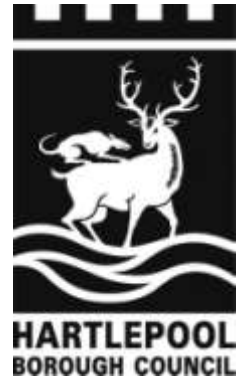


FINANCE AND POLICY COMMITTEE AGENDA



Thursday 19 December 2013

at 9.30 am

in Committee Room B, Civic Centre, Hartlepool

MEMBERS: FINANCE AND POLICY COMMITTEE

Councillors C Akers-Belcher, Cook, Dawkins, Jackson, James, A Lilley, Martin-Wells, Payne, Richardson, Simmons and Thompson

1. APOLOGIES FOR ABSENCE

2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS

3. MINUTES

- 3.1 To receive the minutes of the meeting of the Finance and Policy Committee held on 29 November 2013 (*For information as previously circulated*).

4. BUDGET AND POLICY FRAMEWORK ITEMS

- 4.1 Medium Term Financial Strategy (MTFS) 2014/15 to 2016/17 – *Corporate Management Team*

5. KEY DECISIONS

- 5.1 Supported Living – Land at Burbank Street and Centre for Independent Living – *Director of Regeneration and Neighbourhoods and Director of Child and Adult Services*



- 5.2 Housing Services New Opportunities and Structure – *Assistant Director, Regeneration*

6. OTHER ITEMS REQUIRING DECISION

- 6.1 Ward Member Budgets – *Director of Regeneration and Neighbourhoods*
6.2 Registration Service Accommodation – *Chief Executive*
6.3 Irrecoverable Debts – Business Rates – *Chief Finance Officer*
6.4 Irrecoverable Debts – Council Tax – *Chief Finance Officer*
6.5 Approval for Compulsory Redundancies – *Assistant Chief Executive*

7. ITEMS FOR INFORMATION

- 7.1 Sexual Health Update – *Director of Public Health*
7.2 Strategic Financial Management Report – as at 31 October 2013 – *Corporate Management Team*

8. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT

ITEMS FOR INFORMATION

Date of next meeting – Friday 3 January 2014 at 2.00 pm in the Civic Centre, Hartlepool.



FINANCE AND POLICY COMMITTEE MINUTES AND DECISION RECORD

29 November 2013

The meeting commenced at 9.30 am in the Civic Centre, Hartlepool

Present:

Councillor: Christopher Akers-Belcher (In the Chair)

Councillors: Rob Cook, Peter Jackson, Marjorie James, Robbie Payne,
Robbie Payne, Carl Richardson and Chris Simmons

In accordance with Council Procedure Rule 5.2 (ii), Councillor Geoff Lilley was
in attendance as substitute for Councillor Keith Dawkins.

Also present:

Edwin Jeffries, Hartlepool Joint Trades Union Committee

Officers: Dave Stubbs, Chief Executive
Andrew Atkin, Assistant Chief Executive
Peter Devlin, Chief Solicitor
Chris Little, Chief Finance Officer
John Morton, Assistant Chief Finance Officer
Gill Alexander, Director of Child and Adult Services
Denise Ogden, Director of Regeneration and Neighbourhoods
Louise Wallace, Director of Public Health
John Mennear, Assistant Director, Community Services
Alastair Rae, Public Relations Manager
Laura Stones, Scrutiny Support Officer
Angela Armstrong, Principal Democratic Services Officer

148. Apologies for Absence

Apologies for absence were received from Councillors Keith Dawkins and Paul Thompson.

149. Declarations of Interest

None.

150. Minutes

- (i) Finance and Policy Committee held on 8 November 2013 – Received.
- (ii) Health and Wellbeing Board held on 26 September 2013 – Received.

(iii) Safer Hartlepool Partnership held on 27 September 2013 – Received.

151. Medium Term Financial Strategy (MTFS) 2014/15 Savings Proposal *(Corporate Management Team)*

Type of decision

Budget and Policy Framework

Purpose of report

To consider the views/comments received from each of the individual Policy Committees in relation to the 2014/15 savings proposals.

To ask that the views/comments expressed by the Policy Committees be fed back to the Corporate Management Team to assist in the preparation of the finalised 2014/15 savings proposals, for consideration by the Finance and Policy Committee in January 2013.

Issue(s) for consideration

The report provided the background to the development of the Medium Term Financial Strategy for 2014/15 which was based on an assessment of information available at the time and estimated that the Council would need to make further cuts of £16.2m which equated to 18% of the net General Fund budget. Detailed departmental savings proposals with a total value of £4,376m had been identified and on the assumption these proposals were all implemented, the net unfunded budget deficit for 2014/15 was forecast to be £0.218m. It was anticipated that this could be bridged from the 2014/15 New Homes Bonus. The Departmental savings proposals for 2014/15 were referred to the individual Policy Committees for detailed consideration and feedback from the Committees was outlined in the report. A timetable of planned MTFS consultation process from this point forward was provided in the report.

During the discussions that followed, a Member suggested that further exploration of income generation should be undertaken and it was noted that this could be explored further by the relevant Policy Committee. Members reluctantly accepted the savings proposals but were concerned at the long term implications, including the impact on front line services and the additional pressure that would be placed on Council employees. However, Officers were congratulated on managing the Council's resources to reduce the impact on front line services.

A Member expressed concern at the current tendering process for the low level support services within Adults Services. The Director of Child and Adult Services indicated that this tender had been instigated to test the

market in this particular service area, however the detail surrounding this contract could be explored further by the Adults Services Committee. It was suggested that all Members of the Finance and Policy Committee be invited to the Adult Services Committee when this issue was to be discussed further.

The representative from the Trades Unions Joint Committee informed Members that as a result of the last meeting of the Finance and Policy Committee, further discussions had taken place in relation to the staffing savings proposed within the Chief Solicitor's Division and would continue throughout the formal consultation process with Trades Unions and staff.

Decision

- (i) The view/comments expressed by each individual Policy Committee which were outlined in the report were noted and approved.
- (ii) That based on the responses received and Members comments noted above, a response from the Finance and Policy Committee be fed back to the Corporate Management Team to assist in the preparation of the finalised 2014/15 savings proposals for consideration by the Finance and Policy Committee in January 2014.
- (iii) That the tender for the low level support services within the Child and Adult Services Department be referred to the Adult Services Committee for further discussion and that all Members of the Finance and Policy Committee be invited to participate in those discussions.

152. Reviewing the Sustainable Community Strategy for Hartlepool *(Assistant Chief Executive)*

Type of decision

Budget and Policy Framework

Purpose of report

To present the Committee with the second draft of the new Sustainable Community Strategy (Appendix 1) and to set out the comments made on the first draft and how those comments have been addressed.

Issue(s) for consideration

The report provided the background to the review of the Sustainable Community Strategy and outlined the responses received from the statutory consultees on the draft Community Strategy. In addition, 793 questionnaires had been completed by members of the public via an online survey and the responses were summarised in the report. Participants

were asked to rank the six key priorities for the Community Strategy with the following results:

Increased business and jobs – 67%
Healthier people – 60%
Giving every child the best start in life – 58%
Safer stronger neighbourhoods – 49%
Reduced poverty – 40%
Better housing – 27%

It was noted that should this first draft of the Strategy be approved, a further two week consultation would be undertaken before the final draft was submitted to the Finance and Policy Committee in January.

A Member referred to paragraph 4.21 of the report and expressed concerns at the recent announcement of the removal of adult mental health services from the Victoria Road facility as this appeared to go against what the public considered to be a priority in the consultation on the Strategy. It was suggested that this issue should be reflected within the next draft of the Strategy and considered by the Health and Wellbeing Board. The Assistant Chief Executive confirmed that Members' comments would be fed back and would be taken into account in the next draft of the Strategy. A Member highlighted the importance of issues relating to the provision of health services in the town being raised at the Regional Health Scrutiny Committee at which the Chair of Audit and Governance Committee was invited to participate and represent the aspirations of the Town.

Decision

- (i) That Members' comments noted above in relation to the provision of health services at Victoria Road be reflected within the Strategy.
- (ii) The subject to the inclusion of the above comments, the 2nd draft Sustainable Community Strategy as set out in Appendix 1 was agreed prior to a final consultation period.
- (iii) That Members comments in relation to the Council's representation on the Regional Health Scrutiny Committee be forwarded to the Chair of the Audit and Governance Committee.

153. Local Council Tax Support 2014/15 *(Chief Finance Officer)*

Type of decision

Budget and Policy Framework Decision

Purpose of report

To:

- (i) Update Members on the potential impact of additional proposed Government grant cuts in 2014/15 and 2015/16 on the Local Council Tax Support (LCTS) scheme; and
- (ii) To enable Members to determine if they wish to review the initial 2014/15 LCTS proposals approved on 19 September 2013.

Issue(s) for consideration

The report provided the background to the Local Council Tax Support proposals for 2014/15 along with an outline of previous considerations of the Committee. Whilst it was noted that details of the Local Government Finance Settlement for 2014/15 will not be known until late December 2013, the Government had issued a 'Local Government Finance Settlement 2014/15 and 2015/16 Technical Consultation' document. This document provided details of the additional national cuts in 2015/16 of £1 billion which increased the cut from 10% to 15%.

For 2014/15 there was no change proposed to the allocation of funding between the LCTS and the General Fund Budget to reflect Members initial decisions as set out in the Medium Term Financial Strategy. However, this position needed to be reviewed for 2015/16 and three options were provided for Members consideration to assess the impact of the latest Government Grant figures. Details and impact assessments of the options were included in the report.

Members were reminded that significantly higher cuts in LCTS support were also likely to be required in 2016/17 and future years as Councils will find it increasingly difficult to balance supporting LCTS schemes and General Fund services if grant cuts continue.

Members were supportive of Option 2 as they considered this had the lesser impact on the people who were suffering most as a result of the budget cuts imposed by the Government whilst protecting local front line services as much as possible.

Decision

- (i) That Option 2 was approved – to explore a LCTS cut of 12% for 2014/15 and to authorise the Chief Finance Officer to undertake public consultation on this option for a 4 week period commencing 2 December 2013.
- (ii) It was noted that the outcome of the public consultation required a

decision that complies with the statutory deadline for the approval of the LCTS scheme, namely on or before 31 January 2014. This would require a decision to be taken as a matter of urgency, as any delay would then seriously prejudice the Council's and the public's interest.

- (iii) That a further report on the proposed 2014/15 LCTS scheme be reported to the Finance and Policy Committee in January 2014 to enable final proposals to be referred to full Council to enable the 2014/15 LCTS scheme to be approved before the statutory deadline.

154. Public Health Commissioning Programme 2014/15 (Director of Public Health)

Type of decision

Key Decision – Test (i) and (ii) applies – Forward Plan Reference PH 02.

Purpose of report

To update the Committee regarding investment of the ring-fenced public health grant in 2013/14.

The report also sought approval for a commissioning programme and the procurement process for services funded through the ring-fenced public health grant 2014/15.

Issue(s) for consideration

The report provided the background to the new vision for public health as set out in 'Health People, Healthy Lives: Our Strategy for Public Health in England' (2010) and detailed the investment of ring-fenced Public Health Grant in 2013/14 across a number of statutory services. The report outlined the Public Health Commissioning Programme for 2014/15 and confirmed that the investment of ring fenced public health grant should be based on a robust Joint Strategic Needs Assessment (JSNA), Joint Health and Wellbeing Strategy (JHWS) and Public Health Outcomes Framework. It was expected that the grant would be used for improving health and wellbeing; carrying out health protection functions delegated from the Secretary of State, reducing inequalities and ensuring the provision of population healthcare advice.

It was highlighted that the following contracts were above the EU threshold:

- School nursing service
- Falls service
- Health trainers
- Smoking services.

It was therefore requested that an exemption to the Council's Contracting and Procurement Rules was sought to place a one year contract on 1 April 2014 with existing providers for the services noted above. In the spirit of openness and transparency, it was requested that the Local Authority publish a Voluntary Ex-Ante Transparency Notice (VEAT) in relation to this proposed contract award.

During the discussions, it was noted that in view of the number of services the local authority had inherited from the NHS, it was prudent to undertake a review of those services to ensure good value for money was being provided, the services were actually having an impact on the problems they were trying to solve and whether there was the potential to provide the service on an in-house basis. A Member highlighted a particular need to focus on childhood obesity as this was increasingly becoming a problem.

A Member questioned whether there was any additional support that could be provided in relation to COPD. The Director of Public Health informed Members that there was an ongoing scrutiny investigation into COPD and the provision of services to support people with COPD.

In response to a question from a Member on the provision of mental health services, the Director of Child and Adult Services confirmed that it was the Clinical Commissioning Group's responsibility to provide specialist support service for mental health. However, a response would be forwarded on behalf of the Council to the consultation on the proposal to remove mental health services from the Victoria Road premises and would reflect Members concerns.

A Member highlighted that 'statutory' service provision was also subject to change in relation to how this was financed and how it was provided.

In relation to smoking cessation, a Member questioned how young people were educated on the impact and effects of smoking. The Director of Public Health indicated that theatre groups and interactive drama were useful tools to educate young people and these were being utilised within local schools. It was noted that Hartlepool had received national recognition for having the most successful smoking cessation service in the Country and possibly Europe. However, it was recognised that whilst there had been fantastic progress in reducing the number of people smoking from 33% to 21%, this work should continue to be progressed to lower the number of people smoking even more. It was acknowledged that the affects of being such an industrial area in the past may also have impacted on the number of people suffering from COPD. It was suggested that showing young people images of the effects smoking has on lungs and by speaking to people suffering from lung disease should form part of the education of young people on the affects of smoking. The Director of Child and Adult Services indicated that there was the potential to offer joint curriculum activities with education and public health services to examine the most effective ways of educating young people.

Members were pleased to note the Government's recent announcement to introduce plain packaging on cigarettes, a proposal that the Council had supported approximately 18 months ago.

Decision

- (i) It was noted that in accordance with the recommendations approved in the Medium Term Financial Strategy by Council on 18 February 2013, the Director of Public Health had determined the contractual commitments against the Public Health funding and prepared a detailed budget on the impact of integrating Public Health both operationally and financially as set out in this report.
- (ii) It was noted that services funded currently by the ring fenced Public Health Grant will be reviewed during the remainder of 2013/14 and 2014/15 on a phased basis.
- (iii) It was noted that a further report regarding the Criminal Justice Intervention Team be brought back to a future meeting of the Committee.
- (iv) It was noted that the 2014/15 budget will be submitted to Members as part of the overall budget strategy, reflecting the identified General Fund costs which can be funded from the Public Health Grant in 2014/15.
- (v) The Public Health Commissioning Programme and exemptions to Council's Contract and Procurement Rules for services funded through the ring-fenced public health grant in 2014/15 were approved.
- (vi) The publication of a VEAT in relation to the services outlined in the report was approved.

155. Disposal of Surplus Assets – Morison Memorial Hall (Director of Regeneration and Neighbourhoods)

Type of decision

Key Decision – Test (i) applies – Forward Plan Reference RN13/09.

Purpose of report

To consider the proposed freehold transfer of Morison Memorial Hall to the Hartlepool New Deal for Communities (NDC) Trust as detailed in Confidential Appendix C to facilitate a scheme of redevelopment and bring the building back into use. **This item contained exempt information under Schedule 12 A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006, namely information relating to the financial or business affairs of any particular person (including the authority holding that information) para 3.**

Issue(s) for consideration

The report provided the background and a brief history to the Morison Memorial Home. Hartlepool NDC Trust was currently working in collaboration with the Vela Group to deliver a restoration scheme on the building and convert the property into 8 residential flat units. The Trust anticipated the total cost of the refurbishment scheme would be in the region of £850,000 and had already secured a substantial grant of £351,000 from the Homes and Communities Agency. In addition to this, they have also been awarded an approved grant of £49,000 from the Social Investment Business. The Trust were seeking to fund the balance of the scheme of £450,000 through a secured loan from the Council to be paid back over a repayment term of 40 years. In addition, as part of the proposals, the Trust agreed to transfer its freehold reversionary interest in the Murray Street car park as shown on Appendix B, into the ownership of the Council.

The HCA grant funding would be claimed by the Trust quarterly in advance of expenditure being incurred which reduced the exposure of risk by the Council. The risk and financial implications of the proposal for the Council were outlined in the report.

A Member commented that this proposal was a good news story for the Headland area and suggested that there may be opportunities for apprentices to be part of this development.

In response to a question from a Member in relation to the sustainability of the development, the Director of Regeneration and Neighbourhoods confirmed that the residential units within the proposal could either be 1 or 2 bedroom depending on how the occupants configured the space within the unit. It was noted that there was sufficient demand for 1 and 2 bedroom residences to ensure the sustainability of the development.

Decision

The disposal of Morison Memorial Hall to the NDC Trust was approved subject to the following conditions:

- (i) The granting of a loan up to £450,000 over 40 years at the prevailing Public Works Lending Board rate annuity rate, subject to a final redevelopment scheme being agreed and the matter being approved at Full Council on 5 December 2013.
- (ii) The Chief Finance Officer and Chief Solicitor were authorised to draft the necessary financial and legal documents to action the guarantees referred to in paragraph 5.5 of the report for agreement with the NDS Trust and to note these documents will not be signed until full Council has made a final decision on this proposal.
- (iii) The disposal of the site which was detailed in confidential Appendix C. **This item contained exempt information under Schedule 12A**

Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation Order 2006 namely information relating to the financial or business affairs of any particular person (including the authority holding that information) para 3.

156. Review of Community Involvement and Engagement (Including LSP Review): Update on Decisions Taken ‘In Principle’ *(Assistant Chief Executive)*

Type of decision

Key Decision – Test (ii) applies – Forward Plan Reference CE46/11.

Purpose of report

To update the Committee on the Strategic Partners Group review and to seek agreement on the future role and membership of the Strategic Partners Group.

Issue(s) for consideration

The report provided the background to the review of the Strategic Partners Group (SPG). A workshop session was held with SPG members during which a number of common themes emerged and these were detailed in the report. The report outlined a number of proposals around the following:

- (i) Whether to retain a SPG;
- (ii) Membership;
- (iii) Remit and Focus;
- (iv) Frequency of Meetings.

During the discussions, Members considered whether in light of decreasing budgets and staffing, a Strategic Partners Group should be retained, especially as there was a lot of cross-over in the current membership with other Partnerships. However, Members were supportive of retaining a SPG with diared meetings that would only be held if they were required, but with at least one meeting being held per year, preferably at the beginning of the year.

Decision

- (i) That the Strategic Partners Group be retained.
- (ii) That the membership be revised as set out in paragraph 4.5 of the report.
- (iii) That meetings should focus on issues that cut across all themes.

- (iv) That four meetings be diaried per year with the first meeting taking place at the beginning of the municipal year and the other three only convened at the request of any single partner organisation to discuss a significant issue impacting on an organisation or the Borough.

The Chief Executive, Director of Child and Adult Services and Director of Regeneration and Neighbourhoods left the meeting prior to the consideration of the next item.

157. Performance Increment Scheme (Chief Executive and Directors) *(Assistant Chief Executive)*

Type of decision

Non key.

Purpose of report

To consider the conclusions of the Appraisal Panel meeting held on 23 October 2013.

Issue(s) for consideration

The report provided the background to the draft Performance Increment Scheme and associated appeals procedure for the Chief Executive and Directors. It was noted that the Appraisal Panel had considered the proposals and noted that the performance of the Chief Executive and Directors was measured through the objectives of the Budget and Policy Framework, the Council Plan and the Annual Governance Statement which were currently reported to the Finance and Policy Committee (and individual Committees where appropriate), Council and the Audit and Governance Committee. The Panel were of the view that the current arrangements for measuring performance were satisfactory and provided a clear basis to assess the performance of the Chief Executive, and for the Chief Executive to assess the performance of Directors without the need for recourse to a separate Performance Increment Scheme and duplication of effort.

In addition, Members considered that the differentiation of the Chief Executive and Directors from all other members of Council staff in the implementation of this scheme was not appropriate.

During the discussions that followed, the Assistant Chief Executive confirmed that this scheme was to implement incremental progression, it was not to introduce a pay award. This proposal would bring the Chief Executive and Directors in line with the arrangements for all other Council staff in relation to the progression of salary increments.

Decision

- (i) The awarding of the performance increment for the Chief Executive was agreed.
- (ii) That further incremental pay awards for the Chief Executive and Directors would be implemented automatically on an annual basis, subject to the Council Plan, Annual Governance Statement and the conclusion of the Budget and Policy Framework being agreed by the Finance and Policy Committee and Council.

The Chief Executive, Director of Child and Adult Services and Director of Regeneration and Neighbourhoods returned to the meeting.

158. Function Catering Service (*Director of Regeneration and Neighbourhoods*)**Type of decision**

For information.

Purpose of report

To inform the Committee of developments in relation to the Central Library cafe.

Issue(s) for consideration

The report provided the background and history to the Central Library Café. It was noted that consultations had taken place with staff and Trade Unions in relation to the closure of a number of cafes and the potential of a CIC, however, staff were very clear this was not an option that they wished to pursue. As a result it was noted that the Library Café will close on 21 December 2013 together with the Art Gallery Café in line with the Committee's earlier resolution. It was noted that vending machines and areas for customers to sit and relax will be provided.

Consultation with staff and Trade Unions including the potential for redundancies or redeployment opportunities was ongoing with one application for voluntary redundancy already being received. The union representative commented that work was ongoing to secure 'suitable alternative employment' within the redeployment opportunities that were available.

Decision

The current situation was noted.

159. Employee Sickness Absence 2nd Quarter 2013/14
(Assistant Chief Executive)**Type of decision**

For information.

Purpose of report

To update the Committee on the Council's performance, in relation to employee sickness absence, for the second quarter of 2013/14.

Issue(s) for consideration

The report included detailed information on the Council's performance including schools up to the second quarter of 2013/14. The report highlighted that there had been an overall downward trend in sickness absence rates across all Departments compared with the last three years, except for Child and Adult Services and Public Health who have had an unusually high level of long term sickness absence. However, this level was expected to reduce over the remainder of the year.

It was noted that long term sickness absences continued to account for the majority of the Council's sickness absence. The Council had focussed resources to assist managers on the long term cases through regular individual case management and early intervention to support employees return to work as quickly as possible.

Members were pleased to note the information contained in the report and congratulated all staff for their hard work and commitment to reducing sickness absence levels and the Chair indicated that this would be communicated to all employees.

Decision

The employee sickness absence rates for the second quarter of 2013/14 was noted.

160. Quarter 2 – Council Overview of Performance and Risk 2013/14 *(Assistant Chief Executive)*

Type of decision

For information.

Purpose of report

To inform the Committee of the progress made against the 2013/14 Council Plan, for the period ending 30 September 2013.

Issue(s) for consideration

The report provided an overview of the performance and risk as detailed within the Council Plan including 247 actions and 233 performance indicators to deliver and measure improvements across key priority areas (outcomes) identified in the Community Strategy and Council Plan. It was noted that 85% of actions had been completed or assessed as being on target to be achieved on their scheduled completion date along with 64% of performance indicators being on track to achieve their year end target. In addition, 14% of actions and 17% of performance indicators were assessed as having made acceptable progress. The Assistant Chief Executive indicated that performance across all the actions and performance indicators was very positive and this was testament to the hard work and commitment of all employees.

Decision

The current position with regard to performance was noted.

161. Any Other Items which the Chairman Considers are Urgent

None.

162. Date and time of next meeting

It was noted that the next meeting of the Finance and Policy Committee would be held on 19 December 2013 at 9.30am.

The meeting concluded at 10.58

P J DEVLIN

CHIEF SOLICITOR

PUBLICATION DATE: 9 December 2013

FINANCE AND POLICY COMMITTEE

19th December 2013



Report of: Corporate Management Team

Subject: MEDIUM TERM FINANCIAL STRATEGY (MTFS)
2014/15 to 2016/17

1. TYPE OF DECISION/APPLICABLE CATEGORY

Budget and Policy Framework decision.

2. PURPOSE OF REPORT

2.1 The purpose of this report is to:-

- i) Update the MTFS to reflect the impact of the 2014/15 Local Government Finance Settlement and local decisions reached by Members over the past few months; and
- ii) To enable Members to consider and develop the detailed 2014/15 budget proposals and recommendations prior to finalising these issues at the Finance and Policy Committee meeting on 31st January 2014 for referral to Council on 6th February 2014.

2.2 **The report was prepared before the 2014/15 Local Government Finance Settlement was issued by the Government and the figures included for grant cuts reflect the latest assessment of information available at that time. The key issues in this report have been covered in previous MTFS reports and the detailed savings reports considered by individual Policy Committee. This approach has been adopted to provide Members with as much information as early as possible, including details of the decisions which will need to be taken when the actual grant allocation for 2014/15 is provided by the Government, as the timetable for the final stages of the budget is extremely tight. A replacement report will be issued if the Local Government Finance Settlement is issued before the meeting on 19th December 2013.**

3. BACKGROUND

- 3.1 This is the third detailed budget report which will be submitted to this Committee during the current financial year to enable Members to develop and approve the final 2014/15 budget proposals to be referred to full Council in February 2014. Previous reports were considered on 31st May 2013 and 2nd August 2013 and outlined the scale of the budget deficits facing the Council over the next three years.
- 3.2 The August report enabled this Committee to consider detailed savings proposals for 2014/15 and refer these proposals to individual Policy Committees for detailed consideration. Feedback from individual Policy Committees was reported to the Committee on 29th November 2013 and is summarised in Appendix A. In broad terms the Policy Committees have expressed concerns regarding the budget cuts the Council will be required to make over the next few years as a result of continuing Government funding reductions and in the circumstances reluctantly support the 2014/15 savings proposals.
- 3.3 The previous MTFS reports provided a comprehensive assessment of the financial challenges and risks facing the Council over the 3 years commencing 2014/15. These issues are covered in detailed in this report and in summary the Council is facing the most challenging financial position since becoming a unitary authority in 1996, which reflects:
- The impact of additional cuts in the core General Fund grant in 2014/15 and 2015/16 (including mainstreaming of funding for Council Tax Support) recently announced by the Government. By 2015/16 the Council's core General Fund grant will be **£30.5m** lower than in 2010/11 - a cash reduction of **39%**.
 - The abolition from 1st April 2013 of the national Council Tax Benefit system and the transfer of financial responsibility for Council Tax Support to individual Councils, with a 10% national funding cut (13% for Hartlepool when account is taken of actual caseloads);
 - The implementation of the Business Rates Retention system from 1st April 2013, which has transferred significant financial risks to individual Councils owing to the impact of 'safety net' system and the risk relating to the business rates paid by the Power Station, which contributes **17%** of the total Business Rates collected by the Council.
 - Individual Councils face potential costs relating to 50% of back-dated Business Rates appeals;
 - The impact of cuts in specific grants, including a cut in the Early Intervention Grant of **£1.512m** - a reduction of **25%**.

4. One-off resources, including 2013/14 Outturn and Review of Reserves**4.1 One-off resources**

4.2 The previous MTFS reports (May 2013 and August 2013) identified one-off resources of £2.64m, as summarised below:

	£'000
2012/13 Uncommitted outturn	680
Uncommitted Equal Pay Provision	860
Initial 2013/14 Forecast Outturn	1,100
Total one-off resources	2,640

4.3 The early identification of these one-off resources enabled Members to consider and approve proposals for the use of these resources which address financial risks, underpinned the development of the Local Council Tax Support Scheme, support the 2014/15 revenue budget and address highways maintenance priorities, as summarised below and detailed in Appendix B:

	£'000
Business Rates risk	900
Support for Local Council Tax Support scheme	860
Support for 2014/15 Revenue budget	680
Highways Maintenance Programme	200
Total one-off resources	2,640

4.4 2013/14 Outturn and Review of Reserves

4.5 Previous reports highlighted the robust action taken by the Corporate Management Team to manage the 2013/14 revenue budget to achieve underspends through a combination of:

- Holding posts vacant, which will help reduce the number of compulsory redundancies in 2014/15;
- Achieving planned 2014/15 savings earlier;
- Careful management of budgets to avoid expenditure where this does not have an adverse impact on services;
- Savings in interest costs as a result of current interest rate structures.

4.6 As a result of these actions a significant managed underspend will be achieved in the current year. There will also be a one-off financial benefit arising from the review of reserves and the risks reserves are held to manage. There are a number of unavoidable one-off financial commitments which will need to be funded from these resources, which have previously been reported in the detailed Financial Management reports.

4.7 After reflecting the commitments detailed in the previous paragraphs it is forecast that the uncommitted 2013/14 underspend will be between £0.729m

and £1.160m, as summarised in Appendix C. At this stage no provision has been made for potential one off costs associated with the relocation of the Registrar's Service, which is subject to a separate report on the agenda. The range reflects the impact of seasonal and demand lead budgets where actual expenditure over the last three months of the financial year remains uncertain. These figures are lower than previously forecast as an initial provision for Local Plan preparation costs of £0.25m has now been made. Actual costs against this provision will be managed carefully. If the full provision is not needed during 2014/15 the Committee will be able determine a strategy for using the uncommitted resources as part of the 2015/16 budget process.

- 4.8 As a minimum the lower forecast 2013/14 uncommitted underspend of £0.729m should be available to support the 2014/15 and 2015/16 budgets and further details are provided later in the report.

5. Core Revenue Support Grant and linkages to Education Service Grant

- 5.1 The August 2013 MTFS report provided details of further work which had been completed to assess the impact of changes in the Council's core Revenue Support Grant and linkages to the Education Services Grant (ESG), previously known as the Local Authority Central Services Education Grant (LACSEG). This work also reviewed those areas funded from the ESG grant.
- 5.2 In terms of the grant changes and linkages to the core grant allocation these are better for 2013/14 and 2014/15 than initially assessed when the current years budget was prepared. At that time the Government indicated the ESG would be top sliced from the Revenue Support Grant and for planning purposes this reduction was reflected in the MTFS. Following clarification of the initial funding announcements by the Government it is now clear this planning assumption was too pessimistic and the Council will receive higher funding in 2013/14 and 2014/15 than anticipated. **These changes retain funding which it was anticipated would be top sliced from the Core Revenue Grant allocation and do not impact on the funding available for schools from the Dedicated Schools Grant, which is a separate ring fenced grant.** The level of the additional funding retained by the Council in these years will depend on the number, timing and type of schools (i.e. primary or secondary) which convert to academies in 2013/14 and 2014/15. For planning purposes conversion rates of 50%, 75% and 100% have been used to assess the potential financial impact to the Council.
- 5.3 In addition, the Council also benefitted from the **refund of Core Revenue Support Grant** deducted in 2011/12 and 2012/13 by the Government to transfer funding from Local Authorities to academies. These arrangements meant Hartlepool lost funding even though it had no academies in these years. These resources had previously been earmarked to mitigate the anticipated impact of the ESG reductions in 2013/14 and future years. The actual amount refunded for 2012/13 is slightly higher than the provisional allocations provided by the Government. These changes return funding top

sliced from previous Revenue Support Grant allocations **and did not impact on the funding available for schools from the Dedicated Schools Grant.**

- 5.4 In total these proposals provide a **one-off benefit** of between £2.72m and £3.6m **as the Council's core Revenue Grant will not be cut to the extent forecast in February 2013.** The range of this one-off benefit reflects the forecast rate for schools converting to academies.

	Academy conversion rate 2014/15 – 50%	Academy conversion rate 2014/15 – 75%	Academy conversion rate 2014/15 – 100%
2013/14	2,230	2,230	2,230
2014/15	1,370	930	490
Forecast one-off funding	3,600	3,160	2,720

- 5.5 The changes to the ESG mean that if all schools convert to academies the Council will receive a residual ESG of £0.214m per year, based on current Government proposals. This amount is provided to fund the statutory functions remaining with Councils, which includes the Director of Education and associated direct support costs, prosecutions for non-attendance, child employment enforcement, maintenance and development of local school funding formula and Standing Advisory Council for Religious Education. The residual grant allocation will not be sufficient to cover the costs which remain with the Council. Therefore, whilst the Council will receive a one-off benefit in 2013/14 and 2014/15, the linkages between these changes and the Revenue Support Grant mean there will be a small ongoing budget pressure in 2015/16 of £50,000, increasing to £185,000 in 2016/17. These pressures are included in the updated forecast detailed later in the report.
- 5.6 In terms of a strategy for using these one-off resources this Committee previously approved the recommendation that the Council only commits the lower forecast of £2.72m until the actual position is more certain and the funding has been received by the Council. Members also approved the recommendation that this funding is allocated to support the revenue budget and reduce the scale of the cuts which need to be implemented. The initial budget proposals recommended in May proposed using one-off resources of £0.68m in 2014/15 from the 2013/14 General Fund Outturn. It was recommended that this amount is increased by £0.32m, which increases the one-off resources used to support the 2014/15 budget to £1m. This amount can then be sustained in 2015/16 and 2016/17 and commits £2.320m of the forecast £2.720m. Members previously indicated they wish to allocate the remaining £0.4m to support Regeneration Priorities and this issue is covered later in the report.

6. Autumn Statement

- 6.1 The Chancellor's made his Autumn Statement on 5th December 2013 and the key issues impacting on Councils are summarised below. Further

information is needed to assess the detailed impact of these issues on the Council's financial position:

- Local Government funding – the Chancellor announced that Local Government has been protected from new further departmental funding cuts of £2 billion in 2014/15 and 2015/16. The Chancellor also stated this is to encourage Councils to take up the Council Tax freeze offer.

The Chancellors statements need to be considered in the context of the 'Local Government Finance Settlement 2014/15 and 2015/16 Technical Consultation' issued in July 2013 which provided details of proposed grant allocations for the next two years. In both years the proposed grant cuts are higher than announced in the June 2013 Spending Review, particularly for 2015/16. These higher grant cuts are reflected in the updated forecasts included in this report;

- The proposed £300 million national top slice of the New Homes Bonus towards the 'Growth Fund' will not be implemented. However, this funding will now come from other decentralised funds.
- The 3.2% Retail Prices Inflation increase in Business Rates will be reduced to 2%;
- There will be a range of measures to reduce the burden of business rates, including a £1,000 discount for all retail, pubs cafes (excluding banks and betting offices) with rateable values below £50,000 for two years, the continuation of Small Business Rate Relief for two years and 12 monthly installment arrangements.
- There will be a consultation on reforms to the business rates appeals process and a commitment to clear 95% of the September 2013 backlog of appeals before July 2015.
- There will be an additional £40 million in 2014/15 and 2015/16 for Discretionary Housing Payments;
- There will be funding of £450 million in 2014/15 and £635 million in 2015/16 to fund free school meals for all infant schools children from September 2014 and disadvantaged college students.

7. Provisional Local Government Spending Announcement 2014/15 and 2015/16

- 7.1 The previous MTFS report advised Members that the Government's June 2013 Spending Review indicated that Local Government funding cuts for 2014/15 and 2015/16 would be higher than previously indicated by the Government. However, the position at that stage was complicated as there were a number of other factors within the Spending Review which needed to be taken into account in assessing the impact on the budget forecasts for 2014/15 and 2015/16. This included the statement in the Spending Review

that **‘the Government will consult on the local government finance settlement for 2015/16 in the normal way, recognising that some local authorities are more dependent on central government funding than others’**, which potentially may benefit Hartlepool.

- 7.2 Further announcements were made by the Government following the June 2013 Spending Review. These announcements provided indicative funding levels for 2014/15 and 2015/16 for individual Councils. The forecasts within this report reflect these figures and provide an appropriate planning basis.
- 7.3 In view of the higher forecast grant cuts in 2014/15 it was recommended that the uncommitted forecast 2013/14 managed underspend should be allocated to manage this risk. This proposal is still appropriate, although it does not provide a permanent solution and is designed to provide a longer lead time to develop a permanent solution.
- 7.4 The financial forecasts will be updated to reflect the impact of the provisional Local Government Spending Announcement for 2014/15 and 2015/16 issued once this is known and details will be reported to Members as soon as practical. At the time this report was prepared the Department for Communities and Local Government had not provided a date for this announcement. This makes financial planning more difficult and reduces the time available to finalise the 2014/15 budget proposals.

