

CABINET AGENDA



Monday 19th December 2005

at 2:00 p.m.

in Committee Room B

MEMBERS: CABINET:

The Mayor, Stuart Drummond

Councillors Fortune, Hill, Jackson, Payne and R Waller

1. APOLOGIES FOR ABSENCE

2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS

3. MINUTES

- 3.1 To receive the Record of Decision in respect of the meeting held on 9th December 2005 (to be circulated)

4. BUDGET AND POLICY FRAMEWORK

- 4.1 Draft Budget and Policy Framework Proposals 2006/07 to 2007/08 – *Corporate Management Team*

5. KEY DECISIONS

- 5.1 None

6. OTHER ITEMS REQUIRING DECISION

- 6.1 None

7. ITEMS FOR DISCUSSION

- 7.1 Comprehensive Performance Assessment and Annual Performance Assessment (APA) of the Council's Education and Children's Social Care Services – *Assistant Chief Executive/Director of Children's Services*

8. ITEMS FOR INFORMATION

- 8.1 None

9. REPORTS FROM OVERVIEW OF SCRUTINY FORUMS

- 9.1 None

EXEMPT ITEMS

Under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information as defined in the paragraphs referred to below of Part 1 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) Act 1985

10. EXEMPT KEY DECISIONS

- 10.1 None

11. OTHER EXEMPT ITEMS REQUIRING DECISION

- 11.1 None

CABINET

MINUTES AND DECISION RECORD

9th December 2005

Present:

The Mayor (Stuart Drummond) - In the Chair

Councillors: Stanley Fortune (Finance Portfolio Holder),
Robbie Payne (Culture, Housing and Transportation Portfolio Holder)(In attendance from minute number 152 onwards),
Ray Waller (Adult and Public Health Services Portfolio Holder).

Also

Present: Councillor George Morris

Officers: Paul Walker, Chief Executive
Andrew Atkin, Assistant Chief Executive
Nicola Bailey, Director of Adult and Community Services
Peter Scott, Director of Regeneration and Planning Services
Tony Brown, Chief Solicitor
Chris Little, Assistant Chief Financial Officer (Corporate Finance)
John Mennear, Acting Assistant Director (Community Services)
Stuart Green, Assistant Director (Planning and Economic Development)
Ralph Harrison, Head of Public Protection and Housing
Ann Laws, Team Leader (Policy Planning & Info)
Joan Wilkins, Principal Democratic Services Officer
Alastair Rae, Public Relations Officer

146. Inquorate Meeting

The Mayor noted that the meeting was inquorate and indicated that, as permitted under the Local Government Act 2000 and the Constitution, he would exercise his powers of decision in accordance with the wishes of the Members present, as indicated in the usual way. The Mayor confirmed each of the decisions set out in minute numbers 149, 150 and 151 below.

147. Apologies for Absence

Apologies for absence were received from Councillors Cath Hill (Children's Services Portfolio Holder) and Peter Jackson (Finance and Performance Management Portfolio Holder).

148. Declarations of interest by Members

None.

149. Confirmation of the minutes of the meeting held on 23rd November 2005

Confirmed.

150. Statement of Community Involvement (SCI) *(Director of Regeneration and Planning Services)*

Type of decision

Budget and Policy Framework.

Purpose of report

To seek approval for changes to the Statement of Community Involvement (SCI) arising from consultations on the draft document.

Issue(s) for consideration by Cabinet

Further to minute number 30, of the meeting held on 6th July, the Director of Regeneration and Planning Services outlined details of the public consultation exercise undertaken in relation to the draft Statement of Community Involvement (SCI). The exercise took place over a period of three months (end July to end October) and resulted in receipt of responses from 29 bodies, groups and individuals, the majority of which were in support of the draft document.

A summary of the comments received and suggested amendments to the SCI was provided. Details were also provided of a proposed response to the consultation exercise and approval sought for the following amendments to the SCI, formulated on the basis of the information provided:

- i) Addition of a sub-title clarifying that the SCI related to a means of consulting the community in respect of planning matters;
- ii) Addition of simplified versions of Tables 1 and 2 illustrating the process for the preparation of planning documents to be set beside Table 1 which stated how and when the Council would be consulting the community in this respect;
- iii) Inclusion of the Hartlepool Access Group as a key contact and replacement of the HVDA with the Community Network as the key contact for voluntary groups;

- iv) Incorporation of the information in Appendix 6 (Useful Contacts) into section 9 of the main part of the SCI; and
- v) Inclusion in Appendices 4 and 5 of additional bodies as consultees – also the addition in Appendix 4 of the list of ‘other consultees’ as set out in Annex E of PPS12.

Decision

- i) That the amendments to the Statement of Community Involvement (SCI), as outlined above, be approved.
- ii) That the Regeneration and Liveability Portfolio Holder be authorised to agree the detail of the proposed amendments.

151. Responses to the Proposed Modifications to the Hartlepool Local Plan (Director of Regeneration and Planning Services)

Type of decision

Budget and Policy Framework.

Purpose of report

To outline representations received following the publication of the Proposed Modifications to the Hartlepool Local Plan and seek approval for further, relatively minor, modifications to be publicised before the formal adoption of the Local Plan.

Issue(s) for consideration by Cabinet

The Director of Regeneration and Planning Services indicated that, further to minute number 55, of the meeting of Council held on 15th September 2005, proposed modifications to the Hartlepool Local Plan were made available for public inspection from the 30th September 2005 to the 10th November 2005. This resulted in receipt of 66 representations from 31 individuals and bodies relating to the proposed modifications and the Council's intention not to modify the plan in accordance with certain of the recommendations in the Inspector's Report. Details of the representations made were outlined in the report and attention drawn to:

- Support received in relation to the proposed modifications to delete Briarfields as a low-density housing site and identify the former allotments as a protected green space.

- The main objections to the proposed modifications and the Council's decision not to modify the plan in accordance with the Inspector's recommendations.
- The addition of a number of relatively minor modifications to the Plan identified to improve the quality of the policies and ensure that they conform as far as possible to government guidance.
- The view that objections relating to retail issues did not warrant further modifications to the Plan.

Following consideration of the report Cabinet Members queried the implications of the proposed designation of the Briarfields site on any future use/development. Members were advised that the intention was for the former allotment area to be classified as a key green space and that the remainder of the site would be treated as 'white land'. The allocation of the majority of the Briarfields site as 'white land' meant that if a development proposal was put forward for the site, including the open field area, but excluding the former allotment site, it would not be a departure from the Local Plan. As such there would be no planning policy presumption against the marketing of the site for redevelopment. However, should the former allotment area be designated as a key green space (as in the current Local Plan drafting) any proposal for the development of that site would be a departure from the Local Plan and need to be dealt with accordingly. This would mean that any planning application for residential development of the former allotments site would be referred to the Government Office for the North East and might be called in for determination by the Secretary of State rather than by the Council as the Local Planning Authority.

Whilst Members noted that representations were generally in favour of the retention of the site as a green space, and the reinstatement of the allotments, concern was expressed regarding the uncertainty of resources available to achieve this given the current position in respect of the budget settlement, the need for a continuing supply of low density housing and the economic development regeneration benefits for the town. Members, therefore, questioned the procedure necessary to remove the former allotment site from the current draft Local Plan policy relating to key green spaces. Officers advised that such a revision would need to be treated as a further modification of the Plan and would be subject to the six week public consultation period. Officers drew attention to the risk of delay resulting from such a procedure and the likely need to review the Plan further in the light of responses to the publicity period. Attention was also drawn to the potential for the Local Plan process to be affected by the extension requirements for Strategic Environmental Assessment, with considerable further delays, if adoption of the Plan is not achieved by July, 2006.

Concern was also expressed regarding the need for confirmation of the outcome of recent discussions between the Portfolio Holder and allotment holders on the 6th December. It was confirmed that the purpose of this

meeting had been to decide what the allotment holders want and in terms of this look at the design of the site and costs. A report on this was to be brought back to Cabinet in January and it was acknowledged that the viability of any proposals for the reinstatement of the site would be dependent upon the outcome of the budget process in February.

After considering various options related to modification of the Plan, Members indicated the desire to leave the former allotments site unallocated in the Local Plan, in the interests of keeping future options open.

Decision

That Council be recommended to:-

- a) Agree the responses to representations as referred to in this report, with the exception of those relating to Briarfields.
- b) Approve the proposed further modifications, as outlined in the report, and the addition of a further modification to delete the former Briarfields allotments site from policyGN 3, Protection of Key Green Space Areas:
- c) Authorise the Regeneration and Liveability Portfolio Holder to agree the final drafting of the responses and Further Modifications.

Councillor Robbie Payne (Culture, Housing and Transportation Portfolio Holder) joined the meeting at this point. The meeting was quorate from this point on.

152. Food Law Enforcement Service Plan 2005-06 (Director of Neighbourhood Services)

Type of decision

Budget and Policy Framework.

Purpose of report

To seek consideration of the Food Law Enforcement Plan, as required under the Budget and Policy Framework.

Issue(s) for consideration by Cabinet

The Director of Neighbourhood Services sought consideration of an updated version of the Food Law Enforcement Plan revised to reflect

performance in 2004/05. A copy of the Food Law Enforcement Plan 2005/6 was circulated and a summary provided of the main issues contained within it.

As required under the Budget and policy Framework Cabinets views were sought on the revised Plan prior to its submission to Council. During consideration of the Plan Cabinet Members highlighted the pressure placed on the service by staff shortages, as a result of vacancies and maternity leave, and the need to address the issue through the provision of increased numbers of Environmental Health Officers. It was suggested that this should be considered as part of the budget process.

Decision

That the Food Law Enforcement Service Plan for 2004/05 be submitted to Council for approval.

153. Feasibility Study For “H20” Centre *(Director of Adult and Community Services and Director of Regeneration and Planning Services)*

Type of decision

Key Decision (Test i and ii apply).

Purpose of report

To seek consideration of a Feasibility Study of a major new water based leisure facility for Hartlepool.

Issue(s) for consideration by Cabinet

The Director of Adult and Community Services and Director of Regeneration and Planning Services submitted a joint report outlining the background to the proposal for the creation of a major new water based leisure facility in Hartlepool. To assist Cabinet an executive summary of the Feasibility Study undertaken by Capita Symonds was provided and details of the research and consultation process undertaken as part of the process outlined in the report. Details were also provided of the key findings of the consultation process and the following possible options identified for the way forward:-

- Option 1 – Mill House Leisure Centre Refurbishment
- Option 2 – Centre rebuild on existing Mill House site
- Option 3 – New build at Victoria Harbour

Of these option the Consultants recommended that option 3 (new build at Victoria Harbour) should be pursued by the Council and details of the work undertaken, financial implications of the proposal and the proposed way

forward were detailed in the report.

Following consideration of the information provided Cabinet Members expressed their support for the proposed facility and the proposals outlined in the report. Clarification was, however, sought as to the possible implications of a change of ownership of the proposed site at Victoria Harbour in relation to obtaining the required section 106 agreement. Members were assured that section 106 agreements were attached to the land and not affected by a change of ownership. Members were also advised that officers were aware of no intention from the possible new owners of the site to change arrangements.

Decision

- i) That the Consultants give a full presentation to Council Members on the conclusions of the Feasibility Study.
- ii) That the findings of the Feasibility Study be approved as the basis for a wider programme of public consultation.
- iii) That consideration be given at a future meeting to the most appropriate way forward, following the outcome of the public consultation exercise.

154. Implementing Electronic Government (IEG) (Assistant Chief Executive)

Type of decision

Key.(Test ii applies)

Purpose of report

To seek approval of the Implementing Electronic Government (IEG) 5 statement for submission to the Office of the Deputy Prime Minister by the 20th December 2005.

Issue(s) for consideration by Cabinet

The Assistant Chief Executive submitted a reported outlining the purpose of the IEG statement in outlining the Councils current position in relation to implementing electronic government progress.

Cabinet was reminded of success over the last four years in securing funding through the successful submission of IEG statements to assist the authority in reaching the government target for making services available electronically by 2005. It was noted that whilst the fifth statement would not result in any additional funding there was a requirement to show what earlier grants had been used for and what progress had been achieved.

With failure to do this possibly resulting in the recall of some of the earlier grants all of the necessary information was included in IEG 5.

Decision

- i) That the Implementing Electronic Government (IEG 5) return be approved for submission to the Office of the Deputy Prime Minister by 20th December 2005.
- ii) That the Assistant Chief Executive be authorised, in conjunction with the Portfolio Holder, to make minor amendments in order to finalise the document prior to its formal submission to the Office of the Deputy Prime Minister.

155. Extra Care Housing for People with Learning Disabilities (Director of Adult and Community Services and Chief Financial Officer)

Type of decision

Key.(Test ii applies)

Purpose of report

To seek approval to enter into a formal arrangement for the transfer of the Department of Health Extra Care Housing Grant from Hartlepool Borough Council to the Three Rivers Housing Association (TRHA) to satisfy the Department of Health's (DH) Extra Care Housing Fund requirements.

Issue(s) for consideration by Cabinet

The Director of Adult and Community Services and Chief Financial Officer submitted a joint report outlining Hartlepool's success in securing extra care housing funding of £308,000 towards the development of shared ownership apartments, in partnership with the Tree Rivers Housing Association. With payment of the grant dependent upon the submission of a signed agreement between the Council and TRHA, demonstrating the appropriate use of the grant, considerable work was being undertaken with TRHA.

Details of the work undertaken so far, including the establishment of a Steering Group and public consultations, were outlined in the report with particular attention drawn to the formulation of a bilateral funding agreement by the Council to meet the requirements of the Department of Health. Within this agreement each party was to be under an obligation to provide an exemplar extra care scheme with affordable shared ownership properties. The Council would also have nomination rights to 100% of the initial sales of the housing and continued nomination rights to 75% of re-sales, with a capital contribution from the Council of £308,000. This figure would, however, be met fully by the DH grant, with the remaining capital to be raised by the TRHA.

