

FINANCE AND POLICY COMMITTEE AGENDA



Monday 15 September 2014

at 9.30 am

in the Council Chamber, Civic Centre, Hartlepool

MEMBERS: FINANCE AND POLICY COMMITTEE

Councillors C Akers-Belcher, Dawkins, Hind, Jackson, James, Loynes, Payne, Richardson, Riddle, Simmons plus one vacancy

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 18 August 2014 (*for information as previously circulated*)
- 3.2 To receive the minutes of the meeting of the Health and Wellbeing Board held on 29th April 2014

4. BUDGET AND POLICY FRAMEWORK ITEMS

No items.

5. KEY DECISIONS

- 5.1 Local Council Tax Support New Burdens Funding – *Chief Finance Officer*
- 5.2 Disposal of Surplus Assets – Redevelopment of Lynn Street Depot site and consideration of alternative depot sites – *Director of Regeneration and Neighbourhoods*



6. OTHER ITEMS REQUIRING DECISION

- 6.1 Medium Term Financial Strategy – Review of Reserves as at 31st March 2014 – *Corporate Management Team*
- 6.2 Medium Term Financial Strategy (MTFS) 2015/16 Savings Proposal – Budget Consultations – *Corporate Management Team*
- 6.3 Quarter 1 – Council Overview of Performance and Risk – *Assistant Chief Executive*
- 6.4 Supermarket Levy Proposal – *Chief Finance Officer*

7. ITEMS FOR INFORMATION

- 7.1 Employee Sickness Absence 1st Quarter 2014/15 – *Assistant Chief Executive*

8. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT

ITEMS FOR INFORMATION

Date of next meeting – Monday 13 October 2014 at 9.30am in the Civic Centre, Hartlepool



FINANCE AND POLICY COMMITTEE

MINUTES AND DECISION RECORD

18 AUGUST 2014

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

Present:

Councillor Christopher Akers-Belcher (In the Chair)

Councillors: Keith Dawkins, Peter Jackson, Robbie Payne, Carl Richardson and Chris Simmons.

Also Present: In accordance with Council procedure rule 5.2: –
Councillor Allan Barclay as substitute for Councillor Marjorie James
Councillor Geoff Lilley as substitute for Councillor David Riddle.

Councillor Jim Ainslie.

Officers: Dave Stubbs, Chief Executive
Andrew Atkin, Assistant Chief Executive
Peter Devlin, Chief Solicitor
Chris Little, Chief Finance Officer
Damien Wilson, Assistant Director, Regeneration
Dale Clarke, Estates and Regeneration Manager
Carole Johnson, Head of Health Improvement
Julian Heward, Public Relations Officer
Lorraine Bennison, Principal Registration and Members Services Officer
Laura Stones, Scrutiny Support Officer
David Cosgrove, Democratic Services Team

32. Apologies for Absence

Councillors Marjorie James, Brenda Loynes and David Riddle.

33. Declarations of Interest

Councillor Peter Jackson declared a personal interest in Minute 44
“Delegated Powers Property Transactions – Quarterly Report – 2014 (Q1)”.

34. Minutes of the meeting held on 21 July 2014

Confirmed.

35. Minutes of the meeting of Safer Hartlepool Partnership held on 9 May 2014

Received.

36. Review of Polling Districts, Polling Places and Polling Stations (*Chief Solicitor*)

Type of decision

Key Decision Test (ii) Forward Plan Reference No. CE65/14.

Purpose of report

To consider and review proposals for alternative polling districts, polling places and polling stations to be used at future elections.

Issue(s) for consideration

The Chief Solicitor reported that the Electoral Registration and Administration Act 2013 introduced a change in timing of compulsory reviews of UK Parliamentary polling districts and polling places. A compulsory review must take place within a period of 'sixteen months beginning with 1 October, 2013 and the same period, beginning with 1 October of every fifth year after that'.

The report set out the proposed review to be undertaken in Hartlepool to ensure that all the electors in the constituency have such reasonable facilities for voting as are practicable in the circumstances; and to ensure that so far as is reasonable and practicable, the polling places they are responsible for are accessible to all electors, including those who are disabled. The preliminary stages of the review involved giving notice of the review to be followed by a proposals stage where the authority must set out its proposals for the new polling district and polling place arrangements and a consultation period of at least four weeks for the public to respond. The consultation process would ensure local groups representing disabled people were included.

Once the consultation process was concluded the proposals would need to be approved by full Council and then published. The aim was to ensure the process was completed by the end of November so that it was concluded before the new register of electors was published at the end of that month.

Decision

1. That the issues raised within the report be noted and the timetable for the review be approved;
2. That the Chief Solicitor be authorised to take all necessary action to implement the review, and undertake appropriate consultations.

37. Drug and Alcohol Recovery Support Services (*Director of Public Health*)**Type of decision**

Key Decision tests (i) and (ii) apply - Forward Plan Reference No PH 07/14.

Purpose of report

The purpose of the report was to seek approval from the Finance and Policy Committee to secure a Drug and Alcohol Recovery Support Service, funded through the ring fenced Public Health Grant, to commence 1st April 2015.

Issue(s) for consideration

The Chief Executive reported that the existing contracts for Adult Drug and Alcohol Recovery and Reintegration, Harm Minimisation, Psychosocial Interventions, Education Training and Employment, Family and Carer Support and the Criminal Justice Interventions Team alongside Young People's Drug Treatment Services all come to an end on 31st March 2015. There was no further opportunity to extend existing arrangements and therefore a review of services was required in order to ensure that identified need was still being met and a new recovery model was developed to continue to meet that need.

A full service review was being conducted alongside consultation with stakeholders, providers and service users in order to shape future service provision, the outcome of which will support the development of the new recovery model beyond April 2015. Following final outcome of the review and consultation it was proposed to secure a new Drug and Alcohol Recovery Support Service designed to meet the continuing need of service users, their families and carers.

The Chief Executive highlighted that any successful bidder may be subject to TUPE regulations with regards to staff. There were 53 members of staff employed by the current service providers, with varying working hours.

Members referred to the periodic reports to other bodies, such as the Health and Wellbeing Board on the effectiveness of the service. There was concern that more recent admissions to the programme were progressed from drugs to methadone and then off methadone in a controlled but relatively quicker manner than in the past yet there were still significant numbers who had almost moved to prescribed methadone, another addictive drug, as a life choice rather than being weaned off drugs altogether. The new contract needed to take cognisance of this problem and ensure the programme tackled these users. The Head of Health Improvement commented that long term users were a problem as they saw methadone as a crutch rather than a means to an end. Work within the service was tackling these users and this would be seen through the statistics reported in the coming months.

Decision

1. That the development of a new service specification during 2014/15 taking into consideration current local needs and views from the engagement process be approved.
2. That the securing of a provider for the Drug and Alcohol Recovery Support Service to be funded by the ring fenced Public Health Grant 2015/16 be approved.

38. Stop Smoking Service (*Director of Public Health*)

Type of decision

Key Decision test (i) and (ii) applies - Forward Plan Reference No PH/06/14

Purpose of report

The purpose of the report was to seek approval from the Finance and Policy Committee to secure a Stop Smoking Service, funded through the ring fenced Public Health Grant, to commence 1st April 2015.

Issue(s) for consideration

The Chief Executive reported that on 1st April 2013, under the statutory transfer order, the Council inherited a contract for Stop Smoking Services provided by North Tees and Hartlepool Foundation Trust. On 29th November 2013 the Finance and Policy Committee agreed to place a one year contract from April 2014 with the existing provider of Stop Smoking Services, North Tees and Hartlepool Foundation Trust. In the spirit of openness and transparency it was also agreed that the Local Authority would publish a Voluntary Ex-Ante Transparency Notice (VEAT) in relation

to this proposed contract award.

The current service operates a community-based drop in model providing clinics in a community setting using a wide variety of venues across the town on a range of days and times ensuring easy access. They also support the delivery of a structured one to one delivery of stop smoking service in a selection of pharmacies in the town. Closed groups in workplace settings are offered by arrangement, family/couple home visits for pregnant women and a combination of home and telephone support for the housebound.

The original target set by the Strategic Health Authority was based on achievement over a 3-year period. As Hartlepool had always performed well – being ranked as either best or second best in the Country (per 100,000 population) – an extremely high 4-week quit target, which is the number of people who set a quit date and remain stopped smoking for 4 weeks, was set. In line with regional and national trends it was only in the last year that the high target had not been reached with less quitters accessing services, therefore less 4-week quits. For future service delivery it was expected that more emphasis should be placed on accessing harder to reach groups such as routine and manual workers, pregnant women, those with mental health problems, those from most disadvantaged wards rather than chasing a high 4-week quit rate.

The Chief Executive indicated that it was proposed to plan and implement the review of smoking cessation services through a joint approach between Hartlepool and Stockton on Tees Local Authorities. This joint approach would allow us to compare and contrast our service provision with another local authority who was procuring a very similar service at exactly the same time. It would provide an opportunity to determine whether there was any best practice that could be shared, economies of scale that could be identified and utilised and whether there were any options available for more efficient ways of procuring, especially if future service provision requirements were effectively delivered in the same manner. This did not mean, however, that the service would be commissioned with Stockton as the service would be commissioned on the most economic and efficient means possible for the residents of Hartlepool.

Members noted that there was a reported increase in the numbers of women smoking when pregnant. The Head of Health Improvement that there was a new programme being delivered to pregnant women by midwives which was starting to show some positive results. It was considered that the surveys now being undertaken were including a greater number of respondents so were giving a more accurate number of smokers.

Members acknowledged that the service provided in Hartlepool had, for some time, been one of the best smoking cessation services in the UK and Europe in terms of results which was a credit to the staff involved. Members did question which community locations were being utilised and the Head of Health Improvement commented that they included council

premises where available and other local venues including a pub – mainly chosen in areas of greatest smoking prevalence. Members proposed that the service should be required under the new contract to utilise the community buildings operated by the Council to provide a wider range of services through these venues. This proposal was seconded in the meeting.

Members also questioned the growing use of e-cigarettes and what controls there were on the sale of these products and if their users were still considered to be smokers as many claimed to use them as a means of helping them quit smoking. The Head of Health Improvement stated that users of e-cigarettes were presently classified as non-smokers. This did cause the service an issue when e-cigarette users came forward to the cessation service seeking help to quit. They were offered help by the programme but couldn't be included in the statistics of those helped to quit as they wouldn't be classes as 'smokers'. One of the major issues with smokers switching to e-cigarettes was that it didn't break the physical habit of smoking. The problem with illegal cigarettes was raised by a member of the public and the Head of Health Improvement indicated that the numbers of illegal cigarettes in the town were falling. An officer in the Public Protection Team was working specifically on the issue of illegal tobacco products/non-duty paid cigarettes.

The Chair commented that one of the remaining issues to be tackled through the smoking cessation service was the number of businesses whose employees could be seen smoking around the entrances to businesses. The Head of Health Improvement indicated that work with businesses on these issues was being undertaken by the Workplace Health Improvement Specialist in the Health Improvement Team.

Decision

1. That the development of a new service specification for stop smoking services during 2014/15 be approved to be designed to meet the needs of local people and based on their views gained through the consultation and service review process.
2. That the service specification include the requirement for the services to utilise Council Community facilities as far as was possible, in particular, the three remaining community centres, in order to safeguard their future and make them more viable.
3. That that securing of a provider for a Stop Smoking Service, funded by the ring fenced Public Health Grant in 2015/16 be approved.

39. Disposal of Surplus Assets – Seaton Lane Sites (Director of Regeneration and Neighbourhoods)

Type of decision

Key Decision (test (i) and (ii)) Forward Plan Reference No. RN 13/09

Purpose of report

To seek approval to grant an exclusivity period in advance of the proposed sale of Council owned sites in Seaton Lane for the development of healthcare facilities.

Issue(s) for consideration

The Estates and Regeneration Manager reported that Members previously agreed on 18th October 2013 to the sale of three areas of land on Seaton Lane including the Educational Development Centre (EDC) site for the construction of general needs housing.

The sale of the land had failed to proceed as the successful tenderer significantly reduced their bid for the site subsequent to a full site investigation being undertaken. The level of reduction proposed to reflect abnormal development costs was considered by the Council's Engineers to be excessive and in some cases unnecessary. Details were set out in a confidential appendix to the report. The Appendix contained 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). As such it had not been possible to agree an acceptable price and the developers had withdrawn from the sale.

Recently an approach has been made from a healthcare developer looking for sites in the Hartlepool area to construct specialist care facilities for which there was currently a shortage within the Borough. The developer was interested in all three of the sites that were previously marketed and were willing to agree headline values in line with those previously agreed with the original tenderer as part of the original tender process.

It was proposed to grant a four month exclusivity agreement to enable the developer to undertake their own site investigation works. Negotiations would then be undertaken to agree a final price subject to Committee approval and then conditional contracts can be agreed to enable planning permission, highway and other statutory permissions to be sought prior to completion. Details of the arrangement were set out in a further confidential appendix to the report.

Decision

That the Exclusivity Agreement set out in the exempt appendix 3 to the report be approved. (Appendix 3 to the report contained 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).

40. Potential Merger of the Teesside and Hartlepool Coroner Areas *(Chief Executive and Chief Solicitor)***Type of decision**

Non key decision.

Purpose of report

The Finance and Policy Committee on 21st July, 2014, agreed “in principle” to support a merger, subject to a presentation on the final Business Case. The report presented that final Business Case for the merger of the Teesside and Hartlepool Coroner areas and also the stakeholder responses to that Business Case.

Issue(s) for consideration

The Chief Solicitor reported that further to the report to the Committee on 21 July, 2014, the business case for the proposed merger had now been received and submitted for Members information. The Chief Solicitor also informed the meeting that the Chief Constable, Police and Crime Commissioner and the North East Ambulance Service had all now indicated their support for the proposed merger. The report included as appendices the Chief Coroner’s Guidance on the Mergers of Coroners Areas and the detailed Business case for this proposal.

The Chief Solicitor stressed that the merger would not result in a diminution of the coroner’s service in Hartlepool and inquests would still be held in the town. The proposals would strengthen the retention of the service within Hartlepool and, at the request of the Chief Executive, it was proposed from this authority that the service retain Hartlepool within its new name. The Chief Executive supported the comments of the Chief Solicitor in stressing that these proposals would not result in reduced service for Hartlepool. In response to Members concerns for the future of the service beyond this review, the Chief Executive indicated that he understood that the current senior coroner for the town, Mr Donnelly, had indicated that he would wish

to remain in post for the foreseeable future. This proposal was, however, about this post of coroner and this proposal retained the current service in Hartlepool while strengthening the service across the whole of the area.