8. **Impact of Local Government Finance Settlement 2014/15 and 2018/16 Technical Consultation on the MTFS**

- 8.1 The previous MTFS reports forecast a gross budget deficit for 2014/15 of **£8.524m**. This figure included unavoidable budget pressures of £0.97m (marginally less than the initial assessment included in the February 2013 forecasts of £1m) as detailed in Appendix D. The key pressures cover an income shortfall on the Shopping Centre of £0.424m and cost pressures for Looked after Children of £0.4m. In previous years both these issues have been managed from one-off resources, but now need to be addressed on a permanent basis within the 2014/15 base budget. It should be noted that an additional four social workers will be required to address capacity issues in Children’s Social Care and in 2014/15 this pressure will be funded from existing departmental reserves. This strategy will provide time to assess ongoing staffing and workload levels in this area.
- 8.2 As a result of the provisional 2014/15 grant cut being higher than forecast this deficit has increased to **£9.125m**.
- 8.3 As part of the strategy for addressing the forecast deficit a detailed assessment of the initial planning assumptions for 2013/14 had been undertaken to reflect changing circumstances and a range of budget reductions were reported in previous MTFS reports. Some of these factors arise from current economic conditions and whilst it is possible to take a permanent saving in 2014/15 the position may change in the medium term, which may increase a future years’ budget deficit. Conversely, if these

'contingency' budgets are maintained the Council will underspend, which will mean that permanent cuts are made earlier than necessary. Balancing these issues is not easy and the key issue for Members to recognise is the potential financial risk in future years. These issues can still be taken into account to reduce the 2014/15 budget deficit and total £1.797m as detailed in Appendix E and as summarised below:

Changes in Planning Assumptions	Decrease/ (increase) in budget deficit £'000
Reduce budget provision for April 2014 Pay award	600
Gas and Electric Budgets	150
Job Evaluation budget	150
Insurance Premium saving	60
General Fund Public Health Contribution	40
Members Allowances *	0
Accommodation budgets	170
Employers' Pension Contribution saving	250
Terms and Conditions Review #	0
Senior Management Structure Review	330
Reduction in 2012/13 & 2013/14 budget pressures	223
Reduction in provision for 14/15 budget pressures	30
Reduction in External Audit Fees	19
Increase in IT procurement saving	25
Deletion of forecast collaboration saving	(250)
Net decrease in budget deficit	1,797

* The revised planning assumptions for 2014/15 exclude the Members Allowances savings of £0.131m which Council has determined will be earmarked to substantially fund the costs of introducing a 'Hartlepool Living Wage' of £0.155m. The 2013/14 Members Allowances part year saving will be carried forward to fund the residual Hartlepool Living Wage cost in 2014/15. It is anticipated that from 2015/16 this shortfall will be a first call on savings achieved from the Terms and Conditions Review.

This area is more challenging than anticipated and changes will take longer to agree and implement than initially envisaged. Therefore, it is anticipated these savings will not be achieved until 2015/16.

- 8.4 In addition, the budget deficit can also be reduced on a permanent basis as a result of Public Health funding changes and the full year ICT savings. There will also be a temporary benefit from the use of one-off resources in 2014/15, although this defers this element of the budget deficit until 2015/16.
- 8.5 In summary after reflecting the higher actual 2014/15 grant cuts and the measures detailed in the previous paragraphs reduce the budget deficit for 2014/15 to **£5.195m**, compared to a forecast net deficit of **£4.594m**, as summarised below

Revised budget deficit 2014/15

	Forecast reported 02.08.13 £'000	Latest Forecast to reflect actual 2014/15 grant cut £'000
Gross Budget deficit 2014/15	8,524	9,125
Changes in Planning assumption	(1,797)	(1,797)
Public Health Funding	(500)	(500)
Full Year ICT saving (includes potential rental income)	(500)	(500)
Net Budget Gap 2014/15	5,727	6,328
Initial One-off funding (paragraph 4.2)	(680)	(680)
Additional One-off funding (paragraph 4.15)	(320)	(320)
Use of residual balance of 'Savings implementation reserve'	(133)	(133)
Net Budget deficit 2014/15	4,594	5,195

- 8.6 To address the forecast net budget deficit detailed savings proposals had been developed by the Corporate Management Team and would provide total savings of **£4.376m** if all items are implemented as detailed in Appendices F to I as follows:

- Appendix F - Chief Executives Department
- Appendix G - Child and Adult Services Department
- Appendix H - Regeneration and Neighbourhoods' Department
- Appendix I – Public Health (General Fund)

These proposals have been considered by individual Policy Committees and feedback on these proposals is summarised in Appendix A.

- 8.7 Within the Chief Executives Department savings proposals, additional savings have been identified to offset the higher actual cut in the Housing Benefit Administration Grant, which has been cut by 7.7%, a reduction of £82,000, compared to a forecast cut of £64,000. The local reduction is slightly less than the national average reduction of 10%, which reflects caseloads.
- 8.8 The proposed savings also include a full year saving of £0.12m from reviewing School Transport arrangements and these proposals are currently subject to consultation. The results of the consultation will be reported to Members in January 2014 to enable these issues to be considered before a final decision on this proposed saving can be made and the impact on the overall budget strategy assessed.

- 8.9 The proposed savings include proposals in relation to the 'Community Pool Programme' allocation to reduce the budget and changes to the categories supported. These proposals were considered by full Council on 19th November 2013. Council has requested that this Committee consider the following issue and this is addressed in the separate Ward Members report elsewhere on the agenda.
- 'It was proposed, therefore, that in considering the 2014/15 budget proposals, the Finance and Policy Committee reconsider the Community Pool Programme Allocation 2014/15 and look to finding at least 50% of the current year's contribution to support Category 3 of the Community Pool funding "Capacity and resource building in the Voluntary and Community" to support the work undertaken by HVDA with voluntary and community groups in Hartlepool with the suggestion that any under spend in the Member Ward budgets in 2013/14 contribute to the funding'.
- 8.10 Details of the Library Service Review were considered by the Regeneration Service Committee on the 5th December 2013 and the Committee approved the implementation of option 1, which achieves a £25,000 saving, namely:
- The cessation of the Community Outreach Service element delivered by the Mobile Library vehicle from April 2014 and the disposal of current vehicle;
 - Implementation of alternative service delivery model, including the purchase of a much smaller vehicle and associated staff restructure to provide improved Community Outreach Services.
- 8.11 The proposed savings from adult services include a saving of £188,000 linked to revising the Contribution Policy for non residential services and generating increased income. A consultation exercise has been undertaken and the outcome will be reported to Adult Services Committee on 6 January 2014.
- 8.12 For planning purposes it is assumed the above savings detailed in Appendices F to I are all implemented which reduces net budget deficit of **£5.195m to £0.819m**. In view of the detailed work underpinning the overall budget strategy for 2014/15 and in particular the detailed savings proposals for this year it is recommended that the remaining deficit is funded from the 2013/14 forecast outturn. As detailed earlier in the report the forecast net 2013/14 outturn is an under spend of between £0.729m and £1.16m. The amount of the 2013/14 underspend needed to balance the 2014/15 budget is slightly above the minimum forecast underspend and it is anticipated this level of under spend (i.e. £0.819m) should be available to balance next year's budget.
- 8.13 Assuming Members approve this proposal the total amount of one-off funding being used to balance the 2014/15 budget is **£1.952m** (£2.328m in 2013/14). The use of this level one-off funding is not sustainable and lower levels of one off funding are built into the MTFs for 2015/16 and 2016/17 (i.e. £1m per year). Whilst, the use of this one-off funding does not provide a

permanent solution and defers an element of the budget deficit until a future year, it does provide a longer lead time to consider and develop a sustainable strategy to address the impact of continuing grant cuts.

- 8.14 There will be a temporary employers' pension contribution saving in 2014/15 in relation to the Chief Executive's post of £30,000. As this is only a temporary saving it is not recommended that this amount is used to support the 2014/15 budget. Members have indicated that they wish to use this saving to increase the number of apprenticeships by 2 and to allocate these places to children looked after/care leavers.

9. Risk assessment of proposed savings

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

	Pay savings £'000	Non pay budget savings £'000	Increased income £'000	Total Saving £'000
Chief Executive's Department	259	138	60	457
Child and Adult Services	712	1,004	238	1,954
Regeneration & Neighbourhoods *	919	763	180	1,862
Public Health (General Fund budgets)	0	0	103	103
Total	1,890	1,905	581	4,376
Savings as percentage of total	43%	44%	13%	100%

* Includes proposed saving of £25,000 from cessation of the Community Outreach service element delivered by the current Mobile Library and the implementation of an alternative service delivery model, which will be considered by the Regeneration Service Committee on 5th December 2013. Also includes the proposed School Transportation savings of £125,000 which is currently subject to consultation and will be considered by the Children's Services Committee in January 2014 when the consultation results are available.

- 9.2 The above table indicates that 43% of the overall savings will be achieved by reducing pay budgets. Further analysis of the proposed pay savings has identified that £0.468m (25%) of the overall saving in this area will be achieved by deleting vacant posts. This position reflects management action

taken to hold posts vacant where possible to reduce the need for compulsory redundancies as part of the 2014/15 budget. This action is not sustainable over the period of the MTFS and in future years the number of compulsory redundancies will increase as it will become increasingly difficult to make budget cuts.

- 9.3 With regard to the 2014/15 pay savings which cannot be achieved by deleting vacant posts the Corporate Management Team will continue to manage vacancies during the remainder of the year to provide redeployment opportunities for staff at risk of redundancies where this is possible.

10. Council Tax 2014/15 and 2015/16

- 10.1 As part of the June 2013 Spending Review the Government indicated that for 2014/15 and 2015/16 Council Tax referendum thresholds will be set at 2% and a 1% grant will be paid to Authorities that freeze Council Tax. At that time it was not clear what period the Council Tax freeze grant will be paid for, therefore for planning purposes it is assumed the 2014/15 and 2015/16 freeze grant will be paid for 2 financial years.
- 10.2 On this basis the Committee considered the following two options and determined to recommended freezing Council Tax for 2014/15 and 2015/16, subject to the 2015/16 position being reviewed as part of the 2015/16 budget process.

- **Option 1 - increase Council Tax by 1.99% in 2014/15 and 2015/16, which is just below the referendum threshold of 2%;**

Under this option the Council will benefit in the longer term from a permanent increase in the level of Council Tax and therefore the income which can be generated.

By 2016/17 annual Council Tax increases of 1.99% in 2014/15 and 2015/16 would secure additional ongoing income of £1.285m, compared to the position with a two year Council Tax freeze.

- **Option 2 – Freeze Council Tax in 2014/15 and 2015/16.**

Under this option there will be a permanent loss of income as it will not be possible in future years to increase Council Tax to make up for the freezes implemented in 2014/15 and 2015/16. In the short term, part of this lost income will be offset by the receipt of Council Tax Freeze grant, although this is not permanent income. The Government has indicated that the Council Tax freeze grant will be paid on the Council Tax base before this figure is reduced to reflect the Local Council Tax Support scheme. This means the Council Tax freeze grant is worth more to Local Authorities and for Hartlepool means the Council will receive £0.4m for each year it freezes Council Tax, compared to £0.3m for the lower Council Tax base. There will also be a permanent reduction in the

cost of the Local Council Tax Support scheme from freezing Council Tax in 2014/15 and 2015/16.

- 10.3 The following table summarises the impact of a Council Tax freeze on the forecast budget deficits for the next three years. For 2014/15 this option is budget neutral as the loss of Council Tax income can be offset by the Council Tax freeze grant and the saving in the cost of the Local Council Tax Support scheme.

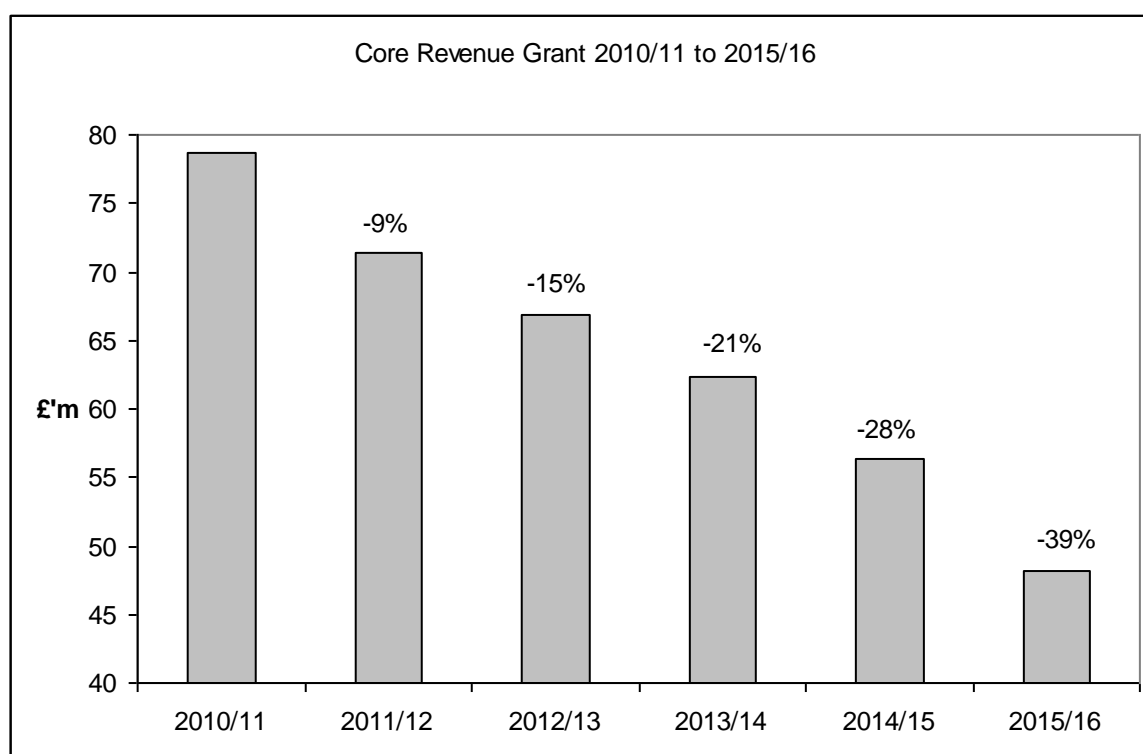
	2014/15 £'000	2015/16 £'000	2016/17 £'000
Reduction in planned Council Tax increase from 2.5% to 1.99%	0	150	150
Loss on permanent increase in income from freezing Council Tax	610	1,250	1,285
Less 2014/15 Council Tax Freeze grant	(400)	(400)	0
Less 2015/16 Council Tax Freeze grant	n/a	(400)	(400)
Less 2014/15 reduced cost of Local Council Tax Support scheme and corresponding reduction in General Fund cost	(210)	(210)	(210)
Less 2014/15 reduced cost of Local Council Tax Support scheme and corresponding reduction in General Fund cost	n/a	(260)	(260)
Net reduction in income (i.e. increase in budget deficit)	0	130	565

- 10.4 Members previously determined to approve a 2014/15 Council Tax freeze and indicative freeze for 2015/16 and these decisions are reflected in the budget forecast detailed in this report.

11. Update of 2015/16 and 2016/17 budget forecasts

- 11.1 The December 2014 Local Government Funding announcement is expected to provide a two year settlement for 2014/15 and 2015/16. Grant figures for 2016/17 will not be known until after the General Election in 2015. If the current Government are re-elected it is anticipated Local Government will continue to face continuing grant cuts and if previous patterns continue Council's more dependant on Government grant will continue to face disproportionate grant cuts. If an alternative Government is elected it is anticipated that there will continue to be public sector cuts, and Local Government is still likely to suffer continuing cuts as the sector is a lower priority for national politicians than Education and Health. At best under a change of Government the most that Councils which are most dependant on Government grant can hope for is a change in the distribution of grants after 2016/17, reflecting local circumstances such as deprivation and ability to fund services locally from Council Tax. However, any potential changes will be from a much lower base as a result of the cuts built into the system over the five year covering 2011/12 to 2015/16.

- 11.2 In relation to the Council's 2014/15 and 2015/16 Core Revenue Grant (including mainstreamed Council Tax Support Funding) the December announcements states there will be further cuts in these years. As a result by 2015/16 grant funding is forecast to be **£48.183m**, compared to **£78.683m** in 2010/11, a cut of **£30.5m** – which equates to a **39%** cut, which is unprecedented. The following graph details the annual Core Revenue Grant allocations since 2010/11 and shows the cumulative percentage grant cut.



- 11.3 The 2015/16 grant cut is higher than forecast on the basis of information provided by the Government in the June 2013 Spending Review. Nationally the 2015/16 Core Review Grant cut is £1 billion higher than indicated in the June 2013 Spending Review, which equates to a cut of 15%.
- 11.4 The introduction of the 'Integration Transformation Fund' (ITF) could potentially provide a financial benefit to the Council. Nationally the ITF amounts to £3.8 billion, of which half is existing funding (made up of the current NHS Transfer to Social Care, Reablement Funding, Capital Allocations and Disabled Facilities Grant funding) and half is to be identified from Clinical Commissioning Group (CCG) baseline funding. The ITF will be a pooled budget, held by the CCG, with plans for use of the funding to be agreed through the Health & Wellbeing Board and is intended to integrate health and social care services to provide improvements for local communities and strengthen current arrangements for sharing information, staff, funding and risk across the health and social care economy.

There will be performance measures associated with the ITF and early indications are that these will focus on reducing hospital admissions and

readmissions, reducing preventable A&E attendances and preventing delayed hospital discharges. Of the £3.8 billion national fund £1 billion will be performance related and will be released in the second half of 2015/16 if improved performance can be evidenced.

One of the six national conditions that must be satisfied in order for ITF plans to be approved is 'protection for social care services (not social care spending)' which indicates that there may be some potential benefit in terms of maintaining social care services that would otherwise be at risk. However, another of the six conditions is 'provision of seven day services in health and social care to support hospital discharges and prevent unnecessary admissions at weekends' which would require significant investment to achieve.

An initial assessment of the potential ITF allocation has been reflected in the table detailed in paragraph 11.14. However there is considerable uncertainty regarding the operation of the ITF and these indicative allocations may not actually be achieved.

Part of the ITF allocation covers existing allocations to Local Authorities which for Hartlepool amounts to approximately £1.9 million, including reablement funding. These areas will be reviewed as part of the implementation of the ITF.

It was also reported in August 2013 that a budget pressure of around £0.5m per year in relation to services for older people is currently not reflected in the General Fund budget forecasts. It is anticipated that from 2015/16 that there may be some support from the ITF to offset this pressure, but this is subject to ITF investment in services that transform health and social care and reduce hospital activity. A specific reserve has previously been earmarked to temporarily manage increased in-year demand from an aging population above the level forecast in the base budget in 2014/15. Whilst this strategy may mitigate an additional unfunded budget pressure to a degree over the period of the MTFS this is an increasing risk due to increasing demographic pressures.

11.5 Funding for Local Council Tax Support (LCTS) Schemes 2014/15 and future years

- 11.6 The December 2013 announcement also confirmed that from 2014/15 the funding to support Local Council Tax Support (LCTS) schemes has been included in the Core Revenue Grant for 2014/15 and future years. From a Local Authority perspective the continuation of a separate LCTS grant would have ensured transparency for the unprecedented shift in financial responsibility of a major Welfare Benefit from Central Government to Local Government
- 11.7 As a result of this change individual Councils must now make an extremely difficult policy decision on the use of the overall Core Revenue Grant between supporting the LCTS scheme and spending on General Fund services. This

is a more difficult decision for Councils, including Hartlepool, with higher levels of deprivation, higher demand for services, a population with greater dependency on LCTS support and facing continued disproportionate Core Revenue Grant cuts. This means that Councils face having to implement LCTS cuts significantly above 20% over the next few years. Cuts in LCTS greater than 20% will need careful assessment, both in terms of:

- the impact on low income working age adults; and
- the Council's financial position as even if cuts above 20% are approved it will be extremely difficult to collect this increased income and the General Fund budget will face increased costs in collecting this income and from making provision for increasing debts which cannot be collected.

11.8 Essentially this is a choice between protecting low income working age households in receipt of LCTS support (many in low paid employment) and the level of cuts in services. **There is no impact on low income pensioners eligible for LCTS support as they continue to be fully protected from these funding changes.**

11.9 For planning purposes both the 2014/15 MTFS and 2014/15 LCTS are based on the planning assumption of allocating £9.6m of the Core Revenue Grant to fund the LCTS. This is the same level of grant funding allocated to the 2013/14 LCTS scheme. It is not recommended at this stage that the position for 2014/15 is changed as this planning assumption underpinned the Committee's decision to consult on a LCTS cut of 12% for 2014/15, compared to the 8.5% LCTS cut in 2013/14. An LCTS cut of 12% in 2014/15 will still provide more support to low income working age households than the other 4 Tees Valley Councils which it is anticipated will retain LCTS cuts of 20% in 2014/15 i.e. the level implemented in 2013/14.

11.10 The sustainability of allocating £9.6m of the available Core Revenue Grant towards the LCTS scheme in 2015/16 needs to be reviewed to provide a basis for developing the 2015/16 MTFS (including the level of service cuts which will be required) and developing/consulting on the 2015/16 LCTS. To enable Members to consider this issue two options have been examined:

Option 1 - Continue to allocate £9.6m of the Core Revenue Grant to the LCTS scheme

- Under this option the full 2015/16 Core Revenue grant cut continue to be borne by the General Fund budget and therefore requires higher cuts in services;
- This option would result in a LCTS cut of 12% for 2015/16.;

Option 2 – Reduce the share of the Core Revenue Grant allocated to the LCTS scheme by 14.4% (i.e. the percentage cut in the Core Revenue Grant)

- Under this option the part of the 2015/16 grant cut - £1.386m is borne by the LCTS scheme and therefore the General Fund budgets cuts for 2015/16 are reduced by this amount;
- This option would result in a LCTS cut of 20% for 2015/16, two years earlier than previously anticipated.

11.11 It is recommended that **Option 2** is adopted as the planning assumption for 2015/16, which will reduce the service cuts which will need to be made in 2015/16 by £1.386m. By adopting this option Members will provide a basis for the Corporate Management Team developing a savings plan for 2015/16. A final decision on the 2015/16 LCTS scheme will then be made in January 2015.

11.12 Under both options a further review of the LCTS scheme will need to be undertaken for **2016/17**. This will become an increasingly difficult decision and will need to balance the competing priorities of:

- Implementing a sustainable LCTS scheme, both in terms of the impact on individual households and the collectability of increased income from these households on the resources available to fund services;
- Avoiding an additional financial burden on the General Fund from supporting the LCTS either by bearing the whole of the overall Core Revenue Grant cut and / or funding a budget pressures to limit the LCTS cut.

The impact of these issues will need careful assessment for 2016/17 and will be subject to future reports. In broad terms for 2016/17 the financial decision facing Members will be between making additional budget cuts of £1.3m to maintain a 20% LCTS scheme in 2016/17, or avoiding these additional cuts and implementing LCTS cuts significantly greater than 20%.

11.13 2015/16 and 2016/17 General Fund Budget

11.14 The budget forecasts for 2015/16 have been updated to reflect the impact of:

- the additional budget cuts announced by the Government for 2015/16;
- the forecast Health and Social Care Integration funding allocation;
- the local decision Members make in relation to the amount of the Core Revenue Grant allocated toward the 2015/16 LCTS scheme;
- the review of a range of local planning assumptions to identify potential reductions in the 2015/16; and
- the forecasts for 2015/16 and future years include no provision for additional budget pressures, which will increase the forecast deficits if pressures arise.

There are potential risks of assessing these issues at this early stage and the position may need to be reviewed if circumstances change. At this stage a 'best' and 'worst' case range for the 2015/16 deficit is forecast of between **£4.975m to £7.818m**, as summarised below.

	Best Case – Increase/ (Decrease) in budget deficit £'m	Worst Case Increase/ (Decrease) in budget deficit £'m
Forecast budget deficit reported to Finance and Policy Committee 02.08.13 (assumes all proposed 2014/15 savings are implemented)	6.227	6.227

Additional deficit brought forward from 2014/15 (reflects use of additional one-off resources in 2014/15 from 2013/14 outturn)	0.419	0.819
Additional cut in Core Revenue Grant (As detailed paragraph 11.13 it is assumed that the LCTS scheme bears a proportion of Core Revenue Grant cut. If this is not the case the budget deficit will increase by an additional £1.386m).	1.952	1.952
National Allocations yet to be determined (£147m national allocation – best case assumes the Council receives a proportionate share, worst case that funding is targeted at specific priorities and the Council receives nil funding, or funding matched by additional new commitments)	(0.330)	0
Health and Social Care Integration Transformation Fund and Social Care (Dilnot) funding As detailed in paragraph 11.4 an initial estimate of the potential ITF allocation has been made. However, paragraph 11.4 also highlighted the potential risks of Hartlepool not achieving this level of funding.	(1.750)	(0.500)
Revised 2015/16 Budget Deficit after national changes	6.518	8.498
Proposed changes in local planning assumptions		
Reduce April 2015 Pay Award Provision (The initial MTFS forecasts included provision for a modest increase in pay awards from 2015 following three successive pay freezes and a 1% increase in April 2013 and forecast 1% increase April 2014. It is recommended that this provision is reduced to reflect continued public sector pay restraint).	(0.630)	(0.630)
Terms and Conditions Review (A range of potential savings have been identified from changes to Terms and Conditions, which will be subject to detailed negotiation and agreement with the Trade Unions. As these negotiations have not yet commenced a potential saving of £0.2m is included at this stage for planning purposes. No funding has been identified for potential one-off protection costs and a funding strategy will need to be developed if protection arrangements are provided).	(0.200)	0
Mental Health Day Care Services - Year 2 saving (The 2014/15 savings propose that the Creative Support contract is not re-commissioned when the existing contract ends in September. This provides a part year saving in 2014/15 of £50k and full year saving of £100k, i.e. an additional £50k towards the 2015/16 budget deficit)	(0.050)	(0.050)
Contribution from 2013/14 Outturn and reserves review (This assumptions assumes the forecast underspends are achieved and only a proportion of these resources are allocated to support the 2014/15 budget. The range of one-off support for the 2015/16 reflects the range for the 2013/14 forecast outturn. This proposal simply defers this value of budget cuts until 2016/17).	(0.663)	0
Revised Forecast Deficit 2015/16	4.975	7.818

11.15 The 2015/16 budget deficits equate to cuts of between **5% and 9%** of the overall net General Fund budget. In practice, it will not be possible to cut all budgets by this level owing to the nature of the service, which will mean that other areas need to make higher cuts. The Corporate Management Team has commenced the process of looking at the budget position for 2015/16. As part of this process consideration is being given to the extent to which cuts can continue to be made universally across the budget, with consideration needing to be given to prioritising cuts where they need to be made, assessing the impact, the statutory basis for services and the nature of some

services. The objective of this initial work is to assess the real extent of the cuts which will be needed in 2015/16. Further work needs to be completed over the next few months to refine this initial analysis and to build in Members priorities and details will be reported to a future meeting after the 2014/15 budget has been approved. This will then enable work to commence on developing a detailed strategy to address the 2015/16 budget deficit. It will be essential that this work commences in the early part of 2014/15 to provide the necessary lead in time to make these additional cuts, which will inevitably be more difficult to achieve. The initial work suggests the real extent of the cuts is likely to be in the order of **10% to 18%** in 2015/16.

11.16 In relation to 2016/17 the forecast deficit was previously based on a grant cut of 7.5%, which reflected an assessment of information in the June 2013 Spending Review. Based on the most recent information issued by the Government the grant cut for this year could increase to 10%. At this stage it is recommended that grant cuts for 2016/17 of 7.5% and 10% are used for planning purposes, which would result in a budget deficit between **£7.4m to £8.6m**.

11.17 In summary the higher grant cuts announced by the Government increase the previously forecast budget deficits for the period 2014/15 to 2016/17. The Council should benefit from the introduction of the Integration Transformation Fund from 2015/16. However, there is uncertainty over the level of this funding. There is also uncertainty over the funding cuts for 2016/17. Therefore, at this stage a range of deficits are forecast as summarised below:

	Forecasts reported 02.08.13 £'m	Latest forecast – Best Case £'m	Latest forecast – Worst Case £'m
2014/15 (before proposed savings)	4.600	4.795	5.195
2015/16 (paragraph 11.16)	6.300	4.975	7.818
2016/17 (paragraph 11.18)	5.300	7.400	8.600
Total	16.200	17.170	21.613

11.18 At this stage it is not possible to assess the impact of the Care Bill, which is expected to be implemented in 2015, on the MTFS. However, this is likely to have a significant financial impact for local authorities. The proposed changes include increased rights for carers to access support rather than just an assessment (as is currently the case). The draft eligibility criteria also remove the requirement for a carer to provide 'regular and substantial care' in order to access an assessment meaning that a far greater number of carers will be eligible to have their needs assessed, and those needs met. It is also anticipated that the implementation of Care Accounts and the Dilnot 'care costs cap' will create a significant amount of new work in relation to financial assessments, working with people who currently fund their own care and

support and the introduction of deferred payments for the costs of care at home. As the Bill is not yet finalised, it is not possible to quantify the additional pressure that will be created locally. Nationally it has been estimated that the costs of introducing a capped cost funding scheme for care and support will cost up to £2.05 billion due to the additional assessments, care management and reviews required. It is also estimated that the cost of implementing the new eligibility criteria for carers is likely to be around £1.75 million (Personal Social Services Research Unit). Members will be updated as more information becomes available.

12. Ward Members Budgets

- 12.1 There is a separate report on this issue elsewhere on the agenda to today's meeting. Once Members have determined a strategy for Ward Members budgets these proposals will be included in the final budget report to be referred to full Council in February 2014.

13. Early Intervention Grant (EIG)

- 13.1 The Government reduced EIG funding in 2013/14. The 2013/14 MTFS had earmarked one-off resources from previous years EIG managed outturns to temporarily offset the EIG grant cut in 2013/14. The strategy was designed to provide a longer lead time for managing the **£1.512m i.e. 25%** cut in the EIG grant.
- 13.2 A comprehensive report was considered by the Committee on 18 October 2013 outlining proposals to address the impact of the grant cut and these proposals are summarised at Appendix J. The Committee approved the majority of the proposed savings subject to a number of caveats and requests for additional information. These issues are included in J and details will be reported back to the next Finance and Policy Committee.

14. Public Health

- 14.1 From 1 April 2013 Local Authorities became responsible for managing Public Health and received a ring fenced grant to pay for these services. As reported previously the Council has received a better than expected initial grant allocation for 2013/14 and 2014/15. However, there is a risk that in future years this grant allocation will be reduced through the Government's 'pace of change' agenda which will seek to equalise Public Health funding.
- 14.2 In 2013/14 majority of the available ring fenced Public Health grant is committed to fund existing priorities and contractual commitments.
- 14.3 An assessment has also been completed to identify those existing Council services which contribute towards delivering the Public Health agenda and should therefore now be funded from the Public Health Grant, rather than the General Fund budget. In total this has identified costs of £0.5m which should be funded from the Public Health Grant from 1 April 2013.

- 14.4 In 2013/14 it is recommended this saving is earmarked to manage in-year Public Health risks in the first year of operating these services. In the event these monies are not needed in 2013/14 it is recommended that they are set aside to manage ongoing financial risk in this area.
- 14.5 In relation to the position for 2014/15 it is recommended that the eligible costs currently funded by the General Fund are charged to the Public Health Grant. The resulting reduction in General Fund costs of £0.5m has therefore reduced the 2014/15 budget deficit. It needs to be recognised that beyond 2014/15 this approach is not without risk as Public Health funding allocations may be cut, which would then increase the budget deficit in 2015/16.
- 14.6 Detailed proposal for using the majority of the Public Health Grant in 2014/15 will be reported within the final budget report in February and will reflect the continuation of commitments and priorities from the current year. In addition, the financial strategy for managing this grant will avoid longer term financial commitments which may not be affordable if the Public Health Grant reduces significantly in 2015/16.

15. Capital Programme 2014/15

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

15.2 Schemes funded from Specific Government capital allocations

- 15.3 It is anticipated individual Councils allocations will be announced after the Chancellor's Autumn statement, probably towards the end of December, or early January 2014. Details will be reported when they are available.

15.4 Schemes funded from the Council Capital Fund

- 15.5 With regard to local schemes these are provided for from the Council Capital Fund, which is funded from Prudential Borrowing and the resulting annual repayment costs picked up as a revenue budget pressure. As part of the approved 2014/15 General Fund budget pressures a revenue budget provision of £50,000 has been included as a budget pressure, which will support capital expenditure of £0.6m.
- 15.6 In addition, as detailed early in the report (paragraph 5.6) one-off resource of £0.4m has been identified for Regeneration projects. This increases the available resources for capital projects to £1m.
- 15.7 In terms of the Council's overall asset base and the level of required investment this amount is insignificant. It is therefore essential that these resources are targeted to address the highest capital expenditure priorities. Detailed priorities have therefore been identified using a detailed scoring

system and are detailed in Appendix K. It is recommended that Members approve these proposals.

- 15.8 It should be noted that £0.185m of 2013/14 Council Capital Fund allocated for potential works to the Indoor Bowls Club will be carried forward as uncommitted at the year end. Any decision on the use of these resources will be subject to a separate report to the Finance and Policy Committee and subsequent referral to full Council for approval. These resources will be held as uncommitted until the detailed master planning for the Mill House site has been completed.

15.9 Schemes funded from forecast capital receipts

- 15.10 As detailed in the report submitted to the Finance and Policy Committee on 18th October 2013 it is anticipated that there will be temporary capital receipts shortfalls in 2013/14 and 2014/15. This position reflects the timing of capital expenditure commitments funded from capital receipts and is not unexpected. Therefore, to address these forecast temporary capital receipts shortfalls the Council will need to use temporary Prudential Borrowing in 2013/14 and 2014/15. Accordingly, full Council approval will be needed for a temporary increase in the 2013/14 Prudential Borrowing limit of £2.095m, pending the repayment of this amount in 2014/15 from forecast capital receipts.

The temporary Prudential Borrowing requirement reflects the phasing of capital expenditure commitments and capital receipts. As the Council cannot avoid incurring the capital expenditure funded from forecast capital receipts previous reports have highlighted the financial impact if the necessary capital receipts are not achieved from having to fund this expenditure on a permanent basis from Prudential borrowing. The latest assessment of this risk is detailed in section 16.

15.11 Street Lamp Replacement scheme

- 15.12 The detailed business case for this scheme was reported to the Neighbourhood Services Committee on 14th October 2013. The business case requires a capital investment of £4.98m to replace all existing street lights with LED's (Light Emitting Diodes), which are more cost effective to run and will also reduce the Council's CO2 emissions. The major financial risk relates to the equipment costs which make up 75% (£3.6m) of the overall scheme cost. This risk will be managed through the procurement process and if this cost exceeds £3.6m plus 5% a further report will be submitted before the scheme progresses.

In financial terms the capital investment will be funded from Prudential Borrowing and the annual loan repayment costs funded from the forecast energy saving. It is anticipated that after reflecting the annual loan repayment costs there will be a minimum saving to the 2015/16 General Fund budget of £40,000.

The report also identified the need to replace street lighting columns between 30 and 40 years old. This issue is subject to a separate business case being developed and reported to Members, although this will not impact on the minimum saving from replacing the existing lighting units with LED's and may provide a further ongoing saving from reduced maintenance costs.

15.13 Brierton Development

- 15.14 As part of the overall Brierton Development a number of options have been examined in relation to the provision of car parking facilities. Members have determined that the preferred solution is to provide car parking bays at Macaulay Road at a cost of £145,000. This requirement was not included in the original Brierton Development as there was insufficient funding available at the time. However, following the success in securing grant funding towards the 3G pitch and the sale of the land at the former EDC site, this cost can now be funded from the forecast Brierton land sales. There still remains a risk around the achievement of the capital receipt from the Brierton land. However, the approval of funding £145,000 does not significantly increase the financial risk being managed by the Council.

15.15 Social Housing Development

- 15.16 The Council is currently progressing a scheme to develop 100 low rent social houses using a combination of Home and Community Agency (HCA) capital grant and Prudential Borrowing, repaid from the forecast rental income. The business case for this scheme indicated the development was only viable as a result of the HCA grant, as rental income is not sufficient to fund borrowing costs associated with acquiring and refurbishing individual properties.
- 15.17 The business case also indicated that if the average cost of acquiring and refurbishing individual properties was £55,000 that the current scheme would provide a subsidy to extend the existing scheme. The existing scheme is progressing well and 75 properties have been purchased and refurbished at an average cost of £54,000. It is anticipated the remaining properties will also come in on budget. On this basis a further phase of this scheme can be completed.
- 15.18 The number of additional properties will depend on the final outturn for the current scheme and the estimated cost of acquiring and refurbishing additional properties. Further work is needed to assess these costs, although it is currently anticipated that it may be possible to provide an additional 35 to 40 properties. If Members support the proposed extension of this scheme a detailed business case will be prepared to enable this proposal to be included in the final budget report and then referred to Council in February.
- 15.19 The business case will outline a strategy to achieve value for money from the available Prudential Borrowing through the appropriate mix of buying and refurbishing run down properties, or the purchase of 'ready to let' properties not requiring renovation. The business case will also be link into wider

regeneration objectives, including the Housing Market Renewal project where this is appropriate.