Following consideration of the report Members expressed their support for the scheme and the proposed agreement.

Decision

That approval be give to enter into a formal agreement for the transfer of Department of Health Extra Care Housing Grant from Hartlepool Borough Council to the Three Rivers Housing Association.

156. Social Services Performance Rating (Acting *Director of Adult and Community Services*)**Type of decision**

Non key.

Purpose of report

To present the 2004/5 Performance Rating for Social Services.

Issue(s) for consideration by Cabinet

The Acting Director of Adult and Community Services submitted a report outlining the work undertaken by the Commission for Social Care Inspection in monitoring of social services in 2004/5 using performance indicators, reports from inspectors and detailed questionnaires. The National judgements and rates were only recently published and a 2 star rating given to Hartlepool's services for Children and Adults. A more detailed summary of the judgement was outlined in the report.

Cabinet Members expressed their pleasure at the achievement of the 2 star rating and were advised that this success was to be fed into the Councils CPA inspection score, with an improved plan to be based on the inspector's findings. The results of this were to be reported to the Adult and Public Health Services Portfolio Holder in due course.

Decision

The report was noted.

157. Local Public Service Agreement (LPSA) Round 1 – Final Report. (Assistant Chief Executive)**Type of decision**

Non key.

Purpose of report

To inform Cabinet of performance against the 12 LPSA 1 targets and the amount of Performance Reward Grant (PRG) that could be claimed from Central Government.

Issue(s) for consideration by Cabinet

The Assistance Chief Executive reported that the LPSA, negotiated with several central government departments and signed early in 2003, comprised of a mixture of national and local improvement targets most of which were achieved by October 2005.

In relation to LPSA targets the maximum performance reward grant (PRG) payable was £2.56m, based on performance of 24 indicators over 12 target areas, with each target attracting up to £0.213m PRG. Of this the Council was eligible to claim £1.833 of PRG, with £1.407m to be retained by the Council and £ 0.426 to be passported to the Police and Fire Brigade for investment in activities to benefit Hartlepool. Details of each of the 12 targets, of which 7 were achieved, 2 missed and 3 partially met, were outlined in the report and Members advised that the targets not met were those already identified as high risk and as being out of the Councils control. It was also highlighted that the level of achievement was broadly in line with other Local Authorities.

Members emphasised that the securing of £1.8m of reward grant was a significant achievement and suggested that this success should be celebrated.

Decision

The report was noted

J A BROWN

CHIEF SOLICITOR

PUBLICATION DATE: 16 December 2005

CABINET REPORT

19th December, 2005



Report of: Corporate Management Team

Subject: DRAFT BUDGET AND POLICY FRAMEWORK
PROPOSALS 2006/2007 TO 2007/2008

SUMMARY

1. PURPOSE OF REPORT

- 1.1 To advise Cabinet Members of the arrangements to be followed in relation to finalising the Budget and Policy Framework proposals which Members wish to put forward for formal scrutiny.

2. SUMMARY OF CONTENTS

- 2.1 Details of the 2006/2007 Provisional Grant Settlement were released by the Government at around 5 p.m. on Monday, 5th December, 2005. As expected these details are extremely complex and need careful consideration to assess the impact on the Council. Therefore, it has not been possible to produce a detailed report within the normal reporting timetable. Work is ongoing to complete this report, which will then be issued early in the week commencing 12th December, 2005. Cabinet has previously approved this arrangement.

3. RELEVANCE TO CABINET

- 3.1 The detailed report, which will follow, will enable Cabinet to finalise the Budget and Policy Framework proposals it wishes to put forward for formal scrutiny.

4. TYPE OF DECISION

- 4.1 Non Key.

5. DECISION MAKING ROUTE

- 5.1 Cabinet, Scrutiny Co-ordinating Committee and Council.

6. DECISION(S) REQUIRED

- 6.1 Cabinet will be required to determine its proposals.

CABINET REPORT

19th December, 2005



Report of: Corporate Management Team

Subject: BUDGET AND POLICY FRAMEWORK INITIAL
CONSULTATION PROPOSALS 2006/07 TO 2007/08

1. PURPOSE OF REPORT

- 1.1 To enable Cabinet to finalise the Budget and Policy Framework proposals it wishes to put forward for formal scrutiny.
The report covers:

- Outturn Strategy 2005/06
- Capital Budget 2006/07 to 2007/08
- General Fund Budget Requirement and Council Tax 2006/07 to 2007/08

2. SUMMARY OF CONTENTS

- 2.1 This report brings together the various reports considered by Members over the past few months in relation to the development of the budget strategy for the period 2006/2007 to 2007/2008.
- 2.2 In relation to the 2005/06 outturn strategy it is suggested that the underspend on corporate budgets be allocated to meet one off costs. The main item relates to unfunded Equal Pay costs, details of which have previously been reported.
- 2.3 With regard to the capital position for 2006/07 to 2007/08 the report suggests that Cabinet continue the existing policy of passporting service specification supported borrowing allocations. The report also outlines proposals in relation to a number of specific local issues.
- 2.4 With regard to the General Fund the report advises Members of the impact on the grant settlement on the previous forecasts. Whilst, the grant allocation is greater than previously forecast the Council still faces a gross budget deficit of £6.804M. This can be reduced to £4.139M, by implementing a series of corporate measures as detailed in the following table.

	<u>£'000</u>
Gross Budget Gap	6,804
<u>Less</u> - Permanent Corporate Budget Savings	(1,020)
- Temporary Corporate Budget Savings	(1,645)
Net Budget Gap	<u>4,139</u>

2.5 The net gap needs to be bridged from a combination of service cuts and increased Council Tax. The report outlines options for Members consideration.

2.6 The report also informs Members that they also need to set an indicative Council Tax increase for 2007/08. This requirement arises from the Government's introduction of multi-year grant settlements. The report sets out a range of options for 2007/08 for Members consideration. In practice Members need to look at both years together to produce a sustainable budget strategy.

3. RELEVANCE TO CABINET

The report enables Cabinet to finalise the initial Budget and Policy framework proposals it wishes to put forward for scrutiny.

4. TYPE OF DECISION

Key

5. DECISION MAKING ROUTE

Cabinet, Scrutiny Co-ordinating Committee, Council.

6. DECISION(S) REQUIRED

Cabinet is required to determine its proposals.

Report of: Corporate Management Team

Subject: DRAFT BUDGET AND POLICY FRAMEWORK
PROPOSALS 2006/2007 TO 2007/2008

1. PURPOSE OF REPORT

- 1.1 To enable Cabinet to finalise the Budget and Policy Framework proposals it wishes to put forward for formal scrutiny.

2. BACKGROUND

- 2.1 A detailed report was submitted to Cabinet on 10th October, 2005 to advise Members of the key issues affecting the development of the budget strategy. The main issues include:

- the determination of an Outturn Strategy for 2005/2006;
- the development of the Capital Strategy;
- changes proposed by the Government to the Grant Distribution Formula;
- constraint of public expenditure and Council Tax; and
- local budget issues.

- 2.2 The previous report advised Members that the financial outlook for 2006/2007 is significantly more volatile than in previous years. This predominately reflects the Government's intention to introduce major reform of the Local Government Grant System. Against this background it was not possible to accurately forecast the level of Government Grant for 2006/2007. Although information available at that time strongly suggested that the position would be less favourable than previously forecast. Therefore, a range of forecasts was produced, which indicated a potential 2006/2007 budget gap in the range of £5m to £8m. These forecasts were based on a Council Tax increase of 6%. The actual deficit will depend on the Council Tax increase that Cabinet determines they wish to implement and the level of Government Grant.

- 2.3 Against the above background Cabinet determined to note the budget pressures and priorities. Members also determined to defer prioritising these items until details of the actual grant settlement for 2006/2007 was known and the impact of cuts of 5%, 7% and 9% had been investigated. This strategy will enable Cabinet to develop an holistic approach to the development of the 2006/2007 budget, which reflects Members policy aims.

2.4 This report now enables Cabinet to determine the detailed Budget and Policy Framework proposals it wishes to put forward for formal scrutiny. This will be achieved by pulling together the various issues considered by Cabinet over the past few months, including the impact of the 2006/2007 Local Government Finance Settlement.

2.5 The report considers the following areas:

- Scrutiny Feedback on Initial Budget and Policy Framework;
- Outturn Strategy 2005/2006;
- Capital;
- General Fund and Council Tax

3. SCRUTINY FEEDBACK ON INITIAL BUDGET AND POLICY FRAMEWORK

3.1 Members have recently considered Scrutiny Co-ordinating Committee's report on the review of the Authority's Financial Reserves. Cabinet approved the recommendations detailed in this report including the proposal to return £2.197m of specific reserves to the Authority's General Fund Reserve. Whilst Scrutiny did not consider the usage for such funds, proposals for using this amount to partly fund unbudgeted Equal Pay costs are detailed later in this report.

3.2 Scrutiny Co-ordinating Committee has considered the detailed Cabinet Report of 10th October, 2005 and received detailed presentations from Directors on service pressures and priorities. At this stage Scrutiny Co-ordinating Committee has determined to defer making detailed comments on the budget proposals until after the 2006/2007 Grant Settlement is issued by the Government and Cabinet has produced an overall budget package, including proposed savings.

3.3 They did, however, comment that they would wish Cabinet to protect the Community Pool budget.

4. OUTTURN STRATEGY 2005/2006

4.1 The initial 2006/2007 budget report identified the optimistic and pessimistic factors affecting the current year's budget. Further details were reported in the second quarters budget monitoring report.

4.2 These reports indicated there will be a favourable variance on corporate budgets, which mainly arises from reduced centralised estimate costs in 2005/2006. This position largely reflects the interest income earned on the Council's reserves and cash flows. The Council will also receive a one-off backdated population grant adjustment in the current year in relation to the 2003/2004 financial year.

- 4.3 On the downside the Council also faces a number of additional unbudgeted costs in 2006/2007. It is therefore suggested that these amounts be funded from the one-off resources available in 2006/2007, as follows:

**Available
Resources/
(Commitment)
£'000**

Available Resources

Underspend on Corporate Budget	714
2003/2004 Backdated Population Grant	<u>334</u>
	1,048

Commitments

2005/2006 Unavoidable Commitments

- | | |
|---|---------|
| • Contribution towards cost of greater integration between HBC and PCT (e.g. Director of Public Health) | (40) |
| • Bulky Waste Service | (20) |
| • Contribution towards Phase 2 Equal Pay Costs | (787) * |

Invest to Save Proposals

Young People's Service	(30)
Access to Learning (A2L)	(81)
Broadband Implementation	<u>(90)</u>
	<u>0</u>

* This contribution will partly meet the unfunded costs of the Phase 2 Equal Pay agreement. Further details on the strategy for funding the remaining costs are detailed in paragraph 13.4.

5. CAPITAL

- 5.1 In accordance with the Government's Single Capital Pot initiative individual authorities can determine how they use the total resources allocated to them through the Single Capital Pot. In previous years the Council has determined to ring fence these allocations to individual services in line with the allocations included in the Single Capital Pot. This strategy ensures the Council is able to achieve the outputs specified in the service plans submitted to secure funding. It also ensures capital investment is aligned with the Council's own priorities and objectives. It is suggested that Members need to reaffirm their commitment to this strategy. As detailed allocations

have not yet been issued by the Government details of the forecast allocations as shown below.

	<u>Forecast Allocations</u>			
	<u>2006/2007</u>		<u>2007/2008</u>	
	<u>Grant</u>	<u>Supported</u>	<u>Grant</u>	<u>Supported</u>
	<u>£'000</u>	<u>Borrowing</u> <u>£'000</u>	<u>£'000</u>	<u>Borrowing</u> <u>£'000</u>
Housing Investment Programme		2,219		2,219
Local Transport Plan		2,400		2,400
Children's Services	2,215	426	2,298	430
Adult Social Services		44		44

- 5.2 Members also need to re-affirm their commitment to use Unsupported Prudential Borrowing to continue the following initiative:

	<u>Proposed Budget Allocation</u>	
	<u>2006/2007</u>	<u>2007/2008</u>
	<u>£'000</u>	<u>£'000</u>
Community Safety Programme	150	150
Disabled Access Adaptation	50	50
Neighbourhood Forum Minor Works Allocations	156	156

- 5.3 The initial budget report also identified a requirement to undertake repairs to the Headland War Memorial. It is estimated that these works will cost £40,000 and it is appropriate to treat these costs as capital expenditure, rather than fund as a revenue pressure. Members need to consider if they wish to fund these works.
- 5.4 For planning purposes it is assumed that Members will approve the proposals outlined in paragraphs 5.1 to 5.3. Therefore, the revenue budget forecasts include provision to meet the annual repayment costs of using Prudential Borrowing.
- 5.5 In addition to the above issues Members need to develop a strategy for replacing the cremators. A detailed report has recently been submitted to the Adult and Public Health Services Portfolio Holder outlining the implications of Environmental Protection Act 1990. To comply with these requirements the Council will need to replace the existing cremators by 2012. It is estimated this work will cost £0.75m (at 2005/2006 prices). These costs will need to be funded from Prudential Borrowing and Members need to determine how the resulting loan repayment cost should be funded. There are three options:

- **Option 1 - Increase Crematoria and Cemetery Fees in the Year the Works are Completed**

This option will require a one off increase in fees of 15%.

- **Option 2 – Increase Crematoria and Cemetery Fees on a Phased Basis Commencing 2006/2007**

This option will require annual fee increase of 2.3%, in addition to the normal inflationary increase, commencing 2006/2007. Assuming the works are completed in 2010/2011 the additional fee income earned over the five years 2006/2007 to 2010/2011 will be earmarked to offset the capital cost of replacing the cremators. The remaining investment will be funded from Prudential Borrowing. The resulting repayment costs will be funded from the available fee income.