The proposals set out in the report were supported unanimously by the Members present.

Decision

1. That the proposed merger of the Hartlepool and Teesside Coroner areas be supported and that the submission (through Middlesbrough Borough Council) of a Business Case (as set out at Appendix B to the report) to the Lord Chancellor be approved and that Business Case include the retention of Hartlepool in the name of the new service and that Hartlepool inquests must be held in Hartlepool.
2. That subsequent reports be brought to the Committee as to the progress of this submission, as and when deemed appropriate.

41. Driving at Work Policy and Driver Handbook and Cycle Policy *(Assistant Chief Executive/Assistant Director, Neighbourhoods)*

Type of decision

Non-Key Decision.

Purpose of report

To seek the committees support in the adoption of a Driving at Work Policy and Driver Handbook and a Cycle Policy.

Issue(s) for consideration

The Assistant Chief Executive submitted a report that regionally it was estimated that 1 in 4 road traffic collisions occurred as a result of a work related journey with the vast majority occurring as a result of human error. Therefore, on the basis that all collisions were preventable, having a robust and effective policy covering all driving activities, including a Council supplied vehicle, or a vehicle supplied by the employee, would reduce the impact that collisions have on the Council.

The practice of safer driving and the implementation of the Driving at Work Policy and Driver Handbook and a Cycle Policy, was essential to maintain our drivers'/riders ability to perform their roles, efficiently and within the law, to reduce the risk of a collision and to protect the Council from litigation

should a blameworthy collision occur.

The proposed policy document was submitted with the report for Members information and the Assistant Chief Executive indicated that the policy had been subject to consultation with the Trades Unions and had their support and provisional agreement.

Decision

That the provisional agreement with the trade unions in respect of the Driving at Work Policy and Driver Handbook and Cycle Policy be ratified.

42. Strategic Financial Management Report – as at 30 June 2014 *(Corporate Management Team)*

Type of decision

Non Key Decision.

Purpose of report

The purposes of the report was to inform Members of:

- (i) 2014/15 Forecast General Fund Outturn;
- (ii) Corporate Income Collection Performance;
- (iii) Progress in achieving the capital receipts target; and
- (iv) 2014/15 Capital Programme Monitoring.

Issue(s) for consideration

The Chief Finance Officer outlined the first quarter strategic financial management report for the authority. The Medium Term Financial Strategy (MTFS) report considered on 30th June outlined the scale of the budget cuts required over the next 4 years (i.e. 2015/16 to 2018/19) and the continuing financial risks facing the Council, particularly in relation to Business Rates. The MTFS report also indicated that a number of planning assumptions still need reviewing and would be reported to a future meeting. These issues included a review of reserves, which would be covered in a future report, and an assessment of the 2014/15 forecast outturn, covered in this report. Members approved the Corporate Management Team recommendation that any one-off resources identified from these areas should be allocated to address the following priorities:

- Contingency funding for free swims - £27,000
- Support for 2015/16 Budget - £220,000

As part of the June MTFS decision Members also approved the Corporate Management Team recommendation that any uncommitted resources achieved from the 2014/15 outturn and / or review of reserves not needed for the commitments identified above, should be allocated to address the following priorities to protect the Council's medium term financial position:

- To fund potential one-off protection costs arising from achieving permanent savings from the Terms and Conditions review, which would enable the full saving to be taken within the 2015/16 budget;
- To continue the use of one-off resources to support the budget and protect services beyond 2016/17 when the existing one-off funding of £1.648m would run out.

The Corporate Management Team was again seeking to achieve underspends to help address the significant financial challenges facing the Council over the next few years. This strategy would also provide funding for one-off commitments not provided for in the approved 2014/15 budget as these items were not known at the time, for example Deprivation of Liberty Safeguarding (DoLS) costs.

An initial assessment of the forecast outturn has been prepared based on experience in previous years and actual income/expenditure at the 30th June 2014. The forecast outturn for the year was summarised in a table within the report which showed a net forecast budget underspend between £0.3m and £0.415m.

Details of the proposed departmental reserves were also set out in a table within the report. These reserves would in total amount to £1.378m (worst case) to £1.555m (best case).

The Chief Finance Officer also reported that of the overall Business Rates collection rate, at the 30th June 2014 the Council had collected 29.19% of the 2014/15 liability, down slightly by 0.7% compared to the same period last year, though it was anticipated that the annual target of 98% collection would still be achieved.

The report also included the Capital Programme 2014/15 monitoring report. The Chief Finance Officer indicated that there was still an amount of £94,000 uncommitted Council Capital Fund. Two schemes were proposed to utilise some of the uncommitted fund and they were set out in the report:-

- (i) Hart Boundary Wall – Phase 2 - £10,000
- (ii) Carlton Outdoor centre – Re-roofing of Main Building - £29,000

Members questioned when the capital monies from the release of the covenant connected with the sale of the Seaton Carew Domes site would come through to the authority. The Chief Executive indicated that it was anticipated that the sale would be completed shortly.

Members also questioned what effect the unscheduled shut down at the

power station would have on the authority's collection of business rates. The Chief Finance Officer stated that for each month the power station was not generating electricity, the Council stood to lose £300,000. Discussions were ongoing with the Valuation Office to ascertain whether this shut down would form part of the schedule shut down for maintenance which was built into the rateable value assessment. If it was not, the Chief Finance Officer stated that he would write again to government indicating that the safety net arrangements for authorities like Hartlepool with a power station in their area were inadequate when the site was out of commission due to unforeseen circumstances. The Chair commented that the Council had recognised this continuing financial risk and recently increased the reserve for such eventualities. In addition, these issues had been highlighted in the Council's response to the 'call for evidence' from the LGA/CIPFA Commission into Local Government funding.

Members sought assurance that all capital programme schemes would be scrutinised thoroughly to ensure that works were not being undertaken on buildings that were to be replaced in the near future. The Havelock Centre and the Priority Schools Building Programme were cited as examples. The Chief Executive stated that this was the case and the amounts detailed within the appendices to the report were budgeted capital improvements that would be rolled forward into the replacement schemes. In response to Member questions, the Chief Executive stated that the amounts relating to the Willows site were a grant being held by the Council as responsible authority for the organisation that was purchasing the site to cover the purchase price and the upgrading of the building for its future use.

The proposals set out in the recommendations below were approved unanimously by the Members present.

Decision

1. That the contents of the report be noted.
2. That it be noted that forecast resources of between £0.3m and £0.415m were anticipated and that this funding would be available towards funding potential one-off protection costs arising from achieving permanent savings from the Terms and Conditions review, which would enable the full saving to be taken within the 2015/16 budget and to continue the use of one-off resources to support the budget and protect services beyond 2016/17 when the existing one-off funding of £1.648m would run out. It was also noted that additional funding would be required for these issues and it was hoped this could be identified from the reserves review.
3. That the allocation of part of the unallocated Council Capital Fund to fund the balance of costs in relation to Phase 2 of the Hart Boundary Wall capital scheme (£10,000) and the re-roofing of Carlton Outdoor Centre (£29,000) be approved.

43. Update on the Modernisation of the EU Procurement Rules (*Director of Regeneration and Neighbourhoods*)

Type of decision

For Information only.

Purpose of report

To update the Finance and Policy Committee on forthcoming changes to the EU Procurement Rules.

Issue(s) for consideration

The Assistant Director, Regeneration outlined the background to, and the main aspects of, the forthcoming changes to EU procurement rules which it was anticipated the UK Government would approve for implementation before the end of the year.

Members noted that one of the thresholds contained within the new regulations was set at €5m and questioned how this would be affected by fluctuations in the exchange rate. The Assistant Director undertook to provide a written response to the question.

Decision

That the report be noted.

44. Delegated Powers Property Transactions – Quarterly Report – 2014 (Q1) (*Director of Regeneration and Neighbourhoods*)

Type of decision

For information purposes only.

Purpose of report

To inform the Committee of the recent minor property issues dealt with under Delegated Powers since the matters were last reported on 19th May 2014.

Issue(s) for consideration

The Estates and Regeneration Manager updated the Committee on three minor property transactions that had been undertaken during the first quarter of the financial year within the prescribed thresholds approved by the Council. Details of the matters were set out in an exempt appendix to the report. The appendix contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely paragraph 3, information relating to the financial or business affairs of any particular person (including the authority holding that information).

Decision

That the report be noted.

45. Corporate Procurement Quarterly Report on Contracts *(Director of Regeneration and Neighbourhoods)***Type of decision**

For information only.

Purpose of report

To satisfy the requirements of the Council's Contract Procedure Rules with regard to the Finance and Policy Committee:

- Receiving and examining quarterly reports on the outcome of contract letting procedures including those where the lowest/highest price is not payable/receivable.
- Receiving and examining reports on any exemptions granted to these Contract Procedure Rules.

Issue(s) for consideration

The Assistant Director, Regeneration outlined the details of the various contracts approved during the first quarter of the financial year. Detailed appendices to the report set out brief details of the various contracts.

- Appendix A detailed the required information for each procurement tender issued since the last quarterly report.
- Appendix B provided details of the required information in relation to Contract Procedure Rules exemptions granted since the last Corporate Procurement Quarterly Report on Contracts.

- Appendix C included the commercial information in respect of the tenders received. This appendix contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, paragraph 3, information relating to the financial or business affairs of any particular person (including the authority holding that information).

Decision

That the report be noted.

46. Health and Safety Annual Report *(Assistant Chief Executive)***Type of decision**

For information only.

Purpose of report

To provide the committee with the annual report on health, safety and wellbeing performance.

Issue(s) for consideration

The Assistant Chief Executive submitted for the Committee's information the annual report on health, safety and wellbeing. The report clearly indicated that; although the council was going through difficult times financially, the number of RIDDOR reportable injuries was falling and although this was accompanied by a fall in the actual number of employees, the RIDDOR rate is also falling. Whilst some of this change had been due to changes in the reporting requirements the consistent downwards trend had been due to the council identifying health and safety concerns such as exposure to vibration which can lead to Hand Arm Vibration Syndrome and dealing with the issue.

The Chair welcomed the report and requested that the Health and Wellbeing Team be informed of this Committee's recognition of their excellent work and ongoing improvement in performance as reflected in the annual report.

Decision

That the report and Chair's comments be noted.

47. Any Other Items which the Chairman Considers are Urgent

No items.

The meeting concluded at 10.20 a.m.

P J DEVLIN

CHIEF SOLICITOR

PUBLICATION DATE: 26 AUGUST 2014

HEALTH AND WELLBEING BOARD

MINUTES AND DECISION RECORD

29 April 2014

The meeting commenced at 10.00 am in the Civic Centre, Hartlepool

Present:

Councillor Richardson (substitute for Councillor C Akers-Belcher, Leader of Council) (In the Chair)

Prescribed Members:

Elected Members, Hartlepool Borough Council – Councillors Ged Hall, Geoff Lilley and Chris Simmons
Representatives of Hartlepool and Stockton-on-Tees Clinical Commissioning Group - Alison Wilson
Director of Public Health, Hartlepool Borough Council - Louise Wallace
Director of Child and Adult Services, Hartlepool Borough Council – Gill Alexander
Representatives of Healthwatch - Margaret Wrenn and Stephen Thomas.

Other Members:

Representative of the NHS England – Caroline Thurlbeck
Representative of Tees Esk and Wear Valley NHS Trust – David Brown
Representative of North East Ambulance NHS Trust – Nichola Thackeray

Observer – Representative of the Audit and Governance Committee, Hartlepool Borough Council – Councillor Keith Fisher

Also in attendance:-

Philippa Walters, Tees Valley Public Health Shared Service

Officers: Sylvia Pinkney, Public Protection Manager
Sharon Robson, Health Improvement Practitioner (Drugs and Alcohol)
Patrick Crowe, Senior Environmental Health Officer
Lesley Huitson, Technical Officer (H&S)
Joan Stevens, Scrutiny Manager
Angela Armstrong, Principal Democratic Services Officer

78. Apologies for Absence

Apologies for absence were received from:
Hartlepool and Stockton on Tees Clinical Commissioning Group – Dr Paul Pagni
Chief Executive, Hartlepool Borough Council – Dave Stubbs
Director of Regeneration and Neighbourhoods – Denise Ogden

Hartlepool Voluntary and Community Sector – Tracy Woodhall
Tees, Esk and Wear Valley NHS Trust – Martin Barkley
North Tees and Hartlepool NHS Foundation Trust – Alan Foster
North East Ambulance NHS Trust – Nichola Fairless

79. Declarations of interest by Members

None.

80. Minutes of the meeting held on 26 March 2014

Confirmed with the following amendment:

That Councillor Keith Fisher's apologies be noted.

With reference to minute 74 the Director of Public Health confirmed that a small Working Group had met to consider the proposal to hold a Health and Wellbeing Face the Public Event on Monday 23 June 2014. The representative from HealthWatch confirmed that during the discussions at the Working Group it was suggested that the event be held on a week day early on an evening. It was highlighted that the HVDA and HealthWatch network had an extensive list of contacts that could be utilised to publicise the event. Furthermore, it was noted that it would be beneficial to produce an agenda to include an introductory session, workshops and a final session with a two hour duration for the event being suggested.

It was therefore proposed to hold the Event on Monday 23 June 2014 5.00-7.00 pm with information stands being available to promote and raise awareness of issues affecting health and wellbeing from 4.30-5.00 pm.

81. Drug Presentation (*Director of Public Health*)

The Director of Public Health introduced the Health Improvement Practitioner (Drugs and Alcohol) who was the Local Authority lead on the Substance Misuse Strategy Group for the Safer Hartlepool Partnership. The Health Improvement Practitioner provided a detailed and comprehensive presentation which included an outline of the responsibilities of the Substance Misuse Strategy Group (SMSG) and highlighted the current drug situation which showed that the problem with substance misuse in Hartlepool was twice the national average, the resulting trends in Hartlepool, the number of people currently undergoing treatment and the current services available.

During the discussions that followed it was noted that one of the key issues in reducing substance misuse was the provision of adequate housing. In addition, a number of campaigns for treatment services were being undertaken and it was highlighted that it was key to encourage people to take up those treatment services on a monthly basis. The Director of Public Health indicated that there were links to the criminal justice system and reducing reoffending and links with local prisons were actively being encouraged

through engagement with people as they leave prison.