16. Robustness of Budget forecasts – Chief Finance Officer's Professional Advice

- 16.1 As indicated in previous years the Local Government Act 2003 introduced a statutory requirement on an Authority's Chief Finance Officer (CFO) to advise Members on the robustness of the budget forecasts and the adequacy of the proposed level of reserves. If Members ignore this advice, the Act requires the Authority to record this position. This later provision is designed to recognise the statutory responsibilities of the CFO and in practice is not a situation that I would expect to arise for this Authority.
- 16.2 In response to the continuing financial challenges facing councils CIPFA (Chartered Institute of Public Finance and Accountancy) issued guidance reminding Chief Finance Officers and their authorities of the statutory responsibilities when setting budgets. This advice reinforces statutory requirements and provides practical guidance to help Chief Finance Officers discharge their responsibilities.
- 16.3 The Chief Finance Officer's advice will be provided in the budget report to be submitted to Finance and Policy Committee and Council in February 2014. At this stage there are a number of key issues which will underpin this advice:
- The overall strategic approach being adopted to develop and implement a robust multi-year approach to managing the Council's financial position. This includes the approach to achieving in-year managed budget underspends in the current year and the review of reserves to identify resources to fund additional one-off expenditure commitments over the next few years. This approach provides a sound financial basis for managing ongoing annual grant cuts and will help avoid even higher budget cuts in future years when one-off unavoidable expenditure commitments need to be funded.
 - The assumption that Members will approve the proposals for bridging the 2014/15 budget deficit detailed in the report. The proposed savings are the key issue affecting the robustness of the proposed budget. If Members do not approve these proposals the budget forecasts will not be robust as overall expenditure will inevitably exceed available resources;
 - The assessment by the Corporate Management Team of the achievability and sustainability of proposed budget reductions for 2014/15. The assessment of the proposed savings reflects the process adopted for identifying, managing and implementing these measures. This includes action taken in the current year to implement proposals earlier to ensure a full year saving is achieved in 2014/15. It also reflects a risk assessment of proposed savings based on an assessment of the level of pay, non-pay savings and increased income savings. In relation to the level of pay

savings achieved for 2014/15 this reflects management action taken to hold posts vacant where possible to reduce the need for compulsory redundancies. This action is not sustainable over the period of the MTFS and in future years the number of compulsory redundancies will increase as it will not be possible to hold posts vacant;

- The detailed work undertaken by individual Directors (and their senior managers) in conjunction with my staff regarding the preparation of detailed budget forecasts, including income forecasts;
- Prudent provision for potential pay awards for April 2014;
- A prudent provision for inflation on non pay budgets and income budgets during 2014/2015;
- The identification of specific pressures and inclusion of these commitments within the overall budget requirement;
- A prudent view of the net costs of the Authority's overall cash flow, including the repayment of Prudential Borrowing;
- The comprehensive review of reserves and risks, which has enabled some resources to be released towards managing additional risks and support of the 2014/15 budget detailed in section 4.
- Previous reports identified a number of significant financial risks over the period of the MTFS and indicated that there may need to be flexibility around the timing of funding for individual risks. These risks remain and strategies adopted for managing these issues also underpin the Chief Finance Officers advice on the robustness of the budget. These issues cover the following:

i) Redundancy and Early Retirement costs

This risk reflects the scale of the budget deficits over the MTFS period and the impact these cuts will have on staffing levels. For the 2014/15 budget it has been possible to minimise the numbers of potential compulsory redundancies through careful management of vacancies, which will reduce redundancy and early retirement costs for this year. However, this is not sustainable and given the scale of budget cuts which will be required over the period of the MTFS there will be significant redundancy and early retirement costs in future years. Therefore, the existing provision for redundancy and early retirement costs is still the level recommended by the Chief Finance Officer and the Corporate Management Team.

ii) Capital Receipts target of £6.5m (includes £2m for Brierton Developments)

These resources are allocated to fund capital schemes which have already commenced, including £4.5m to fund the completion of Housing Market Renewal (HMR) schemes. Previous reports have advised Members that

achieving these targets will be challenging in the current climate and will need careful management. A comprehensive review of these issues was reported on 18th October 2013 and the position will continue to be managed carefully and regular updates reported to Members.

The latest review indicated that there has been no change in the overall forecast HMR expenditure commitments. However, this expenditure will be incurred later than previously forecast, which is beneficial in financial terms.

Similarly, the position on capital receipts has been reviewed and whilst it is anticipated the necessary capital receipts target will be achieved, the land sales will take longer to achieve than previously anticipated. This therefore, increases the risk that there may be a potential shortfall in the level of capital receipts actually achieved which will need to be funded from Prudential Borrowing.

The latest update report indicated that there will be a temporary funding shortfall in 2013/14 owing to the phasing of capital receipts. This shortfall will need to be funded from temporary Prudential Borrowing, which it is anticipated will be repaid in 2014/15 when capital receipts are achieved, as summarised below:-

Forecast Phasing of capital expenditure and capital receipts

	2013/14 £'m	2014/15 £'m	2015/16 £'m	Total £'m
Forecast capital expenditure commitments	4.256	0.920	1.130	6.306
Less Capital Receipts:				
- Received 2012/13 (net of £0.11m used in 2012/13 for HMR costs)	(0.376)			(0.376)
- Received 2013/14	(0.922)			(0.922)
- Forecast 2013/14	(0.863)			(0.863)
- Forecast 2014/15	0	(3.285)		(3.285)
2014/15 Capital Receipts carried forward to 2015/16		0.270	(0.270)	0
(Forecast funding shortfall to be funded from temporary Prudential Borrowing)/Repayment of Prudential borrowing	(2.095)	2.095	0	0
Shortfall in funding	0	0	0.860	0.860

The above table also anticipates that there will be a shortfall in funding in 2015/16 which will need to be managed pending the achievement of further capital receipts. There is a potential risk that the 2015/16 shortfall in the capital receipts increases from £860,000 to £2,655,000 if planned capital receipts are not achieved by 2015/16, which would need to be funded by Prudential Borrowing. There would then be an unbudgeted revenue costs from the use of Prudential Borrowing.

At this stage this is not an issue for the 2014/15 budget. However, progress in achieving the overall capital receipts target will need to be closely monitored to ensure this does not become an issue for 2015/16. The following table highlights the unbudgeted 2015/16 revenue pressures for the potential capital receipts shortfalls in this year:

Capital Receipts Shortfall	£860,000	£2,655,000
Unbudgeted Revenue Pressure 2015/16 (based on forecast interest rates)	£70,000	£215,000

As the actual position on the phasing of capital expenditure and the phasing of capital receipts becomes more certain in 2014/15 and 2015/16 it may be necessary to earmark revenue resources to temporarily fund the forecast Prudential Borrowing costs, pending the delayed achieved of capital receipts. This strategy would avoid an unbudgeted revenue pressures in 2015/16 which is already anticipated to be the most challenging financial year the Council has faced as a unitary authority. It is therefore essential that the planned capital receipts targets are achieved.

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

iii) Jacksons Landing Development

The redevelopment of this site is a key issue for the Council and the continued viability and development of Marina. The opportunity to purchase this site using a 2 year interest free 'Growing Places' loan provides the Council with an opportunity to secure the redevelopment of this site without incurring interest costs. The Growing Places loan is schedule for repayment in November 2015. Officers are currently working on the development of a detailed master plan for this site.

The report approving the purchase of Jacksons Landing highlighted existing capital receipts risk being managed by the Council (as detailed in (ii) above) and the potential medium term financial risk to the Council if this site is not developed, or an onward sale completed before the Growing Places loan needs to be repaid in August 2015. In this situation

the Council would need to take out an alternative loan to repay the Growing Places loan and this would result in an unbudgeted revenue budget pressure in 2015/16 of around £25,000 for the part year and a full year cost of £50,000 from 2016/17, based on forecast interest rates.

In view of the combined impact of the capital risks relating to the achievement of the £6.5m capital receipts target and Jacksons Landing it was recommended that resources are set aside to manage these risks and the following resources have been identified for this purpose:

- Right to Buy income of £191,000;
- One-off Government Grant refund in relation to the New Homes Bonus adjustment £211,000;
- Uncommitted 'Major Regeneration Reserve' of £100,000; and
- Unused Prudential borrowing approval (repayment costs covered within the existing revenue budget) for 'Major Regeneration Projects' of £393,000.

At the Committee meeting in August, Members approved the above proposals and noted that the position will be reviewed on a regular basis to determine if/when these resources can be un-earmarked and made available for other priorities determine by Members. The trigger points for this review will be progress in achieving the capital receipts target and progress on the Jacksons Landing project.

iv) **Business Rate Retention**

The key risk relates to the safety net arrangements and thresholds for managing in-year reductions in business rates collected by individual councils. Under these arrangements the Council only receives Government support for **annual** shortfalls above **£1.9m** from 2014/15, and is required to fund shortfall below this amount from its own resources. This is a particular risk for Hartlepool owing to the impact of the Power Station on income if there is an in-year shut down, as the Power Station accounts for **17%** of the Council's retained business rates. The potential impact of this risk and the recommended strategy for managing this position is detailed in paragraph 4.3. This position will be reviewed regularly and update reports presented to Members.

v) **Local Council Tax Support (LCTS) Scheme**

The Council will continue to face potential additional costs from increased in-year demand if more working age people become eligible for support under the Local Council Tax Support scheme than anticipated when the budget is set.

There is also a risk that collection rates for the LCTS scheme may be less than the planning assumption built into the budget forecasts. For 2013/14 this has not been an issue and this reflects the support provided by the Council limiting the LCTS cut to 8.5%. As the level of cuts in LCTS increases in future years it will become increasingly difficult to collect Council Tax from low income working age households, particularly when the weekly Council Tax payment exceeds the maximum attachment to

benefit limit of £3.60 per week. For example, a 20% LCTS scheme will require most working age households to pay between £4.32 and £5.04 per week.

vii) Local Land Charges

The August MTFS report identified an emerging additional corporate risk in relation to a national legal challenge against 374 authorities in England and Wales in respect of search fees paid to local authorities for property searches carried out in Local Land Charges departments. If successful these claims could potentially result in local authorities having to make refunds dating back to 2005. Negotiations are currently ongoing at a national level regarding these claims with the objective of settling the claims without court proceedings if possible. In addition to this, discussions are taking place with Central Government regarding the awarding of further New Burdens funding to cover potential claims for refunds. Central Government have not agreed to make any further contribution at present, but have agreed to consider re-opening the New Burdens process if authorities can provide compelling evidence to show that a further grant should be made. Submissions are being drafted by external solicitors on behalf of all authorities. At this stage, it is not clear whether any New Burdens grant will be made at all. If Local Authorities are required to make refunds they will be significant across the country.

- 16.4 Advice on the robustness of the budget proposals cannot be finalised until the final 2014/15 Local Government Finance Settlement is announced in January 2014 as this will confirm the actual grant cut for 2014/15.

17. Initial Consultation Feedback

- 17.1 Initial budget consultation meetings have been held with the Trade Unions and Business Sector. Minutes from these meeting are attached at L.

18. CONCLUSION

- 18.1 The Council has had to manage significant funding cuts over the last three years both in relation to specific funding regimes and the General Fund Budget. The cuts in specific funding regimes have had to be managed by reducing spending to the level of the reduced grant, or where the grant has been removed completely the service has been stopped. This position reflects the pressure on the General Fund Budget which cannot afford to replace this funding owing to the impact of Government funding cuts.
- 18.2 The core revenue grant in 2014/15 will be **34% (£20.127million)** lower than it was in 2010/11. By 2016/17 it is forecast the ongoing core grant will be **43% (£25.783 million) lower than it was in 2010/11, which is an unprecedented reduction.** To put these figures into context the Council will raise around **£31.5 million** in Council Tax in the current year.
- 18.3 The cuts to the General Fund Budget up to 2013/14 have been achieved without the level of compulsory redundancies, or the adverse impact on

services, which would have been expected with this level of grant cut. However, this should not be interpreted as understating the scale of the challenges the Council has addressed, but reflects the proactive approach adopted to managing this position.

- 18.4 This position has been repeated across the country as all Councils have a legal responsibility to set a balanced budget. It has been recognised that Councils have been at the forefront of the Government's deficit reduction plan – although not out of choice. However, despite the cuts in funding managed by Councils over the last few years, Local Government faces further funding cuts in 2014/15 and 2015/16. These additional grant cuts will increasingly result in more difficult decisions for individual Councils and visible service cuts to the public.
- 18.5 There is a danger that the Council's ability to manage the grant cuts imposed up to 2013/14 undermines the scale of the financial challenges facing the Council in 2014/15 and the following two years from continuing grant cuts. It is therefore essential that Members recognise that 2014/15 is a watershed year and will require the Council to begin making even more difficult decisions than has been the case over the last three years.
- 18.6 Over the next three years cuts of between **£17.1m and £21.6m** will need to be made, with the majority (i.e. between **75% and 80%**) of these cuts having to be made in 2015/16 and 2016/17. The total cuts equate to between **18% and 23%** of the existing General Fund budget and need to be made before the start of 2015/16. Increasingly, these decisions will involve prioritising services and completely stopping other services. This is anticipated to require increasing numbers of compulsory redundancies as the measures implemented in previous years to delete vacant posts and restructure management roles cannot be repeated.
- 18.7 From 2015/16 budget decisions required to address grant cuts will be increasingly more difficult to explain to the public. This will be particularly the case in the context of how Council Tax is spent, as the services which will need to be prioritised are not universally used by all residents and cover the social care services that many people do not realise the Council provides. This is not just an issue for Hartlepool, although it particularly affects those Councils suffering disproportionate grant cuts.
- 18.8 As a result of the Government's decision to mainstream funding for LCTS schemes one of the most difficult policy choices facing individual Council is how to allocate the available (and reducing) Core Revenue Grant. Essentially this is a choice between protecting low income working age households in receipt of LCTS support (many in low paid employment) and the level of cuts in services. **There is no impact on low income pensioners eligible for LCTS support as they continue to be fully protected from these funding changes.**
- 18.9 For Hartlepool the LCTS funding change underpinned the proposal to consult on a 2014/15 LCTS cut of 12%. In 2015/16 the impact of higher cuts

in the Core Revenue Grant mean that Members will need to decide whether to implement a 20% cut in LCTS in 2015/16, two years earlier than previously planned, which will reduce the budget cuts in 2015/16 by **£1.386m**. The Corporate Management Team recommend that a 20% LCTS cut is implemented in 2015/16 as this reduces the budget cuts required in this year, which will be the most difficult budget to set so far.

- 18.10 Beyond 2015/16 the Council will need to choose between implementing significantly higher cuts in LCTS support than 20%, to avoid higher service cuts. The LCTS position will need careful assessment, both in terms of the impact on individual households and also the Council's ability to collect higher Council Tax from these households. Further work is needed to assess these issues and will be reported to a future meeting.
- 18.11 Over the last few years the Council has adopted a multi-year approach to managing the various financial challenges the Council faces. This approach has been designed to protect services as far as possible and to avoid exposing the Council to unnecessary financial risk, which could result in the need to make in-year budget cuts. Given the increasing financial challenges and risks facing the Council it is essential this approach continues. This includes managing in-year reductions in Business Rates income of **£1.9m** without receiving any 'safety net' payments from the Government. This is a major risk for the Council owing to the impact of the Power Station and would be challenging to manage without core funding cuts. **However, this ongoing financial risk needs to be managed at a time of continuing grants cuts, which makes the position even more challenging.** The report therefore recommends a strategy which allocates additional one-off resources to address risks and therefore protect the medium term financial position and services.
- 18.12 At the time the report was prepared the Government had not provided a date for the initial Local Government Finance Settlement for 2014/15 (which may provide a two year settlement covering 2015/16). The Settlement announcement cannot be made until after the Chancellor Autumn statement which has been delayed until 5th of December 2013. It has been indicated that the provisional Settlement announcement may be delayed until 18th December 2013. This would then delay the final Settlement announcement until late January 2014 or even possibly early February 2014 which would be unprecedented.
- 18.13 The late Settlement announcements and the uncertainty over the actual dates will impact on the Council's planned timetable for completing the budget process, which is set out below. Details of a potential fall back timetable are also provided in the event that this is needed to address the impact of a late Settlement announcement by the Government.

Planned timetable

- 03.01.14 – Additional Finance and Policy Committee (update on impact of provisional Local Government Finance settlement)

- 24.01.14 – Finance and Policy Committee (finalise budget proposals to be referred to full Council)
- 06.02.14 – Council (consider budget proposals referred by Finance and Policy Committee, including the Councils element of the Council Tax)
- 27.02.14 – Council (consider overall Council Tax incorporating Police and Fire Authority precepts)
- 01.03.14 and 02.03.14 – Council Tax billing run

Fall back timetable

- 03.01.14 – Additional Finance and Policy Committee (update on impact of provisional Local Government Finance settlement)
- 31.01.14 – Finance and Policy Committee (finalise budget proposals to be referred to full Council. If the final Local Government Finance settlement is delayed beyond 31.01.14 and changes significantly from the provisional Settlement an additional Finance and Policy Committee may need to be scheduled in early February)
- 27.02.14 – Council (consider budget proposals referred by Finance and Policy Committee, including the Councils element of the Council Tax)
- 27.02.14 – Council (consider overall Council Tax incorporating Police and Fire Authority precepts)
- 01.03.14 and 02.03.14 – Council Tax billing run

19. RECOMMENDATIONS

- 19.1 It is recommended that Members approve the following principles (a number of which have previously been reported and approved by the Committee) and note that the final decision on these issues will need to be made in January 2014 for submission to Council on 6th February 2014.
- 19.2 As indicated at the start of the report the recommendations detailed in the report in relation to the 2014/15 to 2016/17 General Fund budget are based on information available at the time this report was prepared. At that time the Local Government Finance Settlement for 2014/15 had not been issued by the Government. Therefore the initial recommendations relating to the General Fund budget detailed in this report may need to change. A replacement report will be issued before the Committee meeting if this information is available. For Members information the current recommendations are detailed below to show:

- Recommendations which it is not anticipated will change when the Local Government Finance settlement is issued; and
- Recommendations which may change when the Local Government Finance settlement is issued.

RECOMMENDATIONS NOT ANTICIPATED TO CHANGE WHEN THE LOCAL GOVERNMENT FINANCE SETTLEMENT IS ISSUED

19.3 2013/14 Outturn Strategy and Review if Reserves

- 19.4 Approve the allocation of the available one-off funding of £2.640m detailed in paragraph 4.3 to support the following issues:

	£'000
Business Rates risks	900
Support of Local Council Tax Support scheme	860
Support of 2014/15 Revenue budget	680
Support for Highways Maintenance Programme	200
	2,640

- 19.5 Note that the forecast one-off funding of £2.640m includes £1.1m to be achieved in 2013/14 and assumes there are no additional unbudgeted expenditure commitments in 2013/14;
- 19.6 Approve the allocation of the uncommitted General Fund Outturn of between £0.729m and £1.160m to support the 2014/15 and 2015/16 revenue budgets, with the first call being the allocation of £0.819m to support the 2014/15 budget as detailed in recommendation 19.25.
- 19.7 Approve the allocation of the one-off funding of £2.720m detailed in paragraph 5.6 to support Regeneration Priorities £0.4m and the core revenue budget £2.320m as follows:
- 2014/15 - £0.32m
 - 2015/16 - £1.0m
 - 2016/17 - £1.0m
- 19.8 Note that the forecast one-off funding of £2.720m includes £0.49m to be achieved in 2014/15.

19.9 2014/15 Temporary Pensions Saving Chief Executive post

- 19.10 Approve the proposal to earmark the temporary employers' pension contribution saving in 2014/15 in relation to the Chief Executive's post of £30,000 to increase the number of apprenticeships by 2 and to allocate

these places to young people who have chosen to stay in care or care leavers.

19.11 Early Intervention Grant (EIG)

19.12 Approve the proposed savings detailed in J which are required to address the Government EIG grant cut of £1.512m - a 25% cut;

19.13 To note that a response to Members previous request for additional information on a number of the proposed savings will be reported back to the next Finance and Policy Committee.

19.14 Capital Programme 2014/15

19.15 Note that details of Government Capital allocations for 2014/15 will be reported when they are available.

19.16 Approve the proposals for using the 2014/15 Council Capital Fund of £0.6m and Regeneration Resources of £0.4m detailed in L.

19.17 Note that £0.185m of 2013/14 Council Capital Fund allocated for potential works to the Indoor Bowls Club will be carried forward as uncommitted at the year end. Any decision on the use of these resources will be subject to a separate report to the Finance and Policy Committee and subsequent referral to full Council for approval. These resources will be held as uncommitted until the detailed master planning for the Mill House site has been completed.

19.18 Approve the Street Lamp Replacement scheme at a capital cost of £4.98m which will be funded from Prudential Borrowing and from 2015/16 achieve a minimum General Fund budget saving of £40,000 (net of annual loan repayment costs). To note that the major financial risk relates to the equipment costs which make up 75% (£3.6m) of the overall scheme cost. This risk will be managed through the procurement process and if this cost exceeds £3.6m plus 5% a further report will be submitted before the scheme progresses.

19.19 Approve the provision of car parking facilities at Macaulay Road at a capital cost of £0.145m to be funded from forecast capital receipts.

19.20 Approve the proposal to develop a detailed business case to extend the Social Housing development project, which it is envisaged will provide an additional 35 to 40 properties. If Members support this proposal the business case will be completed to enable this proposal to be included in the final 2014/15 budget proposals to be referred to Council. The business case will outline a strategy to achieve value for money from the available Prudential Borrowing through the appropriate mix of buying and refurbishing run down properties, or the purchase of 'ready to let' properties not requiring renovation. The business case will also be link into wider regeneration

objectives, including the Housing Market Renewal project where this is appropriate.

19.21 Robustness of Budget forecasts

19.22 Note the detailed advice provided by the Chief Finance Officer in section 16 and the following specific recommendations underpinning this advice.

19.23 Approve the use of temporary Prudential Borrowing of £2.095m in 2013/14 to address the forecast capital receipts shortfall in the current financial year and to note it is anticipated this will be repaid in 2014/15 when capital receipts are achieved.

19.24 Approve the strategy for managing capital receipts risks, including the Jacksons Landing project, detailed in paragraph 16.3 (iii) and the earmarking of the following resources to manage this risk:

- Right to Buy income of £191,000;
- One-off Government Grant refund in relation to the New Homes Bonus adjustment £211,000;
- Uncommitted 'Major Regeneration Reserve' of £100,000; and
- Unused Prudential borrowing approval (repayment costs covered within the existing revenue budget) for 'Major Regeneration Projects' of £393,000.

19.25 Approve that the earmarking of the above resources is reviewed on a regular basis to determine if/when these resources can be un-earmarked and made available for other priorities determine by Members. It is recommended that the trigger points for this review will be progress in achieving the capital receipts target and progress on the Jacksons Landing project.

RECOMMENDATIONS WHICH MAY NEED TO CHANGE WHEN THE LOCAL GOVERNMENT FINANCE SETTLEMENT IS ISSUED

19.26 General Fund Revenue Budget 2014/15 to 2016/17

19.27 2014/15 Issues

19.28 Approve an indicative Council Tax freeze for 2014/15 and 2015/16, and to note this will increase the budget deficit in 2016/17, assuming the Council Tax grant is only paid for a fixed period of two years.

19.29 Note the actual grant cut for 2014/15 is forecast to be higher than previously forecast, which increases the gross 2014/15 budget deficit from £8.524m to £9.125m.

- 19.30 Approve the following package of measures to fund the 2014/15 gross budget deficit of £9.125m, which includes the use of one-off resources of £1.552m:

	£'000	£'000
Budget Deficit reported February 2013		9,125
Changes in Planning assumptions		(1,797)
Public Health Funding		(500)
Full Year ICT saving (includes rental income)		(500)
Net Budget Gap 2014/15		6,328
Initial One-off funding (paragraph 4.3)	(680)	
Additional One-off funding (paragraph 5.6)	(320)	
Use of residual balance of 'Savings implementation reserve'	(133)	
Use 2013/14 Managed Underspend	(919)	
Total use of one-off funding		(1,952)
Sub Total		4,376
Departmental Savings proposals (detailed in Appendices F to I)		(4,376)
Net budget deficit 2014/15		0

- 19.31 To note that the use of Public Health funding of £0.5m in 2014/15 and future years is only sustainable whilst the existing grant continues and there is a potential risk that this grant is reduced in future years.
- 19.32 Approve the allocation of the forecast 2013/14 Public Health saving of £0.5m as an earmarked reserve to manage in-year Public Health risks in the first year of operating these services. In the event these monies are not needed in 2013/14 it is recommended that they are set aside to manage ongoing financial risk in this area.
- 19.33 Note the Government's decision that from 2014/15 the specific grant to support Local Council Tax Support schemes will be included in the Core Revenue Grant. As a result of this change individual Council's will need to determine how the Core Revenue Grant is allocated between support for the LCTS scheme and General Fund Services. For 2014/15 it is not recommended that the previous planning assumptions are changed, although the position for 2015/16 will need to be reviewed as detailed in recommendation 19.34.
- 19.34 2015/16 and 2016/17 Issues**
- 19.35 Note the actual Core Revenue grant cuts for 2015/16 are significantly higher than previously forecast, or indicated by the Government and that further grant cuts are forecast for 2016/17.
- 19.36 Approve the adoption of option 2 (detailed in paragraph 11.12) which will reduce the share of the Core Revenue Grant allocated to the Local Council Tax Support Scheme for 2015/16 by the percentage cut in the Core Revenue Grant i.e. 14.4%.

19.37 Note the adoption of this option will mean that:

- The General Fund budget is not bearing the whole of the Core Revenue grant cut in 2015/16, which will reduce the budgets cuts in 2015/16 by £1.386m. However, cuts of between **£4.975m and £7.818m** will still be required in 2015/16;
- The reduction in LCTS for working age households will need to increase to 20% in 2015/16, which is two years earlier than previously indicated before the Government announced additional grant cuts for 2014/15 and 2015/16;
- A further review of the LCTS scheme for 2016/17 will need to be undertaken to address the impact of continuing cuts in the Core Revenue Grant and the impact this has on the LCTS scheme and General Fund Services; and
- Low income pensioners will continue to be protected from the above changes, assuming there are no changes in the existing national regulations.

19.38 Note that for 2016/17 it is currently forecast that the Council will need to make additional cuts of between **£7.4m and £8.6m**.

20 REASONS FOR RECOMMENDATIONS

20.1 To enable Finance and Policy Committee to consider the 2014/15 Budget and Policy Framework proposals prior to approving final proposals in January 2014 for referral to Council.

21. BACKGROUND PAPERS

21.1 Medium Term Financial Strategy 2014/15 to 2016/17 reports – Finance and Policy Committee 31st May 2013 and 2nd August 2013.

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**DETAILS OF FEEDBACK FROM INDIVIDUAL POLICY COMMITTEES ON
2014/15 PROPOSED SAVINGS AND BUDGET PRESSURES**

1 Adult Services Committee (4 November 2013)

1.1 Adult Services

1.2 The Adult Services Committee reluctantly agreed to the savings proposals relating to Adult Services. The Committee considered that there were no other alternative options and emphasised the need to try and maintain front line services as far as possible.

1.3 Members expressed great concern at the scale of the cuts and the longer term implications that the cuts will have on services, staff and the community. Members also expressed concern at the potential implications of further cuts in 2015/16 and beyond.

1.4 Children's Services Committee (5 November 2013)

1.5 Education

1.6 The Children's Services Committee reluctantly supported the savings proposals relating to Education, however, in relation to the saving proposed for discretionary transport, a separate report will be presented to the Committee in January for Members consideration / decision on this saving.

1.7 The Committee made the following comments on the savings proposals:-

Educational Psychology – Members highlighted that the saving proposed for the Educational Psychology Service was on a balance of risk with the risk being whether the schools will buy the service. Members were reassured by the Assistant Director that the service can generate sufficient income and a business plan is in place.

Data Management Service – The Committee questioned whether the Local Authority could offer all the services schools require in relation to data management rather than schools purchasing services from this Local Authority and an another. The Assistant Director confirmed that this would be explored.

1.8 Children's Services

1.9 The Children's Services Committee reluctantly supported the savings proposals relating to Children's Services.

1.10 Finance and Policy Committee (8 November 2013)

- 1.11 The Finance and Policy Committee acknowledged the difficult financial position facing the Council in 2014/15 and the increasing challenges to be faced in coming years. The Committee went on to look in detail at the following saving programme areas for 2014/15:

- The Chief Executives Department; and
- The Resources Division of Regeneration and Neighbourhoods.

1.12 THE CHIEF EXECUTIVES DEPARTMENT

The Committee reluctantly supported the £457,000 of savings identified and noted that this exceeded the £338,000 savings target initially identified. During the course of discussions, the following comments were made.

Chief Solicitor's Division

- 1.13 Staffing Savings - The Committee was made aware of a letter submitted by UNISON expressing concerns regarding the impact of proposed 'staffing savings' within the Chief Solicitors Division. Concern was expressed that the impact of the new governance arrangements was not yet fully known and it was suggested that this saving could be met from the additional savings identified over and above the original £338,000 target.
- 1.14 In response to the issues raised, the Committee noted that the additional savings had been identified as part of an approach to protecting front line services and as such formed part of the Council's overall savings requirements. It was, however, agreed that the concerns raised would be discussed further with UNISON in the interim period between the Finance and Policy Committee meetings on the 8 November and the 29 November 2013.

Assistant Chief Executive's Division

- 1.15 Changes to Management Arrangements - In relation to proposed changes to management arrangements within the division, the Committee sought clarification as to the proposal for the retention of one post for 6 months of the 2014/15 financial year, to enable the full implementation of national changes.
- 1.16 Members welcomed confirmation that funding for the post would cease in April 2014 and that funding would be provided from 'one off' reserves to enable the post to continue for 6 months to enable the completion of the required work. Members were assured that the one-off monies, and any redundancy payments, would be paid up to the point when the post was no longer required (i.e. at the end of the 6 month period).
- 1.17 Absorption of Lost Schools Income – Members noted the intention in 2014/15 to absorb the lost schools income within the context of the savings

proposals and expressed concern that this was unsustainable in the longer term, placing pressure on other service areas. The Committee welcomed clarification that this was a one off proposal for 2014/15 to maintain the availability of services that can be sold to schools, leaving charges at their current rates to encourage schools not to change providers. Members were also assured that any future loss would be met by reductions in resources from those areas of the division delivering services to schools, with no impact on other service areas.

1.18 THE RESOURCES DIVISION OF REGENERATION AND NEIGHBOURHOODS

- 1.19 The Finance and Policy Committee reluctantly agreed to the savings proposals relating to the Resources Division of Regeneration and Neighbourhoods and Adult Services, with no specific issues raised.

Neighbourhood Services Committee (11 November 2013)

- 1.20 The Neighbourhood Services Committee acknowledged the difficult financial position facing the Council in 2014/15 and went on to look in detail at the following saving programme areas for 2014/15:

- Neighbourhood Management Section of the Regeneration and Neighbourhoods Department; and
- Neighbourhoods Division of the Regeneration and Neighbourhoods Department.

1.21 NEIGHBOURHOOD MANAGEMENT SECTION OF THE REGENERATION AND NEIGHBOURHOODS DEPARTMENT

- 1.22 The Committee highlighted the exceptional nature of the Councils workforce and reluctantly supported the savings identified for 2014/15. During the course of discussion the following issues were raised.

- 1.23 Engagement - Members drew particular attention to the effectiveness of the interface between themselves and the Neighbourhood Managers and requested that the Neighbourhood Management Team be specifically thanked for all their hard work.
- 1.24 Loss of Police Funding - Members reiterated their concerns regarding the financial challenge facing the Council and attention was drawn to the impact of the loss of police funding. Members noted that further discussions would be needed in relation to the impact of this funding reduction and it was agreed by the Committee that the most appropriate course of action would be for a further report to be presented to the Finance and Policy Committee. Officers were asked to ensure that Members of the Neighbourhood Services Committee are invited to participate in discussions at this meeting and are provided with a copy of the report.

1.25 NEIGHBOURHOODS DIVISION OF THE REGENERATION AND NEIGHBOURHOODS DEPARTMENT

- 1.26 The Committee reluctantly supported the savings identified for 2014/15 and during the course of discussion the following issues were raised.
- 1.27 Parks and Countryside (Grounds Maintenance / Cemeteries and Crematoria) – Members sought reassurance that the savings proposals would not result in an increase in cremation fees and if there would be a reduction in staff numbers. The Committee was advised that the intention was not to increase cremation fees as part of the savings programme for 2014/15, however, given the financial challenge facing the Council an increase in fees would be need to be considered as part of any future savings proposals. It was also noted that a reduction in staff numbers would be achieved through natural wastage.
- 1.28 Members sought clarity in relation to the need to balance savings in this division against the existing subsidy provided by income generation and fee charges. The Committee was advised that the trading accounts are reliant on income generation and fees, on this basis, there are risks in achieving income generation targets in an area where there is significant competition. It was emphasised that levels set for income generation against trading accounts are now at their maximum and should not be increased.
- 1.29 In relation to horticultural activities, Members queried the potential for residents to take over responsibility for the maintenance of areas of land and in particular what the position would be in terms of insurance. The Committee was advised that expressions of interest to work in partnership with the Council to take over such maintenance would be welcomed with insurance not expected to be a real issue. However, experience has shown that such arrangements were not always sustainable in the longer term.
- 1.30 School Crossing Patrol - Members sought clarification as to the provision of school crossing patrols at lunch time and were advised that as part of the proposals all lunch time provision would be removed. Members noted this element of the savings proposals and requested that where schools allow children to leave the premises at lunch time, they be asked to ensure that parents are made aware of the absence of a crossing patrol and the need to make their own appropriate arrangements.
- 1.31 It was highlighted that should schools wish to continue the provision of school crossing patrols outside their gates at lunch time, the option exists to either 'buy back' the Councils services or provide their own warden.
- 1.32 Regeneration Services Committee (12 November 2013)**
- 1.33 The Regeneration Services Committee acknowledged the difficult financial position facing the Council in 2014/15 and went on to look in detail at the following saving programme areas for 2014/15:

- Regeneration Services Division of the Regeneration and Neighbourhoods Department; and
- Community Services Division of the Regeneration and Neighbourhoods Department.

1.34 REGENERATION SERVICES DIVISION OF THE REGENERATION AND NEIGHBOURHOODS DEPARTMENT

1.35 The Committee reluctantly supported the savings identified for 2014/15 and during the course of discussion the following issues were raised.

1.36 Economic Regeneration - Members queried the position in relation to the TVU and were advised that the savings proposal included a reduction in the Councils overall contribution to the body, circa £16,000 which related to a reduction in rent, however, given the financial challenges facing the Council, further consideration would need to be given to a potential of a reduction in the Councils contribution to the TVU in future years. A report exploring this position will be presented to Members in due course and officers were asked to ensure that as part of this report details be included of funding levels and changes from the inception of the TVU to present day.

1.37 COMMUNITY SERVICES DIVISION OF THE REGENERATION AND NEIGHBOURHOODS DEPARTMENT

1.38 The Committee reluctantly supported the savings identified for 2014/15 and during the course of discussion the following issues were raised.

1.39 Members drew attention to a report recently deferred by the Finance and Policy Committee in relation to communication and public relations and highlighted the need to take into consideration the potential for the combination of marketing / promotion activities in to one expanded communication and public relations team. This may provide the opportunity to transfer staff to take up any new positions that may be created within the expanded team.

1.40 The Finance and Policy Committee is asked to note the views / comments expressed by the Policy Committees in the development of finalised savings proposals.

