversing Assistants

Reversing causes a disproportionately large number of moving vehicle accidents in the waste/recycling industry. Injuries to collection workers or members of the public by moving collection vehicles are invariably severe or fatal.

Hartlepool Borough Council currently use reversing assistants as one of the ways in which this risk is controlled. HSE's guidance '*Waste and recycling vehicles in street collection (WASTE04)*' identifies the roles of the reversing assistant as to:

- a) Signal the collection vehicle driver to stop when necessary to prevent the vehicle colliding with pedestrians and other road users;
- b) Warn approaching vehicles or pedestrians; and
- c) Assist trained and competent drivers to safely manoeuvre the vehicle.

I noted on several occasions that although the operatives were assisting the driver in the manoeuvre, there was little attention given to the likelihood of vehicles and pedestrians entering the danger zone.

The Council should review its Reversing Assistants training, and monitor how the activity is being carried out in practice.

## **2. Avoiding school start and finish times**

I observed a team carrying out the collection of trade waste at 8.50am around the St. Cuthbert's School area of the town, where there were a number of children walking to school.

You should identify those areas where collections are carried out where there is an increased risk of pedestrian/vehicle interaction, in particular at school start and finishing times. You should then assess whether it would be reasonably practicable to carry out those collections at a more suitable time.

## **3. Manual Handling of White Sacks**

Several operatives raised concerns over the manual handling of the white sacks used to collect plastic and cardboard.

The height required to deposit the contents of these sacks into the collection vehicle is at a level at which the sacks need to be lifted at/above head height.

The Council should assess the musculoskeletal risks associated with this activity and consider reasonably practicable remedial measures.

## **4. Supervision of contractors**

I was made aware that the collection of the recycling boxes was being carried out by external contractors, namely Ward Recycling Limited.

I observed examples of bad practice being carried out by the company's operatives including the collection of containers from far side kerb, lack of high visibility clothing and the driver leaving the vehicle on to the road.

Representations were made by your employees that they rarely see management from Wards Recycling Limited monitoring the work being carried out by their own workforce.

As the client, you should liaise with the contractor to:

- a) Determine if supervisors' roles are clearly defined
- b) Determine if supervisors are aware of their duties and exercise them
- c) Collate evidence that the contractor monitors effectiveness of supervision

## **5. Auditing of contractors by the client**

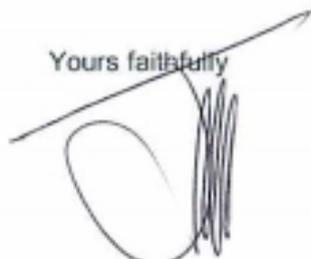
You should review how the Council audit its external contractors and consider the implementation of an on-the-ground monitoring regime, run either independently or in conjunction with your contractor, to ensure that they are delivering the service to your agreed methods, and to review the continuing suitability of those working methods.

Guidance for local authorities on the procurement, management, and monitoring of waste contracts/services can be found on the HSE website at <http://www.hse.gov.uk/waste/services/index.htm>.

I have enclosed a second copy of this letter which should be brought to the attention of your employees.

Please contact me in writing before the 15 May 2011, with how you intend to address the matters raised in this letter.

Yours faithfully

A handwritten signature in black ink, consisting of a large, stylized 'J' followed by several vertical, overlapping strokes.

**Jonathan Colin Wills**  
**HM Inspector of Health and Safety**

**Report of:** Chief Executive

**Subject:** SAVINGS PROGRAMME 2013/14 - CHIEF  
EXECUTIVE'S DEPARTMENT 2013/14  
SAVINGS PLAN

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**1. TYPE OF DECISION / APPLICABLE CATEGORY**

1.1 Non Key Decision.

**2. PURPOSE OF REPORT**

2.1 The purpose of the report is to identify the proposals for delivering savings in respect of the Chief Executive's Departmental Savings Plan as part of the budget for 2013/14.

**3. BACKGROUND**

3.1 The report details one of the reviews which forms part of the 2013/14 Savings Programme.

3.2 The proposals in the report identify the savings to be made, the risks associated with these and the considerations which have been taken into account in developing them including consideration of key elements which together comprise SROI.

3.3 As detailed in previous Medium Term Financial Strategy (MTFS) reports there are two aspects to the 2013/14 savings plan for the Chief Executive's department.