- **Option 3 – Meet Loan Repayment Costs from Overall Budget**

This option will require a specific budget savings of £71,000 (at 2005/2006 prices) to be identified in 2010/2011.

- 5.6 In view of the overall long term financial outlook and the need to protect core services it is suggested that Option 2 maximises the Council's long term financial flexibility.

6. GENERAL FUND AND COUNCIL TAX

- 6.1 This section covers the following areas:

- Background;
- Policy Drivers;
- Provisional 2006/2007 Local Government Finance Settlement;
- Local Budget Issues 2006/2007;
- Revised Budget Requirement and Budget Gap 2006/2007;
- Strategy for Bridging Budget Gap;
- Robustness of Budget Forecast, Risk Assessment and Reserve;
- Budget Timetable and Consultation Arrangements;
- 2007/2008 Budget and Council Tax Forecasts.

7. BACKGROUND

- 7.1 In previous years the Council has prepared rolling three year budget forecasts. These forecasts have been prepared against an uncertain financial position as the Government previously only issued funding allocations to individual authorities on an annual basis.

- 7.2 From 2006/2007 the Government will issue three-year grant settlements. Although the first three-year settlement will only cover two years starting 2006/2007, because of the timing of the Government's own three-year planning cycle. This change is welcomed, as it will provide a firmer foundation for planning services in future years.

8. POLICY DRIVERS

- 8.1 The development of the Budget and Policy Framework reflects various national and local service priorities and is underpinned by a range of service specific and corporate policy drivers. These issues are detailed in various strategy documents, which the Council prepares, which set out the Council's key objectives. These documents include:

- the Best Value Performance Plan;
- the Efficiency Strategy;
- the IT Strategy;
- departmental service plans.

- 8.2 The Budget and Policy Framework details the financial implications of these various strategies and enables Members to prioritise services within the constraints of the Council's available resources.

- 8.3 The Efficiency and IT Strategies will have a key impact on the development of the budget over the next few years. These strategies specify how the Council will achieve the Gershon Efficiency targets set by the Government. On a practical basis the IT Strategy requires significant up front investment, which is being funded from The Way Forward. The efficiency saving from this investment will begin to flow through towards the end of 2006/2007 and the full year effects will be reflected in the 2007/2008 budget.

- 8.4 The Efficiency Strategy will detail how the Council will achieve the annual efficiency targets of £2.184m, which equates to an efficiency target of 2.5%. At least half of these savings must be cashable. These cashable savings can either be reinvested in front line services or used to reduce the overall budget and/or Council Tax level. In view of the Council's overall financial position it is suggested that cashable efficiency savings be earmarked to reduce the budget gap. Further details of how this will be achieved are set out later in the report.

- 8.5 Another key policy driver is the Council's strategy for uplifting base budgets to reflect the impact of inflation and other cost pressures. In previous years all areas, excluding the former Education and Social Services budgets, were uplifted by 3%. The resource allocations for Education and Social Services were uplifted to reflect the local Formula Spending Share (FSS) increase. However, this does not

adequately link policy aims and budget allocations. In addition, increasing local top ups have been required to meet specific cost pressures in these areas, particularly in relation to Social Services. Therefore, it is suggested that the initial budget allocations for all areas be calculated by applying a 3% inflation uplift, with additional top ups for specific policy driven expenditure priorities.

- 8.6 The forecasts included in the remainder of this report assume that Members will approve this proposal.
- 8.7 This proposal also reflects public feedback during last years budget consultation process which indicated that the majority of people consulted believed that the overall balance of the budget is “about right”.
- 8.8 The strategy will also enable the Council to substantially achieve its objectives of protecting services to the most vulnerable in 2006/2007. This cannot be guaranteed for 2007/2008. Therefore Members may wish to begin consultation on eligibility criteria during 2006/2007 to allow adequate lead in time for any changes that Members determine to make.
- 8.9 Clearly it is unlikely that this balance can be maintained in the current financial climate and Cabinet will need to determine those areas where it wishes to minimise service cuts. This issue is considered in more detail later in the report.

9. PROVISIONAL 2006/2007 LOCAL GOVERNMENT FINANCE SETTLEMENT

- 9.1 Details of the above began to be released by the Government on 5th December, 2005 and were not fully available in detail at the time of preparing this report. The key factors of the national settlement and local position are set out in the following paragraphs.

- **New Funding System**

Following detailed consultation over the summer the Government have determined to implement a new funding system for Local Government. The Government's reasons for this change were set out in a statement by the Local Government Minister to Parliament on 5th December, 2005, as follows:

Extract from Statement to Parliament – Grant Distribution System

“It is also high time we overhauled the system we use to distribute the formula grant. For over twenty years successive Governments have used a system based on notional figures for spending and local taxation. In the 1990s, the Government

described the old Standard Spending Assessments as “intended to represent the amount which it would be appropriate for the receiving Authority to calculate as its budget requirement”.

But we no longer take that view. The formula is simply a means of distributing Government Grant. Notional spending and taxation figures are nonetheless still being misunderstood and misused for a variety of purposes, such as spending or tax targets, for which they were neither intended nor suitable.

Such notional figures get in the way of sensible budget setting – because Councils treat them as targets or going rates – and they get in the way of a more mature relationship with Local Government on doing business together. What I am proposing is a system that deals in an honest currency – cash grant – not fanciful assumptions about spending.

I accept that most responses to consultation were against our consultation proposal along these lines. However, the arguments supporting this position were not strong. Many stated that the new system would be more complex or use more judgement than the existing system; neither is the case.

The new system will retain the strengths of the old. It will continue to take account of the relative needs of an area and the relative ability of Councils’ areas to raise Council Tax. There will be an element of grant that is distributed on a per head basis; and there will be a grant floor”.

BUT the dampening mechanism jeopardises this and certainly penalises Hartlepool – whilst dampening can be understood and agreed to in the short-term to give authorities time to adjust, it is wholly unacceptable where this increases over time, further penalising Hartlepool to the betterment of other Councils in more affluent areas.

The new grant distribution system has been referred to as the “four block” model because it is built upon four elements:

i) **Relative Needs Block**

This block is based on formulae, the Relative Needs Formulae (RNFs) which are similar in structure to the previous formula spending shares. The RNFs are designed to reflect the relative needs of individual authorities in providing service. They are not intended to measure the actual amount needed by an individual Authority to provide service.

The formula for each specific service is built on a basic amount per client; plus additional top ups to reflect local circumstances. The biggest top ups are provided for deprivation and area costs.

Individual authorities RNFs are expressed as a ratio of the total RNF, rather than as a monetary value as used under the old system.

This block allocates 60% of the available national resources.

ii) **Relative Resource Amount**

This block is a negative figure and it takes account of an individual Authority's ability to raise income locally from Council Tax. The block recognises the difference in the amount of local income, which individual Councils have the potential to raise. This is done by looking at authorities Council Tax base.

For authorities with a low tax base, such as Hartlepool, this adjustment is lower than for areas with a high tax base.

iii) **Central Allocation**

After taking account of the detailed needs and relative resources of local authorities, there is still an amount of money left in the overall grant pot. This amount is allocated on a per head basis.

iv) **Floor Damping Block**

The Government provides protection to individual authorities from detrimental grant changes by guaranteeing minimum grant increases, known as "floor" increases. The "floor" increases are funded by top slicing the grant allocated to all authorities above the floor. This mechanism is the same as the previous grant distribution system. However, one benefit of the new system is that they now become clear and explicit.

• **Total Support for Council Services**

Previous announcements by the Government indicated that the grant settlements for the next two years would be extremely tight. Total grant was anticipated to increase by 1.5% in 2006/2007 and 3.3% in 2007/2008. The Local Government Association and individual authorities had argued that this was insufficient to meet the significant pressures from rising costs of legislative and policy demands and demographic trends. Therefore, without additional funding it was argued that significant Council Tax increases and/or service rules would be required.

The Government have listened to these concerns as the actual settlement is better than previously forecast. The settlement provides an additional £305 million in 2006/2007 and £508 million in 2007/2008 to help keep Council Tax down. This equates to a grant increases of 3% in 2006/2007 and 3.8% in 2007/2008. The following table summarises the average increase in different areas: -

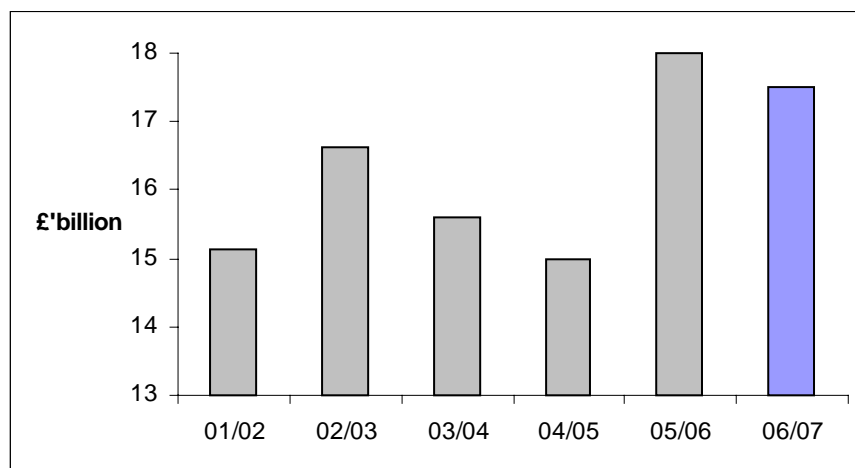
<u>Government Office Region</u>	<u>2006/2007</u>	<u>2007/2008</u>
South West	3.3%	4.2%
South East	3.1%	3.4%
London	2.7%	3.5%
Eastern	3.5%	4.1%
East Midlands	3.6%	4.5%
West Midlands	3.0%	4.0%
Yorkshire & Humber	2.8%	3.6%
North East	2.7%	3.5%
North West	2.9%	3.8%

The Government have calculated the above increase by restating the 2005/2006 base figures to provide a “like for like” comparison. These changes take account of the following issues:

- specific grants which have been mainstreamed;
- the introduction of the Dedicated Schools Grant; and
- the implementation of a new grant distribution system.

These changes mask the underlining benefits of new grant system for Hartlepool, as detailed in the following section.

The overall grant settlement includes Redistributed Business Rates of £17.5 billion, this amount will be maintained in 2007/08 and the additional support in this year will be provided through an increase in Revenue Support Grant. This compares to the £18 billion, which was provided in 2005/2006 to keep Council Tax levels down. Trends over the last 6 years are summarised below:



- **Impact of New Funding System on HBC and Actual 2006/2007 Grant Allocation**

At the time of preparing the report detailed information supporting the Council's new formula allocation had not been released by the Government. These details will be reported verbally at your meeting if they have been released at that time.

As indicated earlier the Government has calculated the grant increase for 2006/2007 against the restated base for 2005/2006. On this basis the Council will receive a grant increase of 2.6%, which is within the 2% to 3% range previously forecast. In addition, the 2006/2007 grant allocation also includes the impact of the other changes to the system detailed earlier. After reflecting all of these issues the Council's 2006/2007 grant allocation is £41.816m, compared to a pessimistic forecast of £37.575m.

As the actual cash allocation is better than forecast the Council will face a less difficult financial position – although very difficult decisions will still need to be made. It should also be noted that the actual grant allocation also includes £0.527m in respect of specific grants, which have now been mainstreamed. These resources and the corresponding expenditure commitment were not previously reflected in the budget forecasts as the amounts were unknown, but are a budget neutral. These amounts are now reflected in the budget forecasts.

- **Dedicated Schools Grants (DSG)**

As indicated in the Government's Consultation Paper the DSG has been established by transferring resources from the Revenue Support Grant. At a national level the DSG has been set at £26.661billion (£28.198 billion 2007/08). This includes £150m of the additional local funding which local authorities collectively spent in 2005/06 on Education above the level of the former Education FSS provided by the Government.

- **Backdated Population Grant Adjustment 2004/2005 and 2005/2006**

The settlement confirms that the Council will receive a total of £0.645m in respect of the above adjustment.

- **Concessionary Fares**

At a national level the Government have, as previously announced by the Chancellor, provided £350 million towards the

cost of introducing a free concessionary fare scheme. As anticipated it is not possible to determine how much has been allocated to individual authorities.

- **LABGI Scheme (Local Authority Business Growth Incentives)**

Under this scheme local authorities retain a proportion of increased business rates generated locally. The amount the Council will retain is uncertain, as is the date when this amount will be announced by the ODPM. It is therefore suggested that this income be earmarked to support the 2007/08 budget, as the 2006/07 budget proposal is already supported by a significant amount of temporary funding.

- **Introduction of Three-Year Grant Settlement**

As previously reported the Government has now announced the first multi-year grant settlement for Councils. This first settlement will only cover two years; 2006/2007 and 2007/2008, thereafter settlements will cover 3-years.

For 2007/2008 the Council will receive a grant allocation of £43.181m, an increase on 2006/2007 of 3.3%.

- **Council Tax Capping**

The Government has not issued detailed capping criteria. However, in the statement to Parliament the Local Government Minister stated –

“We have provided a stable and predictable funding basis for local service. We expect Local Government to respond positively as far as Council Tax is concerned. Therefore, we expect to see average Council Tax increases in each of the next two years of less than 5%. There is, following today’s announcement, no excuse for excessive increases.

Local Government should be under no illusion, if there are excessive increases, we will take capping action – as we have done over the last two years”.