SCHEDULE OF ONE-OFF STRATEGIC PRIORITIES AND RISKS**APPENDIX B**

	£'000
<u>Business Rates risks</u>	900
<p>The key risk relates to the level of the 'safety net' trigger point which will increase to £1.9m in 2014/15 (£1.7m in 2013/14) and the impact of unplanned closures at the Power Station. In 5 of the last 7 years there have been unplanned shutdowns and over time this risk will increase. It is therefore not a case of 'if', but 'when' this financial risk will arise. A reserve of £1m has previously been set aside to manage this risk, but this will only provide funding for an unplanned closure of around 5 months. Given the history of closures over the last seven years it is recommended that a higher risk reserve is needed.</p> <p>In addition to this ongoing risk there is also a risk in relation to the potential cost of successful back-dated rateable value appeals by the Power Station. Given the increase in the rateable value in 2010 it is expected there is a high probability this appeal will be successful. At this stage it is not possible to quantify this risk or the level of Government funding which will be provided towards funding this one-off cost. A further report will be submitted on this risk early in the new year.</p> <p>A recent meeting with the Council's allocated Valuation Office liaison officer confirms the outcome of this appeal will not be known in the near future and a decision will not be made for a number of years, owing to the number of outstanding appeals at a national level and the particular complexity of this appeal. This position increases uncertainty and potentially increases financial risk to the Council that Government funding does not cover the full cost of the back dated element of a successful appeal. Of more financial significance to the Council the delay in this appeal means there is uncertainty over the level of Business Rates retained by the Council, as a successful appeal will result in a reduction in Business Rates paid by the Power Station. At this stage this potential income loss cannot be quantified. However, the longer this appeal remains outstanding the greater the financial risk to the Council if the appeal is successful. The Valuation Office has provided the following information which puts the Rateable Value of the Power Station and the financial risk to the Council into context:</p> <ul style="list-style-type: none">• Hartlepool Power station has the 4th highest gross rateable value of all Power Stations in England;• Hartlepool Power station has the 13th highest gross rateable value in England. <p>The meeting with the Valuation Office also highlighted an additional risk in relation to national appeals lodged by the major supermarkets against increased Rateable Values. Locally this may be a significant issue as 3 supermarkets account for 11% of the total Business Rates income retained by the Council. This position further underlines the financial risk which has transferred to individual Councils as a result of the re-localisation of Business Rates.</p> <p>In view of the above significant financial risks it was previously recommended to increase the Business Rate risk reserve to £1.9m. In relation to the impact of unplanned Power Station closures it is hoped that this reserve will be sufficient to cover any income shortfall below the 'safety net limit' for the period of the current MTFS, which will hopefully avoid the need to make additional in-year budget cuts over the next few years, although this cannot be guaranteed. In the unlikely event that the whole of the reserve is not committed over the period of the MTFS any unused resources will need to be carried forward to manage this ongoing risk, which will increase as the Power Station ages. It needs to be recognised that it will become increasingly difficult to set aside resources in future years to manage this increasing risk owing to the impact of ongoing significant grant cuts.</p> <p>The risks in relation to the Business Rates have been highlighted in a written submission and a meeting with Brandon Lewis, Parliamentary Under-Secretary of State. In response the Minister has subsequently stated that the safety net arrangements 'will provide support for authorities who experience a significant decline in business rates income, for example as a result of unplanned outage at large power stations'. From the Council's perspective this statement does not alter the fundamental financial risk facing the Council in relation to the power station and underpins the recommended strategy of earmarking resources to manage this risk.</p>	

<u>Support of Local Council Tax Support scheme</u> As previously reported the availability of this funding and the Leader's proposals to use the residual Family Poverty Reserve (£0.15m) to support the LCTS in 2014/15 enables the Council to phase cuts in Council Tax support over a slightly longer period. If this funding had not been available a 20% cut in support would not have had been avoided in 2013/14 or 2014/15.	860
<u>Support of 2014/15 Revenue budget</u> This funding will reduce the cuts which need to be implemented in 2014/15 and provide a longer lead time to identify permanent budget cuts.	680
<u>Support for Highways Maintenance Programme</u> The Leader of the Council asked officers to examine the implications of enhancing the existing 5 year planned highways maintenance programme. Allocating £0.2m towards this programme will enable some year 2 schemes to be brought forward. It should be noted that significant funding would be required to address highways conditions issues which have arisen over a number of years. In the current financial climate this will not be possible without an adverse impact on other services.	200
Total Commitments	2,640

Budget	Description of Expenditure	October Projected Outturn Adverse/ (Favourable) Worst Case	October Projected Outturn Adverse/ (Favourable) Best Case	Comments
£'000		£'000	£'000	
31,482	Adult Committee	(428)	(463)	Underspends predominantly owing to staffing costs and management of contracted services mainly resulting from early achievement of 2014/15 planned savings. These are partly offset by demographic pressures for services.
21,290	Child Committee	343	152	The favourable outturn projection has increased slightly since August owing to further underspends on staffing budgets and managed contract reductions, reducing the demographic pressures within this area. Overspend predominantly relates to Children and Families pressures arising from increases in the numbers of looked after children. The range reflects the highly unpredictable and differing care needs within this area. The majority of the increase in outturn projection since August reflects new children's placements projected to the end of the financial year.
52,772	Total Child & Adult	(85)	(311)	
1,985	Finance & Policy Committee	10	10	Staffing underspends £100k, Functions Catering deficit £140k, Building Maintenance deficit £50k and favourable variance on Logistics £80k.
4,043	Regeneration Committee	(300)	(300)	Favourable variance of £120k relates to the planned contribution to the Major Repairs Reserve on Social Housing. Also included is a £240k surplus on the 'Going Forward' project following successful completion of outcomes. Proposal is to use this surplus to create a reserve to extend existing economic development schemes to March '16. Adverse variance of £120k on Cultural Services relates to a shortfall in Income at the Maritime Experience. Building Control and Development Control are projecting an adverse variance on income of between £100k and £240k but this will be covered by the existing income risk reserve.
17,619	Neighbourhoods Committee	(160)	(260)	Waste (recycling income and falling tonnages) £145k favourable, Concessionary Fares renegotiation £150k favourable, Car Parking £170k Adverse re rates, service charge and increased maintenance. Surplus expected on Engineering Services £100k. A reserve of £100k will be created to support future Coastal Protection works on the Headland. Adverse variance on Grounds Maintenance £130k relating to additional works required in the Summer and a reduction in Trading Income. Favourable variance on Home to School Transport £30k relating to additional grant income received. Community safety external funding of £30k to be rephased to 14/15 as a result of PCC removing funding in this area.
23,647	Total Regeneration & Neighbourhoods	(450)	(550)	
4,807	Finance & Policy Committee	(860)	(860)	£350k Housing Benefit Subsidy, £70k Advanced 14/15 savings, £340k staffing vacancies, incremental drift, maternity leaves, £110k additional court costs awarded after an increase in court summons during year
4,807	Total Chief Executive	(860)	(860)	
1,514	Finance & Policy Committee	57	37	The adverse variance relates to a potential shortfall on licensing income (£15-£35k) and sport and recreation income (£22k) as previously reported. The increase in adverse variance relates to more accurate expectations following further information on licensing income.
(165)	Regeneration Committee	110	110	As previously reported the adverse variance relates to a projected income shortfall on Market income and also in relation to the Borough Hall
1,349	Total Public Health	167	147	
82,575	Sub-Total Departmental Budgets	(1,228)	(1,574)	

Budget	Description of Expenditure	October Projected Outturn Adverse/ (Favourable) Worst Case	October Projected Outturn Adverse/ (Favourable) Best Case	Comments
£'000		£'000	£'000	
82,575	Sub-Total Brought Forward	(1,228)	(1,574)	
(1,188)	Additional New Homes Bonus Grant	(211)	(211)	Councils received a one-off New Homes Bonus grant to distribute monies held back by DCLG. This amount is earmarked towards the strategy for funding ongoing capital risks.
3,058	Property Running Costs	0	(135)	This reflects demand led and seasonal budget fluctuations.
9,406	Corporate Budgets	(1,337)	(1,337)	This underspend mainly consists of reduced capital financing costs and lower employee pensions costs. These items have been included as permanent savings in the 2014/15 MTFS.
11,276	Total Corporate	(1,548)	(1,683)	
-	Reserve Review	(631)	(631)	On 19th September Finance and Policy Committee agreed to release £0.631m as a result of the review of reserves. It was also agreed that an additional £5,000 per Member would be allocated to Ward Member Budgets totalling £0.165m. This contribution is shown as a one off commitment below.
93,851	Corporate & Departmental outturns	(3,407)	(3,888)	
	<u>Commitments to be funded from forecast underspend</u>			
	Commitments agreed MTFS 31.05.13	1,100	1,100	This amount is set aside to manage the Power Station Business Rates risk £0.9m and one-off expenditure on Highways £0.200m
	Proposed income risk reserve (Hartlepool Maritime Experience/ Building Control 2014/15)	200	200	In the current year 2013/14 these adverse income trends have been covered within the forecast Departmental outturns detailed above. As these underspends cannot be relied upon in 2014/15 it is recommended that a reserve is established from the 2013/14 overall outturn to offset these shortfall in 2014/15. In the event these trends continue beyond 2014/15 a permanent strategy for addressing these shortfalls will need to be developed as part of the 2015/16 budget.
	Contribution towards Capital Risk Strategy	211	211	As reported in the MTFS update on 02.08.13 the one-off New Homes Bonus grant is earmarked towards the strategy for funding ongoing capital risks.
	Local Plan Reserve	250	250	This reserve will cover estimated costs over period 2014/15 and 2015/16.
	Creation of Departmental Reserves/Members Ward Budgets	917	967	Details are provided in the Strategif Financial Managment Report - paragraph 5.
93,851	Net uncommitted forecast outturn	(729)	(1,160)	

SCHEDULE OF 2014/15 PRESSURES

Description of pressure	Value of Budget pressure £'000
<u>Corporate Issues</u> <u>Council Capital Fund</u> The pressure would support Prudential Borrowing of approximately £0.6m in 2014/15 (actual value of capital spending depends on specific schemes approved which will have different operational lives). Detailed proposals for using part of this funding will be reported to a future Finance and Policy Committee.	50
<u>Income pressure</u> - these issues relate the 2.5% inflation increase included in the MTFS forecast which is cannot be achieved for areas previously identified as shortfalls in the 2012/13 budget and addressed as budget pressures covering	
<u>a) Shopping Centre income inflation</u> Income depends on occupancy of shop units and it is not expected that the Council's share of rental income will increase in the current economic climate Shopping Centre ongoing income shortfall - 2013/14 addressed from reserve, but for 2014/15 need permanent solution.	24 400
<u>b) Car Parking income inflation</u> Car Parking - owing to the current economic climate it is not recommend that an increase in car parking charges is implemented in 2014/15. Furthermore, owing to the practicalities of setting an increase which generates increases in multiples of 5p a higher percentage increase than the 2.5% inflation increase in the MTFS would be required.	37
<u>Child and Adult Services</u> <u>Looked After Children</u> Pressure of placements for looked after children remains, this has been funded from a specific reserve which will have been fully committed by the end of 2013/14. The pressure largely relates to placements for adolescents and those requiring specialist placements. In last year the implementation of the edge of care service has been successful in reducing the number of adolescents who become looked after by around 40%. This has ensured that during 2012/13 the number of looked after children has not increased. Nevertheless, there remains a high number of children looked after, the costs of which exceed the budget by approximately £400k. The service is opening a children's home which will reduce the need for residential placements from the independent sector, budget will need to be transferred to meet the costs of providing a Children's Home.	400
<u>Regeneration and Neighbourhood Services</u> <u>Landfill Tax</u> Increase in Land Fill Tax.	29
<u>Car Parking Business Rates</u> The increase in rates payable follows a review of the rateable value for Car Parks which takes into account income generated and the new Interchange parking facility.	30
Total Pressure Identified	970

APPENDIX E**Revised Planning Assumptions**
(Reported to Finance and Policy Committee 31 May 2013)

	£'000
<u>Reduce budget provision for April 2014 Pay award from 2.5% to 1%</u>	600
Assessment based on Government Policy of public sector pay restraint. If the actual pay award is higher than 1% then additional savings would need to be made.	
<u>Gas and Electric Budgets</u>	150
Actual costs for the last few years have been less than forecast; therefore a saving can be taken. However, if international economic conditions improve this could increase demand for energy and drive up costs in future years.	
<u>Job Evaluation budget</u>	150
This budget has been retained to fund outstanding job evaluation issues to ensure all areas could be funded at the top of the grade, including the impact of career graded posts in Children's Services and to lesser extend Adult Services and Regeneration and Neighbourhood services.	
<u>Insurance Premium saving</u>	60
Savings is sustainable for 2014/15. However, if claims history deteriorates this would increase future premiums and lead to a budget pressure in future years.	
<u>General Fund Public Health Contribution</u>	40
The base budget provided a 50% contribution towards the costs of the shared Director of Public Health post. For 2013/14 and future years it is assumed the whole of this cost can be funded from the Public Health Grant.	
<u>Members Allowances</u>	0
In line with the recent Council resolution the revised planning assumptions excludes the Members Allowances savings which will be set aside in a ring fenced living wage reserve until such a time as the Council has consulted on the merits of introducing a 'Living Wage' in Hartlepool.	
<u>Accommodation budgets</u>	170
Savings from the rationalisation of office accommodation will be taken as a corporate saving to reduce the gross budget gap.	
<u>Employers' Pension Contribution saving (provisional estimate)</u>	250
Work on implementing 'Pensions Auto-enrolment' has identified that significant numbers of employees have opted out of the pension scheme, but we generally continue to budget for the employers' pension contribution. In previous years this contributed to the	

achievement of departmental salary turnover targets. As these targets have been removed from the 2013/14 budget the employers' pension contribution savings can be taken as a corporate benefit (when it is quantified) and the ongoing risk of maintaining this savings also managed corporately.	
<u>Terms and Conditions Review (provisional estimate)</u> This area is more challenging than anticipated and changes will take longer to agree and implement than initially envisaged. Therefore, it is anticipated these savings will not be achieved until 2015/16.	0
<u>Structure Review (provisional estimate)</u> A comprehensive report was considered and approved by Cabinet (18 th March 2013) and full Council (11 th April 2013) setting out further reductions in respect of the Chief Officer Structure. These proposals provide an on going saving from 2014/15 and an in-year saving in 2013/14.	330
<u>Reduction in 2012/13 and 2013/14 budget pressures</u> Full details were reported to the Finance and Policy Committee on 2 nd August 2013 and the reduction reflects a review of previously approved pressures. The key reductions reflect lower commitments in relation to Concessionary Fares following successful contract negotiations and lower vehicle fuel prices.	223
<u>Reduction in provision for 2014/15 budget pressures</u> An initial provision for unavoidable 2014/15 pressures of £1m was included in the MTFS forecast. As detailed in Appendix C pressures identified total £0.970m.	30
<u>Reduction in External Audit Fees</u>	19
<u>Increase of forecast IT procurement saving</u> Additional saving in 2014/15 above the previously set savings target for this area £700,000.	25
<u>Deletion of forecast collaboration saving</u> Previous reports indicated that achieving these savings would be extremely challenging and this risk was recognised when the 2012/13 budget was approved. At that stage the MTFS forecast assumed that the full year saving of £250,000 would be achieved in 2014/15. This proposed saving is now not achievable and alternative proposals have been developed, including the Senior Management Structure savings.	(250)
Total budget reductions	1,797

Chief Executives**Appendix F**

Division / Area	Savings 14/15 £'000	Brief description of change	Risk

Revenues & Benefits	29	Deletion of vacant Band 9 Fraud Investigator post and changes in working arrangements to ensure remaining staffing resources can deal with workload,	G
Revenues & Benefits	5	Formalise existing Rostering arrangements for Cashiers to reflect flexi working arrangements agreed with staff.	G
Revenues & Benefits	10	Deletion of budget provision used to fund External Credit Check Services pilot arrangement which will not provide the initially anticipated benefits as the Financial Industry will not share the level of information necessary to make this work.	G
Revenues & Benefits	5	Printing/ Mailing budget saving arising from Contract Renegotiation.	G
Revenues & Benefits	60	<p>Increase in Summons Costs chargeable on non-payment of Council Tax from £70 to £80, with effective from 01.04.14.</p> <p>These costs have remained frozen since 01.04.11 and are now in the lower quartile of Local Authority charges.</p> <p>Implementation of these changes will need to be managed carefully for all Council Tax payers to avoid increasing financial hardship. However, these charges need to reflect the higher costs of recovering Council Tax from those households who 'won't' pay without the Council actively pursuing recovery and those who 'can't' pay owing to their financial circumstances and may be eligible for support under the Local Council Tax Support scheme, but have not claimed.</p> <p>This will need particularly carefully management for households in receipt of Local Council Tax Support.</p>	A
Revenues & Benefits	10	Savings in equipment purchase/ repair/maintenance budget arising from the outsourcing of specialist bulk mailing requirements in relation to Council Tax and Business Rates. These arrangements enable staff resources to be concentrated on core activity and managed the increased workload of managing around 8,500 additional Council Tax accounts following the implementation of the Local Council Tax Support scheme in April 2013.	G
Shared Services	40	This saving will be achieved from the reassessment of requirements for the Payroll/HR system and the subsequent renegotiation of the contract.	G
Shared Services	39	Reduction in external Insurance premiums following Contract Negotiation.	G
Shared Services	10	Deletion of 0.4 FTE vacancies within Shared Services and changes in existing working practises to mitigate the impact on the delivery of services.	A
Shared Services	5	Postage savings from increased electronic remittance/correspondence with suppliers and increased transfer from cheque payments to BACS payments.	G

Chief Executives**Appendix F**

Division / Area	Savings 14/15 £'000	Brief description of change	Risk

Less allocated to offset Housing Benefit Admin. Grant cut	(64)	Part of the saving identified need to be allocated to offset the anticipated reduction in 2014/15 in the Housing Benefit Administration Grant cut. On the basis of available information the level of this grant cut is anticipated to be 5%, which equates to a reduction of £64,000. There is a risk the actual grant cut may be higher. This position is unlikely to become clearer until latter in the year when the impact of the June 2013 Spending Review feeds through into detailed cuts by the Department for Communities and Local Government. (It should be noted that the 2013/14 Housing Benefit Administration Grant was not confirmed until April 2013).	N/A
E learning and translation services	15	Reprocurement of e learning provider and translation services in conjunction with some limited changes in respect of the corporate training budget. A number of services have been reprocured and the changes in costs of this reprocurement are reflected in the savings.	G
Overtime and other related staffing Budgets	30	Not filling temporary posts and savings as a result of the change in rota arrangements in the contact centre including a review of the costs of apprenticeships given historic profile of the age of apprentices taken on by the service	G
General running costs	48	In bringing together the Corporate Strategy and Workforce Services divisions as part of the overall restructure the opportunity has been taken to revisit the running costs of the division and identify those areas where there has been a minor though ongoing under spend across the functions. This review has provided the opportunity to re base the budgets in line with this historic spend and identify a reduction in the running and support costs	G
Management and Staffing costs	91	<p>This saving is a combination of changes in the former Corporate Strategy and Workforce Services divisions that relate to staffing.</p> <p>The post of Strategy and Performance Officer Band 12 has been held vacant since the post holder left in line with an approach to minimise compulsory redundancies. The post will be deleted and reconsideration given to both the reprioritisation and cessation of some areas of none critical work. In addition to the cessation of some potential elements of work the scaling back and or alternative delivery of some elements fop work will be further considered.</p> <p>Further revisions to the staffing and management arrangements in the division will deliver the additional savings required. These changes will require a revision in the operating arrangements in the division and the management of a range of potential risks in relation to the ongoing delivery of services. These risks can be managed.</p>	A

Chief Executives**Appendix F**

Division / Area	Savings 14/15 £'000	Brief description of change	Risk

Democratic and members support	69	Revised proposals for the delivery of support across the democratic and members support functions in the new governance arrangements. Includes member's services, scrutiny and Democratic services including the deletion of currently vacant posts and some running costs.	A
Legal Services	25	Revision of staffing arrangements following a deletion of a vacant post (following retirement) and realignment of duties within section.	A
External subscriptions	30	Savings on a range of corporate subscriptions paid from the Chief Executives Departmental budget can be achieved as organisations respond to pressure on Council's budgets.	G
Total for Department	457		

Child and Adult Services**APPENDIX G**

Division / Area	Savings	Brief description of change	Risk
	14/15 £'000		

Education			
Services to 11-19 Cohort	122	Reconfiguration of staffing arrangements and changes in how services are delivered to this cohort	A
Educational Psychology	50	Reduction in LA contribution	A
Resources and Support Services	150	Review and reconfiguration of delivery of business support across department	A
Performance and Achievement	40	Reconfiguration of staffing arrangements and changes in how services are delivered.	A
Total	362		
Adults Social Care			
Adult Social Care – Carers Services	200	NHS funding has been secured to support and maintain services for carers. This will enable a saving to be achieved with no impact on services for three years.	G
Adult Social Care – Contributions Policy	188	Review of Contributions Policy to increase the amount that people contribute to the cost of their care and support, subject to means testing.	A
Adult Social Care – OP Day Services	100	Re-commission day services for older people to achieve savings against current spend.	A
Adult Social Care – Housing Related Support	165	Further review of all housing related support contracts (including extra care) to achieve savings against current spend.	A
Adult Social Care – Low Level Services	150	Cease commissioning of low level services when the current contract ends (March 2014).	A
Adult Social Care - OT	108	Reconfiguration of Occupational Therapy services linked to developments around mobile working.	A
Adult Social Care – Review of Management Structures	171	Reconfiguration of adult social care management structures and support to HSAB.	A
Adult Social Care – Disability Services	143	Review of costs within day services (admin, accommodation etc), review of high cost residential placements and implementation of Teeswide arrangements for advocacy and for specialist care and support.	A
Adult Social Care – MH Day Services	50	Cease commissioning of day opportunity support for people with mental health needs when the current contract ends in September 2014. Full year saving to be achieved in 2015/16.	A

Child and Adult Services**APPENDIX G**

Division / Area	Savings	Brief description of change	Risk
	14/15 £'000		
Adult Social Care – Workforce Development	50	Reduce adult social care workforce development budget and focus on essential training only (i.e. Safeguarding and Best Interest Assessment).	A
TOTAL	1,325		
Children's Services			
Workforce development	50	Reduction of central training budget and consolidating various sections budgets for supporting workforce development and focusing on priority requirements.	G
Divisional management team	117	Reconfiguration of divisional management structures.	A
Resource team	30	Remove funding from the non-pay budget which has underspent in recent years due to prudent financial management and creative practice involving low cost activities.	G
Resource team	30	Delete vacant post likely to arise during 2013/14 due to worker qualifying and taking up SW post	G
Youth Service	40	The saving has been achieved through the review of the Early Intervention Strategy and savings proposals linked to reductions in Early Intervention funding.	A
TOTAL	267	Note – proposals for savings are not made in YOS and EIG (at more significant level) due to cuts expected in these service areas. £1.5m to be removed from EIG, revised funding formula expected in YOS which will require cuts to be made separately, notice of budget cuts always received very late.	
DEPARTMENTAL TOTAL	1,954		

Regeneration and Neighbourhoods

Appendix H

Division / Area	Savings	Brief description of change	Risk
	14/15 £'000's		
Neighbourhoods Division	25	School Crossing Patrol Services – removal of staff from controlled crossing points on low level usage sites.	A
Neighbourhoods Division	50	Reduction of horticultural features: - consisting of the removal of high maintenance plots and replacing (where applicable) with lower maintenance alternatives e.g. annual bedding schemes, ornamental features.	A
Neighbourhoods Division	80	Reconfiguration of staffing restructures in this area.	G
Neighbourhoods Division	50	Additional income generation from Health partnership (Integrated Transport Unit)	A
Neighbourhoods Division	50	Additional income from external fees (Engineering Design and Management) -	A
Neighbourhoods Division	220	Waste Management reconfiguration of service (to be achieved from recycling changes and reduced waste disposal costs)	G
Neighbourhood Management / Community Safety	200	Review of existing Neighbourhood Management Model.	A
Community Pool	220	Review Community Pool criteria and priorities	A
Economic Regeneration & Planning & building control	110	Management restructure and re-alignment of services and of reduction in core funding contribution to Tees Valley Unlimited.	G
Property and Facilities Management	82	Review and centralisation of teams and functions within the re-configured department and across the Council.	G
Estates and Asset Management	125	Potential lease of Bryan Hanson House	R
Building Design and Management and FM (Building Maintenance)	80	Review construction related teams and functions for 14 / 15. Further reconfiguration and service delivery options for 15 / 16 including income generation opportunities.	A/R
Facilities Management (Building Cleaning)	30	Revise specifications and reduce budget for 14 / 15. Further reconfiguration and service delivery options for 15 / 16.	A/R
Facilities Management (Function Catering)	25	Rationalise outlets and reduce overheads, undertaking options appraisal for future delivery of services.	A/R
Security Services	35	Review provision of security services and re-tender relevant elements.	
Departmental non-	20	Review non-pay management account	G

Regeneration and Neighbourhoods

Appendix H

Division / Area	Savings	Brief description of change	Risk
	14/15 £'000's		

pay budget		budgets	
R&N Budget / Inflation	50	Do not take inflation increase on non-pay budgets.	G
Support Services	100	Review structures and service provision across re-configured department, including review of non pay budgets.	A
Owton Manor CC	5	New tenant for 1 st floor offices	G
Library Service *	68	Review of Library Service to include consideration of changes to the Mobile Library and branch network to safeguard services where possible. Services and usages are being finalised but seek to safeguard community based facilities within outlying residential estates with few alternative services. A statutory consultation process is required. Housebound and community homes provision would be retained. Savings will also be achieved through a review of the People's Network Library ICT contract and more efficient use of book stock.	R
Removal of post (E&CM) (currently vacant with part acting up in place)	30	Acting up arrangements confirmed leading to a saving of the balance of funding for a former section head post.	G
Museums, Libraries, Arts and Events	82	Revision of staffing arrangements across a range of services, including reviewing management posts and closer integration of specialist posts across these areas.	A
Performance and Achievement **	125	Review school transport including denominational transport provision and consideration of alternative service delivery arrangements.	R
TOTAL	1,862		

* includes proposed saving of £25,000 from cessation of the Community Outreach service element delivered by the current Mobile Library and the implementation of an alternative service delivery model, which will be considered by the Regeneration Services Committee on 5th December, 2013.

** A decision has not been made on denominational transport at this stage. A report will be presented to the Children's Services Committee on 11th February, 2014. At this stage the savings of £125,000 are included in the overall savings figure reported.

Regeneration and Neighbourhoods**Appendix H**

Division / Area	Savings	Brief description of change	Risk
	14/15 £'000's		

Public Health**APPENDIX I**

Division / Area	Savings	Brief description of change	Risk
	14/15 £'000		
Increased income in Sport & Recreation	72	Increased income generated due to increased patronage, developing Brierton site and capital investment into MHLC pool, leading to reduced costs and greater public programming. This relies in part on the investment from reserves of the 'boom' which has a 2 year pay back.	A
Carlton OEC	31	Removal of remaining subsidy to centre – this will meet the objective of Carlton being self financing from 2014/15. No change to terms & conditions to users. Prospects currently on track.	A
DEPARTMENTAL TOTAL	103		

**SUMMARY OF PROPOSED EARLY INTERVENTION GRANT SAVINGS
REPORTED TO FINANCE AND POLICY COMMITTEE 18.10.13**

Service	Proposed Savings	Staffing Implications
Reduce Marketing budget	£30,000	
Early Years Foundation Stage Quality Improvement	£50,208	1.2 post
Reduce Childcare budget	£37,291	
Short Breaks	£68,456	
Small Steps School Assistant	£23,000	1 post
Remove Band 13 Principal Practitioner post	£47,386	1 post
Reduction in Children's Centre operating costs	£88,062	
Rationalisation of staffing group	£161,386	1 post
Reduce family budgets	£10,000	
Remove Healthy Eating Early Years settings post	£34,366	1 post
Reduce staffing in Rainbow Cafe	£20,240	1 post
Renegotiating IT system fees and reducing central costs	£28,000	
Income generation of participation team	£30,000	
Closure of Brinkburn and Jutland Road Youth Clubs	£103,000	14 staff 3.6 FTE's
Reduction in sessional hours	£95,000	All youth centre workers will have 30 minute reduction in working time.
Reduction of 1 Youth Work Manager post	£41,000	1 post
Remove YCAP element of the grant	£169,814	Further work required re delivered in house or commissioned
Reduce Youth Opportunities Fund	£80,000	
Cease funding additional Speech and Language Services	£120,000	
Transfer substance misuse service to Public Health	£122,000	
Reduce mentoring and activities contract value by 10%	£48,000	
Transfer parenting service in house	£105,000	TUPE will apply
Total Proposed Savings	£1,512,209	

**EXTRACT FROM FINANCE AND PPOLICY COMMITTEE MINUTES
18.10.13**

Decision

(i) That with the exception of the reduction in the marketing budget which was deferred pending further information, the proposals for savings outlined in the report were approved to manage the cuts to the Early Intervention Grant, including the request from the Children's Services Committee that further discussion take place on the following:

a) the changes to youth service provision at Jutland Road, with the current provider of services, to extending the age range of services to match the statutory age range imposed on the Council;

b) the changes to the Young People's Inspections in light of the comments made by the young people's representatives in relation to the charges made for their inspections; and

c) that the 50% reduction in services provided through Families First be reconsidered.

(ii) That a report be submitted to a future meeting of the Finance and Policy Committee detailing the proposed marketing budget and the outcomes and purpose of this budget.

(iii) That the carry forward of the unused Early Intervention Grant Reserves of £350,000 to manage financial risks of delivering the savings programme in 2014/15 was approved, and these issues be referred to full Council in February 2014 as part of the final budget proposals for 2014/15.

(iv) It was noted that the commitments against the £350,000 Early Intervention Grant reserve will be reviewed during 2014/15 as the savings were implemented which will then enable a strategy for using any uncommitted balance on this reserve to be developed as part of the 2015/16 budget.

(v) It was noted that Children's Services Committee had referred the decision on discontinuing the early intervention speech and language contract to the Health and Wellbeing Board for consideration of impact and how this could be mitigated

Council Capital Fund 2014 / 15 Proposals

Project	Description	Estimated cost £'000
Regeneration and Development for key areas of Hartlepool including the Marina and Church Street / Square	Open spaces / public realm / highways / footpaths. Scope and extent to be determined.	450
Carlton Outdoor Centre	Re-roofing of Barn to extend the asset life.	30
Carlton Outdoor Centre	Main Building re-roofing upgrade to extend the asset life.	30
Kitchen works	2 School kitchen upgrades/refurbishments to ensure compliance with statutory obligations and operational requirements. The kitchens will be modernised to bring them up to current standards. This will comprise replacement equipment, fittings and fixtures. New ventilation and gas installations to comply with current gas regulations. Replacement lighting and power will also be installed. Includes associated works to building fabric.	170
Newburn Bridge	There a large number of vacant units at the industrial estate. This is a result of a number of units needing various works carrying out to make them lettable. This will ensure that an income stream can be generated from the units. Works include replacement windows, subdivision of larger units and re roofing.	30
Hartlepool Enterprise Centre	Boiler replacement as one of the two existing boilers has failed with a number of cracked sections. No replacement sections are available. The remaining boiler is running but with significant risk of a similar failure and no replacement sections. The scheme includes the installation of four replacement boilers. Four boilers are being used for ease of access (H&S) in to the basement boiler room this also allows for more flexibility an efficiency when matching the required load. The scheme also includes for a new chimney installation, pumps, pressurisation unit, local pipework modifications controls, stripping out, commissioning, flushing and miscellaneous ancillary items.	120
Hartlepool Enterprise Centre	The current IT, Communications and Connectivity infrastructure at HEC is obsolete and there is no fully functioning central switchboard system. This scheme will provide a Internet and telephony system. The existing system is considered to be at the end of its useful life with replacement parts difficult to source. The current system has insufficient capacity to accommodate the Economic Development staff who have relocated as part of the office rationalisation programme and re-letting of BHH. A new replacement telephony/Internet system in the HEC will ensure compatibility with the Councils network.	70
Town Hall Theatre	Replacement of obsolete stage lighting controls to ensure theatre fit-for-purpose (Phase 1)	50
Borough Hall	To bring back into use a service provision. The project will provide an operational catering and servery only. Kitchen upgrade to include the installation of new appliances to increase catering capacity and profitability of the Borough Hall.	50
TOTAL		1000

Funding Available 2014/15

Council Capital Fund	£600k
Regeneration Capital	<u>£400k</u>
Total	<u>£1,000k</u>

NOTE: 2013/14 Indoor Bowls Club allocation of £185k to be carried forward. On hold pending outcome of Mill House Master plan.

**BUDGET CONSULTATION MEETING WITH TRADE UNION
REPRESENTATIVES**

**Minutes of Meeting held on 30 October 2013
at 4:30pm in the Leader's Office, Level 2, Civic Centre**

Present: ***Hartlepool Borough Council Officers***
Councillor Christopher Akers-Belcher
Councillor Robbie Payne
Councillor Carl Richardson
Dave Stubbs, Chief Executive
Andrew Atkin, Assistant Chief Executive
Graham Frankland, Assistant Director, Resources
John Mennear, Assistant Director, Community Services
Chris Little, Chief Finance Officer

Trade Union Representatives

Edwin Jeffries
Steve Williams
Malcolm Sullivan
Debbie Kenny
Lesley Hamilton

Apologies:

Gill Alexander, Director (Child & Adult Services)
Denise Ogden, Director of Regeneration and Neighbourhoods
Louise Wallace, Assistant Director, Health Improvement
Councillor Peter Jackson
Councillor Chris Simmons

Sam Durham, PA to CEMT (Minutes)

1.	Presentation
<p>Councillor Christopher Akers-Belcher welcomed the group and provided a brief update of the Council's key achievements since May 2013 and key proposals for 2014/15.</p> <p>Chris Little reported on Hartlepool's Financial Future for 2014/15 – 2016/17 and provided a brief summary of the report submitted to Finance & Policy Committee on 2 August 2013 highlighting the following areas;</p> <ul style="list-style-type: none"> • Financial Position • Managing 2013/14 Budget & Reserves • Local Council Tax Support Scheme 2014/15 and Beyond • General Fund Budget 2014/15 to 2016/17. 	

4.1 APPENDIX L

Comments Made	Response
DS explained that 2015/16 will prove to be the most difficult time for the Council.	Trade Union's understand the difficulties Officers face and commend continuous commitment and work carried out.
Trade Union's do not agree with the Council Tax Freeze but understand the need for it. Trade Union's raised concern over future impact to service users but agreed to leave to Officers/ Members to continue to work through options.	CL confirmed that Council Tax Support would remain at 8.5%. This will be reviewed in the future due to effects on revenue. Cllr CAB stressed that change is essential as the Council's financial position will worsen in the next couple of years. DS confirmed that Trade Unions will be kept up to date and involved in the formal/ informal budget consultation process as much as possible.
	AA explained that the Council has given a commitment that it will do everything it can to protect jobs and frontline services. Senior Management and Councillors continue to work through savings options for future years. Employees have been given the opportunity to suggest how savings can be made in 2014/15.
TU's queried if Policy Committees would be working the same as previous years?	DS explained that proposals are being pulled together. Proposals will be submitted to Policy Committees for consideration and onto Trade Union's for information. Information will then be considered at Finance & Policy Committee before final approval at Council.
Cllr CAB thanked Trade Union Members for attending the presentation and giving Officers and Policy Chairs the opportunity to discuss the budget challenges facing the Council.	Trade Union's agreed that open and honest lines of communication must continue.

BUDGET CONSULTATION MEETING WITH BUSINESS REPRESENTATIVES

**Minutes of Meeting held on 1 November 2013
at 2.00pm in The Leaders Office, Level 2, Civic Centre**

Present: ***Hartlepool Borough Council Officers***
 Councillor Christopher Akers-Belcher
 Councillor Robbie Payne
 Councillor Carl Richardson
 Dave Stubbs, Chief Executive
 Andrew Atkin, Assistant Chief Executive
 John Mennear, Assistant Director, Community Services
 Denise Ogden, Director of Regeneration and Neighbourhoods
 Chris Little, Chief Finance Officer

Business Representatives

Peter Olson
 Brian Beaumont

Apologies:

Gill Alexander, Director (Child & Adult Services)
 Louise Wallace, Assistant Director, Health Improvement
 Councillor Peter Jackson
 Councillor Christopher Simmons
 Adrian Liddell


Minutes: *Sam Durham, PA to CEMT (Minutes)*

1.	Presentation
<p>Councillor Christopher Akers-Belcher welcomed the group and provided a brief update of the Council's key achievements since May 2013 and key proposals for 2014/15.</p> <p>Chris Little reported on Hartlepool's Financial Future for 2014/15 – 2016/17 and provided a brief summary of the report submitted to Finance & Policy Committee on 2 August 2013 highlighting the following areas;</p> <ul style="list-style-type: none"> • Financial Position • Managing 2013/14 Budgets & Reserves • Local Council Tax Support Scheme 2014/15 and Beyond • General Fund Budget 2014/15 to 2016/17. 	