3.4 The first element relates to the ICT procurement exercise which is currently underway. As detailed in previous reports this is a complex process and work is currently progressing to put in a place a new contract commencing in October 2013. This will enable a part year saving to be achieved in the current year and a full year saving from 2014/15. The first phase of this procurement was completed on 2<sup>nd</sup> November 2012 when 8 companies submitted their PQQ (Pre Qualification Questionnaire) documents. These proposals are currently being assessed with the aim of producing a shortlist of companies to move on to the next stage of the procurement process. Based on progress to date and the detailed timetable which is in place for managing this procurement it is anticipated that the overall timetable for achieving the ICT procurement savings will be achieved.

3.5 The second element of the Chief Executive's departmental 2013/14 saving plan relates to proposed collaboration savings. A savings target for this area for 2013/14 of £0.2m has previously been set, increasing

by £0.5m in 2014/15. Previous reports identified the linkages between this project and the People Services collaboration which will shape the nature, scope and method of delivering corporate support services. As detailed in the main MTFS report on your agenda today the development of detailed proposal for the People Services collaboration is taking longer than initially planned. This position is not wholly unexpected owing to the challenging deadline the three authorities set themselves, the complexity of this service area and the issues which need to be addressed. It is essential that these issues are addressed to ensure that robust, safe and sustainable proposals for People Services collaboration are identified and implemented. In financial terms this risk was identified and the MTFS proposals previously reported to Cabinet included a one-off provision of £0.5m to manage potential temporary delays in the achievement of collaboration savings. As detailed in the main MTFS report it is now recommended that the majority of this amount is allocated to support the 2013/14 budget to allow adequate time to implement People Services collaboration.

- 3.6 These issues have impacted on the Corporate Collaboration project which to a large extent, although not exclusively, is predicated on the People Services collaboration. This position has been recognised and an alternative savings plan for the Chief Executive's department for 2013/14 has been developed. These alternative savings will replace the potential collaboration savings for 2013/14 of £0.2m. It needs to be recognised that these alternative measures are replacement savings and not additional savings as they are coming from the same budgets the proposed collaboration saving would have come from. Nevertheless these alternative proposals are sustainable and therefore replace the Corporate Collaboration savings included in the MTFS for 2013/14. These proposals are detailed in the next section.
- 3.7 The service areas reviewed to identify replacement savings cover the full range of services provided by the Chief Executive's department, which includes support services such as legal, finance, corporate strategy, human resources etc., and services provided directly to the public such as registrars, contract centre, housing and council tax benefit administration etc.

#### **4. PROPOSALS**

- 4.1 In line with the savings strategy adopted by the Council over the last two years (2011/12 and 2012/13) the Chief Executive's Department has previously achieved significant savings in these years. Owing to the nature of the Chief Executive's Department the majority of these savings have been achieved by reviewing and reducing staffing structures. Where possible this has been achieved by deleting vacant posts, redeployment or voluntary redundancies/retirement, although it has not been entirely possible to avoid compulsory redundancies.

- 4.2 Achieving further savings on this basis is difficult and this was a key driver for pursuing the Corporate Collaboration project. As this project will not deliver the required savings in 2013/14 alternative proposals have been developed. These proposals achieve the 2013/14 savings target of £200,000 for the Chief Executive's department. The savings proposals for 2013/14 have been designed to have minimal affect on service users. This has been achieved by identifying the majority of savings from reduction in support services and increased income. In addition, temporary savings of £49,000 have been identified for 2013/14. The Chief Executive's departmental 2013/14 savings proposals are set out below.

DESCRIPTION OF PROPOSED SAVING	VALUE OF SAVING £'000
<b>PERMANENT SAVINGS</b>	
<u>Democratic Support Services and Corporate Strategy</u>  Permanent removal of staffing budgets to reflect approved flexible working patterns of staff who work reduced hours. This can be achieved by changing working arrangements and will not require any compulsory redundancies.	11.5
<u>Public Relations Team</u>  Increased income from the provision of PR services to external organisations including securing a three-year contract to provide public relations support to Cleveland Fire Brigade and retained a similar contract with Wynyard Business Park. In addition a new service level agreement has been reached with the Cleveland Road Safety Partnership and the vast majority of Hartlepool schools are buying back the public relations resilience service.	15.0
<u>Support Services</u>  As part of the ongoing review of resources within Support Services within the Chief Executives department it would be proposed that a vacant post be deleted and a development scheme implemented for a number of those posts currently on a lower grade to provide for progression and development of staff in the context of the services provided.	10.0