9.2 Members have the opportunity to respond to the provisional grant settlement, either by writing to the Local Government Minister or by requesting a meeting with Ministers. The initial analysis of the provisional settlement indicates that there a number of key areas where the Council needs to make representation:

- i) **General Comments**

To acknowledge and thank the Minister in securing additional national funding for local authorities and for implementing multi-

year grant settlements. Both of these actions will provide a more stable foundation for building future budgets.

ii) **Grant Floor Damping Arrangements – Suggested Response**

The Council acknowledges that it is necessary to have grant floors to protect individual authorities having to address detrimental grant changes in a single year. However, the Authority believes that additional national funding should be provided to meet the cost of the grant floor. The Council also believes that the funding should be provided for a fixed period and should be withdrawn on a phased basis. The Council is extremely concerned that the reduction in its grant to help pay for the floors increases from £1.587m in 2006/2007 to £1.891m in 2007/2008. In both of these years the Council is having to make additional cuts in services to pay for the grant floors. This position contradicts the Government's own assessment of the Council's relative needs as determined by the new grant system.

ii) **Council Tax Capping – Suggested Response**

The proposed "capping criteria" are crude as they simply take account of the increase on the previous year's Council Tax level. These arrangements penalise authorities, such as Hartlepool, which have a long track record of low increases. Over the period 1998/1999 to 2005/2006 Hartlepool's cumulative Council Tax increase was 33%, compared to a national average increase of 62%. The Authority believes that this position needs to be reflected in any capping decisions, particularly give the impact of funding the grant floors.

It would also be appropriate to suggest that the Government should consider using their capping powers over the period covered by the multi-year settlement. This would provide authorities with greater financial flexibility to assist authorities manage services and Council Tax levels. Such an arrangement would enable Council's to implement phased Council Tax increases, which reflect local circumstances, provided the aggregate increase was not excessive. For example a high increase in year one followed a lower increase in year two, or vice versa.

iii) **Local action to manage budget pressures on Older people services**

The Minister should be made aware of the action taken by the Council to manage the budget pressures in this area from demographic changes and rising service standards/aspirations.

These changes achieve savings, which have been reinvested to partly fund demographic cost pressures.

iv) **Population figures used in grant distribution formula**

Initial analysis of the population figures indicates that the figures supplied by the ONS forecast a small fall in Hartlepool and the Tees Valleys population over the next two years. If these trends are used in future settlements this will lead to a reduction in Government funding. Other local information and the 2001 census indicate that these trends are not robust. Therefore, further work is needed and these concerns may need to be brought to the Ministers attention.

v) **Equal Pay – Capitalisation Approvals**

This issue is not covered by the settlement announcement. Nevertheless, as indicated later in the report this is a significant financial issue for the Council. Therefore, it is suggested this issue be brought to the Minister to seek his assistance with two specific areas. Firstly, to consider sympathetically applications from authorities to capitalise these costs, including the use of Prudential Borrowing to fund this expenditure. This proposal will help authorities manage these costs and minimise the adverse impact on services. Secondly, to ask the Treasury to return any “windfall” tax and National Insurance payments arising from the settlement of equal pay costs to local authorities. These amounts should then be earmarked specifically to fund Equal pay costs incurred by authorities.

10. LOCAL BUDGET ISSUES 2006/2007

10.1 The report to Cabinet on 10th October, 2006, provided an initial assessment of the new budget issues facing the Council for 2006/2007. These issues fall into two broad categories:

- **Budget Pressures**

These items represent budget pressures in relation to the continued provision of existing services. In many cases these pressures cannot be avoided. In other cases the pressure can only be avoided by reducing the current level of service, which in some areas would not be without risk.

- **Budget Priorities**

These items are similar to budget pressures, but relate to areas where the Council has a greater choice. However, in some instances these priorities are closely aligned to the continuation of

existing services and/or the achievement of the Council's overall aims.

- **Summary Budget Pressures and Priorities**

Details of the initial budget pressure and priorities previously reported to Cabinet are as follows:

	Optimistic £'000	Pessimistic £'000
Budget Pressures	3,127	3,727
Budget Priorities	<u>1,361</u>	<u>1,466</u>
	<u>4,488</u>	<u>5,193</u>

10.2 Over the last few weeks Cabinet has completed a detailed review of the budget pressures and priorities. On the basis of this review Cabinet has determined which budget pressures and priorities it wishes to include in the 2006/2007 budget proposals. This package reflects the Council's overall policy aims and in particular provides significant additional resources for services, which protect vulnerable people, both children and older people. Additional resources are also provided to offset a reduction in Economic Development grants received by the Council. Again these resources are targeted at helping vulnerable people of working age back into work or further training to help them gain employment.

10.3 The pressures also now include a commitment of £0.527m to cover specific grants, which have been mainstreamed. This change is budget neutral as there has been a corresponding increase in the 2006/2007 grant allocation. A provision has also been included in the pressures for potential additional equal pay costs. The inclusion of this amount increases the overall budget requirement.

10.4 Details of the pressures and priorities, which it is suggested need to be funded, are summarised below:

	<u>£'000</u>
Pressures	4,634
Priorities	606
Terminated Grants	240

10.5 Further details of these items together with the pressures and priorities which it is suggested are not funded, are summarised at Appendix A, as follows:

- Schedule 1 – Summary of Budget Pressures which it is suggested be funded.
- Schedule 2 – Summary of Budget Priorities which it is suggested be funded.
- Schedule 3 – Summary of Budget Pressures which it is

suggested are not funded.

- Schedule 4 – Summary of Budget Priorities which it is suggested are not funded.

11. REVISED BUDGET REQUIREMENT AND BUDGET GAP 2006/2007

- 11.1 After reflecting the actual grant settlement and local budget pressures and priorities the gross budget gap, before increasing Council Tax and/or reducing services is £6.804m, as detailed in Appendix B.

12. STRATEGY FOR BRIDGING BUDGET GAP

- 12.1 Cabinet has considered the options for bridging this gap and determined to bridge it through a combination of:

- efficiency savings and/or service cuts;
- the use of temporary resources; and
- increased Council Tax.

- 12.2 The initial 2006/2007 budget forecasts have been revised and a number of permanent corporate budget savings totalling £1.02m have been identified, as follows:

£'000

Designated Authority Costs

200

This budget covers the Council's share of Designated Authority costs related to commitments inherited from the former County Council. Following the disaggregation of the former County Council debt portfolio an ongoing saving of £0.2m can be made on this budget.

Use of Stock Transfer Reserves

200

As part of the 2004/2005 outturn strategy £0.6m was set aside to meet diseconomies of scale arising from the loss of the Housing Revenue Account. This reserve will be used over the next three years pending the phased implementation of sustainable savings in the areas affected by the loss of the Housing Revenue Account.

Supporting People

320

It was previously anticipated that changes to the Supporting People grant regime would have an adverse impact on the grant received by the Council. Therefore, a provision of £0.4m was included in the base budget for this commitment. The latest announcement by the

Government indicates that this provision can be reduced significantly.

Procurement Savings Target 300

It is suggested that a procurement savings target be set for cost reductions, which can be achieved from a review of large scale purchasing arrangements.

1,020

- 12.3 The review of the initial 2006/2007 budget forecasts has also identified a number of temporary corporate budget savings, totalling £1.645m, which can be made in 2006/2007. These items will help the Council manage the budget pressures over more than one year. However, these items are not sustainable and permanent replacement savings will need to be identified as part of 2007/2008 budget process. Further comments on the impact of this proposal in 2007/2008 are detailed later in the report. The proposed temporary corporate savings relate to the following items: -

£'000

Backdated Population Grant 645

As previously reported it was anticipated that the Council would receive backdated population grant for 2004/2005 and 2005/2006. This amount was uncertain and was therefore not committed. The Government has recently released details of the amount payable to the Council. Therefore, it is suggested that this amount be earmarked to support the 2006/2007 budget.

Centralised Estimates 250

It is anticipated that additional investment income will be earned on the Council's reserves and balances during 2006/2007. This income is not sustainable as reserves and balances will be reduced as they are used to fund specific commitments, including support for the revenue budget.

Insurance Credit 150

It has previously been reported that the Insurance Fund has sufficient resources to meet known liability. Further contributions may be required in the medium term if existing trends continue. However, in the short-term temporary savings can be achieved by not crediting investment income on the value of the fund.

Prudential Borrowing Mill House 300

This budget provision will support a capital contribution of £3m towards the replacement of the Mill House. The development of the proposed H2O Centre will cost significantly more than this amount. Therefore, additional funding will need to be secured if this development is to proceed. This funding will not be secured in the short-term. Therefore, the Council will not need this budget provision in 2006/2007.

Employees Pension Contributions 150

Increase in the employers pension contributions have been phased over a longer period than previously anticipated.

Administration Subsidy Income 150

Transitional grant funding to meet the additional administration costs in relation of rent allowances paid to Housing Hartlepool tenants.

1,645

- 12.4 After reflecting the above issues the revised budget gap is £4.139m, as summarised below:

£'000

Gross Budget Gap 6,804

Less - Permanent Corporate Budget Savings (1,020)
- Temporary Corporate Budget Savings (1,645)

Net Budget Gap 4,139

- 12.5 The net budget gap will need to be bridged from either:

- an increase in Council Tax of 13%;
- cuts in services of 6.6%; or
- a combination of an increase in Council Tax and cuts in services.

- 12.6 On a practical basis the most appropriate option is the combination of an increase in Council Tax and cuts in services. The “mix” of these factors needs to take account of the Government’s comments in relation to Council Tax capping and maximise the Council’s resource base in 2006/2007 and future years. These factors indicate that the Council Tax increase should be maximised within the constraints of the expected “capping limit”.

- 12.7 As previously indicated this strategy protects the Council's resource base in the Medium Term. The protection would not be achieved by having a low Council Tax increase, followed by a higher increase in the following, as the year two increase would be capped. This strategy would therefore exacerbate the budget deficit in year two and would require further cuts to replace the ongoing reduction in the Council Tax base.
- 12.8 In view of the above comments three options have been identified for Members consideration as detailed in the table below. These options also consider the impact of the proposals in 2007/2008, based on the 2007/2008 forecast budget position detailed later in the report.

	Spending cuts		Aggregate reduction in base budget £'000
	2006/07 £'000	2007/08 £'000	
Option 1 - Council Tax increase 4.9% 2006/07 and 2007/08	3,089(4.9%)	2,644 (4.2%)	5,733 (9.2%)
Option 2 - Council Tax increase 4.9% 2006/07 and 2007/08	2,489 (4%)	3,244 (5.2%)	5,733 (9.2%)
Option 3 - Council Tax increase 3.5% 2006/07 and 2007/08	2,929 (4.7%)	3,720 (6%)	6,649 (10.7%)

Option 1 provides a Budget Support Fund of £0.6M to assist the 2007/08 budget position, this is not available under the other options.

The savings shown for 2007/08 are the gross requirement before deducting the 2007/08 efficiency savings of £1.1M.

- 12.9 Whichever option Members determine to refer for formal scrutiny they will also need to determine a detailed package of savings. Appendix C details proposals for achieving 5% savings from all budgets. Members need to determine which of these items they wish to propose are implemented alongside their proposed Council Tax increase.

13. ROBUSTNESS OF BUDGET FORECAST, RISK ASSESSMENT AND RESERVES

- 13.1 As indicated in previous years the Local Government Act 2003 introduced a statutory requirement on an Authority's Chief Financial Officer (CFO) to advise Members on the robustness of the budget forecasts and 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 practise is a situation that I would not expect to arise for this Authority.

- 13.2 At this stage it is not possible to confirm my final advice to the Council as Members need to make a number of key decisions, as set out elsewhere in this report, which could affect this advice. Although I would advise Members that the work undertaken to date in relation to the detailed budget preparation indicates that other than the significant concerns in relation to Equal Pay (paragraph 13.4) there are unlikely to be any areas of concern to bring to Members attention.
- 13.3 It is appropriate to remind Members that significant temporary resources will be used to support the revenue budget over the next two years. These resources are not sustainable and will need to be replaced with permanent savings in 2007/2008 and future years. Details of this temporary support are summarised below: -

	<u>2006/2007</u> <u>£'000</u>	<u>2007/2008</u> <u>£'000</u>
<u>Contribution from FBR Reserve</u> This reserve will provide total support for the revenue budget of £1m per year over the period 2005/2006 to 2007/2008.	1,000	1,000
<u>Contribution from Budget Support Fund</u> This reserve was established from the Council's share of former Council houses by Hartlepool Housing. The Council will receive total of £7m over a number of years. £4m of this amount has been committed to support the revenue budget over the period 2005/2006 to 2008/2009.	1,000	1,000
<u>Contribution from 2005/2006 Budget Support Fund</u> This amount was set aside last year to partly address the budget deficit in 2006/2007.	400	0
<u>Temporary Corporate Savings</u> As detailed in paragraphs 12.3.	1,645	0
Total Temporary Budget Support	<u>4,045</u>	<u>2,000</u>
Council Tax "Subsidy" from using temporary resources	13%	6%

- 13.4 The main financial risk facing the Council relates to the settlement of Equal Pay costs and the implementation of Single Status. There are two key issues: -

- One Off Costs

It has previously been reported that an agreement has been reached with the Unions and over 1,000 staff to make a further equal pay settlement for the three years 2003/2004 to 2005/2006. Funding for £0.787m of these costs has been set aside from an underspend on the current years corporate budget. The remaining costs of £0.9m will need to be funded from the Balance Sheet. It is suggested that these costs be a first call on the reserves identified by Scrutiny Co-ordinating Committee of £2.197m from their review of the Council's reserves.

The Council will also have to meet the cost of equal pay claims, which have not been settled as part of the above agreement. These cases are being pursued through the courts. It is anticipated that there is a low probability of defending these cases and the Council could face significant additional costs. A detailed report on this issue will be submitted to a future Cabinet meeting. This report will recommend that the Council seek a negotiated settlement for these claims. It is suggested that the uncommitted reserves identified by Scrutiny be earmarked to meet these potential costs. If this amount is insufficient the remaining amount will need to be funded from the Balance Sheet. Details of how this can be achieved will be reported to a future Cabinet meeting.