Comments Made	Response
PO understands the potential impact and risk the Council would face if the 17% Business Rates currently received from the Power Station were lost.	DS explained that Officers had met with Minister Brandon Lewis to voice concerns over a Power Station closure. Minister noted concerns raised.
PO feels that things don't appear to be as bad as previously thought due to savings made by the Council.	<p>DS explained that the Council continued to work through these difficult times.</p> <p>2014/15 is expected to be a very difficult time for the Council especially the impact of the Early Intervention grant cut and pressures on social care. People/ families will notice effects.</p> <p>The Council will face major issues in 2015/16 with huge service cuts and compulsorily redundancies.</p> <p>CAB explained that Employees have been given the opportunity to suggest how savings can be made in 2014/15.</p>
BB queried the impact holding vacant posts has on departments/ employees?	<p>CL explained that a departmental assessment is carried out to clarify if the post is required, or a departmental restructure is appropriate to provide savings and avoid compulsory redundancies.</p> <p>Early in year savings can be made if departments are able to cover the workload of the vacating employee.</p>
Business Partners feel that the review of reserves is a good reflection that guidance practice policies are being followed.	<p>DS explained that a review of reserves has been carried out for the last 2 years to ensure reasonable amounts of reserves are put to one side.</p> <p>Risks are increasing, especially in 2015/16.</p>
BB queried if there had been any major Capital Grant cuts?	<p>DS explained that the Council rarely receive Capital Grants.</p> <p>Each year the Council tries to address local capital priorities using Prudential Borrowing, although there is a revenue pressure meeting the resulting revenue repayment costs.</p>

Comments Made	Response
BB queried plans for 2014/15 and 2015/16?	<p>Officers continue to review potential savings for 2014/15 and 2015/16.</p> <p>Shared working continues where possible. Working with other Local Authorities/ Fire Authority on potential projects.</p> <p>Further business investment is needed. Looking at potential job opportunities within the Tees Valley as well as Hartlepool.</p>
BB queried if there was much money left over from the ICT project.	<p>AA advised that a report will be submitted to Finance & Policy Committee highlighting the significant savings achieved in this area.</p> <p>Work will continue – looking at lowering prices etc. to secure further savings where possible.</p>
What are the intentions regarding Business Support services?	Business Support Services will be considered at Finance & Policy Committee meeting.
The Business Partners thanked Officers and Policy Chairs for the informative discussion and look forward to meeting again in January 2014.	



LOCATION Land at Burbank Street, Hartlepool		DRAWN BY CT	DATE 22/11/13
		SCALE 1:1250	
DEED PACKET CE162128/ CE166473		OS MAP NZ 5132	DRWG No E/S/796
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FINANCE AND POLICY COMMITTEE

19 December 2013



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

Subject: SUPPORTED LIVING – LAND AT BURBANK
STREET AND CENTRE FOR INDEPENDENT LIVING

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Key Decision; Forward Plan Reference RN 5/13 key test (i) and (ii) apply.

2. PURPOSE OF REPORT

2.1 To provide the Finance & Policy Committee with an update on the proposed development of supported accommodation and an Independent Living Centre in the Burbank area and to seek agreement on a preferred option.

3. BACKGROUND

3.1 A report was presented to Adult Services Committee on 17 June 2013 outlining the potential to redevelop land at Burbank Street to provide 24 units of accommodation for adults with disabilities and complex needs, together with the option to develop a purpose built Independent Living Centre.

3.2 On 28 June 2013 the Finance and Policy Committee approved a six month exclusivity agreement with a developer, to enable further investigations, consultation and the development of a planning application for two pieces of land (identified as Site A and Site B at **Appendix 1**). It was identified within this report that a financial options appraisal was also required.

3.3 Detailed design, site investigations and consultation were undertaken at risk by the developer. Officers provided support in relation to consultation with key stakeholders to support the planning application.

3.4 On 25 September a detailed planning application for 24 units of accommodation and a new purpose built Independent Living Centre was submitted by the potential developer on Sites A, B & C in **Appendix 1** and approved by Committee.

4. PROPOSALS

- 4.1 As previously reported, the scheme includes two distinct elements for consideration being:
- a) The disposal of land to develop 24 residential units for adults with complex needs and disabilities.
 - b) Review whether to retain the existing Havelock Centre for Independent Living (CIL) and associated facilities at Warren Road, Cromwell Street and Surtees Street or provide a single integrated replacement facility.
- 4.2 The delivery options for both elements, if agreed, present a number of challenges in relation to compliance with procurement, land disposal and planning which have been considered as part of the options appraisal and delivery methods.
- 4.3 In brief, the sale of land to enable the development of the bungalows can be facilitated as this constitutes a land sale, however the construction of a replacement CIL which will be operated by the Council for direct service provision will need to be tendered in order to comply with the Council's Procurement Regulations.
- 4.4 **Consider the disposal of land to develop 24 residential units for adults with complex needs and disabilities**
- 4.4.1 The development of residential accommodation will help to address the identified need highlighted in the Council's Housing Care and Support Strategy for single storey individually designed housing.
 - 4.4.2 Planning consent has been granted for the development of 24 bungalows on split sites at A & C in appendix 1. Currently Site A can be made available for development and sold under Delegated Powers of the Director of Regeneration & Neighbourhoods but Site C can only be released should a new Independent Living Centre be replaced on Site B. If this were to take place the existing Havelock CIL would need to be demolished and the remaining bungalows could be constructed on this land (Site C).
 - 4.4.3 Alternatively if Committee decide not to replace the Havelock CIL both Sites A and B could be sold to enable the bungalows to be built on these adjoining sites, however a revised planning application would need to be submitted. As such, land can be made available to enable development of the residential accommodation.
 - 4.4.4 The Estates & Regeneration Manager has considered the valuation implications and details of provisionally agreed terms to facilitate disposal of the land to enable the development are set out in **Confidential Appendix 2. This item contains exempt information under Schedule 12A Local**

Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).

- 4.4.5 The sale of Site A would be the subject of a condition requiring the developer to replace the Multi Use Games Area (MUGA) to a suitable alternative site in the immediate locality and consultation to find an appropriate location is ongoing with the community.
- 4.4.6 In order for the planning consent to be granted the developer will need to enter into a Section 106 Agreement requiring the payment of contributions towards play provisions and green space. There is a legal requirement that the developer acquires a legal interest in all the land for which planning permission has been granted to enable the S106 to be signed and permission granted.
- 4.4.7 Either ownership of the land or options to purchase land are considered suitable legal interests and therefore should Committee wish to enable the development of the bungalows to proceed in advance of the conclusion of a tender process for a replacement CIL (if Committee decide this is an appropriate way forward) option agreements with the developer to purchase sites B or C are required. Details of provisionally agreed option arrangements are set out in **Confidential Appendix 3. This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**
- 4.4.8 In summary there are two potential location options to site the bungalows:
- Option 1
If the current Havelock CIL is retained, Sites A and B can be sold for development
 - Option 2
If a new Independent Living Centre is built on Site B, sites A & C can be sold for development. A consequence of this option will be a delay in the second phase of development as site C will not become available until the Havelock CIL has been vacated and demolished.
- 4.5 **Review whether to retain the existing Havelock CIL and associated facilities at Warren Road, Cromwell Street and Surtees Street or provide a single integrated replacement facility.**

4.5.1 Option 1- Retain Current Services

Disability day services are currently provided from a number of locations. The two main sites are the Havelock CIL, which accommodates approximately 40 people per day through a range of day opportunities and Warren Road which currently provides support to around 35 people per day.

4.5.2 The Havelock CIL provides an integrated service with other providers. Currently four disability related organisations occupy accommodation within the centre under licence arrangements. This provides the joint benefit of improved services to clients as well as assisting the sustainability of the centre through the generation of additional income from room hire (events hall and training room).

4.5.3 Warren Road is currently used as both a day service for adults with learning disabilities and an office base for the learning disability social work team and Tees Esk and Wear Valley NHS Foundation Trust allied health professionals. The building is a converted industrial unit situated on the eastern edge of Oaksway Industrial estate. Neither the building nor the location are appropriate for the delivery of the service and this has contributed to a general decline in the number of referrals over the past 5 years. The building provides a traditional day service setting and access to services is limited to the existing client group. There is limited scope for further improvement and the building does not provide a modern welcoming environment. As a result a number of people have chosen to deploy their resource in out of area facilities.

4.5.4 In addition to the two main centres, two smaller buildings are leased on short term lease agreements (Cromwell Street and the Handprints Art Studio on Surtees Street). The unit at Cromwell Street can support up to 20 people and is used on average three days per week. This venue has disabled access and is used by a number of community groups, including the Health Sub Group of the Learning Disability Partnership Board. The Handprints Art Studio on Surtees Street supports approximately 20 people with a learning disability to participate in art and related activities. The venue has restricted access and as such is limited to those who can manage stairs.

4.5.5 The following table summarises some of the key advantages and disadvantages of Option 1 – Retain Current Services.

Advantages	Disadvantages
<ul style="list-style-type: none"> Continuity for current users of the service. 	<ul style="list-style-type: none"> Services provided across a number of sites inhibiting effective use of staff resources. Increasing maintenance costs due to age and condition of the buildings, with potential for service disruption of major repairs are required. Age and design of current buildings does not allow for delivery of service models that the department aspires to. Location of Warren Road on socially isolated site.

4.5.6 Option 2 – Development of a new single site integrated Independent Living Centre on Burbank Street,

The Council has the option to consider developing a new Independent Living Centre at Burbank Street on Site B. A new Independent Living Centre would enable services currently delivered at the Havelock CIL, Warren Road, Cromwell Street and Surtees Street to be delivered from a single site. The proposed building would meet the needs of people who currently use services and improve the service offer for potential future users of the service, by increasing therapeutic benefits for people with complex needs, autism and behaviours that challenge. The development would also create a single main site (which would be more efficient as well as improving service outcomes) and enable the service to make best use of its existing workforce (with potential to achieve management savings).

4.5.7 The new building would continue to provide accommodation for community groups, local providers and NHS partners who currently use the Havelock CIL. This would optimise income generation through room hire and the leasing of office accommodation and provide additional community facilities, including a bistro and hall.

4.5.8 A decision to construct a replacement facility on Site B which adjoins the Havelock CIL would enable the current service to be maintained until such time as the new building was ready to occupy, minimising disruption for people using the service.

4.5.9 As the new building would be occupied and operated by the Council the procurement rules necessitate a full tender process to be undertaken. The procurement strategy (i.e. in-house design with in-house management of an outsourced construction or HBC procure an externally sourced design and construction solution but retain project management responsibility) would need to be developed prior to any procurement activity commencing.

4.5.10 Should the latter procurement option be taken, tenders would be sought from appropriate construction companies to design and build a suitable facility either based on a detailed output specification or against a detailed design. Prices would be sought on the basis of both cost of construction with the Council retaining ownership and rental options should the Council decide that leasing the building would be appropriate as this would negate the requirement for significant initial capital investment. Evaluation of the tenders would be undertaken to identify the best overall service delivery and value for money option.

4.5.11 The following table summarises some of the key advantages and disadvantages of Option 2 – Development of a new integrated Independent Living Centre.

Advantages	Disadvantages
<ul style="list-style-type: none"> ▪ Opportunity to co-locate staff and services, achieving better service outcomes and potential efficiencies. ▪ Modern environment designed to meet future service delivery requirements. ▪ New building would meet national energy efficiency requirements and reduce carbon footprint. ▪ Regeneration of the local area, with vacant sites brought back into use. ▪ Provision of an improved up to date facility for community use. 	<ul style="list-style-type: none"> ▪ Significant capital outlay.

5. ASSET MANAGEMENT CONSIDERATIONS

- 5.1 The decision to adopt a commercial approach to asset management requires the Council to realise the full value of any properties or property rights that it disposes of. Details of the disposal of Site A are set out in **Confidential Appendix 2 This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**
- 5.2 Provisionally agreed option proposals for Sites B & C are set out in **Confidential Appendix 3. This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**
- 5.3 It is important that the Council makes the most appropriate use of its assets to facilitate the delivery of regeneration objectives and service improvements. The Director of Child and Adults has identified that there is an under provision of suitable accommodation within the Borough for adults with complex needs and disabilities together with concerns that the existing CIL and associated premises are not fit for purpose.
- 5.4 The current operational facilities are expensive to run and have a limited life without significant future investment. Rationalisation of provision would enable existing leases from third party landlords at Surtees and Cromwell Streets to be terminated and the co-location of services would reduce overall operating costs. These factors have been incorporated in the viability appraisal. The whole life costs of a replacement modern building compared with the ongoing investment requirements for the existing stock are key considerations in the viability study. Fundamentally the current split site operation is not conducive to quality service delivery.

5.5 Havelock CIL

Although the Havelock CIL building has received significant investment in recent years to maintain existing services, due to the age and condition of the building, it will require an increasing level of investment in coming years (through a planned preventative maintenance programme) if the current services are to continue being provided from this location.

5.6 Warren Road

Warren Road day centre was acquired by the Council in 1978. The building is a 1960's former industrial unit which has been converted for use as a day Centre.

The Council own the Warren Road building subject to a 99 year ground lease which has 64 years to run. Operationally the building is not an ideal location for day services for vulnerable adults with complex needs, however options exist for alternate uses and these are being explored as part of the Council's asset review programme.

Due to the construction of the building for industrial uses, its thermal efficiency is limited which increases operating costs for the current use. The condition survey identifies key areas of expenditure that are required over the next 10 years to maintain the building in a condition appropriate for existing use.

5.7 Leased Properties at Cromwell Street and Surtees Street

The buildings at Cromwell Street and Surtees Street (Handprints) are currently leased in. The Council is currently "holding over" on the Cromwell Street lease and could vacate with 3 months notice without further financial liability. The Surtees Street property is held on a periodic tenancy and could also be vacated with 3 months notice.

6. **FINANCIAL CONSIDERATIONS**

- 6.1 Any proposed scheme in relation to the development of a new Independent Living Centre involves a significant financial commitment.
- 6.2 An initial option appraisal has been undertaken to identify the costs over the next thirty five years of; retaining and maintaining the current buildings, using Prudential Borrowing to enable the development of a new Independent Living Centre and sale of Site B to a developer to provide a new Independent Living Centre which the Council would then lease.
- 6.3 Based on indicative costs for the next thirty five years, reasonable assumptions in relation to maintenance costs and the potential costs of Prudential Borrowing or leasing a new building, it is anticipated that the long term financial investment required from the Council would be reduced if a new Independent Living Centre was developed.

- 6.4 Further work is required to identify ongoing revenue costs associated with each of the options and it is proposed that a decision regarding the financing of any new development is made through the budget setting process, in February 2014.

7. EQUALITY AND DIVERSITY CONSIDERATIONS

- 7.1 There are no equality or diversity implications identified at this stage, but an impact assessment will be undertaken if the proposed development is approved.
- 7.2 The development of a new Independent Living Centre would improve both physical access and equality of access to services for people with protected characteristics.

8. CONSULTATION

- 8.1 Officers and elected members from the Headland and Harbour area canvassed opinion during three public meetings in June 2013 to support the potential developer's planning application. There was a considerable amount of support for the proposals at this stage and no objections were received during the planning process.
- 8.2 Some initial consultation has been undertaken with parents and carers and people who use services regarding the potential to move services to a single site. A total of 83 people were consulted. 14 carers were concerned that services would be cut as a result of the proposed move whilst 47 carers showed overall support.
- 8.3 A meeting was held in August 2013 with current tenants of Havelock CIL and Warren Road (user led organisations, disability related voluntary sector groups and health partners) and there was support for the proposed redevelopment of the CIL and the potential benefits a new building would bring

9. CONCLUSION

- 9.1 Based on the financial options appraisal, and taking into account the asset management considerations, equality and diversity considerations, and feedback from consultation, officers have identified the development of a new Independent Living Centre (Option 2) as the preferred option.

10. RECOMMENDATIONS

- 10.1 It is recommended that the Finance and Policy Committee:

- Agree to enter in to option agreements for Sites B & C on Burbank Street on terms as set out in **Confidential Appendix 2. This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information.**
- Support in principle the development of a new Independent Living Centre on Site B at Burbank Street, and agree to undertake a detailed business case determine the financial viability and preferred option for financing the development through the Council's budget setting process.

11. REASONS FOR RECOMMENDATIONS

- 11.1 Due to the current shortfall in suitable residential accommodation for adults with disabilities and complex needs, the disposal of land to enable the construction and management of suitable accommodation, generate capital receipts and regenerate areas of currently underutilised land provides a range of benefits to the Burbank Street community and the town.
- 11.2 Due to the age and condition of the current buildings, it is more cost effective to develop a new building.
- 11.3 Construction of a new building and the co-location of services would result in substantial service improvements.

12. BACKGROUND PAPERS

- 12.1 Report to Adult Services Committee 17 June 2013
- 12.2 Report to Finance and Policy Committee on 28 June 2013.
- 12.3 Report to Planning Committee on 25 September 2013

13. CONTACT OFFICERS

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FINANCE AND POLICY COMMITTEE

19th December 2013



Report of: Assistant Director (Regeneration)

Subject: HOUSING SERVICES NEW OPPORTUNITIES
AND STRUCTURE

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Key Decision (test (i)/(ii)) Forward Plan Reference No. RN 31/13

2. PURPOSE OF REPORT

2.1 The purpose of this report is to provide Members with an overview of the current structure of the Housing Services team and details of the services being delivered. The report will also provide an overview of new opportunities for the development of housing services in the context of reducing Council resources, the aim of generating income to protect core services and the ending of a number of existing contracts currently being delivered by Housing Hartlepool.

2.2 The report also provides an overview of the proposed new Housing Services structure in light of these new opportunities including the costs and social benefits of delivering these services in-house. The overall aim is to develop a more robust Housing Service which provides the statutory services, additional core services and enhanced housing services meeting the aims and objectives of the adopted Housing Strategy.

3. BACKGROUND

3.1 The Housing Services team in its current form was established under the Assistant Director of Regeneration and Planning in 2011. The retained Housing Service was placed together under one Housing Services Manager rather than being split across departments. The team is currently based within the Civic Centre and The Housing Options Centre (In 2014 all Council staff from the Housing Options Centre will relocate to the Civic Centre).

3.2 The Housing Services team currently consists of Housing Strategy, Private Sector Housing Standards, Housing Regeneration, Housing Development, Housing Advice and Homelessness Prevention, managed by four Principal Officers under the Housing Services Manager. There have been a number of significant achievements since the teams creation, these include:

- Development of the comprehensive Housing Strategy which was adopted in 2011 and provides a strategic vision for housing service delivery in Hartlepool. The associated action plan is monitored on a quarterly basis to track, record and push forward delivery of the key priorities:
 - Delivering new homes, contributing to sustainable communities
 - Improving existing homes, supporting sustainable communities
 - Meeting specific housing needs
- Delivering over 1200 demolitions and 600 new build properties through the Housing Market Renewal Programme.
- Many homes brought back into use and improved through the empty homes strategy enforcement and incentive approach.
- Pro-active enforcement in the private rented sector with many enforcement notices served on an annual basis.
- Delivery of a Selective Licensing programme on 6 sites across the town and full analysis of scheme delivery.
- Homelessness advice and support to those in need.
- Local people helped to improve their homes through grants and loans.
- Local people assisted through the implementation of Disabled Facilities Grants.
- Pro-active enforcement through S215 enforcement action
- Improved heating systems and thermal efficiency of homes delivered through Warm Homes funding.

3.3 ***Housing Advice***

The Housing Advice team based at Park Tower provides specialist housing advice and support to Hartlepool residents. Homelessness prevention including an out of hours emergency response service and advice on welfare reform, tenancy support and mortgage rescue are statutory services benefiting the most vulnerable in our community. Currently 6 staff deliver this service (reduced from 8 for 2013/14 budget savings). Two staff currently deliver Selective Licensing.

3.4 ***Housing Regeneration***

This team delivers the Housing Market Renewal, Housing Regeneration and Empty Homes Programmes. This includes the acquisition and demolition of obsolete property and subsequent new build program and other housing regeneration initiatives. The enforcement and incentive

programmes through empty homes such as the Empty Property Purchasing Scheme and pilot scheme are also managed by this team. The team also works on delivery of affordable homes through the Homes and Communities Agency (HCA) affordable housing programme and manages the contract with Housing Hartlepool for the housing management of the Council owned stock. There are currently 2 members of staff delivering this service.

3.5 ***Housing Strategy***

The Housing Strategy team is responsible for delivering housing strategy and policy including choice based lettings, allocations policy and liaison with registered providers. This team is also responsible for the management and delivery of Disabled Facilities Grants (DFG). The team consists of 4 staff members.

3.6 ***Housing Standards***

The Housing Standards team work in the private housing sector to improve standards and respond to complaints made by tenants about their homes. The team provides a valuable statutory service ensuring the safety and security of tenants within their home through the Housing Health and Safety Rating System (HHSRS). The team also works to implement a grants and loan programme to improve the quality of the private sector housing stock. This team consists of 6 officers.

4. **PROPOSALS**

4.1 In the context of Council's budget pressures there is a need to safeguard the core and statutory services whilst making budget savings and generating income to expand the services and enhance the offer to meet the needs of local people and improve the quality and standard of housing. The proposals set out how additional services can generate income and be delivered by the Housing Services team. There are currently a number of housing contracts being delivered by external agencies which must be reviewed from March 2014. This provides the opportunity to explore opportunities to bring some services back into the Council and conduct a cost/benefit analysis on providing these services within the current Housing Services team. The services are all currently managed by Housing Hartlepool through a Service Level Agreement and Memorandum of Understanding. In addition to this there are opportunities that could be developed through the Housing Services team to generate income and provide much needed services to improve the quality, standard and management of property in Hartlepool. The proposals for the in-house delivery of services and new services are as follows:

1. Bringing back the in house management of the Housing Register
2. In-house management of the Council's housing stock
3. Setting up a Social Lettings Agency
4. Ward based Selective Licensing

There may be other opportunities to explore in the future that do not currently form part of this proposal but with a wider platform to work from the Housing Services team may be able to consider implementing these if financially viable. Currently Child and Adult Services are looking at future provision of Telecare services in Hartlepool, this could be an opportunity for further in house delivery. Any new proposals or opportunities will need a detailed business case for Members to consider.

4.2 Proposal 1: Bringing Back Management Of The Housing Register

4.3 As a Strategic Housing Authority the Council is required to have an Allocations Policy to ensure that households in housing need are given priority for re-housing within the affordable housing available in the Borough. Following the transfer of the Council's housing stock to Housing Hartlepool in 2004 the management of the Housing Register has been undertaken by Housing Hartlepool under the terms of a service level agreement, initially contained within the Housing Agency Agreement.

4.4 As at the 31st July 2013 there were 2385 'active' applicants on the Common Housing Register from Hartlepool which includes 722 of Housing Hartlepool tenants seeking a transfer to alternative accommodation. Bringing back the management of the Housing Register would involve the assessment and prioritisation of waiting list applicants but would not include transfer applications from existing social housing tenants. The Council's Housing Advice Team are already heavily involved in the assessment and prioritisation of applicants in Bands 1 and 2 and have the knowledge and experience needed to fulfill this function for the all waiting list applicants. As a full partner in the Tees Valley Choice Based Lettings (CBL) scheme the Council already pays a contribution which allows Officers to have access to the necessary IT and there would be no additional costs in respect of this.

4.5 Under the terms of the service level agreement with Housing Hartlepool for the management and administration of the Housing Register and participation in CBL the Council pay a total of £90,000 per annum. This is mostly attributable to staffing costs but also includes other costs such as stationary, application forms and advice leaflets etc.

4.6 Proposal 2: Bringing Back Management Of Council Owned Stock

4.7 Members are asked to consider options for bringing back the management of the Council owned housing stock which includes 82 units developed through the HCA Local Authority New Build Scheme and 100 units on completion of the 2012-14 Empty Property Purchasing Scheme (EPPS). These properties are currently managed by Housing Hartlepool and management and maintenance fee of £800 per property

per year is currently paid to carry out this work. This contract ends in March 2014. The successful management of these units will also provide a platform to increase the Council's management portfolio through the Social Lettings Agency development (see Proposal 3).

- 4.8 The management of this stock would include responsibilities to collect rent, deal with rent arrears, tenancy management, responsive repairs and maintenance, anti-social behavior, tenancy sign ups, tenancy visits void preparation and allocation. It would require a computer system to record the rent collected and arrears and a 24 hour responsive maintenance line. In order to deliver these services effectively the Housing Services team would need to access expertise and support from other Council teams for example Legal, Finance, Building Maintenance and Consultancy and Anti-Social Behavior. If Members endorse the recommendations in this report, discussions will take place with the services involved and the final business case will be brought back to Members in early 2014. A solution to this would be to develop internal Service Level Agreements which will guarantee effective service delivery. The Council will need to establish a good relationship with tenants and a good reputation in tenancy management and this could be challenging without the right level of support. Within the Housing Services team there are many skills and a staff knowledge base to deliver management of these properties within both Housing Advice and Housing Standards, the Housing Services team have the capacity to deliver these services within the existing staffing structure.

4.9 **Proposal 3: Setting Up A Social Lettings Agency**

- 4.10 The private rented sector accounts for 16.2% (2012 census) of overall housing stock in Hartlepool rising from 9% in 2001 (census). This is higher than the national average. The sector is an important provider of accommodation in the town specifically for those not wishing or unable to access home ownership. It is estimated that 34.8% of the private rented sector does not meet Decent Homes Standard demonstrating the problem of stock condition within this sector. The 2011-15 Housing Strategy identifies existing problems within the private rented sector and within the objectives states "aim to improve property conditions and management standards in the private rented sector".
- 4.11 Some of the problems experienced with the private rented sector include poor management, poor quality housing, unresponsive repairs and maintenance, high rent levels and poor visual appearance of properties. There are also considered to be a number of barriers for tenants accessing private rented housing in Hartlepool these include:
- High rents
 - Rent in advance/ deposit
 - No guarantor
 - Lack of references due to no previous tenancy history
 - Landlords aren't responsive to repairs/ rent arrears issues.

- Concerns over condition of property
- Insecure nature of tenancies

4.12 A Social Lettings Agency allows the Council the opportunity to manage private housing. This could include a range of options including a commercial 'high street' style assured short hold tenancy management service or management of houses of multiple occupation.

4.13 The aims of a Social Lettings Agency would be to achieve social objectives or 'ethical lettings', improve property condition and management standards, tackle housing need, help people overcome barriers to accessing good quality well managed accommodation, contribute to the ongoing regeneration of the area and generate an income to pay for the service. It will also realise the ambition of improved standards in private sector housing and contribute to the delivery of the Hartlepool Housing Strategy which identifies management of the private rented sector as an issue.

4.14 Early market testing suggests there is an appetite from landlords for a reliable and affordable management agency and an appetite from tenants to live in a property that is well managed. The Housing Market Renewal Programme, EPPS scheme and Baden Street scheme all identified owners who had encountered problems with the management of their stock and were looking for recommendations for effective reliable managing agents or for the Council to manage their stock.

4.15 ***Establishing a new Social Lettings Agency in Hartlepool***

4.16 An agency could be developed with social objectives at the core of the business plan. The Social Lettings Agency would offer the reliability and good reputation of the local authority to private landlords looking for a managing agent. The agency would aim to provide good quality and affordable housing management and access to a range of skills and expertise in legal, housing advice, benefits, property refurbishment and knowledge of local markets. As a managing agent the Council could insist on good housing standards, reasonable rent levels and effective tenancy agreements. Research from other areas of the country implementing a Social Lettings Agency has indicated that reputation and reliability are the deciding factors. The Council must also price its services competitively to ensure they are affordable for potential landlords. Experience gained from implementing Proposal 2 (in-house management of the Council owned stock) will also assist in the implementation of this proposal.

4.17 ***What service would the Council offer?***

4.18 In order to deliver the objectives of a Social Lettings Agency the Council needs to offer the following services through their management contracts to attract clients and provide a good service.

- Effective rent collection.

- Legal advice and support.
- Repairs carried out in a responsive manner by the Councils in-house team (this would generate an income stream for facilities management by carrying out repairs 'in-house').
- Management fee ranging from 10-20% with a lower fee for better standard properties or to manage a portfolio.
- 3 monthly inspections of the property.
- Detailed inventory of each property produced.
- In depth tenant vetting (inc. ASB, drugs, rent arrears) and affordability assessments for tenants via Good Tenants Scheme.
- Gas Safety checks and Energy Performance Certificates.
- Licensing discounts if owners enter into management arrangements with the Council.
- Incentives could be offered to the tenant such as providing a bond or white good packages.
- A team of experienced Housing Officers to deliver services.

4.19 **Business Case**

4.20 The table below demonstrates potential income levels for the proposal if a fee of 15% were to be charged...

Table 1: Indicative Business Case – Forecast Income Stream for 2015/16

	50 properties	100 properties
Rent Income*	£260,000	£520,000
Fee Income (e.g. 15%)	£39,000	£78,000
Cost of incentives **	£0	£21,650
Additional running costs	£5,000	£5,000
	£5,000	£26,650
Net Income	£34,000	£51,350

* Based on a weighted average market rent of £433 per month

** The cost of incentives for the first 50 properties to be met from existing grant funding

4.21 As shown above, the Council is able to benefit from relatively low costs by using existing resources. The proposal will generate additional income which could assist with future savings targets whilst at the same time help to deliver social objectives in line with the Housing Strategy. The business plan assumes that existing Housing Services staff will deliver the scheme and the set up costs and new systems will be shared with the systems required to bring the Management of Council owned properties back in house. An incentive package has also been factored into the business case, this could consist of loan for a bond, white goods for prospective tenants. The cost of the incentive scheme for the first 50

properties is to be met from existing grant funding and then a cost is factored into the business plan for the next 100 properties. As the scheme expands the cost of any additional staff required would be met by the income generated.

- 4.22 Further work will be required to decide on the final pricing strategy taking into account the fee level and types of incentives used. Table 2 below provides the breakdown of potential rental income and the range of management fees which could be charged to owners for the service.

Table 2: Rent and Fee Profiling

Property Type	Weekly Rent	Annual Rent	10% Fee	12% fee	15% Fee	20% Fee
1 bed	£70	£3,640	£364	£437	£546	£728
2 bed	£98	£5,070	£507	£608	£761	£1,014
3 bed	£114	£5,915	£592	£710	£887	£1,183

- 4.23 Other Local Authorities have chosen to develop Social Lettings Agencies and there are some good case study evidence of successful Social Lettings Agency initiatives for example Havering Borough 'private housing solutions' and Poole and Bournemouth 'Homes 4 Let'.
- 4.24 The net income arising from the creation of a Social Lettings Agency will be considered as part of the process for developing the 2015/16 budget. 2014/15 is a transitional year and any income will be dependent on the number of properties managed. There is also the possibility that some of this income may be needed to offset reductions in other income streams.

5. PROPOSAL 4: WARD BASED SELECTIVE LICENSING

- 5.1 At their meeting on 29th August 2013 the Regeneration Services Committee requested a working group be brought together in order to explore options to introduce a further Selective Licensing designation in the town. After the first meeting of this working group it appears likely that the recommended option will be for Selective Licensing of privately rented accommodation within all identified priority wards within the town and this was approved by Regeneration Services Committee on 5th December 2013. The current Selective Licensing designation includes 763 private sector properties that have been licensed within six 'hotspot' areas of distinct streets. Ward based Selective Licensing may have further resource implications in terms of the staffing levels required, however, that said there will of course be additional income generated through license fees to cover this.

6. PROPOSED TEAM STRUCTURES

- 6.1 In order to deliver these additional services and bring services back in house it is important that the component units which make up Housing Services, as detailed in section 3 of the report remain as one. The desire from Members to provide a one stop shop for advice and guidance and improve the customer experience is also recognised. As such it is proposed that the Housing Services Team be located next to the new Advice and Guidance Hub to improve communication between service areas and ensure closer working arrangements are set in place. Whilst the workload of the new proposals can be accommodated within existing staff, it will be important to look at existing skills in the Housing Services team to give opportunities to staff to expand their skills and knowledge to work within these new areas. It is also recommended that a Housing Trainee is appointed to provide assistance across the Housing Service and provide a developmental role within the team suitable for an apprentice looking to progress their career in Housing. There may also be a requirement to TUPE staff from Housing Hartlepool to deliver the Housing Register services but this will be considered at a later date. The additional staffing resource could be funded through the management funds and Selective Licensing funds which will be brought into the Council if services are brought back in house or expanded.

7. RISK IMPLICATIONS

- 7.1 In order to deliver these new services and maintain current service delivery it will be important to retain valuable skills developed in tenancy management held by the Housing Advice Officers. The Housing Advice officers do not just provide advice but are specialists in housing management and tenancy support, skills vital for the management of the Councils own housing stock and the development of a Social Lettings Agency. It is therefore important that the Councils Housing Services Team remains as generic as possible to assist development of core and new services.
- 7.2 There will be set up costs associated with each of the proposed new services. This will be officer time and also costs associated with computer software. If the services are unsuccessful there will be damage to the Council's reputation and the loss of the set up costs associated with the proposals. In order to ensure success the support of legal, financial and building services will be essential. Policies and procedures for the management of the waiting list and the Council's housing stock will need to be developed to ensure the service is delivered to a high standard, is cost efficient and effective.
- 7.3 There are a number of risks associated with the set up of a Social Lettings Agency as it is a completely new service in Hartlepool. The project is unlikely to have financial risks and as detailed above and the income generated can cover the set-up costs. Evidence from similar

schemes elsewhere suggests that the scheme will then begin to generate a profit at the end of year 2 to cover staffing costs. The Council is also at an advantage as it has existing stock to manage developed through the EPPS and LANB schemes, generating a management income from the outset, which helps mitigate risks.

- 7.4 Managing private sector properties also presents risks, managing tenancies both social and private, dealing with rent collection, tenancy management and anti social behaviour could require additional staff at some stage and therefore have further financial implications. This risk can be mitigated by ensuring that tenant vetting, tenancy agreements and management agreements are detailed to reduce the likelihood of problems and close partnership working with Council Departments and services will be essential. Appropriate insurance would need to be obtained for the delivery of this scheme.
- 7.5 Any self management of Council owned stock and management of private stock through a Social Lettings Agency must deliver on the promise of effective tenancy management failure would have a reputational risk for the Council. It is therefore also as important that the Council owned stock is managed well to enhance the Council's reputation, with effective business planning, accounting systems and experienced staff in place this risk would be significantly mitigated. The Housing Services existing staff have a key set of skills and experience in tenancy management and therefore the risk is reduced further.

8. FINANCIAL CONSIDERATIONS

- 8.1 Bringing back the management of the Council's housing stock and management of the housing waiting list will remove the need to pay a management fee to the external provider. This funding will be used to cover the running costs of providing the service in house. This has enabled a saving to be included in the Departments savings programme for 2014/15, after the transfer of a Principal Officer from the Regeneration division to the Housing Services Team, which will help to deliver the new services.
- 8.2 The net income arising from the creation of a Social Lettings Agency is still to be determined. Further work is required however the indicative business case included in section 4.20 sets out the potential net income that may be generated from 2015/16 onwards. 2014/15 is a transitional year and any income will be dependent on the number of properties managed.
- 8.3 It also needs to be recognised that the Housing Services team are currently funded from a range of existing grant regimes and temporary income streams. The position on the grant regimes will not be known for a number of months and therefore, for planning purposes, it is anticipated for 2014/15 that all changes will be budget neutral. It is

hoped that there will be a potential ongoing benefit from 2015/16 and a detailed assessment of the position will be undertaken next year, as part of the process for developing the 2015/16 budget.

9. LEGAL CONSIDERATIONS

- 9.1 The Homelessness Act 2002 imposed a legal duty on Local Housing Authorities to implement a Choice Based Lettings system (CBL) by 2010 and in July 2009 the Council implemented a sub regional Choice Based Lettings scheme, Compass, which is governed by the sub regional Common Allocations Policy. Although the Council no longer has a statutory duty to administer a formal Housing Register, the Council has made a policy decision to retain the register as a means of prioritising applicants, identifying needs and to inform the Housing Strategy for the Borough. This policy has been produced to ensure compliance with the requirements of the Housing Act (1996) Part VI, as amended by the Homelessness Act (2002), the Localism Act (2011) and the Codes of Guidance on Allocations and Homelessness. The management of the Housing Register is governed by the existing Tees Valley Common Allocations Policy and is fully compliant with all relevant legislation; however there may be legal implications in relation to TUPE regulations which will have to be explored further with Housing Hartlepool, relating to staff currently providing this service through Housing Hartlepool, this can be explored if Members approve this proposal.
- 9.2 There are a number of legal implications to consider when setting up a Social Lettings Agency. The Council has a duty in certain circumstances to provide housing to households who are homeless or are threatened with homelessness. It also has discretion in other circumstances to provide other assistance in accessing housing pursuant to section 179 of the 1996 Housing Act. A Social Lettings Agency is outside the powers set out above and therefore there must be alternative powers available to the Council to undertake this activity. Section 1 of the Localism Act 2011 gives a Local Authority the power to do anything that individuals generally may do. The Council also has power to charge for discretionary services, this is derived from section 93 Local Government Act 2003. Sections 95 and 96 of the Local Government Act 2003 enables the Secretary of State to make an order imposing conditions on a local authority's power to trade. The Local Government(Best Value Authorities)(Power to Trade England) Order 2009 made by the Secretary of State gives best value authorities authorisation to do for commercial purpose anything which it is authorised to do for the purpose of carrying on any of its ordinary functions. Before exercising the functions the authority shall prepare and approve the business case, Under Section 95(4) the power to trade must be exercised through a company".