<p><u>Finance and Accountancy</u></p> <p>These services were centralised in April 2010 and significant staffing savings were achieved. No savings were made in this area in 2012/13 to enable these changes to be embedded. A number of posts became vacant during the summer. Therefore, a detailed assessment of workloads and working practices, including increased use of IT and the operational benefits of these services being centralised has been completed. This has identified scope to achieve additional permanent savings by restructuring services. The majority of this saving will be achieved by deleting 4 fte posts (3 of which are currently vacant) and the permanent removal of staffing budgets to reflect approved flexible working patterns of staff who work reduced hours. These can be achieved by changing working arrangements. It is anticipated the changes will require one compulsory redundancy.</p>	134.0
<p><u>Procurement savings</u></p> <p>Reduced printing costs arising from the replacement of a colour Council Tax leaflet with a black and white leaflet and more competitive prices for a range of printing requirements (£15,000).</p> <p>An Insurance Procurement saving was included in the 2012/13 MTFs based on claims experience in previous years. This assessment has been updated to reflect experience in 2012/13 and a further saving is anticipated to be achievable in 2013/14 (£4,500).</p>	19.5
<p><u>Revenues and Benefits increased income</u></p> <p>Contribution from Business Improvement District (BID) scheme towards administration costs directly related to running this scheme.</p>	5.0
<p><u>Legal and Members Services</u></p> <p>Reduction in legal advertising and courses budget. Reduction in Members Services overtime budget.</p>	5.0
<p><u>Permanent Savings</u></p>	200.0

<b>Temporary Savings</b>	
<p><u>Chief Executive saving</u> The MTFs forecast reported on 4<sup>th</sup> October included a permanent savings from the reduction in the Chief Executive's salary. Following the appointment of the current Chief Executive there will also be a temporary employers pension contribution saving as the current Chief Executive is no longer in the pension scheme and his pension will be based on his previous salary as Director of Regeneration and Neighbourhoods.</p> <p>This saving will continue while the existing officer is Chief Executive, although it will not be sustainable when there is a change in Chief Executive.</p> <p>There will also be temporary savings (£10,000) as the Chief Executive was appointed at the bottom of the revised salary grade.</p>	34.0
<p><u>Human Resources Saving</u></p> <p>The Chief Executive is currently reviewing all departmental structures and will be making recommendations to Cabinet on a proposed structure early in the New Year. In relation to the Chief Executive's department these proposals will need to address issues in relation to the Human Resources function, in particular the shared Head of Human Resources post. Members will recall that when this arrangement was initially entered into a saving of £51,000 was included in the base budget leaving a net budget provision of £51,000. The Chief Executive's review of the structure will address this issue and recommend whether the whole of this budget is needed to replace lost HR capacity and capability, or whether part, or the whole of the remaining budget can be taken as a saving. Until this review is complete existing temporary arrangements will continue. Therefore, for planning purpose a minimum temporary saving of £15,000 can be included in the 2013/14 budget.</p>	15.0
<b>Total savings for 2013/14</b>	<b>249.0</b>

## 5 OPTIONS ANALYSIS

- 5.1 As indicated earlier in the report the main alternative option for achieving savings in the Chief Executive's department is the potential

to collaborate with other authorities. This option continues to be pursued with Darlington and Redcar and Cleveland Council with the objective of identifying proposals for achieving savings from 2014/15. However, owing to the complexities and timescales for completing this work collaboration will not provide savings in this area for 2013/14. Therefore, the alternative proposals detailed in the previous section have been identified.

- 5.2 When developing the alternative savings proposals the impact of savings made in the last two years was taken into account and a strategic review of areas where further savings could be made in the Chief Executive's department was adopted. As part of this review it was determined to maintain existing resources in the Revenues/Benefits Services and the Contract Centre owing to the impact of Government legislative changes to Re-localise Business Rates and to implement Local Council Tax Support schemes in April 2013. These issues will be extremely challenging and will need carefully managed in 2013/14 to ensure these fundamental changes are implemented successfully.

## **6 RISK IMPLICATIONS**

- 6.1 There are a number of risks implicit in the delivery of any package of savings and it is important to recognise these as part of any decision making. A summary of the risks considered as part of the proposals has been identified below:

- Capacity Risks

A number of the proposed saving reduce staffing capacity by permanently removing vacant posts and/or by removing staffing budgets to reflect reduced working hours. These proposals reduce staffing capacity and it is anticipated this can be achieved by changing working practises, which will mitigate risks.

Capacity within the Chief Executive's department will also be impacted by the range of significant one off projects being undertaken over the next twelve months, including work on a the new ICT contract, the implementation of the local Council Tax Support scheme and work on collaboration. These projects and the normal day to day work of the Chief Executive's department will need to be managed carefully to ensure all outcomes are achieved and risk is managed effectively.

- Income Risks

The savings proposals involving the achievement of income are considered to be sustainable. In the event that any of the

income targets are not achieved alternative savings will need to be identified.