In relation to a question from a Member, the Health Improvement Practitioner confirmed that out of 38 opiate users, 4 of them re-presented within six months, with people who re-present being targeted for additional support. One of the key aims to the success of the opiate dependency programme was reintegration into communities and rebuilding relationships with the community and the whole family. The Director of Public Health indicated that the success rates of this programme would be circulated to the Board. A Member raised some concern with the way in which people were treated when they present themselves for treatment within allocated Drug Treatment Centres. The Director of Public Health confirmed that anyone presenting themselves at the Drug Treatment Centres should be treated with the greatest respect as all patients and customers should be. The representative from the Clinical Commissioning Group confirmed that the opiate dependency programme achieved a 33% success rate where people attending the programme did not re-present within six months.

There was some concern at the term 'transition from children's services to adult services' as many people were shocked to learn the number of children affected by substance misuse. The Health Improvement Practitioner confirmed that HYPED was a young person drug treatment service that worked with young people during their transition from children to adult services to ensure this transition was as smooth as possible. The Director of Child and Adult Services confirmed that substance misuse within Looked After Children resulted in an enormous cost and the recommissioning of services was currently being explored to extend the age range of young people's services to up to 25 years old.

The importance of managing the problem through preventative measures was highlighted through a proactive approach to encourage people to think about their actions and raise awareness of the consequences and dangers of those actions. A Member referred to recent statistics which had indicated that 80% of all crime was carried out to finance substance misuse habits.

In response to a question from a member of the Board, the Director of Public Health indicated that a key priority for the Board should be to strengthen further the integration of support across all services to ensure pathways of care were smooth. The Director of Child and Adult Services informed the Board that a further report would be submitted to the Board identifying how the Child and Adult Services and Public Health Department can strengthen the partnership working with the Clinical Commissioning Group to provide a targeted approach for families in a joined up way. This would include looking at how information was shared across all agencies, using community intelligence and working with other agencies such as the Police, Schools and Health Agencies.

A Member sought clarification on the numbers of people who had received successful treatment for substance misuse and made a full recovery. The Director of Public Health confirmed that there was a robust monitoring system

in place through Public Health England and further data and trends could be provided to the Board for all treatment services.

Decision

- (i) That the drug situation in Hartlepool and the efforts being made to address this were noted.
- (ii) That data on the success rates of all treatment services, including the opiate dependent programme and trends compared to a national basis be provided to the Board at a future meeting.

82. Tattoo Hygiene Rating Scheme *(Director of Public Health)*

The Director of Public Health introduced the Senior Environmental Health Officer who provided a detailed and comprehensive presentation regarding the introduction of a Tattoo Hygiene Rating Scheme (THRS) in Hartlepool at the beginning of April 2014. The key aims of the THRS were to raise awareness of hygiene standards, drive up standards and adopt best practice and reduce the risk of incidents of infection and the transmission of infectious disease from tattooing procedures. It was highlighted that Hartlepool was the first local authority in England to implement such a scheme and a number of other local authorities had been in touch to ascertain how the scheme had been implemented and operated with a view to introducing a similar scheme,

The Senior Environmental Health Officer informed the Board of the work carried out by growing number of 'Scratchers' who carry out tattoos often from their home, were unregistered, unregulated and pose a public health risk. Work was ongoing to raise awareness of this unregulated practice including through partnership working with local colleges and sixth forms and members of the public were encouraged to provide information on the operation of 'scratchers' to enable action to be taken. A Member suggested that local schools should be approached to explore the possibility of including information on this within the schools' curriculum as part of their pupils personal development programme.

However, it was noted that there were six registered tattoo studios that had all been visited prior to the introduction of the scheme with the majority welcoming the scheme. Further details of how the scheme operated were outlined in the presentation with inspections carried out on an annual basis which provided a rating scheme from 1-4.

In response to a question from a Member, the Senior Environmental Health Officer confirmed that the presentations used in awareness raising sessions included some quite graphic pictures which highlighted the dangers of unregulated 'scratchers'.

Decision

- (i) That the report was noted.
- (ii) That further exploration be undertaken of the inclusion of raising awareness of 'scratchers' and the potential consequences within local schools' curriculums as part of a pupils personal development programme.

83. Any Other Items which the Chairman Considers are Urgent

The Chairman ruled that the following items of business should be considered by the Committee as a matter of urgency in accordance with the provisions of Section 100(B) (4)(b) of the Local Government Act 1972 in order that the matter could be dealt with without delay.

84. Any Other Business - The delivery of the Substitute Prescribing Service for Opiate Dependent Patients Through Pharmacies in Hartlepool (*HealthWatch Hartlepool*)

The representatives from HealthWatch Hartlepool presented the report which outlined the findings from the recent examination of the provision of substitute prescribing service for opiate dependent patients through pharmacies in Hartlepool which was undertaken by HealthWatch and made recommendations regarding future service delivery. The contribution of all HealthWatch volunteers was acknowledged and welcomed.

It was highlighted that this had been a very complex area and a clear issue which had been identified was the stigma attached to receiving this treatment. The importance of ensuring all patients receive their treatment in a compassionate and with dignified manner. It was noted by the HealthWatch members that the managers of the pharmacies visited were impressed with the lengths pharmacy staff went to, to provide a difficult service in a very compassionate and dignified way.

One of the issues generated through this piece of work was the use of private consultation rooms within pharmacies for the provision of this service. Both mainstream patients and substance misuse patients associated a stigma with the use of the private room which highlighted that there were issues around patient choice and how the patient wished to receive their individual treatment. There were a number of issues that arose in relation to safety precautions for pharmacy staff and the measures in place to deal with such situations were inconsistent across different pharmacies.

A number of patients who receive regular treatment or support sessions completed questionnaires and the key findings from these questionnaires were outlined in the report. As a result of the recent examination of the

delivery of the substitute prescribing service for opiate dependent patients through pharmacies in Hartlepool, HealthWatch had formulated the following recommendations:

- (i) Overall, pharmacy managers and staff should be commended for the manner in which the substitute prescribing service was delivered with patient dignity and choice being central. Any future changes or developments with regard to service deliver should enhance and build upon these core principles.
- (ii) Consideration should be given to developing an introductory information pack for new patients in all pharmacies which would provide details of opening hours, expected standards of conduct and health, wellbeing and other general services available at the pharmacy.
- (iii) The delivery of the service at different pharmacy outlets should continue to take account of local factors such as size of the pharmacy, number of patients, internal layout etc but always have at its heart patient dignity and choice.
- (iv) Consideration should be given to arrangements regarding staff safety and in particular the absence of panic buttons in some private consultation rooms.
- (v) Consideration must be given to issues highlighted regarding the lack of out of hours services and arrangements put in place to ensure that prescribing arrangements were always in place for released prisoners who were on substitute prescribing programmes.
- (vi) In light of comments from both substance misuse patients and other pharmacy users regarding a perceived stigma relating to the use of private consultation rooms, attention should be given to developing ways of dispelling this myth and promoting the use of these facilities to enhance dignity in the treatment and care of all pharmacy users.
- (vii) The current payment arrangements for the delivery of the service by pharmacy outlets

In conclusion, the HealthWatch representatives confirmed that the main issues raised throughout this investigation had been the dignity and choice of patients and it was suggested that an information pack be developed for all new patients to inform them how the programme and pharmacy operated.

In response to a question from a Member, the representative from the Tees Valley Public Health Shared Service confirmed the arrangements for payments to pharmacies who implemented the delivery of the substitute prescribing service for opiate dependent patients.

A Member enquired what the procedure was for patients who wished to complain or comment on the service provided within pharmacies. The representative from Tees Valley Public Health Shared Service indicated that there was a standard NHS complaint procedure that all pharmacies followed along with the additional process as part of the new public health contract for clients to complain through the Council or HealthWatch.

The representative from the Clinical Commissioning Group (CCG) suggested

that it may be useful for the Board to have sight of information around national contracts as this may provide background knowledge to how different contracts operated.

The representatives from HealthWatch were thanked for all their hard work and commitment in undertaking this investigation and for producing such detailed and comprehensive findings.

Decision

That the recommendations and findings from HealthWatch's investigation into the delivery of Substitute Prescribing Service for Opiate Dependent Patients through Pharmacies in Hartlepool were noted.

Meeting concluded at 11.37 am

CHAIR

Finance & Policy Committee

15th September 2014



Report of: Chief Finance Officer

Subject: LOCAL COUNCIL TAX SUPPORT NEW BURDENS FUNDING

1. TYPE OF DECISION / APPLICABLE CATEGORY

1.1 Key decision – test (i) applies. Forward Plan Reference CE66/14.

2. PURPOSE OF REPORT

2.1 The purpose of the report is to recommend a strategy for using the Local Council Tax Support (LCTS) New Burdens funding allocation.

3. BACKGROUND

3.1 As part of the Government's New Burdens commitment to mitigate the administrative impact of LCTS arrangements, Councils were notified at the end of May 2014 that for 2014/15 they would be receiving grant funding to support expenditure associated with the administration and impacts of the LCTS scheme. Hartlepool has been allocated £105,701.

3.2 There is no indication at this stage that this New Burdens funding stream will continue in future financial years which makes financial and operational planning difficult. Current indications suggest this is one off funding. The uncertainty as to the sustainability of this funding has been considered in the recommended strategy for using this grant as set out in section 5.

3.3 This report has been prepared after overall consideration of the LCTS workload impacts and also the Council's financial position.

4. Workload impacts of LCTS scheme

4.1 The abolition of Council Tax Benefit on 31st March 2013 and the Introduction of Local Council Tax Support impacted on about 8,600 low income working age households in Hartlepool. As part of the national welfare reforms the Government reduced the level of national funding for LCTS schemes by 10% in 2013/14 (over 13% in Hartlepool). Members have sought to minimise the financial impacts on low income working age households associated with LCTS, by approving LCTS schemes involving cuts of 8.5% and 12% for 2013/14 and 2014/15 respectively (all other Tees Valley Councils have

implemented LCTS schemes involving cuts of 20% for both 2013/14 and 2014/15).

- 4.2 In Hartlepool, about 6,000 working age households that previously received 100% Council Tax Benefit were faced with receiving a Council Tax Bill in 2013/14. This represents an 18% increase in the numbers of households receiving a Council Tax Bill. In addition, 2,600 working age households that formerly received partial Council Tax Benefit, because of LCTS were faced with a higher Council Tax Bill.
- 4.3 Comprehensive and integrated plans were developed and implemented to increase awareness of the changes and for dealing with the associated customer contacts either face to face at the Civic Centre, or via correspondence / telephone calls directly into the Revenues / Council Tax and Benefits Back office teams. In general, the customer handling arrangements and the Council Tax recovery arrangements have worked well. Furthermore, in 2013/14 the Council collected 96.1% of the Council Tax due, second highest in the Tees Valley and slightly higher than the national Metropolitan and Unitary Council average of 96.05%.
- 4.4 Previous reports to Members have highlighted the risks to Council Tax collection rates associated with recovering Council Tax from LCTS impacted households against a background of other changes to their welfare benefits entitlements and the general economic position. These risks will grow over the medium to long term. It will become increasingly difficult to collect Council Tax from working age households affected by the LCTS owing to impacts on other Welfare Reform changes on this group and the administrative timetables associated with attachment to benefit arrangements.
- 4.5 In addition, earlier reports have set out that inadequate collection resource capacity may become a budget pressure in future years. Given the level of general fund savings that the Council has been required to deliver up to 2014/15, a budget pressure for additional resources in 2013/14, year 1 of the LCTS scheme for the Council Tax / Revenues Section was not put forward. It was determined that a close watching brief would be maintained on the actual workloads / performance standards which would inform analysis of future resource requirements.
- 4.6 Significant increases in the volumes of correspondence issued at a number of key recovery stages have occurred as shown in the following table comparing 2012/13 (the last year of Council Tax Benefit) with 2013/14 the first year of LCTS. This level of recovery workload activity is being sustained in 2014/15:

Council Tax Caseload and Recovery Correspondence Volumes

Caseloads / Recovery Correspondence	% increase 2013/14 over 2012/13	2013/14	2012/13	2011/12
Number of households receiving a Council Tax bill to pay	18	38,000	32,000	31,800
Number of households paying by Direct Debit	6	20,500	19,300	18,900
Reminders / Final Notices issued	70	26,400	15,600	16,400
Summonses issued	84	11,400	6,200	5,900
Post Court recovery letters issued	92	5,400	2,800	2,400
Payment arrangements made by Revenues Staff after summonses issued	48	3,100	2,100	2,000
Revenues staff work tasks linked to telephone calls	11	16,200	14,500	14,400
Attachment of Benefit Orders	253	4,600	1,300	1,300
Attachment of Earnings	40	1,400	1,000	800

4.7 The table highlights the increases in workload arising as a result of the implementation of LCTS. It is important to highlight the more intensive arrangements which are needed to recover Council Tax from the majority of households affected by LCTS. This position reflects the financial challenges low income households face managing their budgets. In addition to the production and postage costs associated with the recovery processes set out at section 4.6, reminders/ final notices, summonses and post recovery letters usually elicit correspondence or a telephone call to the Revenues Back Office or a visit to the Civic Centre. This work is resource intensive and requires an appropriate tailored approach to be adopted with individuals as shown at the table above with increases of 48% and 11% in telephone contacts to the Revenues back office associated with payment arrangements and work tasks

4.8 The Council operates efficient and effective Council Tax recovery processes which incorporate many automated routines within a modern IT database system. Furthermore, the Council endeavours to encourage LCTS cases to make payment by Direct Debit as this is the most efficient and effective way to secure payment of Council Tax. Progress has been made but only 14.5% of LCTS working age households pay their Council Tax by Direct debit,

compared to 67.5% of non LCTS cases who pay by Direct Debit, which underlines the challenges and increased workloads of recovering Council Tax from households affected by LCTS.