The settlement of these claims will also result in ongoing costs. A provision for this commitment has been made in the overall budget requirement for 2006/2007. It is not known if this amount will be adequate.

- Ongoing Costs

The Council is planning to implement Single Status from 1st April, 2007. At this stage the additional costs of this change cannot be accurately estimated until detailed Job Evaluations have been completed and a new pay structure approved. A provision of £0.5m has been made in the base budget to meet these costs. This provision may not cover the full additional costs of implementing Single Status.

- 13.5 A detailed report has also been submitted to Cabinet in relation to the risks associated with the implementation of the housing renewal schemes in North Central Hartlepool and the NDC area, particularly arising from the use of Compulsory Purchase Orders. As indicated in this report action has been taken to manage these risks and the position will continue to be monitored closely.

14. BUDGET TIMETABLE

- 14.1 As a result of the late announcement of the 2006/2007 grant allocation Cabinet has had much less time than in previous years to assess the impact of the actual settlement and to amend its strategy accordingly.
- 14.2 The Council now needs to make up this lost time if it is to set a budget within the statutory deadline and more importantly set a budget in sufficient time to enable the first Council Tax instalments to be collected on 1st April, 2006. To achieve this objective Members are requested to approve the following budget timetable:

Proposed Budget Timetable

Commencement of Budget Scrutiny	20/12/05
Completion of Budget Scrutiny (Arrangements have been made with the Chairman of the Scrutiny Co-ordinating Committee to achieve this objective).	27/01/06
Cabinet Finalise Budget and Hartlepool Council Tax Proposals	10/02/06
Council considers Cabinet Budget and Council Tax Proposals	16/02/06
Council approves overall Council Tax Level (including Fire and Police precepts)	23/02/06
Council Tax Bills produced (including determination of current benefit entitlements)	25/02/06
Completion of packaging and distribution of Council Tax Bills (achievement of this deadline enables first instalment to be collected on 1 st April, 2006).	17/03/06

15. 2007/2008 BUDGET AND COUNCIL TAX FORECAST

- 15.1 In previous years the Council prepared rolling three-year budgets. The forecast for years 2 and 3 were based on estimated Government Grant, which made the forecasts volatile. The Government has moved to multi-year settlements. The first of these covers 2006/2007 and 2007/2008.
- 15.2 As indicated early the Council will receive grant funding of £43.181m in 2007/2008, an increase of 33% on 2006/2007.

- 15.3 The introduction of multi-year settlements also requires councils to provide an indicative Council Tax for 2007/2008.
- 15.4 In view of the above changes it is suggested that the Council align its Medium Term Financial Strategy with the Government's planning period. This will mean that the current Medium Term Financial Strategy over 2006/2007 and 2007/2008.
- 15.5 Assuming Members approve this proposal the budget forecast has now been rolled forward to cover 2007/2008 as detailed in Appendix B. These forecasts include the following key issues:
- the continuation of 3% inflation updated for all;
 - a provision to meet the year 2 costs in relation to Social Services Care Home fees;
 - the withdrawal of 2006/2007 temporary savings.
- 15.6 The position for 2007/2008 will also be affected by the decisions taken in 2006/2007 in relation to the level of Council Tax and service cuts. The table detailed in paragraph 12.8 shows a range of saving's which will be required in 2007/08, based on various options for Council Tax and service cuts in 2006/07.
- 15.7 These forecasts indicate that savings of between £2.6M (4.2%) and £3.7M (6%) will be required in 2007/08. These forecasts include the loss of £1.645M of temporary budget savings used to support the 2006/07 budget. Part of the 2007/08 savings, some £1.1M, will come for the third year of the Council's efficiency strategy.

16. CONCLUSION

- 16.1 The actual grant allocation for 2006/2007 is better than forecast – but not sufficient to meet all cost pressures facing the Council. Therefore, difficult decisions will still need to be made to balance the budget in 2006/2007. The 2006/2007 position is also helped by the identification of a number of one-off benefits, although there will need to be replaced in 2007/2008 from sustainable savings.
- 16.2 In order to finalise the budget proposals to be referred for formal scrutiny Cabinet needs to determine its proposals in relation to the following issues:
- 16.3 **Outturn Strategy**
- 16.4 It is suggested that Cabinet approve the proposed outturn strategy detailed in paragraph 4.3.
- 16.5 **Capital**
- 16.6 Detailed capital allocations for 2006/2007 and 2007/2008 are not yet known. Therefore, it is suggested that Cabinet reaffirm their

commitment to passport these allocations when they are known, subject to the allocation being broadly in line with the forecast.

16.7 Members are also asked to:

- reaffirm their commitment to use unsupported Prudential Borrowing to support the schemes details in paragraph 5.2;
- determine how they wish to fund the Prudential Borrowing cost in relation to the replacement of the cremators detailed in paragraph 5.5.

16.8 **2006/2007 Revenue Budget and Council Tax**

16.9 Members need to determine their proposals in relation to the following issues:

- confirm their agreement to increase all resource allocations by 3%, with specific top-up for specific pressures and/or priorities;
- confirm that they wish to fund the pressures and priorities identified in Appendix A, schedules 1 and 2;
- confirm that they wish to fund the continuation of services funded from grants which have been terminated as identified in Appendix B note 3;
- confirm that they do not wish to fund the pressures and priorities identified in Appendix A, schedules 3 and 4;
- approve the use of corporate savings of £1.02m to reduce the budget gap, detailed in paragraph 12.2;
- approve the use of additional temporary corporate savings of £1.645m to reduce the 2006/2007 budget gap, detailed in paragraph 12.3;
- determine the level of Council Tax increases for 2006/2007 and resulting total saving required, detailed in paragraph 12.8;
- determine which of the detailed service cuts identified in Appendix C will be implemented to achieve the total sum required;
- approve the proposal to examine eligibility criteria to enable changes to be implemented from 1st April, 2007;
- approve the proposal to earmark LABGI income to support the 2007/08 budget;
- determine whether they wish to seek a meeting with Ministers to put forward the Council's views on the provisional settlement, or to make these comments in writing, as referred to in paragraph 9.2.

16.10 **2007/2008 Revenue Budget and Council Tax**

16.11 Members need to determine an indicative Council Tax increase for 2007/2008, detailed in paragraph 12.8.

17. RECOMMENDATIONS

- 17.1 It is recommended that Members note the report and determine their proposals in relation to the issues identified in paragraphs 16.2 to 16.10.

SCHEDULE 1 - SUMMARY OF 2006/07 BUDGET PRESSURES WHICH IT IS SUGGESTED BE FUNDED

	2006/07 £'000	2007/08 £'000	Comments
Adult Services Portfolio			
Assessment & Care Management	150	155	Demographic demand and increase in number of people supported at home.
Learning Disabilities Purchasing (demography)	400	412	Demographic demand.
Learning Disabilities Purchasing (fees)	120	124	
Physical Disabilities (fees)	120	124	
Consumer Services	5	5	Climate Change strategy.
Env Standards	15	15	Cemetery drains - root maintenance.
Access and Systems Capacity	79	104	Grant mainstreamed.
	889	938	
Culture, Housing & Transportation Portfolio			
Arts, Events & Museums	20	21	Income Gap Historic Quay
Countryside	10	10	Contract payments to replace NACRO input.
Loss income on TDC reserve used for HQ deficit	70	70	
	100	101	
Performance Management			
Accommodation - Energy Costs	180	185	Increase in global energy costs.
Contact Centre	13	50	2006/07 pressure reduced from £50, 000, but full amount needed 07/08
Corp Strategy & Public Consultation	8	8	
	201	244	
Regeneration & Liveability Portfolio			
Environment - Bulky Waste	20	21	Funds continuation of existing service
Cont. towards TVR re. Victoria Harbour	50	52	Contribution towards cost of delivery team.
	70	72	
Children's Services Portfolio			
Home to School Transport	140	144	2006/07 pressure reduced from £180,000
Children with Disabilities	30	31	Staffing ratio pressure and small increase in direct payments
Young People's Service	50	52	Assumes pressure £220,000 reduced from cuts £170,000 detailed on schedule 3.
Raising Educational Achievement	80	82	Inflation not provided by DfES on grant programmes and shortfall in SIP funding.
Special Needs Services	177	182	Loss income from use HBC services and increased cost Independent school fees.
Use of Education Reserves	140	144	Replacement of temporary funding used in 2005/06 to balance budget.
Community Facilities on School Sites	30	31	
	647	666	
Corporate			
Contingency	2,000	2,060	(Covers Older People Purchasing, Concessionary Fares and ongoing Equal Pay Costs)
Prudential Borrowing - Contact Centre	100	100	Will be covered by specific efficiency saving.
Prudential Borrowing - Other Capital Issues	100	100	Note 1
	2,200	2,260	
Total	4,107	4,281	

1) This provision is partly committed to meet the repayment costs of using prudential borrowing for following initiatives. The uncommitted balance provides some flexibility to deal with minor capital issues which might arise in 2006/07.

	Revenue cost £'000	Capital Cost £'000
<u>Items approved by Council during 2005/06</u>		
Coronation Drive Site Investigation	10	100
Headland Town Square Development	10	105
Contribution towards Grayfields development	14	140
<u>Items identified during 2006/07 budget process</u>		
Headland War Memorial	4	40
	38	385

SCHEDULE 2 - SUMMARY OF 2006/07 BUDGET PRIORITIES WHICH ITS IS SUGGESTED BE FUNDED

	2006/07 £'000	2007/08 £'000	Suggested Ranking	Comment
<u>Regeneration & Liveability Portfolio</u>				
Economic Development	300	309	1	Withdrawal grant funding
	300	309		
<u>Adult Services Portfolio</u>				
Consumer Services	28	29	2	Loss grant funding for Healthy food initiatives.
	28	29		
<u>Regeneration & Liveability Portfolio</u>				
Environment - Bulky Waste	100	103	3	Extension of service.
Economic Development - promotion of tourism/business	80	82	4	Increase need to market Hartlepool.
Landscape & Conservation	50	52	5	Introduction of conservation grants scheme.
	230	237		
<u>Performance Management</u>				
Equality Standards	20	21	6	Activities that support the Council's statutory obligation to promote equality & diversity in the community.
Corp Strategy & Public Consultation	28	29	7	Increase support for scrutiny function.
	48	50		
Sub Total	606	625		

SCHEDULE 3 - SUMMARY OF 2006/07 BUDGET PRESSURES WHICH IT IS SUGGESTED ARE NOT FUNDED

	Maximum £'000	Comments
<u>Adult Services Portfolio</u>		
Learning Disabilities Support	70	Pressure traded off to prevent cut
	70	
<u>Culture, Housing & Transportation Portfolio</u>		
Highways Services	35	Accommodate within mainstream budget/reduce SHM
	35	
<u>Regeneration & Liveability Portfolio</u>		
Environment - Alternative weekly collection	100	Revision of recycling may remove need for cost.
Environment - Shuttle Service	30	Revision of recycling may remove need for cost.
	130	
<u>Finance Portfolio</u>		
Municipal Elections	30	Not in bill
	30	
<u>Children's Services Portfolio</u>		
A2L	40	One off costs to fund from 05/06 outturn
Young People's Service (first reduction)	40	
Admissions	12	
Young People's Service (second reduction)	30	Young People's Service Cumulative reduction £70,000
Youth Service/Connexions	45	AS to check
Youth Justice Team	30	
Young People's Service (third reduction)	30	Young People's Service Cumulative reduction £100,000
Young People's Service (fourth reduction)	70	Young People's Service Cumulative reduction £170,000
	297	
Total	562	

SCHEDULE 4 - SUMMARY OF 2006/07 BUDGET PRIORITIES WHICH IS SUGGESTED ARE NOT FUNDED

	Maximum £'000	Comments
<u>Culture, Housing & Transportation Portfolio</u>		
Archaeology	2	Pressure traded off to prevent cut
Libraries	14	Pressure traded off to prevent cut
Highways & Transportation	60	Travel Plan issues
Housing Retained Services	60	
	136	
<u>Regeneration & Liveability Portfolio</u>		
Environment - Navigation Point	30	Pressure funded from P&D income & adoption agreement
Town Care Management	37	
	67	
<u>Performance Management</u>		
Estates Management - War Memorial	40	One off - fund capital programme or 05/06 outturn strategy
Public Relations	17	Not needed until 2007/08
Personnel Health & Safety	20	
	77	
<u>Children's Services Portfolio</u>		
NRF	450	NRF funding ends - potential redundancy in schools
	450	
Total	730	