## **7 FINANCIAL CONSIDERATIONS**

- 7.1 The Savings Programme for 2013/14 is planned to deliver total savings of £3.8m towards the budget deficit for 2013/14. It has been highlighted in previous reports to Cabinet that failure to take savings identified as part of the Savings Programme will only mean the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget. The proposed saving for the Chief Executive's department detailed in section are sustainable.

## **8. STAFF CONSIDERATIONS**

- 8.1 Informal dialogue will be undertaken with the trade unions and staff in order to flag up the potential area where staff may be placed at risk of redundancy. The potential number of redundancies as a consequence of these proposals being accepted is 1.

## **9. CONCLUSION**

- 9.1 In advance of progressing with the Corporate Collaboration project officers had continued to manage budgets carefully to identify potential savings which could be implemented as part of this project, which protect services and help avoid the need for compulsory redundancies wherever possible. This proactive approach now provides a range of measures which can be implemented for 2013/14 to replace the forecast collaboration savings in this area.
- 9.2 The adoption of the proposed savings will enable officers to continue to work with the other two authorities over the remainder of 2012/13 and through 2013/14 to achieve the Corporate Collaboration savings target for 2014/15 of £0.5m.

## **10. EQUALITY AND DIVERSITY CONSIDERATIONS**

- 10.1 There are no equality and diversity considerations of the proposed savings as these measures are designed to avoid impact on services by increasing efficiency or by generating income from external organisations.

## **11. RECOMMENDATIONS**

- 11.1 It is recommended that the Cabinet
- i) note the report;

- ii) approve the 2013/14 savings for the Chief Executive's department detailed in paragraph 4.2.

**12. REASONS FOR RECOMMENDATIONS**

- 12.1 The review forms part of the 2013/14 Savings Programme, as set out in the Medium Term Financial Strategy 2013/14 to 2016/17 report to Cabinet on 11<sup>th</sup> June 2012.

**13. APPENDICES**

- 13.1 None

**14. BACKGROUND PAPERS**

- 14.1 None

**15. CONTACT OFFICER**

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**BUDGET CONSULTATION MEETING WITH BUSINESS REPRESENTATIVES****Minutes of Meeting held on 24 October 2012**

**Present:** ***Hartlepool Borough Council Officers***  
 Stuart Drummond, Mayor  
 Dave Stubbs, Director of Regeneration and Neighbourhoods  
 Chris Little, Chief Finance Officer  
 Andrew Atkin, Assistant Chief Executive  
 Sally Robinson, Assistant Director (Prevention, Safeguarding and Specialist Services)  
 Councillor C Hill  
 Councillor P Thompson  
 Councillor J Lauderdale

***Business Representatives***

Peter Olson  
 Adrian Liddell  
 Brian Beaumont  
 John Megson  
 Thomas Chacko

**Apologies:**

Jill Harrison, Assistant Director Adult Social Care

*Sam Durham, PA to CEMT (Minutes)*

<b>1.</b>	<b>Presentation</b>
<p>Chris Little and Councillor Paul Thompson reported on Hartlepool's Financial Future for 2013/14 – 2016/17 and provided a brief summary of reports submitted to Cabinet highlighting the following areas;</p> <ul style="list-style-type: none"> <li>• Medium Term Financial Strategy for 2013/14 to 2016/17</li> <li>• Business Rate localisation</li> <li>• Localisation of Council Tax Support</li> <li>• Approach to managing the Councils finance/ risks</li> </ul>	
<b>Comments Made</b>	<b>Response</b>
<p>Business Partners queried why the national headline grant cut for Council Tax Support for 2013/14 shows at 10% but the real impact is 14%?</p>	<p>CL advised that the Government headline reductions was based on previous years caseloads, whereas the real impact reflects current caseloads which have increased as a result of economic factors.</p>