5. Options for deploying 2014/15 LCTS New Burdens allocation

- 5.1 Given the sustained volumes of enquiries/ workload within the Revenues Service, it is proposed that £50,000 (48%) of the one-off funding is allocated to provide additional recovery capacity over an 18 month period covering the remainder of 2014/15 and 2015/16 as follows:-

	£
Revenues Officer (18 month fixed term contract)	37,000
Revenues correspondence printing / mailing costs	3,000
Revenues Officers additional operational hours **	10,000
Total	50,000

** Current experienced / trained Revenues officers working less than 37 hours per week.

- 5.2 The above resources will help to manage the increase in Council Tax recovery workload levels experienced in 2013/14 which are continuing into 2014/15. This increased capacity will assist the Council in the short term to:
- Maintain high Council Tax Collection rates
 - Avoid the build up of significant workload back logs / un- actioned arrears accounts
 - Sustain satisfactory standards of customer service
 - Help households impacted by LCTS manage their debt.
 - Help households establish payment arrangements for LCTS, which will hopefully become sustainable.
- 5.3 The longer term position will need to be reviewed at a future date and will need to reflect any further funding announcements the Government may make.
- 5.4 The above proposals leave an uncommitted New Burdens grant balance of £55,000. As detailed in the 'Review of Reserves' report elsewhere on the

agenda it is recommended that this one off funding is allocated to retain a total 2015/16 budget for the Advice and Guidance service of £110,000, which can be funded from a combination of :

- Uncommitted New Burdens grant of £55,000; plus
- Contribution from Reserves Review/2014/15 Outturn £55,000

6. CONCLUSION

- 6.1 The operation of the LCTS scheme continues to have a significant administrative impact for the Council and a significant financial impact on low income working age households against a background of the cumulative impact of the national welfare reforms. There is no certainty as to future LCTS New Burdens funding, therefore the Council needs to determine a balanced application of the 2014/15 one off grant.
- 6.2 The proposals for using the one –off New Burdens Grant have been carefully considered to reflect the increased workloads arising from the LCTS scheme, the challenges of sustaining high in year Council Tax collection levels as a result of the LCTS impacts and the Council's overall financial position. The recommendations detailed in section 5.1. will commit 48% (£50,000) of the available grant. Therefore, approximately £55,000 is available for other priorities.
- 6.3 As detailed in the "Review of Reserves" report elsewhere on the agenda, it is recommended that £55,000 from this review is allocated to partially support the Advice and Guidance service. It is also recommended that the balance of the New Burdens grant is carried forward and allocated towards this initiative to retain a total 2015/16 budget for the Advice and Guidance service of £110,000.

7. RECOMENDATIONS

- 7.1 It is recommended by the Chief Executive and the Chief Finance Officer that Members:-
- i) Approve the allocation of £50,000 of the one-off New Burdens grant to provide additional temporary recovery capacity as set out in section 5.1.
 - ii) Approve the proposal to allocate the remaining £55,000 of the one-off New Burdens grant to partly fund the continuation of the Advice and Guidance service in 2015/16.
 - iii) To note that the Review of Reserves report recommends providing a further £55,000 towards the Advice and Guidance service in 2015/16.

8. REASONS FOR RECOMMENDATIONS

- 8.1 To allow Finance and Policy Committee to consider the advice of the Chief Executive and Chief Finance Officer on the application of LCTS New Burdens Funding.

9. BACKGROUND PAPERS

- 9.1 None.

10. CONTACT OFFICER

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FINANCE AND POLICY COMMITTEE

15th September 2014



Report of: Director of Regeneration and Neighbourhoods

Subject: DISPOSAL OF SURPLUS ASSETS -
REDEVELOPMENT OF LYNN STREET DEPOT SITE
AND CONSIDERATION OF ALTERNATIVE DEPOT
SITES

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Key Decision test (i) applies Forward Plan Reference No RN13/09.

2. PURPOSE OF REPORT

2.1 The purpose of this report is to seek Committee approval to the principle of relocating the Council's current Lynn Street Depot facilities. The report considers the benefits of relocation, and the alternative development opportunities that could be realised if the depot was relocated.

2.2 The report provides details of the Cleveland College of Art and Design(CCAD) plans to expand and develop their Church Square estate, further to the recent announcement that they have been awarded Local Growth Fund (LGF) monies of £8.5m. The report seeks committee approval to work together with CCAD to look at the feasibility of the College developing some of their new facilities on the depot site and the Council identifying an alternative location for the depot facility.

3. BACKGROUND

Aims and Objectives of Relocation

3.1 One of the aims of the Hartlepool Vision and the Hartlepool Regeneration Masterplan is to improve Church Street. The Street has the potential to be a strong asset to the town, building on the heritage value of the street and a number of listed buildings. The street is currently dominated by uses associated with the night time economy. This sector has suffered as part of the downturn in the economy resulting in high levels of empty shop units. Church Street has been subject to a number of grant schemes and

regeneration efforts over a number of years as a response to these issues which has helped to support the Street, but more sustainable solutions are needed.

- 3.2 The current location of the depot facilities and the uses associated with it are adding to the challenges of the Church Street area. Although the Lynn Street site provides daytime uses and activity, these uses are generally not in keeping with the surrounding area. The movement of vehicles including refuse collection, grounds maintenance, heavy goods vehicles and heavy plant create an industrial feel to the area. This use would be more suited to a centrally located industrial estate, elsewhere in the town. There is a need to provide a step change in order to alter the perception of the area to potential investors or people looking to acquire properties especially at the eastern end of Church Street. The removal of the depot is a key part of this change strategy.
- 3.3 Lack of footfall is stifling investment as there is no longer a reason for people to move along the street from the town centre, east. Without this draw there is little chance of developing a sustainable business environment or future for Church Street. Business operators and retailers rely on vibrant street scenes and footfall influences investment decisions.
- 3.4 To achieve increased levels of footfall and activity on the street alternative uses are required. Current retail provision is adequately accommodated in the existing town centre and edge of centre retail areas. Church Street needs to create its own identity.
- 3.5 If the depot site is made available then the scale of redevelopment achievable on the site would be sufficient to create a draw and influence demand. Alternate appropriate uses would include retail/leisure/residential – general needs housing and student halls of residence together with educational facility redevelopment. Businesses of this type would start to deliver significant regeneration benefits for Church Street and the surrounding area. The key benefits associated with a redeveloped depot site are:
- 1) the removal of a use that is currently having a negative impact on the perception of the Church Street/Lynn Street area.
 - 2). the introduction of potential new uses in the area on a significant scale could generate employment, business creation, footfall, vitality and demand.
- 3.6 The site is identified as a future development site within the Hartlepool Regeneration Masterplan. If the site was developed with appropriate uses that create interest then this would act as an ‘anchor’ for the eastern end of Church Street. Appropriate uses would increase footfall and interest supporting the diversification of demand for accommodation beyond the current, predominately night time economy. Developing a sustainable series of uses in Church Street is a key part of the Vision and new development

and investment on the Lynn Street Depot site could be one of the key drivers that will help to achieve this.

- 3.7 The Hartlepool Vision recognises that despite the reduced levels of investment and demand in the area the unique physical, and heritage assets of the Street collectively provide opportunities for the future revitalisation of the area. In addition there are key economic assets in the area including the student base and activity generated by both Cleveland College of Art and Design and Hartlepool College of Further Education. These are cornerstones of economic activity in Hartlepool especially in the area east of Stockton Street. The College's together help establish a critical mass of activity to enhance the town's offer and attract new trade and enterprise. The recent expansion of Hartlepool College of Further Education (FE) provided both major investment in the town centre and created an important gateway feature. The FE College currently attracts up to 8000 students and is a critical provider of vocational skill training in Hartlepool.
- 3.8 Similarly Cleveland College of Art and Design (CCAD) which is the only specialist art and design college in the North East currently accommodates up to 600 undergraduate degree students and has ambitious plans to expand further. The College aims to be a Higher Education Institution by 2017 with growth in students of 300 and then have 1500 undergraduates by 2025. The College's target by 2018/19 is to secure degree awarding powers with a view to becoming the 6th University in the North East region and the only specialist provider of HE in the creative industries in the region. The benefits and potential impacts of their ambition are significant and can play a key role in the delivery of the Hartlepool Vision in Church Street. This is a key part of the Church Street Regeneration Strategy which was reported to the regeneration Committee on the 31st July 2014.
- 3.9 The College currently estimates that approximately 90% of graduates are local to the Tees Valley and 60% of graduates become freelance, however the majority of these move onto other locations away from Hartlepool after graduating. Capturing and retaining this talent is fundamental to the long term success of the area.
- 3.10 An important part of CCAD's growth strategy is the opening of new residential accommodation for students on the site of the former Crown House Building, in Surtees Street. This is a major addition of facilities supporting the College's ambition to become its own awarding body by 2018 (University Status). The £2.2m development by Vela will provide accommodation for 56 students and introduce a resident vibrant population to the area. The success of the accommodation has meant that the College is looking to create additional space to meet the demand.
- 3.11 Church Street and its surroundings form a pivotal location between the retail core and the Marina providing the opportunity to 'tie together' some of the key features of the Central Area.

3.12 In total CCAD will invest £9.5m which consists of £8.5m from Local Growth Fund plus an additional £1m private sector monies, to redevelop their existing facilities. This investment provides an opportunity not only to develop a replacement facility at the top of Church St but also to redevelop part of the depot site with ambitions for further future expansion as the College/University grows. The benefits to the town/region are many including:

- The College will increase its supply of highly skilled graduates in to the digital and creative growth sector of the Tees Valley Economy;
- The College will continue to provide employable and enterprising graduates who have a full understanding of the markets they are entering - having worked alongside industrial partners;
- The College will continue to provide programmes and courses that are relevant and informed directly by industry through their pool of Visiting Fellows (members of course specific industrial liaison groups);
- They will continue to deliver a wide professional development offer that keeps graduates in the area and that offers modular up skilling to current employees of SMEs to enhance their potential for diversification, Gross Value Added (GVA) and employment growth; and
- Increasing its strong links with the local community - partnering with community based projects to develop community cohesion and inclusion, and offering a broad programme of accessible short courses.

3.13 The offer of LGF funding to support the expansion is going to be a major driver to improve the Church Street area. The £8.5m is notionally spread across 2 years, with £2.5m currently earmarked for 2015/16. The College's initial ambition was to deliver change by replacing their existing seventies building in Church Square. If the depot site was available however, then they may also be interested in further expansion on this site including teaching space and more student accommodation. This type of use on that site would fit with the Vision for Church Street and may become a key anchor development for the depot site. It would meet the aim of creating an alternative use in the street and support the aims of creating vibrancy and active daytime uses in the area. This in turn may generate demand for other uses in the area including retail, restaurants, cafes etc. The College would provide a 'Book End' development for Church Street, with students visitors and staff moving between buildings the length of Church Street, beginning to create additional footfall and daytime activity.

3.14 As a first step the College is preparing a feasibility study to consider the viability of their proposal and to develop some initial concept designs. As part of that work it is proposed that the option of development on the depot site is considered as part of that work.

3.15 Clearly given the College's requirement to begin this project by 2015/16 and achieve significant progress in that financial year the Council would need to

be a position to act quickly. To achieve this joint approach to project management between the two organisations would be beneficial at the feasibility stage.

- 3.16 From the Council's perspective the work required would include an assessment of alternative sites, a cost benefit analysis and preparation of a business plan together with a formal memorandum of understanding with CAAD to define the common objectives.
- 3.17 Any relocation proposals will need to be funded through a combination of prudential borrowing and savings made through the relocation of services to more efficient buildings and re-engineering service delivery.
- 3.18 There are a number of options that could be considered to re-provide the new depot facilities, this range of options is discussed below.

4. ALTERNATIVE DEPOT SITES

- 4.1 The current condition of some of the buildings on the depot site are poor. Ageing buildings with growing maintenance demands, and increasing running costs could be replaced by more efficient buildings enabling services to be delivered in a more cost effective way. A new rationalised depot facility in more modern facilities can offer a range of benefits in terms of cost savings in utilities and business rates.
- 4.2 A range of alternate sites will need to be considered if the Council is minded to assist the College and secure the investment to anchor the regeneration of Church Street. Consideration of a range of sites needs to be considered as part of the options appraisal. Initial discussions have already been held with Cleveland Fire Brigade and a Memorandum of Understanding has been signed to enable the viability of the joint development of facilities at Queens Meadow to be explored.
- 4.3 Additional work is also required to prepare a detailed business case to define the cost/benefit rationale, as detailed in section 6.
- 4.4 The wider economic impact of facilitating CCAD to expand and create wealth to the town both in relation to undergraduates residing during their degree courses and longer term through the retention of talent and the business and employment opportunities they create cannot be overlooked. This will have significant benefits not only for Church Street but the town and region.

5.0 RISK IMPLICATIONS

- 5.1 If Lynn Street Depot is not made available then this will impact significantly on the options for CCAD to deliver its investment plans in accordance with the timescale agreed with LGF. It will also impact on the delivery of the Masterplan objectives to regenerate Church St and the surrounding area.

- 5.2 Financially there is a risk to the Council that it will need to fund replacement premises either through capital or revenue expenditure.

6.0 FINANCIAL CONSIDERATIONS

- 6.1 There will be significant ongoing financial implications associated with the acquisition and development of new depot facilities. However it is necessary to consider the whole life costings of relocation to more modern premises and this will form part of the business case analysis.

- 6.2 There is currently no available funding to pay for the acquisition and development of new depot facilities. Therefore, the business case will need to identify funding sources and the following sources have initially been identified:

- i) **Church Street/Hartlepool capital allocation** – this amount is currently not committed to any specific schemes.
- ii) **Jackson's Landing Risk Reserve** – resources have previously been earmarked to manage the risk of this development being delayed beyond repayment date for the interest free 'Growing Places' loan. Hopefully, these resources will not be needed and can then be released, potentially to support this project if there are no other higher priorities.
- iii) **Increased capital receipts** – this will involve allocating any capital receipts achieved above the existing target. In view of the challenges in achieving the existing target it is not anticipated that this will provide any contribution towards this scheme.
- iv) **Contribution from 2014/15 outturn** – an initial assessment of the forecast outturn has previously been reported and this amount committed. It has also previously been recommended by the Corporate Management Team and the Chief Finance Officer that in the event of an increase in the outturn that any additional resources are allocated to support the 2017/18. This will help manage the impact of reducing one-off support for the budget which is funded up to 2016/17.
- v) **Prudential Borrowing** – the repayment costs of using Prudential borrowing will need to be financed. The current operating budget for the existing depot only covers basic running costs, with only a limited provision for repairs and maintenance. It is not anticipated there will be sufficient saving achieved to fund annual Prudential Borrowing repayment costs. Therefore, unless items (i) to (iv) provide a significant contribution towards the costs of this scheme the use of Prudential Borrowing will need to be funded as a budget pressure, which will increase the budget gap.

- vi) **Capital Receipts** – The potential disposal of the site to CCAD may generate a capital receipt however this depends on the extent of the findings of ongoing site investigations and the cost of demolition, however the capital receipt received will only cover part of the cost of relocation.
- vii) **Feasibility / Viability** – The costs of undertaking the viability / feasibility work to develop a business plan is being met from the Hartlepool Vision and Church Street Capital Projects Fund.

7.0 LEGAL CONSIDERATIONS

- 7.1 The Chief Solicitor will provide guidance in relation to the preparation of Memorandums of understanding setting out the objectives of CCAD and the Council together with advice in relation to the acquisition of alternative premises for a replacement depot and the mechanism for the disposal of the existing site to incorporate option arrangements for future CCAD expansion plans.