STATEMENT OF GENERAL FUND REQUIREMENTS 2005/06 TO 2007/08

	2005/2006 PROJECTED BUDGET	2006/2007 PROJECTED BUDGET	2007/2008 PROJECTED BUDGET
	£m.	£m.	£m.
<u>DEPARTMENTAL REQUIREMENTS</u>			
Children's Services- DSG	51.482	54.814	57.856
Children's Services- LEA	5.108	5.299	5.458
Children's Services- C Services/ S Services	10.481	10.831	11.156
Neighbourhood Services	13.563	14.099	14.532
Regeneration & Planning	3.392	3.521	3.626
Resources	4.012	4.194	4.320
Resources: Rent Allowances/C.Tax benefit not subsidised	1.180	1.216	1.252
External Finance - Rent Allowances Grant	(1.030)	(1.061)	(1.093)
Adult Services - SS Revenue expenditure	18.974	19.624	20.213
Adult Services - CS Revenue expenditure	6.120	6.339	6.529
Social Services - Care Home Fees	0.370	0.381	0.381
TOTAL BOARD REQUIREMENTS	113.652	119.257	124.231
<u>EXTERNAL REQUIREMENTS</u>			
Magistrates, Probation and Coroners Court	0.158	0.168	0.178
North Eastern Sea Fisheries Levy	0.018	0.019	0.019
Flood Defence Levy	0.030	0.031	0.032
Discretionary NNDR Relief	0.031	0.031	0.032
<u>CORPORATE COMMITMENTS</u>			
I.T.	2.353	2.424	2.497
Audit Fees	0.310	0.319	0.329
Repairs and Maintenance 2.5% real term growth	0.000	0.000	0.000
Centralised Estimates	6.683	7.167	7.435
Centralised Estimates saving	(0.180)	(0.040)	(0.040)
Centralised Estimates Saving identified to fund SSD growth	(0.050)	(0.050)	(0.050)
Insurances	0.345	0.353	0.360
Insurance Credit	(0.160)	0.000	0.000
Designated Authority Costs	0.315	0.371	0.382
Pensions	0.424	0.437	0.450
Members Allowances	0.318	0.328	0.338
Mayoral Allowance	0.069	0.071	0.073
Local Plan	0.000	0.000	0.000
Emergency Planning	0.100	0.103	0.106
<u>NEW PRESSURES</u>			
Increased Employers Pension Contributions	0.000	0.000	0.426
Prudential Borrowing Costs	0.170	0.300	0.300
Housing Stock Transfer Costs/Loss external income	0.330	0.573	0.589
Contingency	0.020	0.021	0.021
Housing Market Renewal Support	0.041	0.042	0.043
Planning Delivery Grant terminated	0.000	0.150	0.154
Contribution to Tees Valley Regeneration	0.000	0.050	0.050
Support for Major Tourist Attraction	0.052	0.053	0.055
Supporting People Pressure	0.400	0.400	0.400
Extension of Recycling	0.000	0.110	0.110
Strategic Contingency (note 1)	0.100	0.750	0.900
2006/07 Budget Pressures	0.000	4.107	4.281
2006/07 Budget Priorities	0.000	0.606	0.625
2006/07 Mainstreamed grant (note 2)	0.000	0.527	0.543
2006/07 Terminated Grants (note 3)	0.000	0.240	0.248
2007/08 Budget Pressures	0.000	0.000	1.020
2007/08 Mainstreamed grant	0.000	0.000	0.014
COUNCIL BUDGET REQUIREMENT	125.531	138.918	146.151
PARISHES PRECEPTS	0.019	0.020	0.021
CONTRIBUTION FROM FBR RESERVE	(1.000)	(1.000)	(1.000)
DEBT RESCHEDULING SAVING	(1.000)	(1.000)	(1.000)
CONT. TO / (FROM) RTB INCOME RESERVE	(1.000)	(1.000)	(1.000)
CONT. TO / (FROM) 2003/04 BUDGET SUPPORT FUND	(0.300)	0.000	0.000
CONT. TO / (FROM) 2005/06 BUDGET SUPPORT FUND	0.400	(0.400)	0.000
GROSS BASE BUDGET REQUIREMENT	122.650	135.538	143.172
Council Tax Percentage Increase	4.9%	0.0%	0.0%
Council Tax - base income	31.654	31.654	31.654
Council Tax - reduction in non collection and inc. in tax base	0.000	0.250	0.250
DSG	0.000	54.814	57.856
External Finance - Revenue Support Grant	60.511	6.735	43.181
External Finance - Redistributed Business Rates	30.045	35.081	0.000
Total External Finance	90.556	96.630	101.037
Collection Fund Surplus	0.440	0.200	0.200
BUDGET LIMIT	122.650	128.734	133.141
GROSS DEFICIT/(SURPLUS) - Note 4	(0.000)	6.804	10.031

Notes

1) Strategic Contingency (details of total available per year)

	<u>2006/07</u> <u>£'000</u>	<u>2007/08</u> <u>£'000</u>
Single Status	500	500
Civic Centre Maintenance (Prudential Borrowing provision)	200	300
Youth Service FSS	50	100
	<u>750</u>	<u>900</u>

2) 2006/07 Mainstreamed grant

	<u>2006/07</u> <u>£'000</u>	<u>2007/08</u> <u>£'000</u>
Residential Allowances	501	516
Preserved Rights	23	24
Teachers Pay Grant (LEA employed staff)	3	3
	<u>527</u>	<u>543</u>
A further £14,000 of Preserved Rights grant will be mainstreamed in 2007/08, and this is shown separately in the overall budget summary.		

3) 2006/07 Terminated Grants

	<u>2006/07</u> <u>£'000</u>	<u>2007/08</u> <u>£'000</u>
Teenage Pregnancy grant	56	58
Safeguarding Children	184	190
	<u>240</u>	<u>248</u>

4) These figures show the gross deficit before taking account of the measures detailed in paragraphs 12.2 and 12.3 and of an increase in Council Tax and/or implementing service cuts.

APPENDIX C

SUMMARY OF PROPOSED SAVINGS AT 5%

	Target	Proposed savings to be achieved from		
		Efficiency	Saving	Total
	£'000	£'000	£'000	£'000
Children's Services	737	75	662	737
Adult and Community Services	1271	477	793	1270
Regeneration and Planning	168	85	83	168
Neighbourhood Services	676	310	372	682
Chief Executives	273	195	75	270
	3125	1142	1985	3127

Budget Heading	Description of Efficiency/Saving	Risk Assessment of implementing efficiency/saving	Impact of efficiency/saving on staffing levels	Value of efficiency/saving £'000	Description of One off cost of achieving efficiency/saving	One off cost of achieving efficiency/saving £'000
A. Requirement to save £60k on restructure costs.						
1. Strategic Management 22382	E	Non-filling of vacant post on new structure. Risk of unmet needs emerging as structure settles. Post was to be used partly to research availability of external grants, so potential loss of new income sources.	One post: Finance Officer PO1 (vacant)	32	None	0
2. Strategic Management 22377	E	Non-filling of vacant post on new structure. Risk of unmet needs emerging as structure settles and potential lack of capacity relating to commissioning.	One post: Review Officer PO1 (part post coded here - rest coded later)	28	None	0
				60		
B. Savings target (additional to restructure saving)						
Strategic Management: Children's Services Restructure 22377	E	Non-filling of vacant post on new structure. Potential risk of unmet service needs emerging as structure settles.	Part Review Officer PO1 (vacant post)	4	None	0
Strategic Management: Planning and Service Integration 22383	E	Non-replacement of shared management trainee: reduction in capacity to respond to new initiatives.	0.5 vacant post	16	None	0
Strategic management: Children's Services restructure - staff 22377	S	Efficiency savings on non-salary budgets (printing, postage, equipment, photocopying, advertising). Some risks as department has not yet operated for a full year to assess need.	None	43	None	0
Other school-related expenditure 22153	S	Reduction in pension costs for staff from former authorities (budget reduces naturally over time)	None	55	None	0
Existing premature retirement costs 22493	S	Reduction in provision for residual costs of staff from FE colleges (budget reduces naturally over time)	None	5	None	0
22155 New premature retirement costs	S	Reduction in provision for future payment/pension costs. A potential risk if future restructures result in staff redundancy / retirement. Impact of falling rolls in schools.	None	17	None	0
Strategic Management: New premature retirement costs 22155	S	Further reduction in provision for future redundancy / retirements. A risk with further restructures possible.	None	20	None	0
Strategic Management: New premature retirement costs 22155	E	Third level of reduction in provision for future redundancy / retirements. A risk with further restructures possible.	None	13	None	0
Strategic Management Central Administration 22381	S	Reduction in general administration costs (postage, printing, photocopying, equipment, advertising). Impacts on standards, presentation, profile, morale, efficiency at time former departmental leaflets etc need replacing.	None	20	None	0

Budget Heading	Description of Efficiency/Saving	Risk Assessment of implementing efficiency/saving	Impact of efficiency/saving on staffing levels	Value of efficiency/saving £'000	Description of One off cost of achieving efficiency/saving	One off cost of achieving efficiency/saving £'000
Access Asset Management Planning 22458	E	Reduced provision for feasibility studies / consultancy costs in relation to premises issues.	None in Children's Services - potential impact on Property Services	20	None	0
Strategic Management: ICT development 22384	E	Non-filling of vacant post on new structure - risk of unmet needs emerging as structure settles. More difficult to develop more efficient systems of working.	Systems Support Officer Scale 5 x 1 (vacancy)	22	None	0
Strategic Management: ICT development 22384	S	Non-filling of vacant post on new structure. Would reduce ability to develop and maintain new ICT systems and to develop more efficient systems of working.	Principal Systems Support Officer PO1 (vacant post)	33	None	0
Central support costs (unspecified)	S	Currently unspecified because of staff appointment procedures. Possible non-filling of vacant post or adjustment of duties between sections.	Possible deletion of post	22	None	0
Further savings could only be made by reduction of front-line staff, eg youth, play, social work, attendance or school improvement (22 staff)	S	Direct impact on services for children. Risk to youth work hours, playschemes, child protection, attendance, school achievement and community safety.	Approximately £20k per member of staff (approximately 22 staff)	447	Redundancy costs	Not yet assessed
5% TARGET REACHED				737		

Budget Heading	Description of Efficiency/Saving	Risk Assessment of implementing efficiency/saving	Impact of efficiency/saving on staffing levels	Value of efficiency/saving £'000	Description of One off cost of achieving efficiency/saving	One off cost of achieving efficiency/saving £'000
Support Services - departmental non pay heads	S Deletion of budgets for consultancy support, commissioning, and other non-pay items	Capacity to deal with service developments, change management, etc will be impaired	None	48		
Support Services - interdepartmental recharges	S Deletion of budget for additional work from central departments (HR)	Loss of capacity for workforce development etc	None	28		
Community Services - Arts events and Museums	E Increase income from Borough Hall bar	Uncertainties over demand and sensitivity to price, but facilities and use are expected to rise	None	20		
Community Services - Libraries	E Absorb inflation in book prices using regional procurement developments	Tenders not yet received Book Fund is c£285k	None	5		
Community Services - Sports and Leisure	E Reduce staffing in Health Suite at Mill House Leisure Centre	Increased risk and reduced value to public but comparable to commercial sector operations	2.1 ftes lost, likely to be managed through redeployment and natural wastage	22		
Community Services - Arts, Events and Museum	S Increase hire rates for Town Hall Theatre and Borough Hall theatre	25% increase would lose some community groups, but probably alternative demand	None	9		
Community Services - Parks and Countryside	S Close Summerhill (toilets) at 5.30 on summer evenings	Site will remain open, and centre is relatively lightly used	Seasonal staff would not be appointed	5		
Adult Social Care - Learning Disability - Older people	S Increase charges to service users Day care meals etc Day care meals etc	These are discretionary charges, but must remain reasonable in relation to costs and ability to pay	None	5 10		
- Older people	S Home care charges	This is an assessed charge, and follows the policy of withdrawing the 'discount' applied to the new policy over a period of years	None	50		
Adult Social Care - Older people - Learning disability - Mental Health	S Raise eligibility threshold and withdraw support to low level preventative services, including day care and community support.	Savings will result from re-assessment and re-provision for some existing users, and assesement of new users, which wil take time. Only expect part year effects for next 2 years. Services will not be withdrawn if likely to lead to cases becoming substantial/critical.	None	20		
Adult Social Care - Assessment and care Management - Mental health - Older people - Older people - Older people	S Reductions linked to higher eligibility threshold Equipment for disabilities Preventative services and advocacy Mobile Meals Service subsidy Anchor Community Support St Cuthberts Day Centre	Known budgetary pressure area Prevention is govt priority, and has a long term payback		60 20 25 60 50		
Adult Social care - Older people	E Absorb demographic pressure on residential placements and long term home care through intensive intermediate care	There is pressure on budgets from supply side (fee negotiations) and demand side demography) It is thought that the latter is being countered by improved practice and rapid response support following discharge, falls etc. However other factors bearing on demand may make achieving this saving difficult to sustain	None	240		
Adult Social Care - Older people	E Absorb pressure caused by reduction in Access and Capacity Grant through tighter control of placements and spending.	Increased pressure on staff and on community based provision.	None	190		

Budget Heading	Description of Efficiency/Saving	Risk Assessment of implementing efficiency/saving	Impact of efficiency/saving on staffing levels	Value of efficiency/saving £'000	Description of One off cost of achieving efficiency/saving	One off cost of achieving efficiency/saving £'000
Community Services - Libraries	S Close a branch library - eg Foggy Furze?	Library standards expect branches within easy reach of all residents - could be affected depending on branch closed. Drop in satisfaction levels in BVPI could affect CPA rating	Up to 3 ftes at risk, but would hope to absorb the staff elsewhere	65	Possible redundancy costs Security cost for vacant building	
Community Services - Sport and Recreation	S Close a Community Centre eg Bridge?	Reduction in community facilities could be unhelpful in developing neighbourhood agenda	One fte lost, may involve redundancy	42	Possible redundancy costs Security cost for vacant building	
Community Services - Sport and Recreation	S Close Eldon Grove Leisure Centre and potentially develop enhanced service from Brierton school	Full business case has not been worked up or negotiated with interested parties Could create availability problems at peak times	Up to 3.3 ftes at risk, may involve some redundancies, depending on arrangements with Brierton	50	Possible redundancy costs Security cost for vacant building	
Community Services - Community Support	S Reduce Community Pool by a third	Major impact on vol and community sector. Many groups would close, or reduce operations. Knock on effect on other groups and on wider funding in town - LA support has 700% multiplier effect.	None - on local authority - will be impact in voluntary sector	123		
Adult Social care - Mental health	S Freeze social work post - Mental Health	Ability to keep users safely in the community may be affected, and performance may suffer. Could detract from partnership working with NHS Mental Health is a growing priority, nationally	One vacant post frozen	40		
Support Services - staffing	S Delete post (redundancy) in management information or review	Reduce effectiveness in performance monitoring, or service improvement depending on the post.	One or two further posts lost out of 30. Already reduced by restructure savings.	43	Redundancy	
Adult Social Care - Older people	S Delete post (redundancy) in planning and implementation team	Reduced capacity for planning improvements with users and partners. Will put pressure onto operational managers.	One post lost out of a total of 5.	40	Redundancy	
5% subtotal				1270		