Business Partners feel that the best approach for the Council to undertake is sharing of services.	CL confirmed that a number of options are currently being reviewed. In terms of ongoing work there is the Reprourement of ICT contract along with collaboration with other Local Authorities. If these were to go ahead there would be a part saving in 2013/14 and a substantial saving in 2015/16. All Local Authorities are in a similar position. Stockton Borough Council and Middlesbrough Borough Council are not interested in collaborating at present.
Business Partners questioned future effect to next year's deficit if the proposed 2% Council Tax increase is agreed?	CL explained that the deficits were based on 2.5% as the Government had not issued details of proposed referendum trigger when the report was prepared. Reducing Council Tax increases will increase the deficits.
Business Partners queried long term plans.	CL advised that the main strategy at the moment is to deal with the next 2 years deficits. Plans for addressing deficits beyond this period will be developed during 2013/14.
Business Partners queried the perceived way forward for the Power Station and the financial risk to the Council.	CL advised that current Government 'safety net' arrangements will not address this issue and the Council will need to manage this ongoing risk from its own resources. The 2012/13 Outturn Strategy proposes allocating one off monies to manage this risk on a temporary basis.
Peter Olsen praised Cabinet Members for attending the meeting to hear Business Partners views and questioned if all Councillors are fully aware of future issues faced by the Council?	CL advised that Councillors are aware of the budget position and regular updates continue to be provided.
The Business Partners stressed that further continuation and support to businesses is required. They feel that the way forward is to continue with economic development.	DS agreed that this is the right proposal for next couple of years. Hartlepool needs to grow as much as possible but there is also a point when substantial cuts will be made.  DS explained that majority of work is Tees Valley centric.  DS confirmed that the Council will continue to try and get Government grants for businesses.
Business Partners feel the way forward is to bring in profitable businesses to generate funding to contribute to cuts.  Also feel debt must be reviewed.	CL explained that Hartlepool Borough Council has high collection rates for both Business Rates and Council Tax.

<p>John Megson explained that significant business need bringing to Hartlepool. Is there a strategy in place to bring in big projects. John Megson confirmed if required he is happy to speak to PD Ports as an ambassador for HBC if required.</p>	<p>Mayor explained that Hartlepool is making best of what is available in the Enterprise Zone.  AA advised that new jobs may be generated through ICT and shared services.  The Mayor advised that the Council is currently looking at a retail revival strategy. All comments are welcome</p>
<p>The Business Partners feel that the Authority needs to take a lead on industrial tourism as they feel it will help increase income to the town. What strategy do we have to accentuate what we already have in town?</p>	<p>Mayor confirmed that tourism has been put back on the agenda to review as no other Authority is currently looking at tourism.</p>
<p>Business Partners queried how many staff the Authority had 5 years ago and how many it expects to have moving forward in to 2016 and questioned staffing loss for the next 12 months?</p>	<p>CL confirmed that the number of staff who may be affected has not yet been confirmed as numbers are still to be reviewed.</p>

**BUDGET CONSULTATION MEETING WITH TRADE UNION  
REPRESENTATIVES**

**Minutes of Meeting held on 29 October 2012**

**Present:**

***Hartlepool Borough Council Officers***

Andrew Atkin, Assistant Chief Executive  
Chris Little, Chief Finance Officer  
Dave Stubbs, Director of Regeneration and Neighbourhoods  
Sally Robinson, Assistant Director  
Councillor C Hill  
Councillor P Thompson  
Councillor J Lauderdale

***Trade Union Representatives***

Edwin Jeffries  
Steve Williams  
Tony Watson  
Malcolm Sullivan  
Andy Waite  
Matthew Pearce

**Apologies:**

Stuart Drummond, Mayor  
Debbie Kenny  
Sue Garrington

*Sam Durham, PA to CEMT (Minutes)*

1.	<b>Presentation</b>	
The Trade Unions confirmed that it was not necessary to view the Budget Consultation 2013/14 Initial Proposals presentation as they had already been provided with the information. CL advised the meeting that the Local Government Finance Settlement is not expected to be announced by the Government until 19 December 2012. An additional Cabinet meeting will be held on 21 <sup>st</sup> December 2012 to review the settlement and the impact on Hartlepool.		
<b>Comments Made</b>		<b>Response</b>
Trade Unions understand the difficult position the Council are currently in and are willing to work with Officers.  Trade Unions asked for an update on future proposals for 2014/15?	DS advised that things will continue to change and are happy to receive any proposals staff and Trade Unions may have.  Future training for staff is important. The Council aims to save as many staff as possible.  AA advised looking at longer leading options available to build into 2014/15 budget.	
Trade Unions requested an update on final business rates?	CL advised that business rates changes have not been finalised by the Government.  There have been no changes to information previously provided to the Trade Unions and an update will be provided when more information is available.	
SW stressed that future decisions need to be made as soon as possible.	AA advised that the earlier decisions are made the better but the budget settlement will not be provided until 19 December which is poor timing and delaying future decisions.  The MTFS forecast have been updated to reflect officers assessment of national changes, although the exact position will not be known until the budget settlement is provided by the Government.	
	DS confirmed that officers will continue to remain open with Trade Unions and advised that clarification can be sought from officers when required.	



**Report of:** Corporate Management Team

**Subject:** MEDIUM TERM FINANCIAL STRATEGY  
(MTFS) 2013/14 TO 2016/17 –  
SUPPLEMENTARY REPORT

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**1. TYPE OF DECISION / APPLICABLE CATEGORY**

Budget and Policy Framework.