8.0 EQUALITY AND DIVERSITY CONSIDERATIONS

- 8.1 The provision of an expanded provision of educational opportunities in the town which is accessible to local people enables wider equality and diversity provision.

9.0 STAFF CONSIDERATIONS

- 9.1 Staff will be required to move to alternate premises as part of any proposal to relocate the depot and appropriate consultation will be undertaken as part of the process.

10.0 SECTION 17 OF THE CRIME AND DISORDER ACT 1998

- 10.1 The redevelopment of the depot site is likely to contribute positively to a reduction in low level crime and anti social behavior in the area.

11.0 ASSET MANAGEMENT CONSIDERATIONS

- 11.1 It is critical to ensure that the Council occupies premises that are fit for purpose and efficient but that it also uses its land holdings positively to facilitate economic development and regeneration to stimulate wealth and investment in the town.

12. RECOMMENDATIONS

- 12.1 The Finance and Policy Committee are requested to agree in principle, to the relocation of the Lynn Street depot site to support The Hartlepool Vision and the regeneration of the Church Street area, subject to;
- i) Authorise a review being undertaken to identify alternative sites suitable to accommodate a new Council depot facility.
 - ii) Authorise the development of a joint proposal with Cleveland College of Art & Design to prepare a masterplan for the depot site and undertake feasibility work to assess the viability of the Council relocating to alternative premises.
 - iii) Note that a detailed Business case for funding the relocation of the depot will need to be developed and it is anticipated this will result in a revenue budget pressures in 2016/17 (potential part year impact 2015/16).

13. REASONS FOR RECOMMENDATIONS

- 13.1 The award of substantial LGF monies represents a unique opportunity for the Council to support the development of Cleveland College of Art & Design to achieve its ambition to expand the student population substantially and achieve University status.
- 13.2 The Colleges objectives link closely with the Council's ambition to regenerate Church Street and the investment and proposals to develop new buildings and expand the student resident population link very closely with the regeneration and masterplan objectives to identify a new function for Church Street.
- 13.3 Retention of graduates and options to develop the Innovation and Skills Quarter provides an exciting opportunity to re-define the function of Church St within the town and change both the physical and cultural function of the area.

14. BACKGROUND PAPERS

- 14.1 None

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FINANCE AND POLICY COMMITTEE

15 September 2014



Report of: Corporate Management Team

Subject: MEDIUM TERM FINANCIAL STRATEGY - REVIEW OF RESERVES AS AT 31st March 2014

1. TYPE OF DECISION / APPLICABLE CATEGORY

1.1 Non Key

2. PURPOSE OF REPORT

2.1 To enable Members to consider:

- i) the detailed review undertaken by the Corporate Management Team of the existing financial reserves that are held to manage financial risks; and
- ii) the Corporate Management Team recommendations in relation to the areas where risks have reduced, enabling reserves to be released and re-allocated for other purposes, including continued support for the revenue budget beyond 2016/17 when existing one-off funding runs out.

3. BACKGROUND

3.1 The June 2014 Medium Term Financial Strategy (MTFS) report highlighted the increasingly challenging financial position facing the Council owing to the impact of:

- Continuing significant Government grant cuts in 2015/16 and future years. For 2015/16 the Council will need to make cuts of £5.626m and forecast cuts over the period 2016/17 to 2018/19 of between £15m and £18.6m;
- The impact of financial risks transferred to Local Authorities from April 2013 arising from the implementation of the Business Rates Retention system and the transfer of responsibility for the Local Council Tax Support Scheme;
- The impact of demand pressures – particularly in relation to Older People demographic pressures and increases in Looked After Children;
- Continued restriction of Council Tax increases.

3.2 Since the Government commenced cutting Local Authority core grants in 2011/12 the Council has adopted a strategic multi-year approach to managing the Council's overall financial position. This approach has included the strategy for holding reserves to manage specific financial risks, which is designed, as far as practical within a climate of sustained and increasing year on year grant cuts, to avoid the need for additional in-year budget cuts. The overall strategy recognises that under existing Government funding arrangements the Council needs to manage financial risks from its own resources as it will not be eligible for national 'emergency funding' from either:

- Capitalisation approvals for redundancy costs, which are only granted to fund the statutory cost of redundancy payments and not one off pension costs, which are paid when employees over 55 years are made redundant. In addition, capitalisation approvals have to be funded from capital receipts. The Council has previously committed to achieving capital receipts of £6m to fund existing commitments, including unavoidable Housing Market Renewal commitments following the Government withdrawal of capital funding to complete these schemes;
- Business Rate Safety Net threshold. Previous reports on the MTFS have highlighted this ongoing annual risk and the potential impact of the Power Station Business Rates. In financial terms from 2014/15 this is an annual risk of £1.9m (although the Government may increase this threshold) which the Council needs to manage from its own resources. Safety Net grant is only paid for shortfalls above this threshold.

3.3 As part of the June MTFS decisions Members approved the Corporate Management Team recommendation that any uncommitted resources achieved from the 2014/15 outturn and / or review of reserves should be allocated to address the following priorities to protect the Council's medium term financial position:

- To fund potential one-off protection costs arising from achieving permanent savings from the Terms and Conditions review, which would enable the full saving to be taken within the 2015/16 budget;
- To continue the use of one-off resources to support the budget and protect services beyond 2016/17 when the existing one-off funding of £1.648m will run out.

3.4 The quarter 1 Financial Management report considered on 18th August 2014 identified uncommitted resources of between £0.3m and £0.415m from the initial 2014/15 forecast outturn to partly fund the above commitments, as summarised overleaf:

Summary of Initial 2014/15 Forecast Outturn

	Worst Case	Best Case
	£'000	£'000
2014/15 Forecast Outturn	547	662
Less - Support for 2015/16 budget (Increased one-off deficit owing of £0.5m following clarification of Better Care Funding regime less one-off funding from uncommitted 2013/14 outturn).	(220)	(220)
	327	442
Less - Support for Free Swims 2014 (contingency provision pending receipt of Domes monies)	(27)	(27)
Forecast uncommitted resources	300	415

- 3.5 Members will recall from the annual budget report submitted to Council that 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 Council to record this position. This later provision is designed to recognise the statutory responsibilities of the CFO and in practice is not a situation the Corporate Management Team (CMT) would expect to arise for the Council. The requirements of the Act and professional advice from the CMT and CFO has successfully underpinned the Councils strategic multi-year approach to managing the financial challenges it faces and the strategy for holding reserves to manage financial risks.
- 3.6 The previous Review of Reserves report highlighted the findings of an Audit Commission report published early in 2013 on a national study they had undertaken on the level of reserves that Councils hold and the decisions Councils make relating to them. The report made the following statements:
- Reserves are an essential part of good financial management. They help Councils cope with unpredictable financial pressures and plan for their future spending commitments. The level, purpose and planned use of reserves are important factors for elected Members and Council Officers to consider in developing medium-term financial plans and setting annual budgets;
 - Having the right level of reserves is important. Where Councils hold very low reserves, there may be little resilience to financial shocks and sustained financial challenges. Where reserves are high, Councils may hold more than they need;
 - There is no set formula for deciding what level of reserves is appropriate, too low or too high – Councils are free to determine the reserves they hold. Chief Finance Officers have a duty to provide Elected Members with the advice they need to make good decisions;

- Further changes in Council funding took effect from April 2013, with the introduction of local Business Rates retention and new arrangements for providing Council Tax support. The impact of these changes, and the level of further funding reductions in 2015/16 and 2016/17, are not yet known, but many Councils expect their funding will reduce.

3.7 The Audit Commission identified a range of questions to help Members in their decision making on reserves, which includes a 'good-quality, annual review to ensure the purpose and level of reserves align with medium-term financial planning'. The report identified five key areas for Members to consider:

- i) How much is held in reserves;
- ii) What are reserves held for, including information provided to Members;
- iii) Does the Authority hold any contingency fund other than reserves to protect against unplanned costs;
- iv) The relationship between reserves and Council Tax;
- v) Unplanned movements on reserves.

3.8 In relation to items (i) and (ii) the next section of the report and the detailed Appendices provide an explanation of these issues. In relation to items (iii) to (v) these are covered below:

- Contingency funds other than reserves to protect against unplanned costs

The Council does not provide contingency funds within the overall revenue budget to protect against unplanned costs. The Council's approach is to base the revenue budget on the most accurate assessment available for demand led budgets and to then monitor progress against the budget throughout the year at a corporate level. This approach is designed to enable corrective action to be taken at a corporate level if this is necessary to fund unplanned costs.

This approach is underpinned by the strategic approach adopted by the Council for managing risk through the establishment of risk based reserves and the annual review of these risks and reserves.

- Relation between reserves and Council Tax

Council Tax has been frozen for the last four years (i.e. 2011/12 to 2014/15) and in February 2014 Members approved an indicative freeze for 2015/16. The level of Council Tax for 2015/16 will be considered at a future meeting to determine a final recommendation to be referred to Council.

The strategy adopted up to 2014/15 has enabled the Council to benefit from Council Tax freeze grants provided by the Government to limit the financial burden on individual households. At the time Members determined to freeze Council Tax it was recognised there continues to be a risk around the sustainability of the freeze grant. The Government has stated this funding will be protected within future Spending Review allocations, but it is still unclear how, or if, this will feed through at an individual Council level.

Decisions to freeze Council Tax have not been directly linked to the level of the Council's reserves. The budgets for the four years up to 2014/15 have included the use of reserves specifically earmarked to support the budget and partly mitigate the impact of Government grant cuts.

As detailed in the MTFS update report on 30th June 2013 a Budget Support Fund Reserve has previously been established from previous outturns to support the revenue budget over the 3 years commencing 2014/15.

- Unplanned movements on reserves

Detailed in-year financial management reports are submitted to Members to monitor progress in the planned use of Departmental reserves and to identify where these reserves may be carried forward to fund rephased expenditure commitments or financial risks.

These reports also provide details of forecast outturns for corporate and departmental budgets to enable Members to determine a strategy for using forecast managed budget under spends. For 2013/14 these reports concluded with a final outturn position reported in the June 2014 MTFS report. For 2014/15 this process commenced on 18th August 2014 and regular updates will be provided during the year.

There is one area where forecast outturns are more difficult to predict and that relates to funding allocations received towards the year end from outside bodies, particularly NHS bodies, to fund expenditure commitments in the following year. These resources are allocated to fund specific commitments, but at the year end show as contributions to reserves in the Council's annual accounts.

4. DETAILED REVIEW OF RESERVES HELD AT 31st MARCH 2014

- 4.1 As reported in previous years the starting point for the reserves review is the Statement of Accounts which details the total reserves held by the Council at the end of the financial year. For this review the relevant Statement of Accounts shows the position at 31st March 2014 and at that date the Council held total reserves of £54.750m
- 4.2 As detailed in previous reviews the total reserves held by the Council include reserves held in trust by the Council (mainly consisting of school balances) and other specific one-off commitments which are certain to be incurred. This latter category includes earmarked funding for the capital programme, ring fenced capital grants and the budget support fund allocated to support the 2014/15 to 2016/17 budgets. When account is taken of these commitments the net value of the Council's reserves which Members need to review is £34.338m, as detailed overleaf:

Table 1 – Value of Council Reserves

Balance at 31 March 2013 £'000		Balance at 31 March 2014 £'000
52,142	Total Reserves (per 2013/14 Statement of Accounts)	54,750
	Less Reserves Held in Trust and Earmarked Reserves:	
8,201	School Balances	7,042
4,190	Earmarked Capital Reserves	4,443
3,273	Strategic Ring fenced Grants	4,677
2,051	Budget Support Fund - 2014/15 to 2016/17	3,732
499	Civic Lottery Reserve & Museum Acquisitions	518
18,214	Total Reserves Held in Trust and Earmarked Reserves	20,412
33,928	Value of Council's Revenue Reserves	34,338

- 4.3 Details of the reserves of £34.338m are provided in Appendices A to F and in summary relate to the following areas:

	Appendix	Value of Reserves at 31.03.14 £'000
Corporate Reserves	A	28,756
Child and Adult Services	B	2,786
Education Services	C	1,022
Regeneration and Neighbourhoods	D	977
Public Health	E	500
Chief Executive's Department	F	297
Total		34,338

- 4.4 The appendices provide a detailed analysis of:
- Balance as at 31st March 2014;
 - The planned use of reserves over the period 2014/15 to 2017/18. For some Corporate Reserves no planned usage is shown as these items relate to reserves held to manage demand led risks where the timing is uncertain, for example the Business Rate risk reserves held to manage reductions in the Power Station Business Rates;
 - Estimated Balance at 31st March 2018. For some Corporate Reserves this includes reserves held to manage specific risks where the timing cannot be predicted, as detailed in the previous bullet point;
 - Value of Reserve to be released;
 - Reason for release of Reserve. This column identifies those areas where the risk the reserve was originally earmarked to manage has reduced and the reserve can be released.

- 4.5 The following paragraphs provide details of the key issues impacting on the level of reserves and the linkages to the MTFS and other strategies, such as the funding strategy for managing the Local Council Tax Support scheme.

4.6 Corporate Reserves

- 4.7 The total value of these reserves is £28.756m as detailed in Appendix A and includes 8 key reserves which account for £23.913m (83%) of this total as detailed in the following paragraphs.

- Redundancies and Early Retirement Costs Reserve - £7.132m

In previous years the MTFS report has advised Members that the Council will face significant one-off redundancy and early retirement costs (for those employees aged 55 years and older) as a result of the need to make significant budget cuts. These costs are likely to increase year on year as other non staffing cuts become more difficult to achieve. To avoid having to make even higher budget cuts to fund these one-off costs the Council has earmarked one-off resources to fund these costs and thereby protect front line services as far as possible in the current financial climate.

In terms of estimating these costs two factors have been taken into account.

Firstly, the proportion of the overall budget spent on pay budgets, which is around 56%. On this basis it is a reasonable planning assumption that 56% of the total savings required over the period 2016/17 to 2018/19 of £15m (best case forecast) will come from pay budgets, which equates to approximately £8.4m.

Secondly, an estimate is made of redundancy and early retirement cost arising from reducing staffing budgets and the number of employees. This assessment is more difficult as the costs are dependent on an individual employees pay, age and length of service with the Council. To assess these variables it is appropriate to use experience of redundancy and early retirement costs over the last 5 years and how these compare to the ongoing savings in pay budget which have been achieved.

As detailed in the table below the average cost of redundancy and early retirement costs as a percentage of the ongoing savings in pay budgets is 79%. This equates to an average pay back period of approximately 9.5 months, which is well within the Council's maximum pay back for individual post decisions of 3.05 years.