10. STAFF CONSIDERATIONS

- 10.1 Both setting up a commercial 'high street' lettings agency and the management of the existing Council owned stock would be managed by existing Housing Services staff who will provide the intensive housing management service required. It is anticipated that this project can be delivered within the existing Housing Services team with the addition of a Housing Trainee to assist existing staff. In order for this to be achieved one Principal Officer from the Estates & Assets section will transfer into the Housing Services team.
- 10.2 In order for the services of a Social Lettings Agency to be provided effectively it would require close interdepartmental working and the setting up of a service level agreement with areas such as Council Tax, Housing Benefits, Anti-Social Behavior and Facilities Management. These should be established from the outset and these teams will be asked to contribute to the next more detailed report.

11. EQUALITY AND DIVERSITY CONSIDERATIONS

- 11.1 There are no equality or diversity implications associated with this report.

12. SECTION 17 OF THE CRIME AND DISORDER ACT 1998 CONSIDERATIONS

- 12.1 There are no Section 17 Implications associated with this report.

13. RECOMMENDATIONS

- 13.1 Committee is requested to:
- 1) Note the contents of the report;
 - 2) Approve Proposal 1 to bring back the management of the Housing Register into the remit of the Housing Services Team;
 - 3) Approve Proposal 2 to bring back the management of the Council owned stock into the remit of the Housing Services Team;
 - 4) Approve Proposal 3 to establish a Social Lettings Agency in Hartlepool;
 - 5) Explore further Ward based Selective Licensing as per Selective Licensing Regeneration Services Committee Approval;
 - 6) Agree to the creation of a permanent Housing Trainee Role within the Housing Services team;
 - 7) Agree that the component units which make up Housing Services, as detailed in section 3 of the report remain as

one. However, the Housing Services team is to be co-located alongside the Advice and Guidance Hub to allow closer working relationships. To note that the final business case will be brought back in early 2014 once discussions have been held with all services as outlined in 4.8 of this report.

14. REASONS FOR RECOMMENDATIONS

- 14.1 The recommendations will allow future opportunities for the delivery of Housing Services in Hartlepool to be explored in detail in the context of reducing Council resources, the aim of generating income to protect core services and the ending of a number of existing contracts currently being delivered by Housing Hartlepool. The proposals provide important social benefits and will ensure a robust housing service able to meet the needs of service users into the future. The overall aim is to develop a more robust housing service which provides the statutory services, additional core services and enhanced housing services meeting the aims and objectives of the adopted Housing Strategy. The staffing resource being retained in the service is crucial to the development of the new services as they hold valuable skills and knowledge essential to the delivery of the new services. The team will link into and be co-located with the new Advice and Guidance service to provide a one stop shop of advice and to improve the customer experience.

15. BACKGROUND PAPERS

- 15.1 Hartlepool Housing Strategy available at http://www.hartlepool.gov.uk/info/100007/housing/675/housing_strategy

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FINANCE AND POLICY COMMITTEE

19 December 2013



Report of: Director of Regeneration and Neighbourhoods

Subject: WARD MEMBER BUDGETS

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Non Key Decision

2. PURPOSE OF REPORT

2.1 To inform Finance and Policy Committee of the current position in relation to Ward Member Budgets, and outline proposals for future use of unspent Ward Member Budget allocations from 2012/13 and 2013/14.

3. BACKGROUND

3.1 On 30 April 2012, Ward Member Budgets and the associated application framework were approved by Cabinet. Ward Members were allocated £5,500 each to be used for the wider and discernible community benefits of their ward, with a further allocation of £5,000 per Ward Member agreed by Council in February 2013.

3.2 It is assumed that the budgets are not available for individuals, or intended to be expended on services provided by the Local Authority or other public agencies, unless the purpose is to enhance or supplement what is being delivered. Ward Members are expected to consult each other to ensure that there is no duplication in expenditure and projects supported must be lawful, and cannot undermine the Council or partners' priorities or service delivery.

3.3 Procedural arrangements have been implemented to ensure accountability and transparency, with all Ward Member Budget submissions being subject to an approval process under delegated authority of the Director of Regeneration and Neighbourhoods (in conjunction with Legal and Finance Departments). Progress on Ward Member Budgets is reported on a quarterly basis to the Neighbourhood Forums and is available online. In addition to this, an annual report is taken to Neighbourhood Services Committee.

- 3.4 On 14 February 2013, Council approved a recommendation from Cabinet (4 February 2013) allocating a total of £165,000 for 2013/2014 for Ward Member Budgets, equating to £5,000 per Elected Member. As part of this decision, it was also outlined that any underspend remaining from the 2012/2013 allocation could be carried forward by each individual Ward Councillor for their use in the new financial year.
- 3.5 From August 2013, the administration of Civic Lottery has been transferred to Neighbourhood Management with each Elected Member responsible for the distribution of £500 of Civic Lottery funding in their ward. The Civic Lottery criterion supports charitable organisations in the delivery of leisure, recreational and environmental projects; thus providing an additional ward level resource, coordinated by Ward Members.

4. PROJECTS FUNDED TO DATE

- 4.1 The following table summarises the current position of the Ward Member Budgets programme; this includes the total value of projects approved to date (2012/13 and 2013/14), and uncommitted funding. Please note that these figures will be subject to change before the end of the current financial year, as a number of projects are currently being developed.

	Approved Budget £	Approved and Committed £	Uncommitted £
2012/13	181,500	121,237	60,263
2013/14	165,000	74,446	90,554
Total	346,500	195,683	150,817

- 4.2 A variety of projects have been funded to date (a current running total per Ward Member is attached as **Appendix A**) with a number currently being developed by the Neighbourhood Management Team, at an estimated value of £32,050. General areas being supported by Elected Members encompasses the following:
- Contributions to services and / or events delivered by the Voluntary and Community Sector;
 - Works to community buildings;
 - Environmental and horticultural schemes;
 - Apprenticeship and training programmes; and
 - Highways and traffic related projects.
- 4.3 There are some examples of collaborative working across wards, including the following:
- The town-wide Environmental Apprenticeship Scheme which working in partnership with Hartlepool College of FE will provide work placements

for 15 apprentices within the Council's Neighbourhood Management Team for 12 months. The extension for this project is currently being developed.

- The Community Transport Project which assists in the sustainability of the Community Bus service that currently runs through Rural West, Jesmond, Victoria and Headland and Harbour wards in response to a withdrawal of public transport routes.

- 4.4 On 18 October 2013, Finance and Policy Committee agreed the revisions to the Community Pool Funding Programme for 2014/15 to reflect a 50% cut to the budget, with a priority focus on addressing family poverty, and furthermore, linking Category 4 grants (Town Wide Specialist and Support Services) to the Child Poverty Strategy Action Plan. As part of this decision, the Community Pool contract for the provision of Capacity and Resource Building in the VCS from 2014/15 was withdrawn, of which Hartlepool Voluntary Development Agency is the current provider. At a subsequent extraordinary meeting of Council on 19 November 2013 to discuss the revisions to the Community Pool Funding Programme 2014/15, a proposal was agreed which is as follows:

'It was proposed, therefore, that in considering the 2014/15 budget proposals, the Finance and Policy Committee reconsider the Community Pool Programme Allocation 2014/15 and look to finding at least 50% of the current year's contribution to support Category 3 of the Community Pool funding "Capacity and resource building in the Voluntary and Community" to support the work undertaken by HVDA with voluntary and community groups in Hartlepool with the suggestion that any under spend in the Member Ward budgets in 2013/14 contribute to the funding'.

Subsequent dialogue between the Director of Regeneration and Neighbourhoods and Elected Members resulted in a total of £13,500 being ringfenced by eleven Ward Councilors from this year's Ward Member Budget allocation, in order to assist HVDA with the ongoing delivery of their service in the next financial year (2014/15).

- 4.5 Ward Members in the Fens and Rossmere, Foggy Furze and Victoria wards adopted an alternative approach to the expenditure of their Ward Member Budgets in 2012/13 and allocated a proportion of their funds to establish a community grants programme for local voluntary and community groups to access; this has continued in 2013/14.

5.0 USE OF UNSPENT FUNDS

- 5.1 As evidenced in **Appendix A**, expenditure of Ward Member Budgets has been incurred to varying degrees, with one Ward Councillor not anticipated to spend any of the £10,500 funding allocated to them over the two financial years. In adherence with the Full Council decision¹, a total of £60,263 of Ward Member Budget funding was carried over from 2012/13, with any

¹ Meeting of Full Council, 14 February 2013.

unspent funding reallocated to the individual Ward Member in 2013/14 for their use. 23 Ward Members carried over unspent funds of between £113 and £5,500, averaging at £2,620 underspend per Ward Member².

- 5.2 As indicated in section 4.1, the total potential carry forward for 2012/13 and 2013/14 at this stage is approximately £150,817; although this will be subject to variation due to a number of schemes that are currently under development. However, based on experience in previous years a total carry forward of well in excess of £100,000 can be expected and for planning purposes a figure of £120,000 would not be unreasonable. It is therefore proposed that a number of options are explored for the use of Ward Member Budget unspent funds, which are detailed in sections 5.3 to 5.6 of this report.
- 5.3 Option 1: Full carryover for sole use by individual Ward Members
Replicating the arrangements in place between 2012/13, all Ward Members will be able to carry forward any unspent funds for their individual use in 2014/15. As outlined in section 4.1, this arrangement has resulted in one third of the total 2012/13 budget being carried over and upon analysis of the current levels of expenditure for 2013/14, it is anticipated that the level of carryover to 2014/15 will be of similar proportion.
- 5.4 Option 2: Implement a maximum level of carryover
A variation of Option 1, however this would implement a maximum level of unspent funds to be carried forward to 2014/15 for Ward Members individual use. This cap would allow Ward Members to carry over a pre-determined level of funds with any remaining funds over and above the cap re-allocated for use under Option 3. Taking in to consideration the average level of funds carried over from 2012/13, it would be appropriate to explore the following cap levels in order to encourage optimum use of Ward Member Budgets whilst also ensuring that Council funds are fully utilised on a yearly basis:
- £500;
 - £1,000; and
 - £1,500.
- 5.5 Option 3: Carry forward funds to continue Ward Member Budgets in future years
As part of the 2014/15 budget proposals, Finance and Policy Committee has recommended allocating £165,000 from the reserves review to continue Ward Member Budgets in 2014/15 (i.e. £5,000 per Member).

² Please note that this is calculated per Ward Member carrying over unspent funds (23 out of 33).

No funding is available to continue into 2015/16 and additional funding is unlikely to be provided for this year given the significant financial challenges facing the Council. Therefore, Members may wish to allocate the under spend on the 2012/13 and 2013/14 Ward Member Budgets to continue these allocations into 2015/16. Assuming £120,000 is available this would provide a 2015/16 allocation of approximately £3,600.

As a variation on this option Members may wish to use the underspend from previous years of £120,000 (forecast) plus the £165,000 initial allocation for 2014/15 to provide an allocation of around £2,700 per Member for 2014/15, 2015/16 and 2016/17.

5.6 Option 4: To address Council priorities

This option will seek to retain all unspent funds to be utilised to address alternative Council priorities in 2014/15. This could secure the ongoing sustainability of highly successful Council schemes and projects including Free School Swims in 2014/15.

The Environmental Apprenticeship Scheme in particular has previously required Ward Member Budget Support and upon consideration, Regeneration Services Committee recommended on 23 September 2013 that Finance and Policy Committee give consideration to top slicing 20% of the 2014/15 Ward Members Budget allocation. This will provide the remaining funding required to meet any unfunded shortfall in order to make the scheme for 2014/15 viable.

- 5.7 It should be noted that all options will need reviewing to reflect the actual outturn for 2013/14.

6. **RISK IMPLICATIONS**

- 6.1 Through the implementation of the application and approval framework, a robust and transparent process has been put in place to ensure that the expenditure of Ward Member Budgets is for the purpose for which it is intended. In addition to this, consultation with other Ward Members, the community and key partners is required through the application process to guarantee that monies are not used adversely and that projects and / or schemes are responding to local need.
- 6.2 In addition, an annual report is taken to Neighbourhood Services Committee for information, and reports are considered on a quarterly basis by the North and Coastal and South and Central Neighbourhood Forums. All expenditure related information associated with Ward Member Budgets is available online.

7. **FINANCIAL CONSIDERATIONS**

- 7.1 On 14 February 2013, Council approved a recommendation from Cabinet (4 February 2013) allocating a total of £165,000 for 2013/2014 for Ward Member

Budgets, equating to £5,000 per Elected Member. As part of this decision, it was also outlined that any underspend remaining from the 2012/2013 allocation would be carried forward by each individual Ward Councillor for their use in the new financial year.

- 7.2 Given the current position of the Ward Member Budget programme, consideration of use of remaining funds will have to be undertaken as part of the Council's Medium Term Financial Strategy. On 19 September 2013, as part of the 2014/15 budget proposals, Finance and Policy Committee recommended allocating £165,000 from the reserves review to continue Ward Member Budgets in 2014/15 (i.e. £5,000 per Member). Any further allocations in future years will have to be considered as a budget pressure.

8. LEGAL CONSIDERATIONS

- 8.1 Within the original Cabinet decision on 30 April 2012 to approve Ward Member Budgets, it was agreed that a delegation of powers to the Assistant Director (Neighbourhood Services)³ be awarded; this was facilitated through 'executive arrangements' outlined within the Local Government Act 2000 which enables decision making powers to be delegated by the executive, individual Portfolio Holders, or through an Officer.
- 8.2 Ward Members Budgets must be used for purposes which originally fell within the 'well being powers' enshrined in the Local Government Act 2000. The well being powers as far as they relate to England have now been repealed under Schedule 1 of the Localism Act 2011 which provides for the 'broader power of competence'. This gives local authorities an explicit freedom to act in the best interests of the community, unless the local authority is prevented from taking that action by common law, specific legislation or statutory guidance. As such, the power of competence can be applied to working in the best interests of Hartlepool Borough Council's Ward Member Budgets.

9. EQUALITY AND DIVERSITY CONSIDERATIONS

- 9.1 There are no direct Equality and Diversity considerations in relation to Ward Member Budgets.

10. STAFF CONSIDERATIONS

- 10.1 The Council's Neighbourhood Management Team provide the administration function for Ward Member Budgets including supporting project development, completion of submissions (as required) and decision record paperwork, and the management of payments. There are no staff considerations in addition to this.

³ From December 2012, this power has fallen to the Director of Regeneration and Neighbourhoods.

11. ASSET MANAGEMENT CONSIDERATIONS

- 11.1 Asset management considerations are not applicable in this instance.

12. SECTION 17 CONSIDERATIONS

- 12.1 There are no Section 17 considerations in relation to Ward Member Budgets.

13. RECOMMENDATIONS

- 13.1 Finance and Policy Committee is requested to note the progress in relation to Ward Member Budgets to date.

- 13.2 Finance and Policy Committee is requested to advise on the use of unspent Ward Member Budget allocations (2012/13 and 2013/14) based on the options outlined in sections 5.3 to 5.6 of this report which include:

- Option 1: Full carryover for sole use by individual Ward Members;
- Option 2: Implement a maximum level of carryover;
- Option 3: Carry forward funds to continue Ward Member Budgets in future years; or
- Option 4: To address Council priorities.

- 13.3 In addition to the recommendations outlined in section 13.2, Finance and Policy Committee are also requested to advise on the following:

- Determine if a proportion of unspent Ward Member Budget 2013/14 funds should be allocated to support Hartlepool Voluntary Development Agency (HVDA) for the provision of Capacity and Resource Building in the VCS from 2014/15 as recommended by Council at their Extraordinary meeting on 19 November 2013.
- Determine if they wish to ring fence a proportion, for example 20%, of the Ward Member Budget funding allocation for the Environmental Apprenticeship Scheme in 2014/15, as recommended by Regeneration Services Committee on 26 September 2013.

- 13.4. It is also recommended that Finance and Policy Committee reconsider the Community Pool Funding Programme allocation for 2014/15 as previously determined by Finance and Policy Committee on 18 October 2013, in line with the proposal agreed by Council at their extraordinary meeting on 19 November 2013.

14. REASONS FOR RECOMMENDATIONS

- 14.1 Given the current position of the Ward Member Budget programme, consideration of use of remaining funds from 2012/13 and 2013/14 is required as part of the Council's Medium Term Financial Strategy.

15. BACKGROUND PAPERS

- 15.1 Cabinet: Minutes (30 April 2012) – Ward Member Budgets
- 15.2 Cabinet: Minutes (4 February 2013) – Medium Term Financial Strategy 2013/14 – 2016/17.
- 15.3 Council: Minutes (14 February 2013) - Medium Term Financial Strategy 2013/14 – 2016/17.
- 15.4 Regeneration and Neighbourhoods Portfolio (12 April 2013) – Ward Member Budgets Report.
- 15.5 Finance and Policy Committee: Minutes (19 September 2013) - Medium Term Financial Strategy – Review of Reserves.
- 15.6 Regeneration Services Committee: Minutes (26 September 2013) – Environmental Apprenticeship Scheme.
- 15.7 Finance and Policy Committee: Minutes (18 October 2013) – Community Pool Funding Programme 2014/15.
- 15.8 Extraordinary Council: Minutes (19 November 2013).

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APPENDIX A

Ward Member Budget Overview⁴

Ward Councillor	Carryover from 12/13	Funding Available 13/14	Funding Approved 13/14	Total Funding Remaining
Burn Valley				
Councillor Jonathan Brash	£113	£5,000	£1,520	£3,593
Councillor Ged Hall	-	£5,000	£2,275	£2,725
Councillor John Lauderdale	-	£5,000	£3,223	£1,777
De Bruce				
Councillor Rob Cook	-	£5,000	£2,540	£2,460
Councillor Sheila Griffin	-	£5,000	£2,443	£2,557
Councillor Sylvia Tempest	-	£5,000	£2,540	£2,460
Fens and Rossmere				
Councillor Steve Gibbon	£965	£5,000	£2,127	£3,838
Councillor Alison Lilley	£960	£5,000	£2,127	£3,833
Councillor Geoff Lilley	£960	£5,000	£2,127	£3,833
Foggy Furze				
Councillor Christopher Akers-Belcher	£169	£5,000	£5,120	£49
Councillor Kevin Cranney	£1,374	£5,000	£3,769	£2,605
Councillor Kaylee Sirs	£1,373	£5,000	£2,684	£3,689
Hart				
Councillor Paul Beck	-	£5,000	£1,675	£3,325
Councillor Keith Fisher	£5,500	£5,000	-	£10,500
Councillor Jean Robinson	£2,737	£5,000	£1,293	£6,444
Headland and Harbour				
Councillor Jim Ainslie	-	£5,000	£883	£4,117
Councillor Peter Jackson	-	£5,000	£883	£4,117
Councillor Robbie	-	£5,000	£883	£4,117

⁴ Approvals accurate at time of writing.

Payne				
Jesmond				
Councillor Keith Dawkins	£1,970	£5,000	£4,970	£2,000
Councillor Mary Fleet	£4,100	£5,000	£1,200	£7,900
Councillor Linda Shields	£5,000	£5,000	£4,700	£5,300
Manor House				
Councillor Stephen Akers-Belcher	£2,950	£5,000	£1,050	£6,900
Councillor Marjorie James	£4,250	£5,000	£3,050	£6,200
Councillor Angie Wilcox ⁵	-	£5,000	£1,500	
Councillor Allan Barclay		£3,500	£800	£2,700
Rural West				
Councillor George Morris	£3,745	£5,000	£2,742	£6,003
Councillor Brenda Loynes	£3,665	£5,000	£2,742	£5,923
Councillor Ray Wells	£3,995	£5,000	£2,642	£6,353
Seaton				
Councillor Kelly Atkinson	£3,285	£5,000	£1,120	£7,165
Councillor Cath Hill	£4,950	£5,000	£1,120	£8,830
Councillor Paul Thompson	£4,950	£5,000	£1,120	£8,830
Victoria				
Councillor Pamela Hargreaves	£1,084	£5,000	£2,526	£3,558
Councillor Carl Richardson	£1,084	£5,000	£2,526	£3,558
Councillor Chris Simmons	£1,084	£5,000	£2,526	£3,558
TOTAL	£60,263	£165,000	£74,446	£150,817

Projects in development

A number of schemes are currently under development, at an approximate value of £32,050. Encompassed within this total is £13,500 that is currently ringfenced by eleven Ward Members to support Hartlepool Voluntary Development Agency (HVDA) with the delivery of their service in 2014/15.

⁵ Succeeded by Councillor Allan Barclay on 15 August 2013. Remaining funds re-allocated to Councillor Barclay.

FINANCE AND POLICY COMMITTEE

19 December 2013



Report of: Chief Executive

Subject: REGISTRATION SERVICE ACCOMMODATION

1. TYPE OF DECISION/APPLICABLE CATEGORY

Non-key decision.

2. PURPOSE OF REPORT

- 2.1 The purpose of this report is to provide further information on alternative premises for the relocation of the Registration Service following recommendations made at the Finance and Policy Committee held on 19 September 2013 and further issues that were raised at the meeting held on 8 November 2013.

3. BACKGROUND

- 3.1 At the Finance and Policy Committee held on 8 November 2013, Members considered 2 alternative premises as proposed locations for the Registration Service. The premises considered were

Level 1, Civic Centre – Option A
The Willows, Raby Road – Option B

- 3.2 At that meeting, Members deferred a decision pending further debate and consideration of comments raised at the meeting which are included in the minutes attached to this report at Appendix 1.
- 3.3 Detailed below is further information to aid Members debate together with a copy of the report submitted to the meeting of 8 November 2013 for ease of reference and attached at Appendix 2. All costings have been reviewed in the light of discussions with the most up to date included in this report.

4. ASSET MANAGEMENT CONSIDERATIONS

- 4.1 The attention of the Committee is drawn to the Asset Management element of the Medium Term Financial Strategy. The decision by Members in January 2009 requires a commercial, proactive approach to be taken on Asset Management issues, the proceeds of this transaction being a contribution to the Medium Term Financial Strategy (MTFS).
- 4.2 The decision to adopt a commercial approach to asset management requires the Council to realise the full value of any properties or property rights that it occupies or disposes of.
- 4.3 The Council is currently progressing to the next stage of the rationalisation process by maximising the use of the Civic Centre as the main administrative base. Customer Services will be re-focussed on Level 2 with an Advice and Guidance Hub, re-vamped contact centre operation and the re-location of the Housing Options Centre from Park Tower.
- 4.4 As part of the Council's accommodation strategy the Registration Service moved to the Civic Centre in March 2011 with staff from other Council buildings being relocated to the Willows. The teams that moved into the Willows were previously situated at various locations across the town and are collectively known as the Criminal Justice Integrated (CJI) Team. The Drug and Alcohol team has been co-located with the staff from the Probation and Police services into a single office that has enabled closer working which has helped to co-ordinate service provision for their users.
- 4.5 It is envisaged, that in the next 1-2 years, the CJI Team in the Willows will be reviewed and in particular the links with Probation and the Police. Sustainability of the building is therefore under review and if the current service use was to change/relocate, the building could become surplus to requirements. On this basis no major works are planned.
- 4.6 If the Willows was to be occupied by the Council in the long term then major planned works would be required, in particular roofing works, as detailed in 5.2.1.
- 4.7 In valuation terms, if the Council sold the Willows, as existing, for office or other similar accommodation it could be worth £75k - £100k. This is likely to be the most valuable option for the Council, with a significant and necessary contribution to the Capital Receipts target set in the Council's Medium Term Financial Strategy.
- 4.8 As a site for redevelopment it would be worth in the region of £60k (less demolition costs estimated at £5 - £10k).
- 4.9 The current running costs of the Willows is around £10k per annum funded from a grant through Public Health. The relocation of the Registrars service to the building would require these running costs to be funded by the Council. If the building was disposed of in the future the running cost

savings would benefit the authority and could be re-directed within Public Health rather than produce corporate property savings.

5. PROPOSED OPTIONS

5.1 Option A – Level 1, Civic Centre

- 5.1.1 Relocating the service to Level 1 of the Civic Centre will provide a separate entrance for customers of the Registration Service. The proposed plan for this area includes a dedicated waiting area for service users and 2 discrete interview rooms. The plan is attached at Appendix 3.
- 5.1.2 Car parking is available at the bottom of the bank near to the proposed entrance. As all registrations are carried out via an appointment system, a parking space can be booked, if necessary, particularly for disabled customers. As mentioned in the previous report, an external platform lift could be provided at the steps nearest to the boiler-house.
- 5.1.3 Marriage ceremonies will continue to be held at the Middlegate Room other than for couples who want to undertake a Statutory Register Office marriage or civil partnership. Less than 30 statutory marriages/civil partnerships are undertaken each year and the Mayor has indicated that these could take place in the Mayor's Parlour assuming that the room is available at the required time. The Mayor's Parlour would replace Committee Room D where 'office' marriages or civil partnerships are currently undertaken.

Approximate Costs – Civic Centre	£
Building works	38,545
Platform Lift inc Electrical Supply	13,106
External Works	3,275
Mechanical Installation	16,650
Electrical Installation	17,035
Mech & Elec Additional Building Wks	1,964
TOTAL BUILDING COSTS	£90,575

There are no additional or ongoing revenue or other building costs associated with this option

5.2 Option B - The Willows, Raby Road

- 5.2.1 The existing layout of the reception area and large room will need some alterations to provide 2 separate interview rooms and a ceremony room with an ante room where marriage/civil partnership preliminaries can take place immediately prior to ceremonies. The ceremony room would replace the Middlegate Room at the Borough Hall. The costs below have been broken down as follows Building Costs, Roof and external works if the building were to be occupied long term, Revenue Costs. The plan is attached at Appendix 4.

Approximate Costs – The Willows	£
Building works (internal)	54,500
Electrical Installation	17,000
Mechanical Installation	12,600
TOTAL BUILDING COSTS	£94,400
Additional costs to Renew Roof (external)*	£58,700
Revenue and running costs (annual)	
Building Running Costs	10,000
Additional Staffing Costs	33,000
	£43,000

* If building was to be occupied long term.

6. EQUALITY AND DIVERSITY CONSIDERATIONS

- 6.1 An Equality Impact Assessment has been undertaken for delivery of the Registration Service from the Civic Centre. This assessment would need to be reviewed and updated if a decision is made to relocate the team to another building. The Registration Service is provided to, and accessed by, a number of protected characteristics groups.

7. LEGAL CONSIDERATIONS

- 7.1 As part of our partnership working arrangements with GRO, any change to the Register Office location will require approval to the alternative venue and register repository.

8. STAFF CONSIDERATIONS

- 8.1 As detailed in the previous report, the majority of standard, straightforward enquiries are handled following statutory procedures by the customer service team that provides resilience. Complex or non-standard queries are handled by more senior, specialist officers and escalated to the Registration Service Manager when appropriate.
- 8.2 The previous report explains the reasoning behind the additional staff requirement at a separate location particularly in relation to peaks of demand and staff absences.

9. FINANCIAL CONSIDERATIONS

- 9.1 Detailed below in Table 1 is a summary of the costs of relocating the service to each of the proposed venues together with approximate additional staffing costs.

Table 1 – Costs				
Venue	Approx Building	Roofing and external works costs	Approx Building Running Costs & Additional Staffing	Total
	£		£	£
Option A – Civic Centre Level 1	90,575		Nil	90,575
Option B – The Willows, Raby Rd	94,100	58,700	43,000	185,800

- 9.2 However, utilising more dedicated staff will require a review of job descriptions and person specifications and any proposed changes agreed by the Job Evaluation team.
- 9.3 Whichever option is chosen, unless we retain the current method of delivery, there will be a capital cost for relocation and an ongoing revenue cost for Option B of £43,000. There is no budget allocation for either the additional revenue costs or capital allocation for one-off capital costs.
- 9.4 The possible funding streams for both the additional revenue costs and one-off capital costs are also detailed in the report of the 8 November.

10. RECOMMENDATIONS

- 10.1 It is recommended that
- (i) Option A, Level 1 of the Civic Centre is agreed as a proposed, alternative location;
 - (ii) The one-off capital costs are funded from the forecast 2013/14 Outturn (option 3 in Section 8.5 of the Finance & Policy Committee Report dated 8 November 2013 attached at Appendix 2 of this report) and seek Council approval to vire these funds.

11. REASONS FOR RECOMMENDATIONS

- 11.1 The Civic Centre is well-known and situated in the centre of the Borough. This venue is beneficial to Registration Service users as they will be familiar with the building location, transport arrangements and are able to undertake other transactions that are delivered at the Civic Centre in the same visit.

- 11.2 Maintaining the service within the Civic Centre provides the greatest opportunity to maximise the resilience of the service and ensure the most cost effective use of staff resources whilst providing accessible services as part of the broader provision of services.
- 11.3 Providing the Registration Service at an alternative venue will require additional funding for both building works and additional staffing.
- 11.4 Option A would be the most cost effective, alternative to the current location and would cause the least disruption to customers.

12. BACKGROUND PAPERS

Finance and Policy Committee Report and Decision Record – 8 November 2013

13. CONTACT OFFICER

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APPENDIX 1

Extract Of Decision Record From Finance And Policy Committee held on 8 November 2013

145. Registration Service Accommodation *(Assistant Chief Executive and Director of Regeneration and Neighbourhoods)*

Type of decision

Non key decision.

Purpose of report

To provide further information on alternative premises for the relocation of the Registration Service following recommendations made at the Finance and Policy Committee held on 19 September 2013.

Issue(s) for consideration

The reported provided the background to the previous decisions taken in relation to the Registration Service Accommodation. The report included details of the following two proposals for alternative venues including the costs for the physical changes to buildings:

Option A – Level 1, Civic Centre – at a cost of £68,000

Option B – The Willows, Raby Road – at a cost of £175,800

A discussion ensued on the financial implications of the proposals during which Members raised a number of concerns in relation to the detailed costings. The Assistant Director, Resources informed Members that on a long term basis, the Council would be looking to rationalise the number of buildings it owned and maintained and would therefore not propose any short term high level maintenance to those buildings. However, should Members make a commitment to continue the use of some of these buildings in the longer term; the high level maintenance would then be required. Concern was expressed by Members that the report was biased towards a decision to relocate the Registration Service to Level 1 of the Civic Centre. The Chief Executive indicated that the report was based on Officers professional opinions which were that to relocate the Registration Service to Level 1 would provide the most cost effective and efficient use of resources.

A Member questioned whether there was a plan in place for the relocation of the CJI Team should The Willows be utilised for the Registration Service. The Director of Regeneration and Neighbourhoods confirmed that discussions were ongoing in relation to the relocation of the CJI Team due to a number of imminent changes to the Probation Service and restructuring within the Cleveland Police.

In response to a Member's question on the cost of relocating this service, the Assistant Chief Executive confirmed that the Customer Services function of the Council had delivered around £250k worth of revenue savings out of operating costs over the last 3 years. The service provision within Customer Services had been reconfigured in order to deliver the savings being proposed in the report.

During the discussions that followed Members expressed some anxiety about locating the Registration Service on Level 1 of the Civic Centre as well as a number of uncertainties around the possible relocation of the CJI Team. As a result of this, it was considered that there were too many unanswered questions to enable Members to make a decision at the current time. It was suggested that consideration of this item any further be deferred to enable discussions to be held with Members and Officers at the next pre-agenda meeting of the Committee to debate the proposals further and ensure Members were fully informed. A Member requested that further information on how the access to the Civic Centre would be improved should the Registration Service be relocated to Level 1 of the Civic Centre should be provided at that meeting.

Decision

- (i) That consideration of the Registration Service Accommodation was deferred pending further debate and consideration of the issues and comments noted above at a future pre-agenda meeting of the Finance and Policy Committee.
- (ii) Upon completion of the above discussions, a further report is submitted to Finance and Policy Committee to enable Members to consider all the issues surrounding the Registration Service Accommodation in full.

APPENDIX 2

FINANCE AND POLICY COMMITTEE

8 November 2013



Report of: Assistant Chief Executive and Director of
Regeneration & Neighbourhoods

Subject: REGISTRATION SERVICE ACCOMMODATION

1. TYPE OF DECISION/APPLICABLE CATEGORY

Non-key decision.

2. PURPOSE OF REPORT

- 2.1 The purpose of this report is to provide further information on alternative premises for the relocation of the Registration Service following recommendations made at the Finance and Policy Committee held on 19 September 2013.

3. BACKGROUND

- 3.1 At the Scrutiny Co-ordinating Committee held on 22 March 2013 a report was requested asking that consideration be given to the relocation of the Registration Service to a more suitable location.
- 3.2 A detailed report was provided to the Finance and Policy Committee meeting held on 19 September 2013 in relation to accommodation requirements. A number of options were proposed for consideration as alternative locations for delivery of the Registration Service.
- 3.3 Based on the Asset Management portfolio, 4 buildings were considered including 2 town centre locations and 2 other most appropriate satellite locations. The venues considered were Civic Centre, Sir William Gray House, Borough Hall and Tanfield Offices. Each building was considered against a list of requirements with an area on Level 1 of the Civic Centre being the recommended venue and identified in the previous report as Option 2.

3.4 Members considered the proposed options and agreed that

- (i) That a further report be provided to the Finance and Policy Committee providing further details for Option 2 and the alternative option of relocating to the building previously used by the Registration Service in Raby Road, including costings to enable Members to make an informed decision on the preferred location for the Registration Service.
- (ii) That should Members consider it necessary, a visit to both locations be arranged in between the pre-agenda meeting and Committee meeting where this report was to be considered.

3.5 This report provides further information on the 2 proposals namely –

Level 1, Civic Centre – Option A
The Willows, Raby Road – Option B

4. PROPOSALS FOR ALTERNATIVE VENUES

All costs for physical changes to buildings have been prepared by the Council's Building Design and Management Team.

4.1 Option A – Level 1, Civic Centre

- 4.1.1 The main advantage of delivering registration services at the Civic Centre is that it is a central location, easily accessible, available via public transport and is known to most residents. In addition it provides for increased resilience in the team and more broadly due to the proximity to other elements of the services and the ability to ensure that workloads can be distributed effectively whilst still maintaining a focus on the needs of the customer.
- 4.1.2 Within the building an area on Level 1 that is accessed via the North Entrance has been identified for the Registration Service and is currently used by the Emergency Planning Officer and part of the CEX Support Services team, particularly in relation to post and scanning activities. It is close in proximity to the previous location of the Registrars Service when it was in the Civic Centre.
- 4.1.3 Disabled car parking is available at the bottom of the bank near to the entrance and an external platform lift could be provided at the steps nearest to the boiler-house. Provision of a platform lift will ensure that less able-bodied customers and visitors have access to the building without having to use either of the sloped access roads and would ensure that this location meets the requirements of the Equality Act 2010.
- 4.1.4 It is possible to relocate the post and scanning team to Level 2 with the remainder of the Support Services team, which would allow additional interview rooms to be provided together with a reception office.

- 4.1.5 A reception office at the North Entrance would benefit staff visitors who arrive for meetings, particularly those who have booked a car parking space, as the relocation would mean that they could access the building and meet relevant officers at Level 1. The reception point could also be used as a central point for deliveries to the Civic Centre.
- 4.1.6 As more offices close and teams are relocated to the Civic Centre, eg Planning & BC service and Housing Options, the number of customers may increase. Visitors who arrive for meetings with staff could report to this separate entrance thus reducing the footfall to the customer service centre.
- 4.1.7 The provision of further interviewing facilities on Level 1 of the Civic Centre will ensure that whilst priority use of these rooms will remain with the Registration Service, particularly for birth and death registrations, they will also be available for use by staff in the Advice & Guidance Hub and Customer Service Centre.
- 4.1.8 The Emergency Planning Office will remain operational as it houses some specialist equipment that would be expensive to relocate. In addition, this is a small room that is not suitable for use as our main ceremony room. If this option is chosen, ceremonies would continue to be held in the Middlegate Room at the Borough Hall.
- 4.1.9 This location is in close proximity to the wider team, which will ensure that some resilience can be provided during periods of peak demand and/or staff absences. There would be no additional staffing costs for this option.