**2. PURPOSE OF REPORT**

2.1 The purpose of the report is to:

- i) update Cabinet on the impact of the Local Government Finance Settlement announcement on 19<sup>th</sup> December 2012; and
- ii) to enable Cabinet to revise the MTFS and the formal budget proposals approved on 17<sup>th</sup> December 2012 if this is necessary as a result of the actual grant cuts announced in the Local Government Finance Settlement and to refer any revised proposals for Scrutiny.

**3. LOCAL GOVERNMENT FINANCE SETTLEMENT ANNOUNCEMENT AND RELATED INFORMATION**

3.1 The Government presented the Local Government Finance Settlement to Parliament on 19<sup>th</sup> December 2012, which covered the following key issues:

- recognised the success of Local Authorities in managing the spending cuts over the last two years and on this basis Councils are exempt from the additional 1% funding cuts in 2013/14. However, it was confirmed that in 2014/15 the additional 2% cuts announced by the Chancellor in the Autumn Statement will apply;
- confirmed that the Business Rate Retention changes will be implemented and stated this is the 'biggest shake up in local government funding in a generation and shifts power from Whitehall to the town hall'. As previously reported this change

increases the financial risks the Council will need to manage, particularly in relation to the impact of the Power Station;

- Funding reductions will again be measured as ‘spending power’ cuts. The Secretary of State indicated that the average ‘spending power’ cut will be 1.7%, with no Authority experiencing a cut of more than 8.8% and a 3% maximum cut for upper tier Authorities;
- Confirmed proposals in relation to Council Tax Freeze / referendum arrangements and indicated that detailed information on these arrangements was also being issued on 19<sup>th</sup> December. This included consultation proposals on ‘Alternative Notional Amount figures for 2012/13’ which will form the basis for determining the value of Council Tax Freeze Grant, or whether a Council Tax referendum is required.
- Publication of a document setting out ‘50 Ways to save – examples of sensible savings in Local Government’. The Council has already implemented many of these issues.

3.2 The statutory consultation runs to 15 January 2013. The Government has indicated final proposals will then be debated in February, which is later than in previous years. The later announcement of the final settlement will impact on the Council’s budget timetable and the plan to submit the final budget and Council Tax proposals to Cabinet on 4<sup>th</sup> February 2013 and Council 7<sup>th</sup> February 2013. The timetable will need to be reviewed when more information is available. Cabinet will need to determine if they wish to seek a meeting with the Minister to raise concerns regarding the provisional settlement, or to make written representations. The DCLG has stated ‘that written representations on the consultation are, of course, as effective as face to face meetings. All representations will be carefully considered before final Ministerial decisions are made’.

### 3.3 **Impact of Settlement on Hartlepool**

3.4 It has been extremely difficult to assess the impact of the settlement on Hartlepool as detailed information was issued on a phased basis and key information was not released until Thursday afternoon. At the time of preparing this report some detailed information had still not been issued, which is needed to fully understand the reasons for the grant changes, although this will not change the amounts allocated to individual Councils. Further details will be reported as soon as they are available.

3.5 The overall figures provided by the Department for Communities and Local Government (DCLG) are again based on ‘spending power’ reductions. DCLG define ‘spending power’ as total grants (including the

main Formula grant, New Homes Bonus, Council Tax Freeze Grant and NHS funding to support Social Care) plus council tax income.

- 3.6 DCLG figures show that Hartlepool's spending power for 2013/14 is reduced by 2.2%, which is higher than the national average of 1.7%, but lower than the 3% maximum for upper tier authorities (i.e. Unitary, Metropolitan and County Councils). The following table compares Hartlepool's spending power cut with the other North East Councils.

Summary of Spending Power cuts and Spending Power per Dwelling (based on DCLG figures)

	Spending Power Cut %	Spending Power per Dwelling £
Middlesbrough	0.7	2,581
Newcastle	1.5	2,522
Hartlepool	2.2	2,488
South Tyneside	1.6	2,447
Gateshead	1.8	2,374
Sunderland	1.6	2,346
Redcar and Cleveland	1.3	2,269
National Average	1.7	2,240
Northumberland	2	2,118
Durham	1.4	2,110
North Tyneside	2.2	2,084
Stockton	1	2,018
Darlington	0.3	1,948

### 3.7 Actual Formula Grant cut 2013/14

- 3.8 The actual grant cut is £0.766m more than forecast in the MTFs, which equates to a grant cut of 6.5% (MTFS forecast cut was 4.8%). The higher cut reflects additional national changes in the overall funding allocation and the impact of data changes.