	Pay Savings	Redundancy and Early Retirement costs	Redundancy and Early Retirement costs as percentage of pay savings
	£'000	£'000	
2010/11 to 2014/15	11,021	8,722	79%

On the basis of the above factors estimated redundancy and early retirement cost relating to the General Fund Budget for the three years 2016/17 to 2018/19 are £6.6m. In addition, there will also be redundancy and early retirement cost arising from the 2015/16 proposed savings. Based on an initial assessment of the 2015/16 proposed savings, including the impact of managing vacant posts and the revised arrangements for considering requests for voluntary redundancy, or retirement an assessment of the one-off redundancy/early retirement costs for this year has been made. This position will change as the year progresses, although for planning purposes a figure of £0.75m is currently forecast. Therefore, the current forecast of redundancy and early retirement costs for the next 4 years is £7.35m.

There is a risk the actual redundancy and early retirement costs over the next four years will be higher than this estimate owing to a combination of factors:

- (i) a higher proportion than 56% of the overall savings over the period of the MTFS coming from pay budgets;
- (ii) the average cost of redundancy and early retirement costs as a percentage of the ongoing savings in pay budgets increases above 79% (i.e. payback period of 9.5 months) This risk reflects the ageing profile of the Council work force and early retirement costs which arise from making employees above 55 year old redundant;
- (iii) the 'worst' case savings requirement identified in the June 2014 MTFS for the period 2016/17 to 2018/19 of £18.6m needing to be implemented.

In practise the Council is likely to be affected to some extent by each of the above risks over the next four years. Therefore it is difficult to assess the additional one-off costs which will arise from these risks. However, it would only take a relatively small change in a combination of these factors to increase forecast redundancy and early retirement costs above the initial estimate detailed in the previous paragraph. The forecast redundancy/early retirement costs associated with the 'worst' case deficit are £8.2m (based on the existing planning assumptions (i) and (ii) detailed above not deteriorating.

Experience over the 5 years up to 2014/15 demonstrates the significant one-off costs incurred in achieving permanent payroll reductions. In view of this experience, and the unavoidable need to make further payroll reductions as part of the strategy for managing continuing Government grant cuts, the Corporate Management Team recommend that the existing redundancies and early retirement cost reserve of £7.132m should be retained.

The commitments to be funded from this reserve will need to be reviewed on an annual basis as it may be necessary to set aside further funding for redundancy and early retirement costs over the period of the MTFS. This funding will either need to be identified from future one-off funding, for example managed budget underspend in 2015/16 and future years. If this is not possible it may require even higher budget cuts to be implemented than already forecast in the MTFS.

- General Fund Reserve - £5.153m

The balance at 31st March 2014 includes Public Health Funding (£0.62m) allocated within the February 2014 MTFS to manage potential risk of a reduction in Public Health funding in 2016/17, the final uncommitted outturn for the 2013/14 General Fund (£0.280m) and House Sale income received from Housing Hartlepool (£0.215m). Proposals for using the uncommitted 2013/14 General Fund outturn and the House Sale income were approved by Council on 3rd July.

When account is taken of these commitments the net uncommitted General Fund Reserve is £4.038m. This amount equates to approximately 4% of net General Fund budget, which is within the previously recommended range of 3% to 5%. In view of the increased financial risks facing the Council it is recommended that the level of the uncommitted General Fund reserve is appropriate and should be retained.

- Insurance Fund - £4.023m

This reserve is held to fund the cost of all insurance payments outside of policy excess levels. An annual assessment of forecast liabilities is undertaken with support from the Council's external Loss Adjustors. The Loss Adjustors are insurance experts who support the Council manage and settle insurance claims and therefore have wide ranging experience of the insurance market. A large proportion of insurance claims against the Council relate to complex cases where there is a significant time delay between the receipt of a claim and the claim being settled (either an insurance payment made, or liability declined). Therefore, the annual assessment of forecast liabilities involves an assessment of outstanding claims to identify the probability the claim will be successful. An assessment of the forecast insurance settlement is then made based on the nature of claims and experience of insurance settlements for similar claims in the insurance market.

The assessment of the fund also includes an assessment of potential claims not yet notified to ensure these issues do not result in an unbudgeted revenue costs. The assessment undertaken to determine the Insurance Funds value at 31st March 2014 and the previous valuation at the 31st March 2013 recommended a reserve of £4m, which is broadly the level of the existing fund.

The reserve is also used to manage changes in insurance premium costs arising from changes/volatility in the insurance market and thereby avoid additional budget pressures. For example, the Combined Liability Policy, which provides insurance for public liability, employee liability, libel and slander, official's indemnity, professional indemnity and land charges, was renewed earlier in the year. This Policy provides insurance for claims of up to £35m. The previous renewal had provided a significant premium saving. However, since that time the insurance market has changed and the recent tendering process resulted in a significant premium increases. To partly

mitigate this increase the policy excess has been increased from £0.1m to £0.25m and this increased risk will be borne by the Insurance Fund. Whilst, this action has reduced the insurance premium for the next two years there is still an increase against the previous arrangement. Therefore, the additional premium cost will be funded from the Insurance Fund to avoid an additional budget pressure of £80,000 per year for the next two years.

- Local Council Tax Support Reserve - £2.057m

This is earmarked to partly mitigate the impact of the Government cut in funding for Local Council Tax Support (LCTS) schemes. Detailed proposal for using this reserve were considered by Finance and Policy Committee on 21st July 2014, which commits £1.75m of this reserve over the period 2014/15 to 2016/17.

These resources underpin the proposed strategy of limiting the 2015/16 LCTS scheme reduction to 12% and the 2016/17 reduction to 20%. Without the availability of these one-off resources the LCTS cut of 20% would have had to be implemented in 2013/14, which is when the other Tees Valley Councils implemented this level of cut.

As report in July the remaining £307k is held as a contingency to manage LCTS demand led risks.

- Strategic Risk Reserve - £2.028m

As reported in previous years Equal Pay issues continue to evolve and some risks are resolved, whilst new risks emerge as Court cases are settled in relation other Councils, or organisations, which set national precedents. Equal pay issues have two potential financial impacts. Firstly, a one-off impact from the back dating of the Equal Pay change. Secondly, an ongoing impact from apply the Equal Pay change on a permanent basis. The reserve is primarily allocated to fund backed dated cost, although it may be necessary to use the reserve to fund ongoing costs where these arise part way through a financial year in order to provide a longer lead time to identify a permanent funding solution.

Equal Pay risks are reviewed on a six monthly basis by the Corporate Management Team and the most recent review has identified a number of risks which have reduced or no longer exist. Therefore, a reduction in this reserve of £1m is recommended. This area will continue to be reviewed on a regular basis to ensure the existing reserve protects the Council against these unbudgeted Equal Pay costs, although this cannot be guaranteed as this area continues to evolve.

- Business Rates Risk Reserve - £1.9m

This reserve is earmarked to manage in-year shortfalls in Business Rates. The value of this reserve is set at the 'annual safety net' level for Hartlepool in 2014/15 as the Council is required to manage annual shortfalls up to this

level from its own resources. The availability of this reserve will hopefully avoid the need to make in-year budget cuts if there is a reduction in the Business Rates paid by the Power Station, or other significant rate payers.

- Treasury Management Reserve - £0.870m

This reserve was created as part of the 2013/14 MTFS to manage interest rate risk over period of the MTFS and to ensure that if interest rates increase sooner and / or to a higher level than anticipated there will not be an overspend following the permanent reduction in the interest costs budget of £1m. The budget proposals for 2015/16 include an additional permanent saving of £0.27m in interest cost. Achieving this additional savings will need careful management, particularly in light of recent announcements by the Governor of the Bank of England in relation to interest rates. A detailed Treasury Management strategy will be prepared to manage this position in 2015/16 within the reduced base budget and the available Treasury Management Reserve. This report will be considered by the Audit and Governance Committee and this Committee.

- Business Rates Equalisation Reserve - £0.75m

As detailed in the final outturn report this reserve is allocated to cover the 2013/14 Collection Fund deficit of £0.25m. In accordance with existing regulations this deficit needs to be repaid in 2015/16. The remainder of this reserve is to cover the impact of forecast successful rateable value appeals which will also need to be paid in 2015/16.

4.8 Child and Adult Services Reserves

- 4.9 The total value of these reserves is £2.786m as detailed in Appendix B. Three reserves account for £2.368 (85%) of this total as follows:

- Children's Social Care and Early Intervention reserve £1.0m – which is committed to support costs of remodelling existing service provision;
- Looked After Children reserve £0.947m - allocated to meet increase pressure of Looked after Children;
- Demographic Pressures in Adult Social Care reserve £0.421m – allocated to meet increased cost pressures.

4.10 Education Services Reserves

- 4.11 The total value of these reserves is £1.022m as detailed in Appendix C, which consists of the following two reserves:

- School Improvement Reserve £0.805m – allocated to enhance and develop school improvement;
- Academy Risk Reserve £0.217 – allocated to ensure sustainability of the services over the period of the MTFS.

4.12 Regeneration and Neighbourhoods

4.13 The total value of these reserves is £0.977m as detailed in Appendix D. Five reserves account for £0.710m (73%) of this total as follows:

- Social Housing New Build Reserve £0.293m – ring fenced to fund future repair costs in accordance with the approved business cases for these projects;
- Selective Licensing Reserve £0.109m – committed to deliver this scheme over 5 years and the final amount will be fully used in 2014/15;
- Seaton Community Centre Management Reserve £0.108m – this reserves was created from previous years surpluses generated by the Community Centre and is committed as part of the Seaton Master plan.
- Engineering consultancy reserve £0.1m – earmarked to manage trading account income volatility;
- Fleet Reserve £0.1m – ring fence to fund future repairs and maintenance cost;

4.14 Public Health

4.15 The value of this reserve is £0.5m as detailed in Appendix E. This is ring-fenced funding and can only be spent on Public Health initiatives. The reserve is held to manage the potential risk of a significant reduction in Public Health funding in future years if the Government introduce the Pace of Change reforms. As the timing is uncertain the phasing is an initial assessment and will be reviewed on an annual basis.

4.16 Chief Executives Department

4.17 The total value of these reserves is £0.297m and there are fourteen reserves which range in value from £2,000 to £74,000. Full details are provided in Appendix F, including identifying the reserves which are no longer needed, which total £59,000.

4.18 Outcome of Reserves Review

4.19 As indicated earlier in the report and within the June MTFS report the multi-year approach to managing budgets and reserves has formed a key element of the Council's financial strategy.

4.20 The approach adopted by the Council has previously identified one off resources to:

- support the revenue budget up to 2016/17;
- to support lower reductions in LCTS support than would have otherwise been required;
- to earmark reserves to address the significant Business Rates risks (i.e. the outcome of appeals and potential reductions in the rates paid by the Power Station) and

- to fund one-off commitments including redundancy/early retirement costs and demand pressures in relation to Looked after Children and Older People services.
- 4.21 Against this background a further review of reserves has been completed to:
- Confirm those reserves which need to be retained to fund known expenditure commitments;
 - Confirm those reserves which need to be retained to fund financial risks and avoid the need for emergency in year budget cuts when these risks occur; and
 - Identify those reserves where the initial risk has reduced and the reserve (or part of the reserve) is longer needed and can therefore be released.
- 4.22 As a result of this detailed review it is recommended by the Corporate Management Team that reserves of £1.870m can be released as summarised below. Appendices A to F provide details of the reserves which can be released and the reasons these amounts are no longer required.

Summary of Reserves which can be released

	Value of Reserves at 31.03.14 £'000	Value of reserves which can be released £'000
Corporate Reserves	28,756	1,777
Child and Adult Services	2,786	0
Education Services	1,022	0
Regeneration and Neighbourhoods	977	34
Public Health	500	0
Chief Executive's Department	297	59
Total	34,338	1,870

5. Strategy for using uncommitted reserves and 2014/15 forecast outturn

- 5.1 Based on the review of reserves and the initial assessment of the forecast 2014/15 outturn the level of uncommitted one-off resources is between £2.170m and £2.285m:

	Worst Case - Forecast one-off resources £'000	Best Case - Forecast one-off resources £'000
2014/15 net forecast outturn (details para 3.3)	300	415
Reserve Review	1,870	1,870
Total Forecast Uncommitted Resources	2,170	2,285

- 5.2 As agreed previously a significant element of the uncommitted one-off resources will need to be allocated to fund the following issues:

- To fund potential one-off protection costs arising from achieving permanent savings from the Terms and Conditions review, which would enable the full saving to be taken within the 2015/16 budget;
- To continue the use of one-off resources to support the budget and protect services beyond 2016/17 when the existing one-off funding of £1.648m will run out.

5.3 In addition, Members may wish to allocate some of these one-off resources to address concerns identified by individual Policy Committees regarding a small number of the proposed 2015/16 savings. The Corporate Management Team would advise Members that this proposal would mean these resources were not available for other purposes. In addition, this proposal would increase the budget deficit in either 2016/17 or 2017/18 depending on the phased use of one-off resources which would need to be replaced by permanent savings at some stage. However, the Corporate Management Team recognises that in a limited number of cases Members may wish to provide a longer led time to achieve permanent savings. These issues cover the following proposed savings:

Items to be funded for a one year period

- Continuation of Advice and Guidance services of £0.11m. As recommended in the 'Local Council Tax Support and New Burdens Funding' report elsewhere on the agenda an amount of £55,000 can be allocated towards this cost from the 2014/15 new burdens grant. On the basis of Members approving this recommend a further £55,000 will need to be funded from the 2014/15 outturn/reserves review.

Items to be funded for a two year period

- School Crossing Patrol saving of £0.12m;
- Lifeguards savings £75,000 (maintains current service level)

5.4 On the basis of Members wishing to fund the above issues the available funding would provide the following resources to fund protection costs and continue support for the revenue budget in 2017/18:

Proposed use of one-off funding

	Worst Case - Forecast one-off resources £'000	Best Case - Forecast one-off resources £'000
Advice and Guidance	55	55
School Crossing Patrol and Lifeguards	390	390
Protection costs Terms & Conditions Review #	750	750
Support 2017/18 (i.e. partial sustainability of £1.648m used to support 2016/17 budget)	975	1,090
	2,170	2,285

This is an initial assessment based on the detailed work completed to date. If the actual cost varies from this estimate it is recommended that any increase/decrease is funded by a corresponding increase/decrease in the resources allocated to support the 2017/18 budget.

- 5.5 At this stage no provision has been made for Ward Members budgets in 2015/16. It is suggested that this issue is addressed as part of the update of the forecast outturn for the current year. Based on work recently completed it is anticipated there will be an increase in the forecast outturn which can be allocated to support a Ward Member budgets of £3,000 per Member. This proposal would provide a longer lead time to consider this issue in the context of the financial position of the Council in 2016/17 and to determine if there is an alternative permanent funding source for continuing this initiative in 2016/17.