Approximate Costs – Civic Centre	£
Building works (internal)	28,250
Electrical Installation	15,800
Mechanical Installation	14,550
Platform Lift (external)	7,500
Mech & Elec Additional Building Wks	1,900
TOTAL	£68,000

4.2 Option B - The Willows, Raby Road

- 4.2.1 This building was used for delivery of the registration services from 1996 to 2010. In addition to undertaking the usual registrations and statutory notices, marriage and civil partnership ceremonies, with up to 40 guests, took place there. There are a small number of parking spaces available at the building.
- 4.2.2 As part of the Council's accommodation strategy, the Registration Service moved to the Civic Centre in April 2010 with staff from other Council buildings being relocated to the Willows. The teams that moved into the Willows were previously situated at various locations across the town and are collectively known as the Criminal Justice Integrated (CJI) Team. The Drug and Alcohol team has been co-located with staff from the Probation and Police services into a single office that has enabled closer working which has helped to co-ordinate service provision for their users.

- 4.2.3 The nature of their service users meant that the existing layout of the reception area and large room that was used for ceremonies were not suitable and some alterations were needed. Additional office and interviewing facilities were required and the reception point needed to be enhanced to provide a more secure environment with additional CCTV provision and means of escape from the interview rooms.
- 4.2.4 Undertaking the above internal works to make the building fit for purpose will cost around £84,200. In addition, some external works will be required to bring the building up to an acceptable standard. The roof of the building has been problematic in the past and 'patch' repairs have been carried out. However, so that marriage and civil partnership ceremonies are not disrupted at short notice, the Property Services Section recommends that the roof be replaced. The external doors, windows and walls will also need to be painted. The cost of external repairs is estimated at £58,600.
- 4.2.5 If the Registration Service is to move back to the Willows, the CJI Team will need to be relocated to suitable, alternate accommodation. Any venue would need to provide the same, enhanced, secure environment as mentioned above and costs for altering another building would be around the same amount again, depending upon the building identified.
- 4.2.6 Having checked the Asset Register to identify vacant buildings, there is currently no accommodation available that meets the needs of this service area and their service users.

Approximate Costs – The Willows	£
Building works (internal)	54,500
Electrical Installation	17,000
Mechanical Installation	12,600
Renew Roof (external)	58,700
Additional Staffing Costs	33,000
TOTAL	£175,800

5. EQUALITY AND DIVERSITY CONSIDERATIONS

- 5.1 An Equality Impact Assessment has been undertaken for delivery of the Registration Service from the Civic Centre. This assessment would need to be reviewed and updated if a decision is made to relocate the team to another building. The Registration Service is provided to, and accessed by, a number of protected characteristics groups.

6. LEGAL CONSIDERATIONS

- 6.1 As part of our partnership working arrangements with GRO, any change to the Register Office location will require approval to the alternative venue and register repository.

7. STAFF CONSIDERATIONS

- 7.1 The majority of standard, straightforward enquiries are handled following statutory procedures by the customer service team. Delivering the straightforward enquiries via this team provides resilience and ensures that there are a number of officers who are trained and available to deal with the required number of customer enquiries.
- 7.2 Complex or non-standard queries are handled by more senior, specialist officers who are trained to deal with a wider range of registration activities and are able to recognise when the enquiry needs to be escalated to the Registration Service Manager for advice or resolution.
- 7.3 However, as death registration appointments must be available on a daily basis, the staffing levels need to be higher than is necessary for the number of registration appointments and it is anticipated that there will be a further reduction in death certification following the relocation of acute care services from Hartlepool to the University Hospital of North Tees. Currently staff undertake other customer activities that balances the team's workload and is based on the number of existing customer interactions that are undertaken each day.
- 7.4 Whilst the service is resilient at the Civic Centre by using additional, trained staff as and when needed, any move to alternative premises is likely to require extra staff. Also, the team that delivers registration services is integrated into the customer service team and they undertake other activities that will need to be reviewed prior to any relocation particularly if the team is moved to another venue.
- 7.5 Any proposed move away from the Civic Centre will require more dedicated registration staff to ensure that the service can continue to deliver to the required standard particularly during periods of peak demand and staff absences. Additional reception/support staff will be required to deal with customers, particularly on arrival. As this role will be needed throughout the whole of the working day and to provide some resilience, approximately 1.5 ftes would be required with salary costs being in the region of £33,000. However, no account has been taken of additional, casual staff that may be required to cover registrations.
- 7.6 Any staffing changes will need to follow the usual staff consultations and may result in protection arrangements applying.

8. FINANCIAL CONSIDERATIONS

- 8.1 Detailed below in Table 1 is a summary of the costs of relocating the service to each of the proposed venues together with approximate additional staffing costs.

Table 1 - Costs			
Venue	Approx Building	Approx Additional Staffing	Total
	£	£	£
Option A – Civic Centre Level 1	68,000	Nil	68,000
Option B – The Willows, Raby Rd	142,800	33,000	175,800

- 8.2 However, utilising more dedicated staff may require changes to job roles that will need to follow our standard restructure policies and procedures. This would include reviewing relevant activities and, if necessary, updating job descriptions and person specifications. The section is currently being reviewed as part of the Advice and Guidance project. Any revisions to job roles will need to be considered and agreed by the Job Evaluation team. If there are changes to job grades, the usual staff consultations will need to be undertaken and protection arrangements will apply if grades are reduced.
- 8.3 Whichever option is chosen, unless we retain the current method of delivery, there will be a capital cost for relocation and an ongoing revenue cost for Option B of £33,000. Currently there is no budget allocation for either the additional revenue costs or capital allocation for one-off capital costs.
- 8.4 In the event that Members adopt an option which incurs additional revenue costs these will need to be identified as budget pressures for 2014/15, which will increase the budget cuts which need to be identified.
- 8.5 In relation to the one-off capital costs these will need to be funded from either:
- Option 1 – Fund from Capital Receipts – this is not a viable option as all planned capital receipts over the next few years need to be allocated towards achieving the existing capital receipts target of £4.5m (£6.5m if the Brierton development is included). Previous Medium Term Financial Strategy Reports have advised Members of the risks of achieving these targets. An update on progress achieving the capital receipts target was reported to the Finance and Policy Committee on 18th October 2013 and advised Members that at the end of 2013/14 a capital receipts shortfall of £2.095m is anticipated. This shortfall will need to be funded from temporary Prudential Borrowing which it is planned can be repaid in 2014/15 when capital receipts should be achieved. It is therefore recommended that this risk is not increased by increasing the value of capital receipts which need to be achieved in a challenging financial environment;

- Option 2 – Fund from Prudential borrowing - this option is not recommended as there is no existing budget to fund the resulting loan repayment costs;
- Option 3 - Fund from 2013/14 Revenue Outturn – the Medium Term Financial Strategy (MTFS) Report submitted to your Committee on 31 May 2013 advised Members that an initial assessment of the forecast outturn has been prepared, based on a very early assessment of current spending and the forecast year end position for a range of corporate budget areas. The MTFS update recommended that the initial forecast outturn of £1.060m should be allocated to support specific one-off financial commitments in relation to managing the Business Rate Risk, developing the Local Council Tax Support scheme for 2014/15 to 2016/17, supporting the 2014/15 revenue budget and the Highways Maintenance Programme.

Details of Departmental forecast outturn were then reported to your Committee on 18 October 2013 and the report identified a net uncommitted underspend of between £807,000 and £1,482,000 (inclusive of the net resources identified from the reserves review). The range reflects the impact of seasonal and demand led budgets. It was recommended that this amount is not committed until the position is more certain for these areas. In addition, further work is needed to assess the impact of consultation proposals issued by the Government on 25th July 2013 in relation to the 2014/15 and 2015/16 Local Government Settlements and the impact this has on the MTFS forecasts.

At this stage of the financial year it would not be unreasonable, based on experience of managing the budget over the last few years, to allocate part of the forecast uncommitted departmental underspend to fund the one off capital costs of adopting one of these options.

9. RECOMMENDATIONS

9.1 It is recommended that

- (iii) Option A, Level 1 of the Civic Centre is agreed as a proposed, alternative location;
- (iv) The one off capital costs are funded from the forecast 2013/14 Outturn (option 3 in Section 8.5) and seek Council approval to vire these funds.

10. REASONS FOR RECOMMENDATIONS

- 10.1 The Civic Centre is well-known and situated in the centre of the Borough. This venue is beneficial to Registration Service users as they will be familiar with the building location, transport arrangements and are able to undertake other transactions that are delivered at the Civic Centre in the same visit.
- 10.2 Maintaining the service within the Civic Centre provides the greatest opportunity to maximise the resilience of the service and ensure the most cost effective use of staff resources whilst providing accessible services as part of the broader provision of services.
- 10.3 Providing the Registration Service at an alternative venue will require additional funding for both building works and additional staffing.
- 10.4 Option A would be the most cost effective, alternative to the current location and would cause the least disruption to customers.

11. BACKGROUND PAPERS

Scrutiny Co-ordinating Committee – 22 March 2013
Finance and Policy Committee – 13 September 2013

12. CONTACT OFFICER

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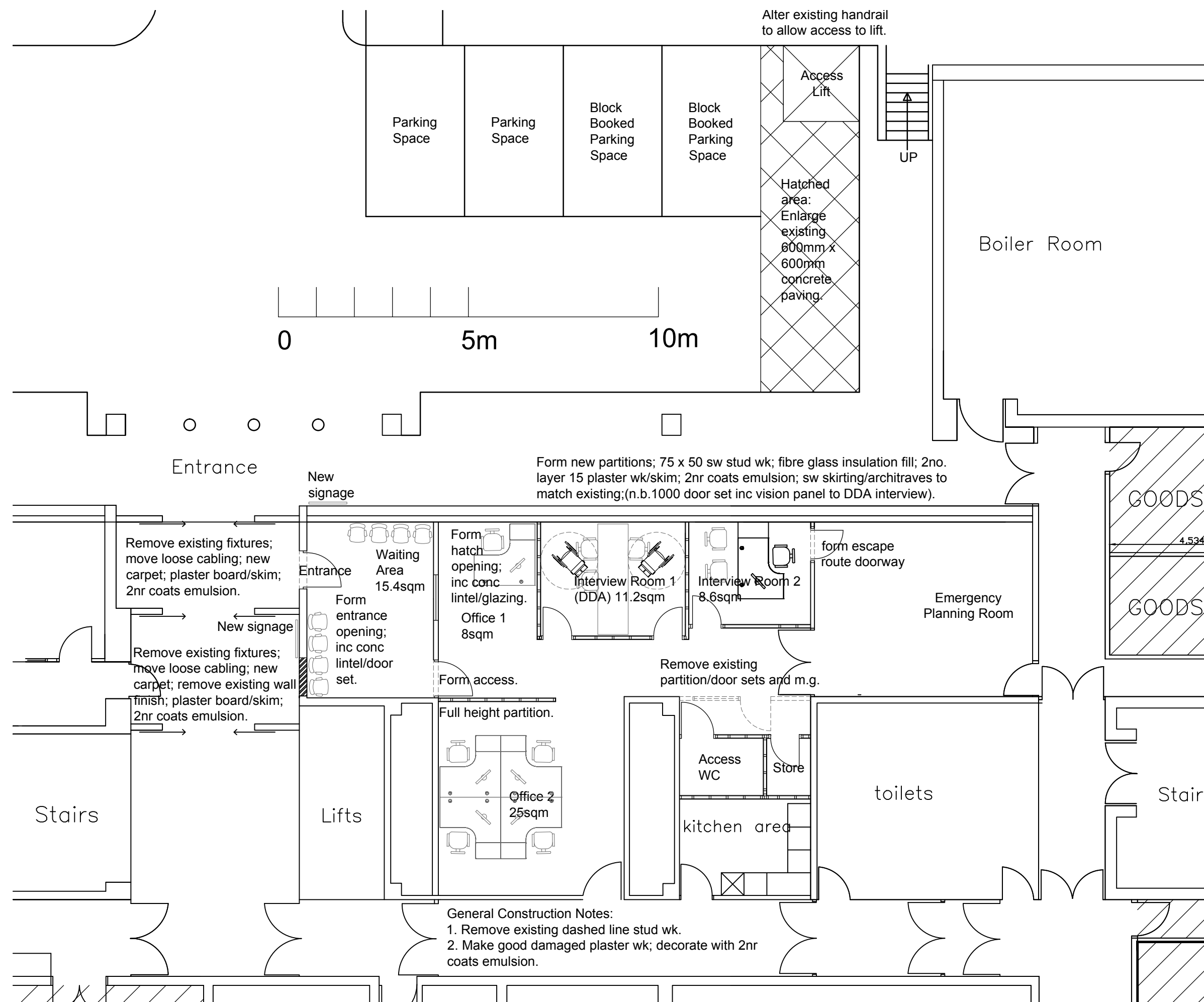
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APPENDIX 3

PROPOSED PLAN OF LEVEL 1 OF CIVIC CENTRE

APPENDIX 4

PROPOSED PLAN OF WILLOWS, RABY ROAD



C Updated following comments from AA. 06/12/13
B DDA compliant interview Rooms reduced to 1no. AG 29/11/13
A Updated following comments from CA. 25/11/13



REGENERATION AND NEIGHBOURHOODS DEPARTMENT
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RESOURCES DIVISION
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Head of Resources
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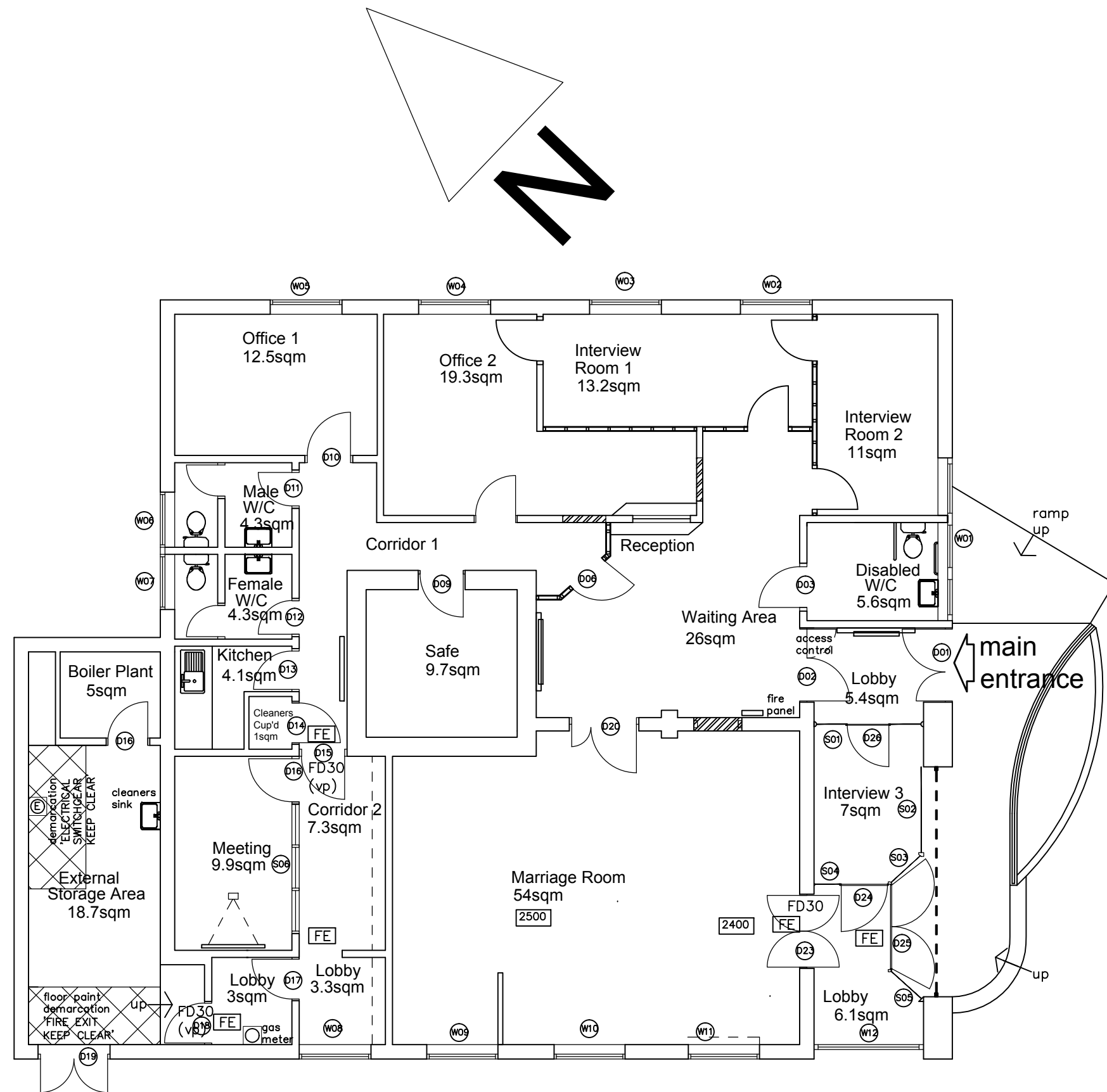
Client
CA

Project
**Civic Centre,
Victoria Road,
Hartlepool,
TS24 8AY**

Title
**Feasibility Study:
Level 1 - Option B**

Drawn PH	Scale 1:100@A2	Date Nov'13
Drawing No. 1030/30F_101	Rev. C	

PRELIMINARY



PLAN AS PROPOSED

PRELIMINARY

Rev:
B - Updated following comments
by CA. 22/10/13
A - Updated following comments
by CA. 08/10/13

HARTLEPOOL BOROUGH COUNCIL RESOURCES DIVISION

PROPERTY AND PROCUREMENT DIVISION

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Client
CA

Project
**The Willows,
Raby Road,
Hartlepool,
TS24 8AF**

Title
**Feasibility Study:
Register Office
Relocation.
Plan as Proposed**

Drawn
PH

Scale
1:100@A3

Date
Sept '13

Drawing No.
130/30F-061

Rev.
A

DATE: 25/10/13

TIME: 10:37

WHERE PRODUCTS ARE SPECIFIED BY PROPRIETARY
NAME AND THE PHRASE 'OR EQUAL APPROVED' IS NOT
INCLUDED, IT IS DEEMED TO BE INCLUDED

THE CONTRACTOR IS RESPONSIBLE FOR CHECKING ALL
DIMENSIONS AND DETAILS ON SITE PRIOR TO
ERECTION, MANUFACTURE AND INSTALLATION

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REPRODUCED FROM THE ORDNANCE SURVEY MAP WITH THE PERMISSION
OF THE CONTROLLER OF HER MAJESTY'S STATIONERY OFFICE © CROWN
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FINANCE AND POLICY COMMITTEE

19 December 2013



Report of: Chief Finance Officer

Subject: IRRECOVERABLE DEBTS – BUSINESS RATES

1. TYPE OF DECISION/APPLICABLE CATEGORY

Non Key Decision

2. PURPOSE OF REPORT

- 2.1 To seek members approval to write-out a number of business rates debts which are now considered to be irrecoverable.

3. BACKGROUND

- 3.1 The Council's financial procedure rules provide that any debt due to the Council of £1000 or more can only be written-out with the express permission of Members.
- 3.2. The Council currently bills and collects about £30.8million of business rates per annum and with the introduction of the retained business rates system on 1st April 2013, it is even more important that the Council has effective arrangements for recovery of these sums.
- 3.3. The Council's performance in collection of NNDR is positive, in 2012/13 98% of business rates were collected within the financial year it was billed. National statistics show that Hartlepool's performance at 98% compares favourably with other councils, the average collection for metropolitan and unitary authorities in 2012/13 was 97.1%. In terms of long term collection of business rates, after 5 years in Hartlepool in excess of 99.5% of business rates due will have been collected. Whilst every effort is made to collect the business rates due, certain debts will become irrecoverable, and this report seeks member approval.
- 3.4. Some of the write-outs included in the attached schedules are debts relating to businesses that have gone into liquidation. In these cases the Council's options to recover the outstanding debt are limited to submitting a claim in insolvency proceedings. As the Council is rarely

successful in recovering the debt via these proceedings, as the Council ranks below other creditors notably HM Revenues and Customs, the debt is written out of the accounting system in the first instance, with the proviso that the debt will be reinstated on the system if any payment is subsequently received.

4. FINANCIAL IMPLICATIONS

- 4.1. Historical accounting provisions have been established and have been charged against the former National Non Domestic Rates / Business Rates pool for any debts prior to 1st April 2013, considered to be at risk of non recovery. All of the proposed write outs contained in this report will be made against those historical bad debt provisions and thereby will have no financial impact on the Council.
- 4.2. The appendices attached to this report detail the individual business rates debts over £1000, and the reasons why each debt remains unrecovered:

Appendix A – Companies in Liquidation / Dissolved / Ceased Trading £18,324.98

Appendix B – Sole Traders / Miscellaneous * £9,403.97

Appendix C – Sole Traders – Bankruptcy * - £3,975.22

*** Appendices B and C contain exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely (para3), information relating to the financial or business affairs of any particular person (including the authority holding that information)**

All debts submitted for write-out from the accounting records have been comprehensively scrutinised by officers.

5. RECOMMENDATION

- 5.1. That members agree to write-out irrecoverable business rates debts to the value of £31,704.17 against the historical national pool bad debts provision.

6. REASONS FOR RECOMMENDATION

- 6.1 To ensure the appropriate accounting treatment of debtors within the council's financial systems.

7. BACKGROUND PAPERS

- 7.1. No background papers.

8. CONTACT OFFICER

John Morton
Assistant Chief Finance Officer
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Business Rates Accounts
Companies - Over £1000
Ceased Trading
Liquidation/Dissolved/Ceased Trading

Appendix A

Account Ref	Name	Address	O/S BALANCE	From	To	Reason for write off
9050324681	Parsons Paint Shop Ltd	Parsons Bus Centre, Brenda Road	£6,066.41	15/11/10	30/08/11	Liquidation
9050304753	Platinum Luck International Ltd	45 Titan House, York Road	£1,377.97	23/04/09	24/11/09	Liquidation
9050324193	Fivestar Day Care Ltd	Unit 2, 104 Whitby Street	£1,524.61	01/10/11	31/12/12	Liquidation
9050273688	Mane Enterprise Ltd	Unit 23 Navigation Point	£1,466.00	01/04/12	31/03/13	Liquidation
9050326196	Asian City Hpl Ltd	Unit 27-28 Navigation Point	£5,684.38	01/04/12	07/09/12	Company Dissolved
9050293883	Project Mouldings Ltd	Unit S, Teesbay Business Park	£1,154.37	22/04/08	31/03/09	Ceased Trading
905032021X	Darnham Ltd	Unit 2a, Century Business Park	£1,051.24	01/04/11	01/03/12	Ceased Trading
	SUBMITTED 31.10.13					
		Totals	<u>£18,324.98</u>			

FINANCE AND POLICY COMMITTEE

19 December 2013



Report of: Chief Finance Officer

Subject: IRRECOVERABLE DEBTS – COUNCIL TAX

1. TYPE OF DECISION/APPLICABLE CATEGORY

Non Key Decision

2. PURPOSE OF REPORT

- 2.1 To seek members approval to write-out a number of Council Tax debts which are now considered to be irrecoverable.

3. BACKGROUND

- 3.1 The Council's financial procedure rules provide that any debt due to the Council of £1000 or more can only be written-out with the express permission of Members.
- 3.2. After the award of appropriate discounts, exemptions and Local Council Tax Support, the Council collects annually about £37.7m of Council Tax covering over 42,000 properties. The Council's performance in collection of Council Tax is positive especially given the difficult economic climate, with 97% of Council Tax being collected within the financial year it is billed. National statistics show that Hartlepool at 97% for 2012/13, compares favourably with other councils with the average collection for metropolitan and unitary authorities in 2012/13 being 96.8%.
- 3.3. For 2013/14, with the introduction of the Local Council Tax Support Scheme the Council is required to collect Council Tax from 6,000 households that previously paid no Council Tax. The Council is also collecting more Council Tax from those 2,600 households that previously received partial Council Tax Benefit. Collection of this debt is challenging however, given the Revenues Service's proactive strategy for engaging with households affected by this change, collection is progressing well and at the end of October 47% of the debt due had been collected and arrangements are in place with 49% of households to pay.

- 3.4. After 5 years, in Hartlepool in excess of 99.2% of Council Tax will have been collected and the Council continues to vigorously pursue recovery of the remaining amounts. However, the Council recognises that those facing hardship may require additional time to pay their Council Tax. During the recovery process efforts are made to distinguish between those that “can’t pay” from those that “can pay but won’t pay”.
- 3.5. A range of recovery actions are deployed to secure recovery including court action, bailiffs, Attachment of Earnings Orders, Attachment of Benefits Orders, bankruptcy proceedings and charging orders. For absconded debtors, extensive tracing is undertaken over a period of time and should any forwarding address become apparent, the Council Tax debt would be reinstated onto the system, and enforcement action would recommence.
- 3.6. If any payment is subsequently received in respect of any of the individual debts referred to in this report, the relevant debt will also be reinstated onto the council tax system. Whilst every effort is made to collect debts due to the Council, certain debts become irrecoverable, and this report seeks agreement for their write-out

4. FINANCIAL IMPLICATIONS

- 4.1. In terms of the total council tax debit to be collected, the amount proposed for write out continues to be very low, national benchmarking puts Hartlepool in the lowest quartile for Council Tax write outs and the proposed write outs are well within the financial planning assumptions underpinning the Council’s budget.
- 4.2. The appendices attached to this report detail the individual Council Tax debts over £1000, and the reasons why each debt remains unrecovered. The amounts recommended for write out are the net debt outstanding and the amounts involved often span a number of financial years:

Appendix A – Deceased Individuals - £2,844.44

Appendix B – Absconders - £20,735.71

Appendix C – Bankruptcy - £3,899.97

Appendix D – Miscellaneous £ 18,130.02

Appendices A, B, C and D contain exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely (para3), information relating to the financial or business affairs of any particular person (including the authority holding that information)

All debts submitted for write-out from the accounting records have been comprehensively scrutinised by officers.

5. RECOMMENDATION

- 5.1. That members agree to write-out irrecoverable Council Tax debts to the value of £45,610.14 and to note this will be charged against the existing bad debts provision.

6. REASONS FOR RECOMMENDATION

- 6.1 To ensure the appropriate accounting treatment of debtors within the council's financial systems and financial accounts.

7. BACKGROUND PAPERS

- 7.1 No background papers.

8. CONTACT OFFICER

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FINANCE AND POLICY COMMITTEE

19 December 2013



Report of: Assistant Chief Executive

Subject: APPROVAL FOR COMPULSORY REDUNDANCIES

1. TYPE OF DECISION/APPLICABLE CATEGORY

Non Key Decision.

2. PURPOSE OF REPORT

- 2.1 To seek a decision regarding the future employment of employees who are affected by the closure of the Central Library Café and Art Gallery Café on 21st December 2013. Employees affected are identified on the attached Not for Publication schedule Appendix A. **This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely (paragraph 2) information which is likely to reveal the identity of an individual).**

3. BACKGROUND

- 3.1 The Council faces significant budget pressures. In September 2013 a report was submitted to the Finance and Policy Committee. This was considered and approved the closure of the Central Library Café and Art Gallery Café.

4. PROPOSALS

- 4.1 The Report considered by Finance and Policy Committee in September indicated that employees would be affected by the savings proposals. Formal consultations have been undertaken with the recognised Trade Unions. As part of the consultations with the Trade Unions arrangements for consulting and implementing staffing changes, timescales and arrangements for addressing issues, as they arise, were discussed and agreed. The procedure followed the Council's Reorganisation, Redundancy and Redeployment Policy.
- 4.2 Employees identified as potentially affected by the proposals have been formally consulted in accordance with the agreed procedure. There was no feedback from the consultation exercise for consideration by the

Departmental Management Team. At the meetings staff were identified as follows; those:

- Who wish to volunteer for redundancy, with release of pension benefits where appropriate;
- Who are in a compulsory redundancy situation;
- Who are part of a pool where ring-fenced recruitment arrangements will apply leading to the identification of staff in a compulsory redundancy situation;

- 4.3 This report is to consider those employees who have been identified as being in a compulsory redundancy situation.
- 4.4 Notice of redundancy is scheduled to be given to employees following Finance and Policy Committee approval. During the notice period, all individuals will continue to be registered under the Compulsory Redundancy Redeployment Procedure and the Council will seek alternative employment. If this is successful then the redundancy notice will be retracted. A Redundancy Support Programme will be implemented to provide specialist advice to support those employees at risk. There is flexibility to extend notice periods up to 31 March 2014 for employees if redeployment opportunities have not been fully exhausted.
- 4.5 Any outstanding appeals, where possible, will be heard prior to an employee leaving.

5. FINANCIAL CONSIDERATIONS

- 5.1 The employees, their posts and redundancy costs are listed on the spreadsheet (exempt Appendix A). All estimates are calculated on a leave date of 31st March 2014 but are adjusted for contractual notice periods.

6. RISK IMPLICATIONS

- 6.1 It should be noted that with any dismissal there is always a risk of an unfair dismissal claim to an Employment Tribunal. An assessment of the processes applied and the impact on individuals has been made and identified that a full and equitable process has been followed to date and will continue to be applied.
- 6.2 If notice to terminate the employment contract was delayed and the employee continued to be employed in a supernumerary capacity, where there is no funding for the post, the Council would incur additional cost. No funding has been identified by the Council to support this option. It would also not be part of the Council's normal redeployment procedure.

6. RECOMMENDATIONS

- 6.1 That Finance and Policy Committee make a decision regarding the future employment of those staff identified in exempt Appendix A.

7. REASONS FOR RECOMMENDATIONS

- 7.1 To enable notice of compulsory redundancy to be issued to those staff identified in exempt Appendix A.

8. BACKGROUND PAPERS

- 8.1 Policy for Managing Reorganisation, Redeployment and Redundancy

9. CONTACT OFFICER

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FINANCE AND POLICY COMMITTEE

19th December 2013



Report of: Director of Public Health

Subject: SEXUAL HEALTH - UPDATE

1. TYPE OF DECISION/APPLICABLE CATEGORY

This report is for information

2. PURPOSE OF REPORT

- 2.1 The purpose of the report is to update the Finance and Policy Committee in respect of the incidence and prevalence of sexually transmitted infections in Hartlepool.
- 2.2 The report will also provide the Committee with assurance that the statutory duty as laid down in the Health and Social care act 2012 to commission integrated sexual health services is being undertaken in Hartlepool.

3. BACKGROUND

- 3.1 From April 2013 local authorities have been responsible for the commissioning of most sexual health interventions and services as part of the wider public health responsibilities, funded from the ring-fenced public health grant. Whilst councils are able to make decisions about provision based on local need there are also specific legal requirements ensuring the provision of certain sexual health services.
- 3.2 There are a number of commissioners responsible for commissioning different aspects of sexual health services. Local Authorities have a statutory requirement to commission HIV prevention and sexual health promotion, open access genitourinary medicine and contraception services for all age groups.
- 3.3 The NHS commissioning Board will commission HIV treatment and care, health services for prisoners, sexual assault referral centres and cervical screening.
- 3.4 The Clinical Commissioning Groups will commission community gynaecology, vasectomy and sterilisation and abortion services.

4. INCIDENCE OF SEXUALLY TRANSMITTED INFECTIONS

- 4.1 Hartlepool Local Authority is ranked 68 (out of 326 local authorities, first in the rank has the highest rates) in England for rates of acute Sexually Transmitted Infections (STIs) in 2012. 799 acute STI's were diagnosed in residents of Hartlepool, a rate of 867.6 per 100,000 residents.
- 4.2 71% of diagnoses of acute STIs were in young people aged 15-24 years.
- 4.3 The rate of Chlamydia diagnoses per 100,000 young people aged 15-24 years in Hartlepool was 3286.8 and ranks 5th (12) in the North East region and 24th (326) nationally.
- 4.4 In 2012, among GUM clinic patients from Hartlepool who were eligible to be tested for HIV, 63% were tested.
- 4.5 In 2011, the diagnosed HIV prevalence in Hartlepool was 0.5 per 1,000 population aged 15-59 years compared to 2 per 1,000 in England.

5. COMMISSIONING OF SEXUAL HEALTH SERVICES

- 5.1 Since November 2010 a Teeswide integrated Sexual Health Service has been commissioned from Assura (Virgincare). Following a tendering process led by the then Tees PCTs, Assura were commissioned for a duration of five years to provide level 1, 2 and 3 Sexual Health Services including Chlamydia Screening. The following briefly explains each level of service:
 - 5.1.1 Level 1 includes: information on all forms of contraception and their availability, emergency oral contraception, referral for female sterilisation and male vasectomy, pregnancy testing, supply of condoms referral for termination and referral of pregnancy assessment.
 - 5.1.2 Level 2 includes: screening and treatment for asymptomatic and symptomatic sexually transmitted infections, cervical cytology screening, contact tracing and partner notification, first prescription and ongoing supply of (combined and progesterone-only) oral contraception and injectable contraception, contraceptive implant insertion and removal.
 - 5.1.3 Level 3 includes: specialist services for HIV, sexually transmitted infections and contraception.
- 5.2 The service implementation date was February 2011 and the contract ends d January 2016.
- 5.3 The service delivery model is a combination of hub and spoke, plus outreach work, and included in their subcontractors are General Practices and Pharmacies.

- 5.4 Contract management is provided by the Tees Valley Public Health Shared Service who provide contract monitoring, contract compliance and performance management on behalf of the local authorities across Tees.
- 5.5 During 2012/13 Hartlepool Borough Council's Health Scrutiny Committee undertook an investigation into sexual health. The overall aim of the Scrutiny investigation was to strategically evaluate and contribute towards the development of the 'Sexual Health' topic within Hartlepool's Joint Strategic Needs Assessment, whilst reflecting (where possible / appropriate) on the Marmot principle to 'Strengthen the role and impact of ill health prevention'. The recommendations of this investigation are currently being implemented and are on track to meet their milestones

6. RISK IMPLICATIONS

- 6.1 The local authority as a commissioner is responsible for commissioning clinically safe services. Integrated sexual health services do carry a clinical risk and this is addressed through a clinical governance process supported by the clinical expertise within the Tees Valley Public Health Shared Service. This is obtained through oversight of reporting on incidents, complaints and safeguarding issues, escalating serious untoward incidences to commissioners, advice on quality issues, escalating patient complaints, CQUIN development and monitoring, audit and inspection and sign off/approval of Patient Group Directions and protocols.

7. FINANCIAL CONSIDERATIONS

- 7.1 The integrated sexual health services described in this report are funded via the public health ring fenced grant. Budgets have been set for the current financial year with a commitment from this committee, on 29 November 2013, to fund in 2014/15. However with the ring fenced grant only in place for a 2 year period consideration will have to be given to budget setting beyond April 2015.

8. RECOMMENDATIONS

- 8.1 That Members of the Committee note the content of the report and where appropriate seek clarification.

9. BACKGROUND PAPERS

- 9.1 Hartlepool Local Authority Sexually transmitted infections and HIV epidemiology report (LASER): 2012
- 9.2 Director of Public Health Briefing Paper - Tees Sexual Health Services: May 2013
- 9.3 Final Report to the Health Scrutiny Forum on 7th March 2013 regarding the investigation into the JSNA topic of sexual health.

10. CONTACT OFFICERS

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FINANCE AND POLICY COMMITTEE

19th December 2013



Report of: Corporate Management Team

Subject: STRATEGIC FINANCIAL MANAGEMENT REPORT -
AS AT 31st OCTOBER 2013

1. TYPE OF DECISION/APPLICABLE CATEGORY

Non Key Decision.

2. PURPOSE OF REPORT

2.1 The purposes of the report are to inform Members of:

- i) 2013/14 Forecast General Fund Outturn;
- ii) Corporate Income Collection Performance;
- iii) Progress in achieving the capital receipts target; and
- iv) 2013/14 Capital Programme Monitoring.

3. BACKGROUND

3.1 As part of the Peer Review action plan it was agreed to submit bi-monthly financial management reports to Members. The availability and reporting of accurate and up to date financial information will become increasingly important as future budget cuts are implemented and one-off resources are used up.

3.2 This is the third of a series of detailed reports which will be submitted to this Committee during the current financial year.

3.3 To enable a wider number of Members to understand the financial position of the Council and their service specific areas each Policy Committee will receive a separate bi-monthly report providing:

- a brief summary of the overall financial position of the Council as reported to the Finance and Policy Committee;
- the specific budget areas for their Committee; and
- the total departmental budget where this is split across more than one Committee. This information will ensure Members can see the whole position for the departmental budget.