### 3.9 Council Tax Support Grant 2013/14

- 3.10 Final details are not yet available. However, indicative figures provided by CLG on 19<sup>th</sup> December 2012 suggest that Hartlepool's allocation may be £0.14m less than forecast. If this reduction is confirmed the Council will need to fund this additional cost to maintain the reduction in Council Tax support to 8.5%.

### 3.11 Provisional New Home Bonus Allocation 2013/14

- 3.12 This is £0.14m more than anticipated in the MTFs (i.e. £1.188m compared to £1.048m). The increase reflects the Council's share of

the national funding allocated through the New Homes Bonus (NHB) scheme for 2013/14, which is funded from the overall Local Government funding pot.

- 3.13 As reported previously the allocation of NHB needs to be considered in the context of the ongoing cuts in the Council's core Formula grant, which have been implemented since 2010/11, the year before NHB payments commenced. In 2013/14 the Council's core Formula Grant will be nearly £16m lower than it was in 2010/11 base.

3.14 **Summary of General Fund changes 2013/14**

- 3.15 The previous MTFS report indicated that it was anticipated that the 2013/14 budget could be balanced from a combination of proposed savings (£3.7m) and the use of one-off resources (£1.6m). It was recognised that the use of these one-off resources defers this amount of the budget deficit until 2014/15 and provides a longer lead time to identify permanent savings.

- 3.16 As the actual grant cuts for 2013/14 are higher than anticipated there is now an unfunded budget deficit for 2013/14 of £0.766m, as follows:

	£'m
Increased Formula Grant Cut	0.766
Lower Council Tax Support Grant	0.140
<b>Total Additional Funding cuts</b>	<b>0.906</b>
Increased New Homes Bonus	(0.140)
<b>Increase in Budget deficit</b>	<b>0.766</b>

- 3.17 The increase in the budget deficit is the result of a permanent cut in funding. Therefore, additional budget cuts will need to be implemented to balance the budget. At this stage of the budget process it will be extremely challenging to identify additional permanent savings.

- 3.18 As reported in the previous MTFS it was anticipated that there may be a one-off benefit to the 2013/14 budget from the 2012/13 Collection Fund as initial work indicated there will be a Collection Fund surplus. Regulations require Councils to take account of any Collection Fund surplus when the budget is set. Therefore, it was reported that this amount will therefore be available to either offset the actual grant cut if it is higher than forecast, or to reduce the planned use of other one-off resources allocated to support the 2013/14 budget which can then be carried forward to manage budget risks in 2014/15.

- 3.19 This detailed work has now been completed and there will be a collection Fund Surplus for 2012/13. Hartlepool's share of the surplus is £0.737m and this amount can be used to offset the majority of the additional grant cut and resulting increase in the budget deficit of

£0.766. It is also recommended that the residual deficit should be funded from the current years underspend.

- 3.20 This proposal will avoid the need to make additional saving for 2013/14. However, the proposal will increase the level of one-off resources being used to balance next years' budget from £1.6m to £2.3m. This therefore defers an additional budget deficit until 2014/15, although this provides a longer lead time to identify permanent savings. It will be essential that plans are developed early in the new financial year to address this additional deficit and to reflect the higher expected grant cuts in 2014/15, as detailed in section 5.

#### **4. Safety Net Threshold**

- 4.1 Previous reports detailed the uncertainty regarding the value of the safety net thresholds. These have now been defined and for Hartlepool the baseline is 7.5% of the total value of the Business Rates baseline plus the top-up grant - i.e. £24.9m. On this basis safety net grant will only be paid when this income falls by more than £1.867m and will only be paid for the shortfall above this amount.
- 4.2 Previous reports highlighted this ongoing risk and the impact of the Power Station. The recommended risk reserve of £1m will provide some protection, although it would be appropriate to increase this risk reserve if additional funding becomes available to protect the Council's financial position in the medium term.

#### **5. 2014/15 Local Government Finance settlement**

- 5.1 The DCLG have issued national figures for 2014/15 and some information for individual Councils. The national figures indicate there will be a grant cut in 2014/15 of around 8.7%, which included the impact of the additional 2% cut announced by the Chancellor in the Autumn Statement.
- 5.2 Analysis of the available national and local information indicates that Hartlepool's grant funding for 2014/15 is now forecast to be less than anticipated in the MTFs for the following reasons:
- The ongoing impact of the lower 2013/14 grant base;
  - The additional 2% cut announced by the Chancellor in the Autumn Statement;
  - The impact of the new funding system and the relationship between the levels of funding paid as Revenue Support Grant and Baseline funding. Nationally Revenue Support Grant makes up 60% of the overall funding allocation and for 2014/15 will be cut by 17%. Baseline funding makes up the remaining 40% and whilst this element will increase in line with inflation this will only partly offset the cut in the Revenue Support Grant.