6. CONCLUSION

- 6.1 The June 2014 MTFS report detailed the significant financial challenges facing the Council which will require budget cuts of **£5.6m** to be achieved for 2015/16. Government grant cuts will continue after the General Election and it is anticipated that further cuts of between **£15m** and **£18.6m** will need to be made over the period 2016/17 to 2018/19.
- 6.2 Previous reports have highlighted the significant financial benefits of adopting a multi-year approach to managing the Council's overall resources, including the strategic use of reserves. This approach has enabled the Council to deliver the following key objectives:
- Limit Local Council Tax Support Scheme cuts to 8.5% in 2013/14, 12% in 2014/15 and planned 12% for 2015/16. The other Tees Valley Council's all implement 20% reductions in 2013/14;
 - Partially mitigate the impact of Government Grant cuts on the General Fund budget by using the Budget Support fund. In 2015/16 and 2016/17 this will provide support of £1.6m per year. To put this figure into context it is the same amount of Council Tax which the Council would generate from an additional 1,100 Band D properties;
 - To fund significant one-off redundancy and early retirement costs from one-off resources, therefore avoiding even higher budget cuts to fund these unavoidable costs.
- 6.3 Sustaining this approach will be increasingly difficult over the period of the MTFS owing to the impact of continuing Government grant cuts. However, there are significant benefits of continuing this approach. Therefore, to assist this process this report informs Members that the forecast 2014/15 outturn and the review of reserves will provide one-off resources of between **£2.170m** and **£2.285m**.
- 6.4 The availability of these additional one-off resources will provide additional financial support towards managing the significant financial challenges facing the Council. As detailed in the recent MTFS report the Corporate Management Team and the Chief Finance Officer recommend that the majority of these resources should be allocated to fund one-off protection costs of achieving the

permanent Terms and Conditions savings and to continue to support the budget beyond 2016/17.

- 6.5 The latter issue is particularly important to the sustainability of services as the 2016/17 budget is based on using £1.648m of existing one-off resources. Therefore, the ability to sustain this level of support in 2017/18, or to phase this reduction over two financial years (2017/18 and 2018/19) will reduce the budget cuts which need to be made in individual years. Hopefully, as these one-off resources are used up the Council will be able to replace these resources (or partially replace) from increased Council Tax income from growth in the tax base.
- 6.6 It is recognised that there are small number of the 2015/16 savings proposals (i.e. Schools Crossing Patrol, Lifeguards and Advice and Guidance) which Members may wish to phase over a number of years and therefore, will need to be funded from the available one-off resources. This proposal does not provide a permanent funding solution and simply defers cuts to a future year. In addition, these proposals will increase the total level of one off resources allocated to support the 2015/16 budget to £2.4m. If this funding was not available the Council would have faced making additional 2015/16 cuts to this value, which would have increased the cuts required by approximately 45% (i.e. from £5.6m to £8m) and involved even more difficult decisions.
- 6.7 Therefore, to address the issues detailed in the previous paragraphs the Corporate Management Team and the Chief Finance Officer recommend the allocation of the one-off funding as detailed in paragraph 5.4. It is also recommended that if the resources allocated for Terms and Conditions Protection costs are not all needed that any uncommitted resources are allocated towards supporting the budget beyond 2016/17 when the existing Budget Support Fund runs out.

7. RECOMMENDATIONS

- 7.1 It is recommended that Members note the report and approve the following recommendations which will be included in the final budget proposals to be considered by Finance & Policy Committee on 24th November 2014 and Council on the 11th December 2014:
- i) Approve the recommendation of the Corporate Management Team and Chief Finance Officer that following an assessment of risk the reserves review has identified £1.870m which can be released;
 - ii) Approve the recommendation of the Corporate Management Team and Chief Finance Officer to allocate the one-off resources identified from the reserves review and the initial forecast 2014/15 outturn to fund the commitments detailed in paragraph 5.4. To note that this recommendation reflects the decision made by the this Committee on 30th June 2014 regarding the use of these resources;
 - iii) Approve the recommendation of the Corporate Management Team and Chief Finance Officer that in the event of an increase/decrease in the forecast

Terms and Condition Protection costs that this is funded by a corresponding increase/decrease in the resources allocated to support the 2017/18 budget;

- iv) Approve the proposal to continue Ward Member budgets in 2015/16 at £3,000 per Member and to fund this amount from the forecast additional 2014/15 outturn. To note this proposal will provide a longer lead time to consider options regarding the sustainability of this initiative beyond 2015/16, including the Council's overall financial position.

8. REASON FOR RECOMMENDATIONS

To enable a strategy for using the one-off benefits from the reserves review and 2014/15 forecast outturn to be developed as part of the MTFS, with the objective of continuing to protect the medium term financial position of the Council.

9. BACKGROUND PAPERS

Medium Term Financial Strategy 2014/15 to 2016/17 report to Finance and Policy Committee 30th June 2014.

10. CONTACT OFFICER

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CORPORATE RESERVES

Cost Centre	Reserve	Balance as at 31st March 2014	Planned Use of Reserve						Reason for/purpose of the Reserve	Total Value of Reserve to be Released	Value of Reserve to be Retained to fund commitments 2014/15 to 2017/18	Reason for Release of Reserve
			2014/15	2015/16	2016/17	2017/18	Total Planned Use of Reserves	Estimated Balance at 31/03/18				
		£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	
25959	Redundancies and Early Retirements Reserve	7,132	(750)	(3,200)	(1,800)	(1,382)	(7,132)	0	This reserve has been created to fund the estimated costs of redundancy /early retirement over the period of the MTFS and reflects experience of these costs over the last 4 financial years. Phasing is indicative based on the forecast budget deficits and will be reviewed annually.	0	7,132	
25999	General Fund	5,153	(215)	(280)	(620)	0	(1,115)	4,038	This balance includes funding allocated by Council on 3rd July 2014 for the Social Housing scheme (£0.215m) which it is anticipated will be used in 2014/15 and Budget Support Fund 2015/16 (£0.28m). The balance also includes Public Health Funding (£0.62m) allocated within the February 2014 MTFS to manage potential risk of a reduction in Public Health funding in 2016/17 When account is taken of these commitments the net uncommitted General Fund reserve is £4.038m.	0	5,153	
25804	Insurance Fund	4,023	0	0	0	0	0	4,023	The Insurance Fund has been established to provide for all payments that fall within the policy excess claims. Most policies provided by the Council are subject to an excess. Phasing is not provided as the timing and settlement of individual claims is uncertain.	0	4,023	
25290	Local Council Tax Support Scheme Reserve	2,057	(10)	(1,236)	(504)	0	(1,750)	307	This reserve will be used to support the Local Council Tax Support scheme as detailed in the report to the Finance and Policy Committee on 21st July 2014. The report recommended retaining £0.307 of this reserve as uncommitted to manage potential LCTS demand risks to avoid an unbudgeted General Fund budget pressure.	0	2,057	
25972	Strategic Risk Reserve	2,028	0	0	0	0	0	2,028	The risk reserve was set up to cover one-off equal pay costs and reflected the risk assessment at the time. Phasing for the use of this reserve is not provided as the timing on the use of this reserve will be driven by external events.	1,000	1,028	These risks are reviewed on a 6 monthly basis by the Corporate Management Team and the most recent review has identified a number of risks which have reduced or no longer exist. Therefore, a reduction in this reserve can be made. This area will continue to be reviewed on a regular basis.
25297	Business Rates Risk Reserve	1,900	0	0	0	0	0	1,900	This reserve has been established to address the ongoing annual financial from Business Rates being localised in April 2013 and the implementation of the 'safety net' arrangements. Under these arrangements the council will only receive 'safety net' grants for shortfalls above £1.9m. This is a significant risk to the Council owing to the potential loss of Business rates income from unplanned shutdowns at the Power Station. Phasing for the use of this reserve is not provided as the timing on the use of this reserve will be driven by external events.	0	1,900	
New Code	Treasury Management Risk Reserve	870	0	0	0	0	0	870	This reserve was created as part of the 2013/14 MTFS to manage the risk of interest rates increasing sooner and / or to a higher level than anticipated. The reserve is designed to ensure that the occurrence of these events does not result in an in year budget pressure against the reduced 2014/15 base budget and proposed additional savings for 2015/16. Phasing of the use of this reserve is not provided as the timing on the use of this reserve will be driven by external events.	0	870	
25326	Business Rates Equalisation Reserve	750	0	(750)	0	0	(750)	0	This reserve was created to fund Business Rates Risks. £0.250m covers the unbudgeted 2013/14 Business Rates Collection Fund deficit. £0.500m will cover the forecast reduction in Business Rates retained by the Council as a result of forecast successful appeals. Both liabilities are anticipated to arise in 2015/16 owing to the accounting requirements in relation to the Collection Fund and the timing of appeal outcomes.	0	750	
25321	Capital Risk Strategy	501	0	0	0	0	0	501	This reserve is earmarked to manage potential phasing risks in relation to the Jackson's Landing Development.	0	501	
25298	Income Risk Reserve	500	(250)	(250)	0	0	(500)	0	This reserve was created to fund potential income shortfalls in 2014/15 and 2015/16 in relation to the Shopping Centre and Land Charges.	0	500	
25959	Council Capital Fund Reserve	496	(496)	0	0	0	(496)	0	This reserve relates to the 2013/14 Council Capital Fund which was funded from one-off resources, rather than Prudential Borrowing. This reserve is earmarked to fund commitments arising over more than one year which have not yet been implemented. A number of these projects are currently being reviewed and if this releases uncommitted resources a separate report will be prepared for Members consideration.	0	496	
	Regeneration Projects	400	0	0	0	0	0	400	This reserve was created from one-off funding to support Regeneration Priorities. Phasing of this reserve will be linked to the Hartlepool Vision and the approval of individual projects.	0	400	
25292	Support 12/13 Loss of Council Tax Freeze Grant	379	(379)	0	0	0	(379)	0	This reserve was created to mitigate the loss of the 2012/13 Council Tax Freeze Grant in 2014/15.	0	379	
25294	Academies Reserve	363	0	(363)	0	0	(363)	0	This reserve has been established to manage the impact of schools becoming academies in 2013/14 and future years. As part of the approved 2014/15 MTFS it is planned to use the balance of this reserve in 2014/15.	0	363	

25865	Pension Actuarial Reserve	312	0	0	0	0	0	312	This reserve was created to manage the impact of the actual employers pension contributions being less than anticipated owing to the implementation of budget cuts and the Council having to make a one-off contribution to the Pension Fund.	312	0	The Actuarial Valuation was completed as at 31/03/14 and has set the Council contributions for the 3 years commencing 2014/15, reflecting the revised Pension arrangements from 1st April 2014 and the value of Pension Fund assets. As a result of these changes an ongoing saving in Pension contributions was built into the 2014/15 base budget and this reserve is no longer required.
25875	Emergency Planning	261	0	0	0	0	0	261	Reserve held on behalf of 4 authorities for Emergency Planning and only a proportion contributed by Hartlepool. This reserve is held to enable Emergency Planning to manage the budget over more than one financial year and avoid in-year additional financial demands on the 4 authorities.	0	261	
25853	Local Plan Reserve	250	(125)	(125)	0	0	(250)	0	This reserve will cover estimated costs over the period 2014/15 to 2015/16.	0	250	
25992	Development Control /Building Control Income Shortfall	204	(204)	0	0	0	(204)	0	This reserve was created to cover income shortfalls owing to the weakness in the economy.	0	204	Fully committed in 2014/15.
25293	ICT Contract	200	0	0	0	0	0	200	This Reserve is to cover the estimated one costs of implementing the new ICT contract, which provides significant ongoing revenue savings, which have been built into the base budget from 2014/15.	100	100	Officers are continuing to review the need for this reserve and the most recent assessment indicates the whole of this reserve will not be needed. Therefore, part of this reserve can now be released.
25291	Members Ward Issues	186	(186)	0	0	0	(186)	0	Used to fund ward issues for Members	0	186	Fully committed.
25288	Supporting Family Poverty	149	0	(149)	0	0	(149)	0	This Reserve was created to support Family Poverty Initiatives in the town. Members agreed to allocated this funding to support the Local Council Tax Support Scheme in 2015/16.	0	149	
25316	Carbon Reduction	137	0	0	0	0	0	137	The Carbon Reduction Commitment was a mandatory scheme aimed at improving energy efficiency and cutting emissions in large public and private sector organisations. This reserve was set aside to fund the payment of Carbon Allowances in 2013/14 and 2014/15	137	0	Reserve no longer required following national changes to this regime which have removed liabilities previously anticipated based on the original national scheme.
25953	Business Transformation Set Up Costs	135	0	0	0	0	0	135	Funds set aside for Implementation costs of Business Transformation Programme and reallocated to fund potential one-off costs associated with the 3 borough collaboration project and the achievement of ongoing savings.	135	0	Owing to the scale and speed of the Government grant cuts individual authorities had to concentrated achieving their own budget reductions. Therefore, this reserve is no longer needed.
25286 &252	Salary Sacrifice	62	0	0	0	0	0	62	This reserve was created to capture NI and Pension Savings generated by the Salary Sacrifice for Cars scheme to fund potential future pensions liabilities, pending the outcome of the Pension Fund Valuation and the determination of Employers Pension contributions for the three years commencing 2014/15.	62	0	The Actuarial Valuation was completed as at 31/03/14 and has set the Council contributions for the 3 years commencing 2014/15, reflecting the revised Pension arrangements from 1st April 2014 and the value of Pension Fund assets. As a result of these changes there is no requirement to make pension contributions in relation to Salary Sacrifice schemes.
25323	WW1 Commemoration Reserve	60	0	0	0	0	0	60	This reserve was created to fund costs in relation to this event and will be only be used if sponsorship for this event cannot be achieved. At this stage it is prudent to show this reserve as committed. As soon as sponsorship is certain this reserve can be released.	0	60	
25984	Funding for Modern Apprentices	50	0	(25)	(25)	0	(50)	0	This reserve was originally allocated to train staff on the redeployment register. The Finance and Policy Committee and Council determined to reallocate this reserve to provide funding for Modern Apprentices. The phasing reflects the use of the temporary Chief Executive Pensions saving in 2014/15 to fund apprenticeship costs and the use of this reserve in 2015/16 ad 2016/17.	0	50	
25325	Living Wage Reserve	49	(49)	0	0	0	(49)	0	This reserve was created to partly fund the cost of introducing the Hartlepool Living Wage in 2014/15.	0	49	
25990	Concessionary Fare	38	(38)	0	0	0	(38)	0	This reserve covers the tri-annual cost of replacing concessionary fares passes.	0	38	
25295	Vodafone	37	(37)	0	0	0	(37)	0	This reserve was created from previous savings and held to pump prime further initiatives which will provide additional ongoing savings in relation to telephony costs.	18	19	Part of reserve to be allocated to replace existing equipment, which will provide and ongoing saving from 2015/16 of £19,000 (not yet reflected in MTFS as business case has only been completed recently. Residual balance of £18,000 can be released.
25322	Environmental Apprenticeships Scheme	34	(34)	0	0	0	(34)	0	This reserve was created at 2013/14 outturn to fund this imitative in 2014/15	0	34	
25289	Works in Default Empty Homes	19	(19)	0	0	0	(19)	0	This reserve was created to fund works in Default Empty Homes. Phasing of the use of this reserve is not provided as the timing on the use of this reserve will be driven by external events.	0	19	
	Public Relations Reserve	10	(10)	0	0	0	(10)	0	This reserve was created for Corporate Communications.	10	0	Reserve no longer required as costs funded from base budget.
25962	NDC Fund	8	(8)	0	0	0	(8)	0	Reserve established from NDC under spend and will be transferred to the NDC Trust.	0	8	
25319	Public Enquiry	3	0	0	0	0	0	3	Reserve allocated to fund estimated Public Enquiry costs.	3	0	The actual costs were lower than forecast, therefore the residual amount is no longer needed.