4. 2013/14 FORECAST GENERAL FUND OUTTURN

- 4.1 As reported previously the Corporate Management Team is again seeking to achieve underspends to help address the significant financial challenges facing the Council over the next few years and to fund one-off commitments not provided for in the approved 2013/14 budget as these items were not known at the time. The Corporate Management Team will seek to achieve budget underspends through a combination of robust management actions, including;
- holding posts vacant, which will help reduce the number of compulsory redundancies required to balance the 2014/15 budget;
 - achieving planned 2014/15 savings early;
 - careful management of budgets to avoid expenditure where this does not have an adverse impact on services; and
 - savings in interest costs by taking advantage of current interest rates structures. As reported previously a comprehensive review of this area has been completed which secured a permanent budget saving of £1m from 2014/15 in interest and loan repayment costs.
- 4.2 The previous assessment of the forecast 2013/14 outturn reported to Finance and Policy Committee was based on the position at 31st August, 2013. In addition, a report on the review of reserves was presented to Finance and Policy Committee on the 19th September, 2013. The previously reported forecast outturn, including the reserves review, was an underspend in the range £0.807m to £1.482m.
- 4.3 The latest position as at 31st October is summarised in the table overleaf. This show a forecast underspend range of between £0.729m and £1.160m. The range has reduced after reflecting the creation of a reserve to support the Local Plan over the period 2014/15 and 2015/16.
- 4.4 Members have previously determined that a decision will not be taken on the use of these forecast resources until the actual grant cuts for 2014/15 and 2015/16 are known. The availability of one-off resources from the 2013/14 outturn will not provide a permanent solution to higher grant cuts over the next two years. However, they will provide temporary funding and therefore provide a longer lead time to address the impact of higher grant cuts. This issue is covered in detail in the 2014/15 to 2016/17 Medium Term Financial Strategy Reported Elsewhere on the agenda.

2013/14 General Fund – Forecast Outturn

	Worst Case £'000	Best Case £'000
<p>Departmental Managed Underspends</p> <p>Range reflects seasonal and demand led budgets which are difficult to predict. Details of forecast Departmental Outturns are provided in Appendices B to E, which includes details of the main reasons for the forecast underspends.</p>	1,228	1,574
<p>New Homes Bonus</p> <p>In 2013/14 the Council will receive a one-off refund in respect of grant funding top sliced from the national Local Government funding pot to pay for the New Homes Bonus payments in 2012/13, which were lower than anticipated by the Government.</p> <p>As part of the update of the MTFS considered by Members on 2nd August 2013 this amount has been earmarked towards the strategy to manage capital risks</p>	211	211
<p>Property Running Costs</p> <p>The budget for this area is £3m and covers the running costs for all Council buildings i.e. gas, electricity, rates and repairs.</p> <p>The worst case forecast outturn is an overspend of £0.135m and reflects anticipated seasonal expenditure if there is a requirement for increased maintenance and energy during the winter months. Best case shows that this would not be required.</p>	0	135
<p>Corporate Budgets</p> <p>This underspend mainly consists of reduced capital financing costs and lower employee pensions costs. These items have been included as permanent savings in the 2014/15 MTFS.</p>	1,337	1,337
<p>Reserves Review</p> <p>On 19th September Finance and Policy Committee agreed to release £0.631m as a result of the review of reserves. It was also proposed that £0.165m be allocated to Ward Member Budgets for 2014/15. This contribution is shown as a one off commitment below.</p>	631	631
Sub Total to be shown in Statement of Accounts	3,407	3,888
Less One- off commitments		
Key issues already reported, these are detailed in Appendix A.	(1,511)	(1,511)
Local Plan Reserve	(250)	(250)
Contribution to specific departmental reserves detailed in paragraph 5.2	(752)	(802)
Proposed Members' Ward Budgets 2014/15	(165)	(165)
Net Forecast uncommitted resources as at 31.10.13	729	1,160
Net Forecast uncommitted resources as at 31.08.13 (includes impact of reserve review)	807	1,482

5. Creation of Departmental Reserves

- 5.1 The outturn projections detailed in the previous section reflect the ongoing assessment of financial risks and / or one-off expenditure commitments and the recommendation that specific reserves are created to manage these issues. This approach will protect the Council's medium term financial position and avoid having to make higher in-year budget cuts when these issues need to be funded.
- 5.2 The following table provides details of the reserves which it is recommended are created, which in broad terms cover the following issues:
- Reserves to fund the phasing of income and expenditure between financial years; or
 - Reserves to meet unavoidable one-off financial commitments.

Reported in Q1 Strategic Financial Monitoring Report	Worst Case £'000	Best Case £'000
<u>Regeneration & Neighbourhoods -Social Housing Major Repairs Reserve</u> In line with the approved business case for this project, annual contributions need to be made to this reserve to fund future planned repairs to these properties to ensure houses remain in a good state of repair and the Council does not face unbudgeted repair costs in future years. Thereby, avoiding the repeat of underfunding of maintenance issues under the former HRA system.	120	120
Reported in Strategic Financial Monitoring Report - 18th October, 2013		
<u>Child & Adult Services -Psychology Reserve</u> It is proposed to create a reserve from additional external income generated by the Education Psychology Team.. The reserve would provide some temporary funding for the service in the event that schools convert to Academy status and cease to buy back the service..	50	100
<u>Regeneration & Neighbourhoods - Economic Regeneration Schemes</u> The 'Going Forward Project' is projected to generate a surplus this year as it is expected to over deliver on outcomes. It is proposed to use this surplus to create a reserve to fund other projects designed to reduce youth unemployment across Hartlepool and the Tees Valley sub-region. This will include funding contract extensions and additional hours for staff employed on the Tees Valley Works project until March 2016	240	240
<u>Regeneration & Neighbourhoods - Coastal Protection - Headland</u> It is proposed to create a reserve to support a future coastal defence scheme on the Headland. The Council is conducting a study into possible works required on the Headland and it is expected to deliver a major scheme in partnership with the Environment Agency. Any offer of grant funding is expected to require an element of match funding by the Council and it is proposed to earmark this funding for that purpose. The reserve can be created using a surplus which is expected to be generated in 2013/14 by the Engineering Design Team (£100k).	100	100
<u>Chief Executives - Welfare Reform Grant</u> On the 28th June Members approved proposals for using one off Department for Works and Pensions Welfare Reform Funding to appoint for a 12 month period an additional Housing Benefits Assessment Officer, a Housing Advice Officer and a Revenues and Benefits Modern Apprentice. As these 12 month contracts will be spread over 2 financial years part of this funding will be carried forward as an Earmarked Reserve at the year end.	32	32
SUB-TOTAL	542	592
Additional Recommended Reserves		
<u>Child & Adult Services - Adoption Reform Grant</u> This is a DfE funded initiative to increase the supply of adopters. It is proposed to create a reserve for the remaining balance of this funding to continue to support this initiative in 2014/15.	170	170
<u>Child & Adult Services - Local Safeguarding Children's Board</u> This is a partnership budget consisting of contributions from HBC and other partner agencies. It is proposed that any underspend against this budget is transferred to the existing LSCB reserve for use to support the work of the Board in future years.	10	10
<u>Regeneration & Neighbourhood Services - Safer Hartlepool Partnership</u> The reserve is earmarked to support cost of delivering the community safety re-offending strategy. This project is funded by a specific grant from the Safer Hartlepool Partnership and the project is expected to continue into the next financial year. In accordance with current accounting regulations it is necessary to create a specific ring fenced reserve to allow this funding to be carried forward into 2014/15.	30	30
TOTAL	752	802

6. Projected Grant Income to be Earmarked to fund 2014/15 Expenditure

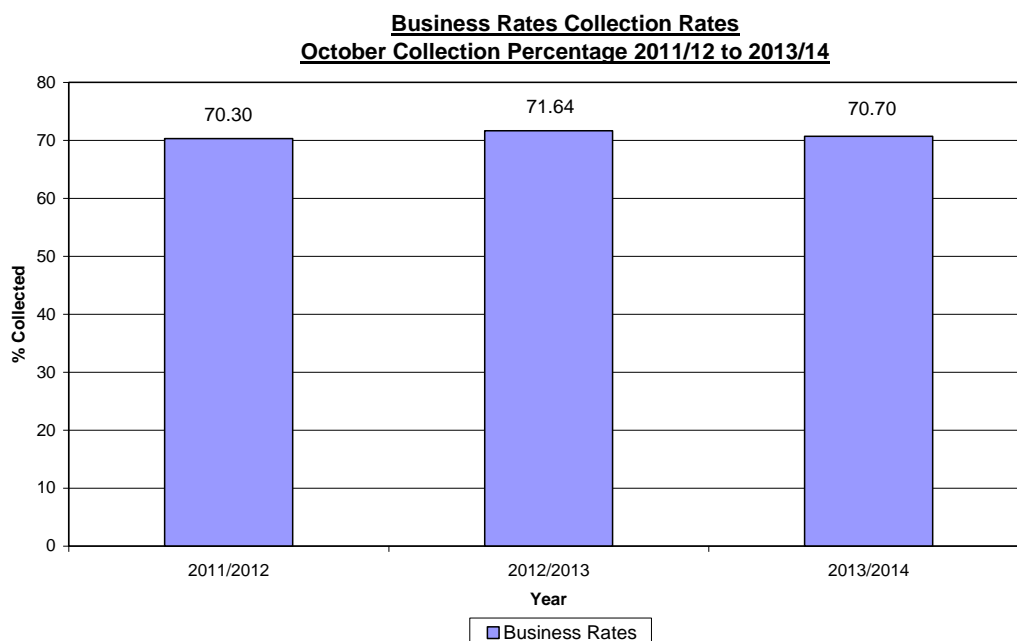
- 6.1 The Department of Health (DoH) and Clinical Commissioning Group (CCG) budget arrangements have less flexibility to carry forward resources at the end of the financial year than local authorities. At a national level this often results in additional one-off funding from the DoH to councils being provided toward the year end. Similarly the Council will work closely with the CCG to ensure resources allocated to the Hartlepool area are retained in the town. The amount of this funding will not be known until March 2014. Therefore, to address these issues the Council will carry forward this funding at the financial year end as an Earmarked Reserve. The reserve will be used in 2014/15 to meet defined national and/or local spending priorities defined or agreed with the funders.

7. Corporate Income Collection Performance

- 7.1 The 2013/14 Medium Term Financial Strategy report advised Members that significant changes were implemented with effect from 1st April 2013 to re-localise Business Rates and implement Local Council Tax Support schemes. As a result of these changes approximately 45% (i.e. £44 million) of the net General Fund budget is funded from a combination of Business Rates and Council Tax collected locally. The following paragraphs provide more information on the impact of these changes and also progress in collecting Sundry debts.

7.2 Business Rates Income

- 7.3 The re-localisation of Business Rates is a significant additional financial risk for Local Authorities to manage as 50% of any shortfall arising from either non payment by businesses, or reductions arising from the Valuation Office re-assessing rateable falls on individual authorities. A 'safety net' system is in operation, although this only compensates authorities for any shortfalls above 7.5% of the safety net figure. Prior to 2013/14 any shortfall in Business Rates collected was funded at a national level from the overall Business Rates pool.
- 7.4 Whilst, collecting Business Rates has always been an important responsibility and the Council has typically collected 98% in year (national average 97.1% for unitary and metropolitan councils), the changes implemented in April make this an even more important issue for the Council.
- 7.5 In terms of the overall Business Rates collection rate, at the 31st October 2013 this is down slightly by 0.94%, compared to the same period last year, as summarised in the graph below. It is anticipated that the annual target of 98% collection will still be achieved.

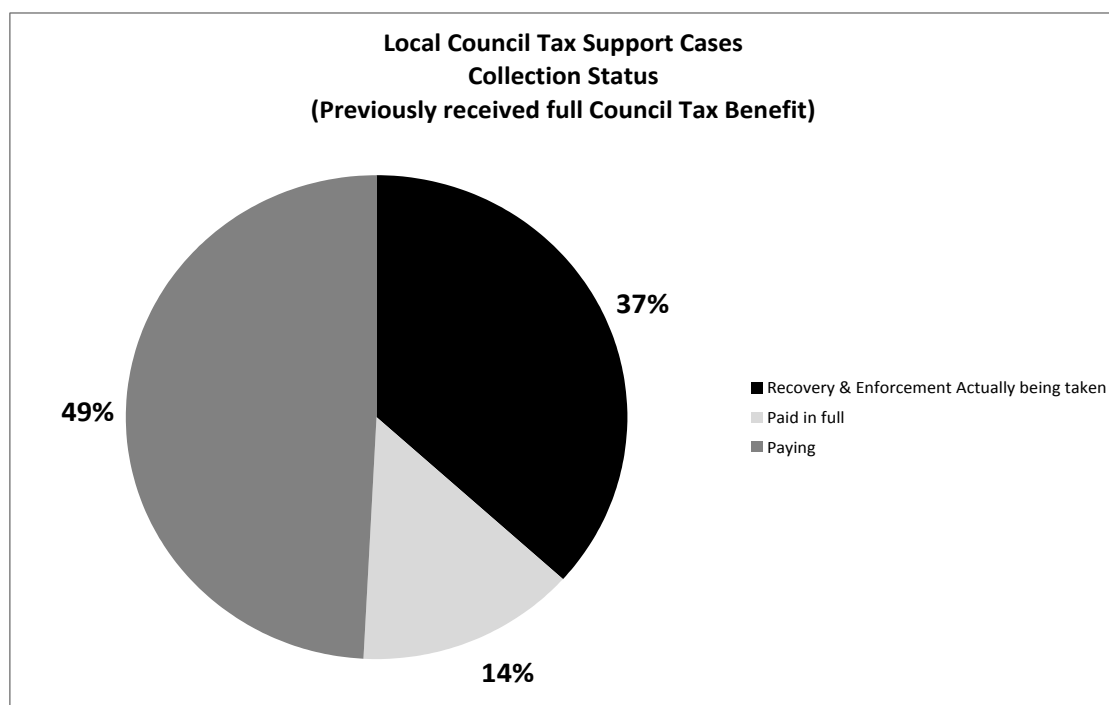


7.6 Council Tax

7.7 The overall Council Tax collection rate, at the 31st October 2013 was 64.04% compared to 64.99% for the same period last year, down slightly by 0.95%. This position largely reflects the impact of the Local Council Tax Support (LCTS) Scheme the introduction of new Government regulations that allow households to choose to spread the payment of their Council Tax over 12 months rather than over 10 months as applied in previous financial years.

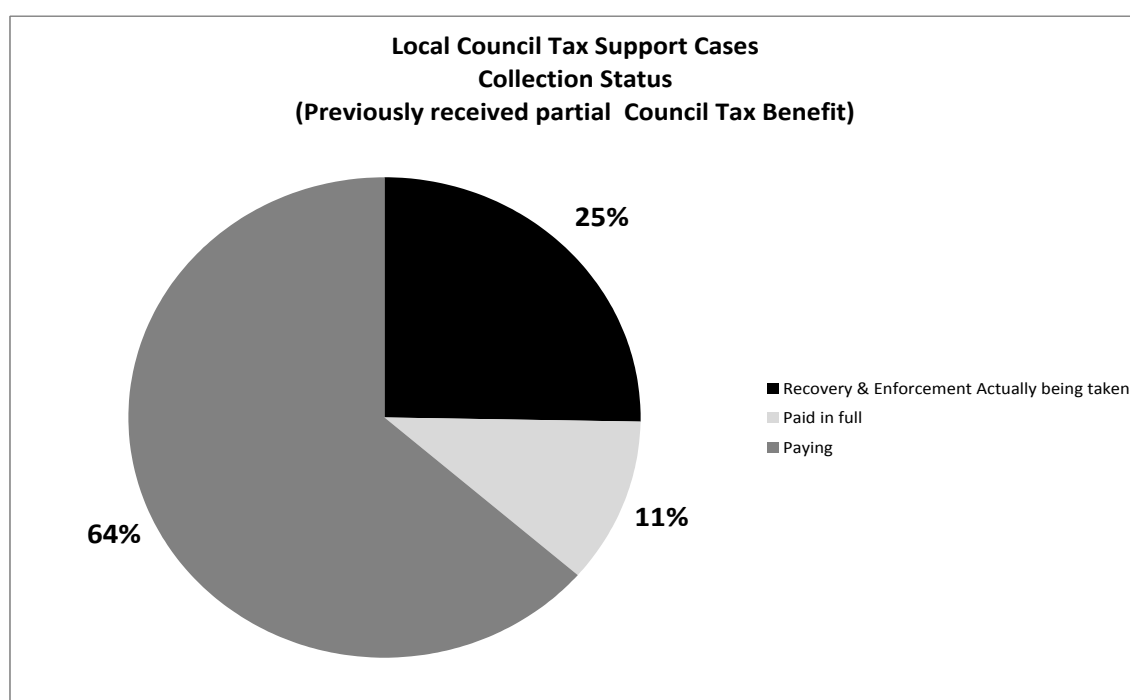
7.8 Of the 6,000 households affected by the LCTS Scheme, the chart below shows that 14% have paid in full and over half of households are paying regularly. This position reflects the Council's arrangements for making payment as convenient and flexible as possible. Over 2,600 Paypoint Cards have been issued to these households.

7.9 Recovery action is progressing against 37% of households supported by the LCTS scheme. Over 1,500 Court Liability Orders have been secured. There are 730 cases where the Department for Work and Pensions has already commenced weekly deductions from other welfare benefits to pay the council tax liability.



7.10 Of the 2,600 working age households that were previously only entitled to partial Council Tax Benefit, the chart below shows that over three quarters of these households have either paid or are paying.

7.11 The chart shows 25% (642) of these households are currently the subject of standard recovery procedures. As at 31st October Court Liability Orders have been served for 506 of these 642 households. Further recovery activity including Court action is currently being progressed for the remaining 136 cases.



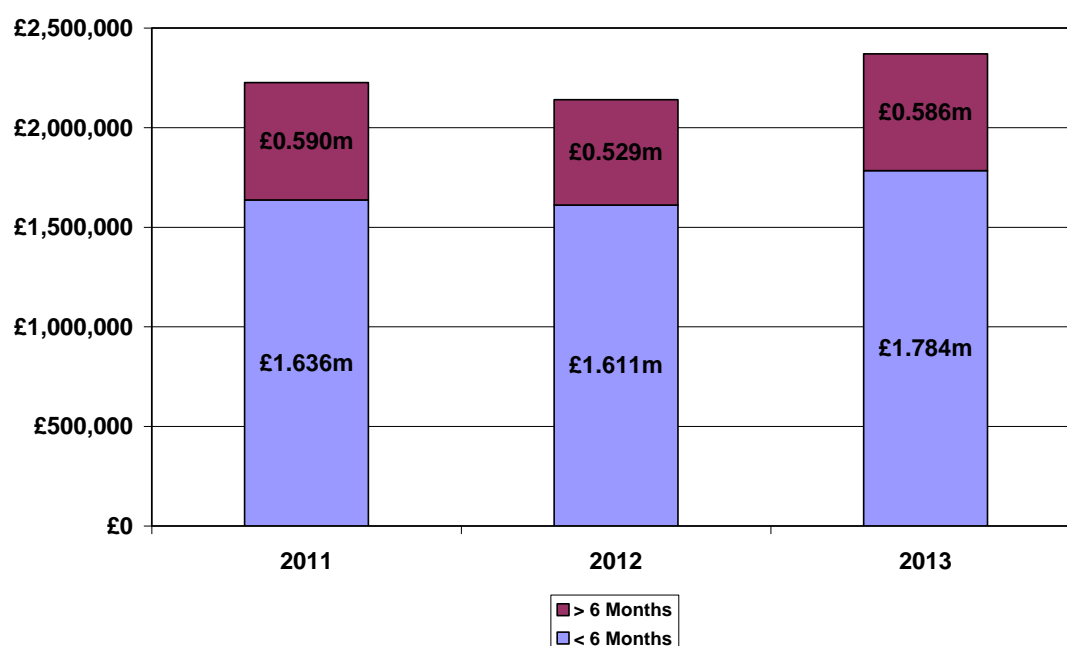
7.12 At the end of October collection of Council Tax from Local Council Tax Support (LCTS) households is within the financial planning parameters that underpin the 2013/14 LCTS scheme.

7.13 Sundry Debts

7.14 The Council also collects significant Sundry Debts income for the payment of services provided by the Council. In total £12.439m of sundry debts have been raised in 2013/14. To date £11.769m (95%) of this amount has been collected.

7.15 Robust procedures for collecting the remaining outstanding debt are in place. The following graph shows the comparable positions at 31st October for the last three years for long term debt and current debt which has been outstanding for less than six months: -

Comparison of Sundry Debt as at 31st October 2013



7.16 Total Debtors at 31st October totalled £2.370m, of which, £1.784m (75.27%) relates to current debts which are less than 6 months old. The remaining debtors total £0.586m; of this amount, 90.98% is under recovery action and 9.02% is unrecoverable and is pending write off (£0.053m).

8. Progress in achieving the Capital Receipts Target

8.1 A detailed report on the progress of achieving the capital receipts target was presented to this Committee on the 16th October, 2013. The report indicated that it will be extremely challenging to achieve the capital receipts targets and there remains a risk that this target takes longer to achieve than forecast, which would result in an unbudgeted pressure in 2015/16.

- 8.2 This issue is covered in detail in the 2014/15 to 2016/17 MTFS Report. By the end of the current financial year it is anticipated capital receipts of approximately £2.3m will have been achieved, leaving £4.2m to be achieved to fund forecast expenditure commitments. It is anticipated that owing to the different phasing of capital expenditure commitments and the phasing of capital receipts there will be a temporary funding shortfall in 2013/14 of £2.095m. This will need to be funded from Prudential Borrowing. The costs of using Prudential Borrowing can be accommodated within existing budgets.

9. 2013/14 Capital Programme Monitoring

- 9.1 Capital Expenditure for all departments to the 31st October, 2013 is summarised in the table below.

Department	2013/14 Budget	2013/14 Actual to 31/10/13	2013/14 Remaining Expenditure	2014/15 Re-phased Expenditure	2013/14 Variance from budget Adverse/ (Favourable)
	£'000	£'000	£'000	£'000	£'000
Child & Adult Services	10,850	3,169	3,337	4,343	0
Chief Executive	102	0	102	0	0
Corporate	1,299	62	1,028	209	0
Regeneration & Neighbourhoods	28,601	8,364	17,385	2,852	0
Total Capital Expenditure	40,852	11,595	21,852	7,404	0

- 9.2 The table above shows actual expenditure to 31st October 2013 of £11.595m compared to a budget of £40.852m leaving £21.852m to be spent in 2013/14. At this stage anticipated expenditure and resources of £7.404m will be re-phased into 2014/15. This primarily relates to the phasing of the ICT BSF contract and the procurement of vehicles some of which have been deferred as a result of extending the useful life of existing vehicles before they are replaced in order to generate operational savings.

- 9.3 As indicated in previous reports there is a longer lead in time for capital schemes and therefore it is not unusual for expenditure to be low at this stage of the year.

- 9.4 Detailed financial information on the capital programme for individual Departments by Committee is provided in Appendices F to I.

10. CONCLUSIONS

- 10.1 As reported in the MTFS elsewhere on the agenda the Council is facing greater financial challenges over the next three years than it has faced since becoming a unitary authority in 1996.
- 10.2 The initial assessment of the forecast outturn reported in May 2013 enabled Members to begin to address these issues by earmarking one-off resources to support the 2014/15 budget, support the development of the Local Council Tax

Support Scheme for 2014/15 to 2016/17 and to earmark resources to manage Business Rates risks, particularly in relation to the Power Station.

- 10.3 This report provides an update of the initial outturn forecasts for 2013/14 including those resources identified as part of the reserve review. The uncommitted underspend is projected at the year end of between **£729,000 and £1,160,000**. A strategy for using these resources is detailed in the MTFS reported elsewhere on the agenda.
- 10.4 In relation to collection of Business Rates and Council Tax these issues are impacted by the significant changes implemented in April 2013 and the ongoing difficult economic climate. At the 31st October 2013 collection rates for the current year are slightly lower than the same period last year, as summarised below. Robust recovery action will continue to be pursued over the remainder of the financial year to maximise in-year collection rates.

	31.10.11	31.10.12	31.10.13
Business Rates Collected	70.30 %	71.64%	70.70%
Council Tax Collected	64.97%	64.99%	64.04%

11. RECOMMENDATIONS

- 11.1 It is recommended that Members:

- i) Note the report;

12. REASONS FOR RECOMMENDATIONS

To update the Finance and Policy Committee on the Council's financial position and to enable Members to make decisions as part of the overall budget process for 2014/15 later in the year.

13. BACKGROUND PAPERS

Medium Term Financial Strategy Report referred to Finance and Policy Committee 31st May 2013, 2nd August 2013 and 18th October 2013.

Quarter 1 Strategic Financial Management Report. 23rd August, 2013
Strategic Financial Management Report 18th October 2013.

14. CONTACT OFFICER

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REVENUE FINANCIAL MONITORING REPORT FOR FINANCIAL YEAR 2013/14 as at 31st October, 2013

Overview:

Approved 2013/2014 Budget £'000	Description of Service Area	OCTOBER		Director's Explanation of Variance
		Projected Outturn Variance - Adverse/ (Favourable) Worst Case £'000	Projected Outturn Variance - Adverse/ (Favourable) Best Case £'000	
Finance and Policy Committee				
612	Consumer Services	35	15	The adverse variance relates to an expected shortfall on licensing income. It is difficult to project demand for licensing and the outturn range reflects this.
902	Sports & Recreation Facilities	22	22	As previously reported the adverse variance relates to a shortfall in income based upon current outturn projections.
1,514	Finance and Policy Sub Total	57	37	
Regeneration Committee				
(82)	Cultural Services	50	50	Adverse variance relates to a shortfall on Income at the Borough Hall
2	Environmental Protection	0	0	
(85)	Environmental Standards	60	60	As previously reported the adverse variance relates to the Market income shortfall which is expected to be in line with previous years.
(165)	Regeneration Sub Total	110	110	
1,349	Public Health Total - before Reserves	167	147	

PLANNED USE OF RESERVES

The above figures include the 2013/2014 approved budget along with the planned use of Departmental Reserves created in previous years.

The details below provide a breakdown of these reserves

Approved 2013/2014 Budget £'000	Description of Service Area	Planned Usage 2013/2014 £'000	Variance Over/ (Under) £'000	Director's Explanation of Variance
Regeneration Committee				
15	Physical Activity - Sports & Leisure	0	(15)	Further ringfenced funding received for scheme in 2013/14. Propose to carry forward reserve to fund future commitments and extend life of scheme.
15	Total	0	(15)	

CHILD AND ADULT SERVICES

APPENDIX F

CAPITAL MONITORING REPORT PERIOD ENDING 31st OCTOBER 2013

Project Code	A Scheme Title	EXPENDITURE IN CURRENT YEAR							2013/2014 COMMENTS
		B	C	D	E	F	G	H	
		2013/14 Budget £'000	2013/14 Actual as at 31/10/13 £'000	2013/14 Expenditure Remaining £'000	Expenditure Rephased 2014/15 £'000	C+D+E 2013/14 Total Expenditure £'000	F-B 2013/14 Variance from budget £'000	Type of financing	
Adult Committee									
7234	Chronically Sick and Disabled Persons Adaptations	245	8	237	0	245	0	MIX	Scheme on hold pending future plans and approvals.
8284	DAT Accommodation	10	0	10	0	10	0	GRANT	
7723	Resettlement Capital Works - Campus Reprovisioning	115	0	115	0	115	0	GRANT	
8428	Havelock Upgrades Phase 2	204	15	189	0	204	0	MIX	
8075	Short Break Capital Grants Pool	21	0	21	0	21	0	MIX	
8312	Social Care Transformation Capital Grant	378	0	378	0	378	0	GRANT	
Adult Committee Sub Total		973	23	950	0	973	0		
Children's Committee									
7149	Children's Home	173	173	0	0	173	0	MIX	The forecast final cost for this scheme is slightly higher than originally anticipated, the additional costs can be funded from the unallocated budget.
7469	Children's Centre's Capital	23	0	23	0	23	0	MIX	
8282	Exmoor Grove Redevelopment / Change of Use	45	0	45	0	45	0	MIX	
8072	ICS Case Management Improvement	37	0	37	0	37	0	MIX	
8595	Miers Avenue Roofing Works	44	1	43	0	44	0	RCCO	
8218	Youth Service Portable MUGA (YCF)	7	0	7	0	7	0	GRANT	
8176	Barnard Grove School - Demolish Bungalow (was Replace Bungalow Floor)	15	1	16	0	17	2	GRANT	
8558	Barnard Grove School - Improve Drainage	4	4	0	0	4	0	GRANT	
8561	Barnard Grove School - Replace Windows/Doors & Cladding	32	22	10	0	32	0	GRANT	This scheme is 100% funded by the school.
8532	Catcote School - Catcote Future Relocation to Brierton Site	191	169	22	0	191	0	GRANT	
8635	Catcote School - BESD Unit Improvements	17	12	5	0	17	0	MIX	
8602	Clavering School - Fire Detection System	30	0	30	0	30	0	MIX	
8593	Clavering School - Window Replacement	42	33	9	0	42	0	MIX	
7384	Devolved Schools Capital	466	192	274	0	466	0	GRANT	
8056	Eldon Grove - Extension for Teaching Spaces	1	1	0	0	1	0	GRANT	
8603	Fens School - Disabled Adaptations	20	0	0	20	20	0	MIX	
8522	Golden Flatts School - Mechanical Works	54	2	52	0	54	0	MIX	
8597	Golden Flatts School - Toilet & Roofing Replacement	149	114	41	0	155	6	MIX	The forecast final cost for this scheme is slightly higher than originally anticipated, the additional costs can be funded from the unallocated budget.
8593	Grange School - Window Replacement	28	24	4	0	28	0	RCCO	
8594	Greatham School - Boiler Replacement	22	17	5	0	22	0	MIX	
8455	Greatham School - Fire Detection System	13	0	0	13	13	0	GRANT	
8594	Hart School - Boiler Replacement	36	36	0	0	36	0	MIX	
8652	Hart School - Safeguarding Works	21	2	19	0	21	0	MIX	
8599	High Tunstall School - Changing Rooms Replacement	37	24	13	0	37	0	MIX	
8458	High Tunstall School - Development of a Vocational Education Centre	224	181	43	0	224	0	MIX	
8596	High Tunstall School - Electrical Works - Block H	7	7	0	0	7	0	MIX	
8598	High Tunstall School - Heating Distribution - Block G	88	1	0	87	88	0	MIX	
8523	High Tunstall School - Heating Distribution	115	49	66	0	115	0	MIX	
8595	High Tunstall School - Roofing - Block A	37	30	7	0	37	0	MIX	
8600	Lynnfield School - External Walls	11	5	6	0	11	0	MIX	
8566	Manor College of Technology - Boiler Renewel & Water Storage Block A	115	71	58	0	129	14	RCCO	Additional costs have been identified in relation to issues discovered concerning existing control panels. This can be funded from the unallocated budget.
8563	Manor College of Technology - Replace Toilets & Renew Block D Windows	23	14	9	0	23	0	RCCO	

CHILD AND ADULT SERVICES

APPENDIX F

CAPITAL MONITORING REPORT PERIOD ENDING 31st OCTOBER 2013

Project Code	A Scheme Title	EXPENDITURE IN CURRENT YEAR							2013/2014 COMMENTS
		B 2013/14 Budget £'000	C 2013/14 Actual as at 31/10/13 £'000	D 2013/14 Expenditure Remaining £'000	E Expenditure Rephased 2014/15 £'000	F C+D+E 2013/14 Total Expenditure £'000	G F-B 2013/14 Variance from budget £'000	H Type of financing	
8564	Manor College of Technology - Rewire Drama & Science Block & Renew Lighting/Power to Pool	52	40	12	0	52	0	RCCO	
8562	Manor College of Technology - Roof Renew Block A	112	95	17	0	112	0	RCCO	
8455	Owton Manor School - Fire Detection System	7	1	6	0	7	0	MIX	
8593	Owton Manor School - Window Replacement	41	39	0	0	39	(2)	MIX	
7586	Purchase of Computer Equip - City Learning Centre Standards Fund	4	0	4	0	4	0	GRANT	
8460	Rift House School - Development of Science Garden	6	6	0	0	6	0	RCCO	
8455	Rift House School - Fire Detection System	14	14	0	0	14	0	MIX	
TBC	Rift House School - Foundation Stage Outside Area	56	0	56	0	56	0	MIX	
8537	Rift House School - New Cold Water Distribution System	6	5	1	0	6	0	MIX	
8601	Rossmere School - Toilet Replacement	80	0	80	0	80	0	MIX	
8593	Rossmere School - Window Replacement	30	16	14	0	30	0	RCCO	
8592	Rossmere School - Replace Concrete Lintels	37	30	7	0	37	0	GRANT	
7421	School Travel Plans	23	0	0	23	23	0	GRANT	
7521	Schools General - 2 year old FNE Capacity Building	218	78	140	0	218	0	GRANT	
8138	Schools General - BSF - ICT	3,703	940	603	2,160	3,703	0	GRANT	
8139	Schools General - BSF - ICT Infrastructure Costs	145	2	0	143	145	0	GRANT	
9004	Schools General - Contingency	61	0	61	0	61	0	GRANT	
9004	Schools General - Funding Currently Unallocated	1,376	0	0	1,383	1,383	7	MIX	
8594	Springwell School - Boiler Replacement	49	37	0	0	37	(12)	MIX	The forecast final cost for this scheme is lower than originally anticipated, the budget for this scheme will be reduced and transferred to the unallocated budget.
8593	Springwell School - Window Replacement - Block A	19	15	4	0	19	0	MIX	
8595	St Helens School - Roofing - Block B	29	29	0	0	29	0	MIX	
8593	Stranton School - Window Replacement	9	9	0	0	9	0	MIX	
8462	Throston School - Create External Hall Corridor & Learning Space	34	0	34	0	34	0	RCCO	
8596	Throston School - Electrical Works inc Fire Detection	200	115	85	0	200	0	RCCO	
8595	Throston School - Roofing - Block A	76	76	0	0	76	0	MIX	
8594	Throston School - Boiler Replacement	56	35	21	0	56	0	GRANT	
8463	West Park School - Creation of Foundation Stage Unit	15	0	0	0	0	(15)	GRANT	This scheme was combined with the larger foundation stage improvements in the previous financial year and this funding is no longer required, this will be transferred back unallocated funding.
8596	West Park School - Electrical Works inc Fire Detection System	239	78	161	0	239	0	MIX	
8526	West Park School - Heating / Hot & Cold Water Distribution	71	25	46	0	71	0	GRANT	
8593	West Park School - Window Replacement	93	55	38	0	93	0	MIX	
TBC	West View School - Early Years Foundation Stage improvements	185	0	0	185	185	0	MIX	
TBC	West View School - Roofing - (Various Phases)	303	160	0	143	303	0	MIX	
Children's Committee Sub Total		9,476	3,085	2,234	4,157	9,476	0		
Regeneration Committee									
7531	Adult Education - Office Accommodation	21	0	0	21	21	0	GRANT	
8429	Adult Education - Replace IT Equipment	11	0	0	11	11	0	GRANT	
8682	Mill House - Pool Boom	80	6	0	74	80	0	MIX	
8394	Community Centres & Libraries improvements	70	0	70	0	70	0	MIX	
8408	Mill House - Equipment Purchase	16	10	6	0	16	0	MIX	
8409	Sport & Youth Improvements	50	0	0	50	50	0	MIX	
8419	Works to BMX Track	11	0	11	0	11	0	MIX	
8439	Brierton Sports Centre Upgrade	38	32	6	0	38	0	MIX	
8103	Swimming scheme	60	0	30	30	60	0	MIX	
7992	Junior Football	26	0	26	0	26	0	MIX	
8536	Theatre Booking System	12	11	1	0	12	0	MIX	
7863	Carlton Outdoor Centre - Redevelopment Works Phase 2	3	2	1	0	3	0	MIX	
Regeneration Committee Sub Total		398	61	151	186	398	0		
Child & Adult Services Total		10,847	3,169	3,335	4,343	10,847	0		

Key

RCCO Revenue Contribution towards Capital
MIX Combination of Funding Types
UCPB Unsupported Corporate Prudential Borrowing
SCE ® Supported Capital Expenditure (Revenue)

GRANT Grant Funded
CAP REC Capital Receipt
UDPB Unsupported Departmental Prudential Borrowing
SPB Supported Prudential Borrowing