Budget Heading	Description of Efficiency/Saving	Risk Assessment of implementing efficiency/saving	Impact of efficiency/saving on staffing levels	Value of efficiency/saving £'000	Description of One off cost of achieving efficiency/saving	One off cost of achieving efficiency/saving £'000
Development Control	E - National fee increases introduced on 1.4.05 and relatively high numbers of applications compared with previous years. No increase in processing staff and targets and ODPM expectations met	Revised fee target is based on current income levels. This is a volatile budget that could be subject to a fall in income particularly if economic conditions become unfavourable. Any shortfall against the target would have to be managed by in year or future years savings elsewhere in the department's budget. Given the economic & property cycle a significant element of risk is involved in achieving the full amount identified.	None	60	None	0
Landscape Planning	S - Review of charging for the graphics design service	A small additional amount of income could potentially be generated by reviewing charges made for work done by the graphics design officer for other departments and partners. Quality of work produced may suffer affecting Council's & Hartlepool's image.	None	10	None	0
Community Safety	E - Contribution to mediation service	A modest unbudgeted income amount is currently being generated from Housing Hartlepool. This arrangement still needs to be formalised and achievement is uncertain.	None	10	None	0
Economic Development	S - Contribution to sub regional partnerships	A saving has been generated because of the revised arrangements following the merger of TVDC/TVR, though pressures elsewhere in sub-regional budgets eg LDF related work are unavoidable.	None	13	None	0
Youth Offending	E - Contribution from another local authority to share Youth Offending carer provision	Negotiations are ongoing to share access to a youth offending carer which would lead to a financial contribution being received from a neighbouring local authority. Some uncertainty as to whether this will be achieved.	None	15	None	0
Economic Development	S - Reduction of Business Grants available	Removal of over 1/3rd of the budget for grants to businesses. This will impact on support available to new businesses and for inward investment. An element of match funding would also potentially be lost with this action. Unpopular with partners and contrary to ODPM/NRU and LSP policy	None	40	None	0

SUMMARY OF POTENTIAL SAVINGS AND REDUCTIONS IN SERVICE LEVELS - REGENERATION AND PLANNING

APPENDIX C

4.1

Budget Heading	Description of Efficiency/Saving	Risk Assessment of implementing efficiency/saving	Impact of efficiency/saving on staffing levels	Value of efficiency/saving £'000	Description of One off cost of achieving efficiency/saving	One off cost of achieving efficiency/saving £'000
Community Safety	S - Renegotiation of Security Contract	priorities based on relative needs assessment. Potential adverse impact on future bids eg LEGL	None	20	None	0
		Renegotiation of the council's security contract is due to take place. Potential for some savings may exist. If not, a reduced service for a fixed price would have to be negotiated.		168		
		5 % savings target				

SUMMARY OF POTENTIAL SAVINGS AND REDUCTIONS IN SERVICE LEVELS
NEIGHBOURHOOD SERVICES

APPENDIX C

Budget Heading	Description of Efficiency/Saving	Risk Assessment of Implementing efficiency/saving	Impact of efficiency/saving on staffing levels	Value of efficiency/saving £'000	Description of one-off cost of achieving efficiency/saving	One-off cost of achieving efficiency/saving £'000
Car Parking (Income increase)	Increase range of charges (Sunday charges and more contract). Higher threshold for issuing PN's	There could be a backlash over the introduction of Sunday charges	None	120	Minimal set up costs (e.g advertising order) accommodate within existing budgets	0
Departmental Overspend (administrative)	Pay off remainder of overspend from balances	Precedent in dealing with overspends.	None	51	None	200
DSO (Administrative/cut/efficiency)	Remove line in budget for DSO	Trading account prices will rise a very small amount across the board putting small pressure on client and trading budgets	None	130	None	0
Environmental Action (Income increase)	Increase in fee income due to more enforcers	There could be public criticism over higher levels of enforcement	None	30	Utilising existing wardens to provide a greater enforcement presence	0
Public Protection fee income (Income increase)	Fees increase	There will be some public and member criticism. Portfolio Holder may not support this	0	20	None	0
Facilities Management (Efficiency – one off)	Remove funding support. (Redeploy into Community Security Contract)	May be difficult to gain acceptance to change of approach to delivery of security	0	40	None	0
3% achieved (almost)				391		

Budget Heading	Description of Efficiency/Saving	Risk Assessment of Implementing efficiency/saving	Impact of efficiency/saving on staffing levels	Value of efficiency/saving £'000	Description of one-off cost of achieving efficiency/saving	One-off cost of achieving efficiency/saving £'000
3% carried forward				391		
Transport, Mileage and Subsistence (efficiency–transport)	Housekeeping and section targets to be established. Set a 5% reduction target	Could be difficult to achieve and there may be staff resistance	0	20	None	0
Reduction in Admin and Support (Saving-ICT/Finance system)	Reduce the departmental admin and support. (Needs to be across the dept not just in the centre)	Corporate management may suffer. (e.g. IIP support/PM etc)	4 (not identified as yet in the department)	80	Through natural wastage. There are posts which are filled with temporary support but may need part year support to introduce ICT	30
Vehicle Procurement Savings (including short term hire costs) (efficiency–procurement)	Internal housekeeping and possible joint procurement arrangements. Set a 5% reduction target	May be difficult to achieve in 06/07. reduced costs should be passed onto client budgets. Difficult to administer	0	120	Unknown at this stage but likely to be accommodated within existing resources. May need part year support due to lead in time	60
Reduce Welfare/Community Transport to budget (Cut/part efficiency – transport)	Reduce level of service of find efficiency measure to deliver within budget. (or clients pay from their budgets)	A difficult and sensitive issue. Would assist trading position. Difficult to reflect in revenue budget	0	51	None	0
Consumer Services - Licensing Act (Administrative)	Claims support as central reserve and possible reduction of activity	Gaming legislation is to follow	0	20	Staff resources could be re-deployed into other areas e.g. TS	0
Total (5% achieved)				682		

SUMMARY OF POTENTIAL SAVINGS AND REDUCTIONS IN SERVICE LEVELS

CHIEF EXECUTIVES

APPENDIX C

Budget Heading	Description of Efficiency/Saving	Risk Assessment of implementing efficiency/saving	Impact of efficiency/saving on staffing levels	Value of efficiency/saving £'000	Description of One off cost of achieving efficiency/saving	One off cost of achieving efficiency/saving £'000
Proposals to achieve 5% target of £273,000						
Fraud	E - increase in DWP grant income from increase in fraud detection.	Levels of detected fraud are less than anticipated.	No reductions in staffing levels, although initiative will increase sections workload.	15	None	0
Revenues	E - increase in Council Tax income by reducing number of single person Ctax discounts.	Initiatives is untried and therefore income target cannot be guaranteed. There may also be a marginal adverse impact on in-year Ctax collection rates.	No reductions in staffing levels, although initiative will increase sections workload.	150	Costs of using data enquiries will be covered from saving.	0
Registrars	S - increase in income and reduction in cost base	Non achievement of income target	No reductions in staffing levels	18	None	0
Corporate Strategy and Dem. services	E - reduction in printing and distribution costs across a range of activities	None	None	30		0
Legal	S - Books & Publications - reduce avail able budget	Reduces source material available for research document preparation etc.		2	None	
Legal	S - Increase income by 4% - review range and levels of charging	Increase not achieved		2.5		
Legal	S - Give up part surplus from unfilled post	Unable provide additional support		20	None	
Human Resources/Purchasing	S - Increase income from NEPO	Needs some extension of use of NEPO contracts by Departments		3		
Human Resources/Purchasing	S - Increase income from NEPO	Needs significant extension of use of NEPO contracts by Departments		7		
Human Resources	S - Reduce Postal service within Civic Centre	Urgent post not delivered on time mitigated by depts. making separate arrangements if expecting urgent correspondence	Loss of one Agency employee	17		
Workforce Development & Diversity	S - miscellaneous training savings	May lead to employee dissatisfaction		3		
Human Resources	E - Not responding to unsuccessful candidates		None	2.5		
Sub total - value of 5% savings				270		

CABINET REPORT

19th December 2005



Report of: Assistant Chief Executive and Director of Children's Services

Subject: COMPREHENSIVE PERFORMANCE ASSESSMENT AND ANNUAL PERFORMANCE ASSESSMENT (APA) OF THE COUNCIL'S EDUCATION AND CHILDREN'S SOCIAL CARE SERVICES

SUMMARY

1. PURPOSE OF REPORT

To provide Cabinet with the results of the Comprehensive Performance Assessment (CPA) reassessment for 2005 and Annual Performance Assessment (APA) of the Council's Education and Children's Social Care Service

The overall assessment will not be published until 15th December, and will be reported to Council on that day.

A supplementary report will be produced and circulated to Cabinet as soon as the information is available.

2. SUMMARY OF CONTENTS

The report will contain the results of the CPA reassessment and associated assessments, which when combined provide the overall rating.

3. RELEVANCE TO CABINET

This relates to the overall performance of the Council.

4. TYPE OF DECISION

No decision

5. DECISION MAKING ROUTE

Not applicable

6. DECISION(S) REQUIRED

Cabinet to

- i) note the results of the assessments included in the report
- ii) identify any feedback they wish to give on this matter

CABINET REPORT

19th December 2005



Report of: Assistant Chief Executive and Director of Children's Services

Subject: COMPREHENSIVE PERFORMANCE ASSESSMENT AND ANNUAL PERFORMANCE ASSESSMENT (APA) OF THE COUNCIL'S EDUCATION AND CHILDREN'S SOCIAL CARE SERVICES

SUMMARY

1. PURPOSE OF REPORT

To provide Cabinet with the results of the Comprehensive Performance Assessment (CPA) reassessment for 2005 and Annual Performance Assessment (APA) of the Council's Education and Children's Social Care Service

The overall assessment was published, and reported to full council, on 15th December. This report provides further detail.

2. SUMMARY OF CONTENTS

The report contains the results of the CPA reassessment. The Council has been rated a four star (excellent) authority which is "improving well".

It also incorporates the complete results for the CPA and associated assessments, which when combined provide the overall rating, as follows :

	Score (out of 4)
Social Care Adults	3
Children and Young People	3
Housing	4
Environment	3
Culture	4
Benefits	4
Use of Resources	3
Direction of Travel	3

3. RELEVANCE TO CABINET

This relates to the overall performance of the Council.

4. TYPE OF DECISION

No decision

5. DECISION MAKING ROUTE

Not applicable

6. DECISION(S) REQUIRED

Cabinet to

- i) note the results of the assessments included in the report
- ii) identify any feedback they wish to give on this matter

Report of: Assistant Chief Executive and Director of Children's Services

Subject: COMPREHENSIVE PERFORMANCE ASSESSMENT AND ANNUAL PERFORMANCE ASSESSMENT (APA) OF THE COUNCIL'S EDUCATION AND CHILDREN'S SOCIAL CARE SERVICES

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to provide Cabinet with the results of the Comprehensive Performance Assessment (CPA) reassessment for 2005 and Annual Performance Assessment (APA) of the Council's Education and Children's Social Care Service.

The overall assessment was published, and reported to full council, on 15th December. This report provides further detail. It has not been possible, due to the short timescales to analyse performance nationally for inclusion in this report.

This is the last occasion when the CPA will be reassessed without a new Corporate Assessment of the Council being undertaken

2. BACKGROUND

- 2.1 The CPA methodology was introduced in 2002 as a rating system for all local authorities. Since the Council was awarded Excellent status in 2002 the CPA score has been refreshed each year (with the Council maintaining Excellent status each time).

3. CHANGES TO THE METHODOLOGY

- 3.1 In 2005 the Audit Commission consulted on, and introduced, "The Harder Test", this was reported to Cabinet on 6th July 2005. The revised CPA framework and scoring is far more challenging and has within it a number of significant

The most simplistic change, but possible the one which will have the greatest impact, is the change to a rules base approach. In very simple terms this means that slipping below a certain level of performance, either in relation to an individual Performance Indicator; an element of the assessment corporately; use of resources or in an individual service block will have the effect of making the achievement of certain categories impossible. This, when linked to a more robust approach makes it a more challenging test.

All authorities will need to demonstrate improvement from their position in 2002 and it is unlikely that last minute preparations will be capable of meeting the circumstances of 2005 and beyond.

In addition to this the complexity and expectations inherent in the revised methodology are higher and more robust than in the methodology applied previously. The Audit Commission have, through this methodology, reinforced the need to be able to demonstrate policy development, implementation and impact. In the previous methodology policy development could often suffice to support high marks.

4. THE CPA FRAMEWORK

- 4.1 The current CPA methodology, and the one which was used for this reassessment, is broken down into a number of key areas. These are as follows:

Element	
Corporate assessment	Not undertaken this year, the framework has been significantly revised for subsequent years
Use of resources	Changed significantly from previous years and incorporates new Value for Money assessment. Undertaken through a combination of self assessment and assessment/scoring by the Audit Commission
Benefits service block	Undertaken through a combination of self assessment and assessment/scoring by Benefit Fraud Inspectorate
Children and young people service block	Undertaken through a combination of self assessment and assessment/scoring by Ofsted and CSCI
Social care (adults) service block	Undertaken through a combination of self assessment and assessment/scoring by CSCI
Environment service block	Measured through performance against a range of performance indicators
Housing service block	
Culture service block	
Direction of Travel	A self assessment which is scored by the Audit Commission, this new for 2005.

5. THE CPA CLASSIFICATION

- 5.1 The Council has been rated a four star (excellent) authority which is "improving well".