- 5.3 A significant issue for 2014/15 is the Government's decision not to show the Council Tax Support Grant as a separate funding allocation, but to roll this funding into the overall 2014/15 baseline. Other funding regimes (EIG, Learning Disability and Health Reform funding, Homelessness Prevention Funding and Lead Local Flood Authority Funding) continue to be identified separately for 2014/15, which enables individual Councils to clearly identify funding levels for these areas in 2014/15. Some of these individual grants are for small amounts and the total value all these grants is less than the Council Tax Support Grant.
- 5.4 The rolling up of the Council Tax Support Grant suggests that in 2014/15 and future years this grant will be subject to the same cut as the main Revenue Support Grant. This contradicts early Government announcements which suggested this grant would be frozen in 2014/15. If the Council Tax Support Grant is subject to additional cuts in 2014/15 and future years this would have serious consequences for affordability of a Local Council Tax Support scheme and the level of additional cuts which may need to be made in 2014/15 and future years. Further information will be reported when it is available. It is recommended that the Council's significant concerns in relation to this issue are raised in the response to the consultation on the 2013/14 settlement.
- 5.4 Further information is needed to assess the impact of the 2014/15 provisional settlement on Hartlepool. Initial analysis suggests the 2014/15 grant will be around £2 million less than forecast in the MTF5. This cut may be partly mitigated by the 2014/15 NHB allocation, although this is only anticipated to provide additional funding of £0.3m to £0.4m.
- 5.5 Details of NHS funding transfers to Local Authorities to support adult social care services (which also have a health benefit) have also been released. It may be possible to use these monies to support existing services or transformation programmes which may partly reduce the impact of the cut in the core formula grant. This will require careful assessment and cannot be relied upon when setting the 2013/14 budget, although there may be a part year effect in 2013/14 and a permanent benefit in 2014/15. Further details will be reported when this issue has been assessed.

## **6. Early Intervention Grant (EIG)**

- 6.1 As reported previously the EIG was established in 2011/12 and funded from a number of specific grants. Hartlepool's initial EIG allocation for 2011/12 was nearly 22% lower than the previous separate grant allocations.

- 6.2 The previous MTFs report anticipated the EIG reducing from £6.440m in 2012/13 to between £4.79m and £4.92m in 2014/15, with the grant cuts being fronted loaded in 2013/14.
- 6.3 The provisional settlement indicates that by 2014/15 the EIG will reduce to £4.789m, a £1.611m cut on the current year – a cut of 25%.
- 6.4 The cut will be fronted loaded and in 2013/14 the reduction will be £1.324m, compared to a forecast of £1.150m. The cut in 2013/14 can be covered from the available EIG reserve earmarked to manage this grant reduction, although this will reduce flexibility in 2014/15.

## **7. Local Authority Central Spend Equivalent Grant (LACSEG)**

- 7.1 The amount of LACSEG grant removed from the main formula grant is broadly in line with expectations. However, details of the 'replacement' specific funding will not be announced until January 2013. Therefore, at this stage it is not possible to provide an update on the impact of this change on the Council. As reported previously it is anticipated that for 2013/14 the available LACSEG reserve should avoid this issue impacting on the General Fund budget and provide time to develop a strategy for managing this change in future years.

## **8. Public Health Funding**

- 8.1 Details of Public Health funding allocations will not be issued until January 2013.

## **9. Other Specific Grant**

- 9.1 Details of other specific grant will be made over the next few days and into January 2013. Details will be reported when they become available.

## **10. RECOMMENDATIONS**

- 10.1 It is recommended that Cabinet
- i) note the report and that further information, and the impact on Hartlepool, will be provided when it is available;
  - ii) note the impact of the additional Formula grant cut for 2013/14 of £0.766m and approve that this shortfall is funded from Hartlepool's share of the Collection Fund surplus of £0.737m and £0.029m from the current years underspend;
  - iii) note the above proposal does not address the ongoing impact of the higher grant cuts and defers additional budget cuts of £0.766m until 2014/15;

- iv) note the impact of the phased EIG cuts which will increase the amount of the EIG Reserve which needs to be used in 2013/14 from £1.150m to £1.324m.
- v) Refer this report and the above recommendations to Scrutiny Co-ordinating Committee.
- vi) Determine if they wish to seek a meeting with Ministers to outline the Council's concerns about the provisional settlement, or to make written representations.