NB the overall rating system for CPA has been amended this year. The system is now one of star ratings from 4 stars (the best) to 0 stars.

6 BREAKDOWN OF RESULTS

6.1 The complete results for the CPA and associated assessments is as follows

	Score (out of 4)
Social Care Adults *	3
Children and Young People *	3
Housing	4
Environment	3
Culture	4
Benefits	4
Use of Resources *	3
Direction of Travel	3

* - these elements of the CPA model are classed as level 1 (all others as level 2)

6.2 The **Direction of Travel** statement, prepared in advance of the CPA reassessment, has been audited by the Audit Commission. Their judgement is that the Council is “**Improving Well**”. The Audit Commission have produced a statement of their assessment and this is attached as Appendix 1.

6.3 The result of the assessment of Social Care for Adults were reported to Cabinet on 9th December 2005.

6.4 A summary of the results of the Annual Performance Assessment (APA) of the Council's Education and Children's Social Care Services are shown below. A letter providing further detail on current performance and areas for development is attached as Appendix 2.

Areas for judgement	Final judgements
The contribution of <i>the local authority's social care services</i> in maintaining and improving outcomes for children and young people	2
The contribution of <i>local authority's education services</i> in maintaining and improving outcomes for children and young people.	3
The contribution of <i>the local authority's children's services</i> in maintaining and improving outcomes for children and young people.	3
The council's overall capacity to improve its services for children and young people	3

7 CONCLUSIONS

- 7.1 These are positive results for the Council. Significant progress continues to be made both in terms of service performance and achievement of outcomes which have a positive affect on the community and in the manner in which the authority is currently run and being developed.

There are still considerable challenges ahead if the Council is to maintain this level of performance and achievement for the community but the authority appears to be well placed to address these.

8 DECISIONS REQUIRED

- 8.1 Cabinet are requested to

- iii) note the results of the assessments included in the report
- iv) identify any feedback they wish to give on this matter

Appendix 1

The Audit Commission published statement on Direction of Travel

Hartlepool Borough Council Direction of Travel Assessment 2005

Improving well

Services in most priority areas are improving and achievement against key targets is good. Educational achievement is improving at most levels. There are improvements in services for Looked after Children and child protection, but the educational attainment of care leavers is well below the national average. Adult social services continue to perform well against national indicators. There is continued improvement in high performing environmental, benefits and cultural services. The Council, with partners, is making progress across wider community outcomes, including increased employment, reduced crime and improvement in community housing. Consultation arrangements with all sections of the community are developing and the accessibility to services continues to improve. The Council is providing good value for money and high public satisfaction, but it is not delivering improved efficiency gains in all areas. The Council is well placed to deliver further improvement. It is currently looking to further strengthen and modernise its governance and scrutiny arrangements, where understanding by Councillors requires further development and financial planning to deal with emerging budget pressures is also developing.

Appendix 2



*Making Social Care
Better for People*

Alexandra House
33 Kingsway
London WC2B 6SE

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email: edhelpline@ofsted.gov.uk

Adrienne Simcock
Director of Children's Services
Hartlepool Borough Council
Civic Centre
Victoria Road
Hartlepool
TS24 8AY

27 October 2005

Dear Ms Simcock

ANNUAL PERFORMANCE ASSESSMENT OF HARTLEPOOL BOROUGH COUNCIL'S EDUCATION AND CHILDREN'S SOCIAL CARE SERVICES 2005

This letter summarises the findings of the meeting held on 25 July 2005 to assess the performance of the education and social care services within your authority. We are grateful for the information which you provided to support this process and for the time made available by yourself and your colleagues to discuss relevant issues.

Being healthy

Outcomes of this area are good, particularly in the way in which effective partnerships between key services promote healthy lifestyles. The incidence of teenage pregnancy is high but, though figures fluctuate year on year, there has been an overall downward trend over time and work is being undertaken to target sex and relationships education. The proportion of schools participating in the Healthy Schools Initiative is high, with well over a half of those targeted by the local authority already having achieved the standard. Physical education and sport are actively promoted and provision of sporting activities is good overall. There is good access to health service provision for looked after children. Further development is needed to ensure that there is sufficient Child and Adolescent Mental Health Service (CAHMS) provision for children with complex needs. Appropriate training on drugs education is being provided for school staff and resources are appropriately targeted.

Staying safe

Outcomes overall are good and performance is improving. The percentage of initial assessments undertaken within seven days is comparable with similar councils. The percentage of core assessments undertaken within 35 days has risen, but the overall number of assessments remains extremely high and the council is re-examining practice to ensure that reporting is accurate. The percentage of re-referrals to social services made within 12 months and the numbers of child protection re-registrations have both fallen significantly and performance is now good. Staff from the dedicated team for children with disabilities undertake child protection investigations when these arise, and interpreters are available to assist if necessary with British Sign Language and Makaton. All schools inspected have at least satisfactory provision for pupils' care, welfare and safety, with good provision in almost 50% of schools. Schools have appropriate systems for children protection.

There are fewer looked after children in Hartlepool than in similar councils. The stability of placements within the year is very good but, although the long-term stability of foster placements for looked after children has

improved from a low level further improvement should be made. All looked after children have a named and qualified social worker and all have pathway plans. Fewer children are placed for adoption compared to similar councils, and a lower number of adoption orders are made. The quality of the council's fostering service is good.

Enjoying and achieving

Outcomes for this area are good, with particular strengths in some areas. The overall quality of early years provision is effective, with significant increases in the range of providers and with very good partnerships developing to improve provision. Results at the end of Key Stage 1 are above the national average in reading and writing; they are in line with national averages in mathematics. Standards attained by 11 year olds have risen significantly and results in the 2004 national tests for 1 year olds were the most improved nationally.

Although standards in Key Stage 3 are in line with statistical neighbours in English and mathematics, they are below the national average and are not yet reflecting the improvements seen in Key Stage 2. The achievement of boys through Key Stage 3 is a continuing concern and the raising of boys' achievement continues to be a key priority within the Education Development Plan. Results at general certificate of secondary education (GCSE) have improved in line with the trend nationally although the rate of increase has been greater in the percentage of pupils gaining at least five A* to C GCSEs with standards now similar to those in other local authorities. However, the percentage of pupils gaining at least five A* to G GCSEs, including English and mathematics, remains below average and continues to be a priority for improvement. The percentage of looked after children gaining at least one GCSE is below that of similar councils and nationally. There is good provision for curriculum enrichment within schools and also for extended provision beyond the school day.

Attendance has improved and exclusions are falling. However, too many pupils with special educational needs have been excluded in recent years. Careful analysis has been undertaken of the reasons for this and it has led to increased training and advice for schools on the use of Pastoral Support Plans. Educational provision for excluded pupils is satisfactory but too few are being reintegrated, with more receiving alternative provision for more than one year compared to similar authorities.

Support for school improvement is very good: the number of schools in Ofsted categories of concern has fallen and is broadly in line with the national average. Good partnerships have been created to support schools and to improve access to extended provision.

Making a positive contribution

Outcomes for this area are satisfactory. There is an effective structure for partnership working. The performance measures for youth crime have been consistently met in most areas, although current performance is below the target for the involvement of young offenders in education, employment and training. Recidivism rates are higher than the national average. A Family Support Panel has been established to ensure that those children most at risk of offending are appropriately targeted by mainstream services. Although the numbers were small in 2004/05, final warnings and convictions of looked after children have risen and are currently double the rate in similar councils.

There is a strong commitment to supporting improved transition between private nursery providers and schools. Some strategies have been implemented to support the transition of vulnerable pupils into secondary school. However, too few looked after children are involved in contributing to their reviews.

There is an appropriate range of opportunities for young people, including those with disabilities, to participate in service development and this has led to changes in council service strategies and procedures. Young people are consulted about education service activities and school councils are widely used to involve children in decision making. The council is aware that opportunities for participation need to be extended. Engagement with black and minority ethnic communities is developing.

Achieving economic well-being

Outcomes for this area are good overall. The number of care leavers in education, employment and training is good and there are plans to further strengthen multi-agency support for young people leaving care. The take up of direct payments for children with disabilities needs to be developed.

Overall, the quality of education provided for 14 to 19 year-olds is good. Average point scores for students entering GCSE and vocational education along with advanced level/advanced subsidiary are well above that of similar councils and in line with the national average and the 14 to 19 curriculum has been developed through a strong and innovative partnership. The increase in young people progressing to higher education is in line with the national average. There are good links between the local authority and the local Learning and Skills Council. A strategic partnership group for the education of 14 to 19 year olds has led to increased coherence between providers.

Arrangements for children with disabilities to move between children's and adult social care have been too informal but a new transitions policy has been agreed and new arrangements are to be implemented in the near future to improve Person Centred Planning.

Summary

Strengths	Areas for improvement
<i>Being healthy:</i> <ul style="list-style-type: none"> partnership working promotion of the Healthy Schools' initiative and of sport and leisure activity access to health services for looked after children. 	<i>Being healthy:</i> <ul style="list-style-type: none"> CAMHS services for children and young people with complex needs.
<i>Staying safe:</i> <ul style="list-style-type: none"> the quality of the fostering service reducing number of re-referrals to social services and child protection re-registrations stability of placements for looked after children within the year. 	<i>Staying safe:</i> <ul style="list-style-type: none"> long-term stability of placements for looked after children the number of looked after children placed for adoption.
<i>Enjoying and achieving:</i> <ul style="list-style-type: none"> overall quality of early years provision and increased provision for childcare partnership working progress in tackling absence improvement in standards at Key Stage 2 and at five A* to C GCSEs. 	<i>Enjoying and achieving:</i> <ul style="list-style-type: none"> the achievement of boys in Key Stage 3 attainment of five A* to G at GCSE including English and mathematics achievement of looked after children reintegration of excluded pupils.
<i>Making a positive contribution:</i> <ul style="list-style-type: none"> multi-agency working involvement of children and young people in contributing to the development of service delivery. 	<i>Making a positive contribution:</i> <ul style="list-style-type: none"> the involvement of looked after children in their reviews transition arrangements for young people from children's to adults' care.

<p><i>Achieving economic well-being:</i></p> <ul style="list-style-type: none"> • the quality of provision for 14 to 19 year olds and effective partnership working • improved numbers of care leavers in education, training and employment. 	<p><i>Achieving economic well-being:</i></p> <ul style="list-style-type: none"> • take-up of direct payments.
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Service management

Capacity for further improvement is good. There are clear and challenging ambitions to improve the outcomes for children and young people with education and social care being priorities for the council. Strong partnerships and good links have been established between organisations and services to support improvement. There are clear priorities and a range of well documented and well planned strategies. The strategy for school improvement is very good and schools are very positive about the support they receive from council services. Resources are appropriately targeted to priority areas, with new services being commissioned to meet gaps in provision.

There is active leadership provided by the Mayor, lead members and the Chief Executive for improving both the council's education and social care provision. Partnership working is improving as strategies become more closely integrated. There have been some changes in the leadership of key services. A Director of Children's Services has been appointed and service departments are being restructured. The capacity of management in education to implement continued improvements is good. Social services have experienced long-term budget pressures and these continue to be a challenge. The cost of placing children in children's homes and foster care remains high and is increasing. Although plans are in place to increase the council's pool of foster carers, this has not yet delivered the necessary improvement in choice and efficiency. Staff turnover in social services is low but sickness absence is higher than in similar councils. Although current management capacity in social services is good, organisational and personnel changes do pose a risk.

Performance management arrangements are in place and best value principles are used appropriately to review services. The council's own knowledge about its performance is good and used effectively to drive improvements in outcomes for children and young people.

Areas for exploration in the Joint Area Review

Being healthy

Action is taken to promote children and young people's mental health:

- progress made in relation to CAMHS services for children and young people with complex needs.

Staying safe

Looked after children live in safe environments and are protected from abuse and exploitation:

- improvements in the long term stability of looked after children placements.

Enjoying and achieving

Children and young people are enabled and encouraged to attend and enjoy school and to achieve highly:

- the impact of actions to raise the achievement of boys in Key Stage 3
- improvements in attainment at Key Stage 4, particularly at five A* to G including English and mathematics
- the reintegration of excluded pupils into mainstream education.

Making a positive contribution

Children and young people who are looked after are helped to make a positive contribution:

Children and young people, particularly those from vulnerable groups, are supported in managing changes and responding to challenges in their lives:

- the involvement of looked after children in their reviews and planning for their future
- the impact of new arrangements to improve transition arrangements for young people from children's to adults' care.

Achieving economic well-being

Children and young people with learning difficulties and/or disabilities are helped to achieve economic well-being:

- the promotion and take-up of direct payments.

Final judgements

Please see your final annual performance assessment judgements attached at the end of this letter.

Yours sincerely

**Flo Hadley**

Divisional Manager
Office for Standards in Education

Jonathan Phillips

Director – Quality, Performance and Methods
Commission for Social Care Inspection

APA final judgements 2005: Hartlepool Borough Council

Areas for judgement	Final judgements ¹
The contribution of <i>the local authority's social care services</i> in maintaining and improving outcomes for children and young people	2
The contribution of <i>local authority's education services</i> in maintaining and improving outcomes for children and young people.	3
The contribution of <i>the local authority's children's services</i> in maintaining and improving outcomes for children and young people.	3
The council's overall capacity to improve its services for children and young people	3

¹ Social Care judgements use CSCI's descriptors as follows:

LSIF Ratings	Local Services Inspectorate Forum (LSIF) Descriptors	CSCI Ratings Serving People Well	CAPACITY TO IMPROVE DESCRIPTOR
4	A service that delivers well above minimum requirements for users	Overall serving people well	Very good
3	A service that consistently delivers above minimum requirements for users	Serving most people well	Good/promising
2	A service that delivers only minimum requirements for users	Serving some people well	Adequate
1	A service that does not deliver minimum requirements for users	Not serving people well	Inadequate