	Total Departmental Reserve	28,756	(2,810)	(6,378)	(2,949)	(1,382)	(13,519)	15,237	
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1,777	26,979
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		Planned Use of Reserve - £000										
Cost Head	Reserve	Balance as at 31st March 2014	2014/15	2015/16	2016/17	2017/18	Total Planned Use of Reserves	Estimated Balance at 31/03/18	Reason for/purpose of the Reserve	Value of Reserve to be Released	Value of Reserve to be Retained to fund commitments 2014/15 to 2017/18	Reason for Release of Reserve
		£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	
25986	Children's Social Care & Early Intervention (previously known as Early Intervention Grant Reserve)	1,000	(167)	(320)	(300)	(213)	(1,000)	0	To support remodelling of early help and social care and potential costs arising from TUPE in event universal youth provision is commissioned from independent sector. As the timing of these commitments is uncertain the phasing is an initial assessment and will be reviewed on an annual basis.	0	1,000	
25960	Children & Families - Looked After Children (includes former Care Matters, Think Family, Child Poverty Local Duties and C&F Donations Reserves)	947	(340)	(400)	(207)	0	(947)	0	This reserve is held to fund pressures of increasing demand and costs within Looked After Children. As the timing of these commitments is uncertain the phasing is an initial assessment and will be reviewed on an annual basis.	0	947	
25327	Demographic Pressures in Adult Social Care - SRR (previously Older People Reserve)	421	0	(140)	(140)	(141)	(421)	0	This reserve is held to fund increasing demographic pressures within Adult Social Care. As the timing of these commitments is uncertain the phasing is an initial assessment and will be reviewed on an annual basis.	0	421	
25857	Youth Offending	227	0	(50)	(50)	(127)	(227)	0	Created from planned underspends in previous years to fund Youth Offending Service initiatives. Discussions are currently on-going with the Partnership Board to determine how these reserves will be used over future years to support the service.	0	227	
25327	Social Inclusion & Lifestyles Contract Extension	125	(125)	0	0	0	(125)	0	Created in 13/14 to fund the additional six months of contract extensions within Low Level Support Services.	0	125	
25856	Children & Families - Local Safeguarding Board (Partnership Funding)	44	0	0	(22)	(22)	(44)	0	This is Partnership Funding with other bodies so not all HBC funding; relates to underspends carried forward to support the work of the Board and any serious case reviews over the next few years. As the timing of these commitments is uncertain, the phasing is an initial assessment and will be reviewed on an annual basis.	0	44	
25327	Community Pool 14/15 Contribution	22	(22)	0	0	0	(22)	0	Finance and Policy Committee (24th April 2014) approved a one off contribution from the Child and Adult Social care outturn to support additional VCS organisations with core costs in 2014/15.	0	22	
	TOTAL CHILD & ADULT (EXC EDUCATION)	2,786	(654)	(910)	(719)	(503)	(2,786)	0		0	2,786	

EDUCATION SERVICES RESERVES

Cost Centre	Reserve	Balance as at 31st March 2014	Planned Use of Reserve - £000						Reason for/purpose of the Reserve	Total Value of Reserve to be Released	Value of Reserve to be Retained to fund commitments 2014/15 to 2017/18	Reason for Release of Reserve
			2014/15	2015/16	2016/17	2017/18	Total Planned Use of Reserves	Estimated Balance at 31/03/18				
		£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	
25997	School Improvement	805	(167)	(563)	(75)	0	(805)	0	Reserve created to enhance and develop school improvement within Hartlepool. The Education Improvement Strategy was approved at Children Services Committee 8th July. The timing of commitments is uncertain and the phasing is based on initial assessment.	0	805	
25997	Academy Risk Reserve	217	(10)	(50)	(80)	(77)	(217)	0	Reserve created to ensure sustainability of services in future years as schools convert to Academy. Retained funding to manage the on going delivery of Education Services to Schools. The timing of the use of this reserve is uncertain and the phasing is based on the initial assessment of need.	0	217	
	TOTAL CHILD EDUCATION SERVICES	1,022	(177)	(613)	(155)	(77)	(1,022)	0		0	1,022	

Cost Centre	Reserve	Balance as at 31st March 2014	Planned Use of Reserve - £000						Reason for/purpose of the Reserve	Total Value of Reserve to be Released	Value of Reserve to be Retained to fund commitments 2014/15 to 2017/18	Reason for Release of Reserve
			2014/15	2015/16	2016/17	2017/18	Total Planned Use of Reserves	Estimated Balance at 31/03/18				
		£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	
25988	Social Housing New Build	293	0	0	0	0	0	293	Ring-fenced reserve created from rental income which represents a contribution to the Major Repairs Fund. This funding is set aside to fund repairs over the lifetime of the housing stock. Phasing not provided as major repairs will commence after 2017/18 in line with the approved Business case.	0	293	
25954	Selective Licensing	109	(109)	0	0	0	(109)	0	Income generated from fees required to fund staffing costs of the scheme over a five year period.	0	109	
25942	Seaton CC 'Management'	108	0	(108)	0	0	(108)	0	Balance carried forward from previous years and represents surpluses generated by the Community Centre over years. This funding is managed by the overseeing board. Committed as part of the Seaton Master Plan.	0	108	
25994	Engineering Consultancy Reserve	100	0	(100)	0	0	(100)	0	Reserve created to manage Trading Activities over more than one year. This is earmarked to manage potential income shortfalls to provide funding for staff costs and allow time to react to changes in this market. The reserve also covers potential bad debts in this area. Phasing for the use of the reserve is an initial assessment and will vary depending upon the impact of external events.	0	100	
25994	Fleet Reserve	100	(40)	(20)	(40)	0	(100)	0	Reserve needed to fund future repairs and maintenance costs over the whole life of the fleet so that annual charges to clients can remain static over the lifetime of the vehicle. The use of vehicles is currently under review and this work is contributing to the savings programme for the department. The risk on maintenance still exists and this reserve is therefore still required.	0	100	
25981	Winter Maintenance	50	(50)	0	0	0	(50)	0	Funding to cover additional costs incurred during a bad Winter. Ongoing revenue budget is sufficient to cover normal weather conditions and this reserve provides a contingency for additional works which may be required.	0	50	
25994	Passenger Transport Reserve	45	(45)	0	0	0	(45)	0	Reserve created to manage the risk of income shortfalls in future years in a developing trading area of private hire. Risk remains on income budgets and new contracts are in place in this area therefore this reserve is still required.	0	45	
25994	Plant Replacement Reserve	40	(40)	0	0	0	(40)	0	Reserve created to fund the costs associated with Plant Equipment over more than one year e.g. repairs and maintenance or replacement costs.	0	40	
25850	Community Grants Pool	34	(34)	0	0	0	(34)	0	Reserve created year on year from the underspend on the Community Grants Pool budget as this expenditure is 'ring-fenced' by Members for contributing towards the community.	0	34	
25981	Bikeability	25	0	(25)	0	0	(25)	0	Contribution received to fund projects which are underway and is committed to match fund the LSTF funding awarded for 2015/16..	0	25	
25941	Archaeology Projects (incl Monograph Series)	23	(23)	0	0	0	(23)	0	Reserve to be used for specific archaeology projects over more than one year and ensure the completion of projects which are not covered by the annual revenue budget.	0	23	
25982	Health & Safety Training	20	0	0	0	0	0	20	Legislative requirements for operational staff to be trained to Health & Safety Executive set standards.	20	0	Reserve no longer needed as Department will fund from annual revenue budget.
25981	Speed Cameras	16	(16)	0	0	0	(16)	0	Relates to the funding ring-fenced for the Tees Valley Camera Partnership and future use is determined by the Partnership Board	0	16	
25982	Right to Challenge	9	0	0	0	0	0	9	Funding allocated late in 2012/13 to fund the costs associated with the additional legislative requirements.	9	0	Reserve has been offered up as no challenges received to date and any costs will be met from the revenue budget.
25982	Right to Bid	5	0	0	0	0	0	5	Funding allocated late in 2012/13 to fund the costs associated with the additional legislative requirements.	5	0	Reserve has been offered up as no challenges received to date and any costs will be met from the revenue budget.
	TOTAL REGENERATION & NEIGHBOURHOODS	977	(357)	(253)	(40)	0	(650)	327		34	943	

Cost Head	Reserve	Balance as at 31st March 2014	Planned Use of Reserve - £000						Reason for/purpose of the Reserve	Value of Reserve to be Released	Value of Reserve to be Retained to fund commitments 2014/15 to 2017/18	Reason for Release of Reserve
			2014/15	2015/16	2016/17	2017/18	Total Planned Use of Reserves	Estimated Balance at 31/03/18				
		£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	
25844	Public Health Grant Reserve	500	0	(500)	0	0	(500)	0	This is ring-fenced funding and can only be spent on Public Health initiatives. The reserve is held to manage the potential risk of a significant reduction in Public Health funding in future years if the government introduce the Pace of Change reforms. As the timing is uncertain the phasing is an initial assessment and will be reviewed on an annual basis.	0	500	
	TOTAL PUBLIC HEALTH	500	0	(500)	0	0	(500)	0		0	500	

CHIEF EXECUTIVE DEPARTMENT RESERVES

Appendix F

Cost Centre	Reserve	Balance as at 31st March 2014	Planned Use of Reserve - £000						Reason for/purpose of the Reserve	Total Value of Reserve to be Released	Value of Reserve to be Retained to fund commitments 2014/15 to 2017/18	Reason for Release of Reserve
			2014/15	2015/16	2016/17	2017/18	Total Planned Use of Reserves	Estimated Balance at 31/03/18				
		£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	
25943	Corporate Strategy - ICT System Development	74	(37)	(37)	0	0	(74)	0	Created to fund temporary development resources for enhancements of current ICT and, Website/system upgrades. This reserve to be spent equally over 14 / 15 and 15 / 16 and will be utilised (based on there being no corporate budgets to support such changes) to fund transition costs in realtion to technology and mobile working, support the development/delivery of the Digital First strategy and any costs attributable to keeping the authority compliant in respect of PSN compliance.	0	74	
25948	Finance - IT Investment	39	(20)	(19)	0	0	(39)	0	Created to fund a number of IT projects and will be used to support MyView and Resourcelink across 2014-15 and 2015-16.	0	39	
25949	Legal	36	(36)	0	0	0	(36)	0	Legal Reserve to fund temporary staffing arrangements in 2014-15.	0	36	
25948	IT Investment Shared Services	30	(30)	0	0	0	(30)	0	Shared Services Reserve for Project Development Work in 2014-15.	0	30	
25943	Corporate Strategy - Performance Management	29	(6)	(6)	(6)	0	(18)	11	To support related costs for performance management e.g. covalent charges over a 3 year period.	11	18	Part of reserve no longer needed as costs funded from revenue budget.
25946	People Framework Development	18	(18)	0	0	0	(18)	0	There is no budget set aside for any costs in relation to the implementation of the previously agreed Workforce Strategy. In order to not have to draw on departmental resources for any costs this will be utilised to fund any identified and agreed costs.	0	18	
25944	Contact Centre	15	0	0	0	0	0	15	Identified for staff training to ensure that they meet the revised essential criteria for posts.	15	0	No longer needed as costs funded from revenue budget.
25945	Registrars	15	(15)	0	0	0	(15)	0	To be used for redecoration of marriage room and replacement software for certificate production/online certificate requests and contribution to corporate booking system	0	15	
25943	Corporate Strategy - Working from Home Surplus	13	0	0	0	0	0	13	Created to manage the costs of home working key fobs between financial years	13	0	No longer needed as costs funded from revenue budget.
25943	Hartlepool Partnership	10	0	0	0	0	0	10	To support the Household Survey costs due in 2013/14.	10	0	No longer needed as costs funded from revenue budget.
25943	Corporate Strategy - Corporate Consultation	8	0	0	0	0	0	8	To support the viewpoint panel, online survey system costs .	8	0	No longer needed as costs funded from revenue budget.
25945	Registrars Marriage Room	6	(6)	0	0	0	(6)	0	This reserve has been committed already in year in terms of the developments identified.	0	6	
25949	Reserve for Civic Responsibilities	2	(2)	0	0	0	(2)	0	This reserve has already been committed in year.	0	2	
25944	Contact Centre	2	0	0	0	0	0	2	Reserve for Public Access to ICT in the Customer Service Centre.	2	0	No longer needed as costs funded from revenue budget.
	TOTAL Chief Exec.	297	(170)	(62)	(6)	0	(238)	59		59	238	

FINANCE AND POLICY COMMITTEE

15 September 2014



Report of: Corporate Management Team

Subject: MEDIUM TERM FINANCIAL STRATEGY (MTFS)
2015/16 SAVINGS PROPOSAL - BUDGET
CONSULTATIONS

1. TYPE OF DECISION/APPLICABLE CATEGORY

Non key decision

2. PURPOSE OF REPORT

- 2.1 To feedback the views / comments received from each of the individual Policy Committees in relation to the 2015/16 savings proposals.

3. BACKGROUND AND OVERVIEW OF COUNCILS FINANCIAL POSITION

- 3.1 Detailed budget reports were submitted to the Finance and Policy Committee on 30 June 2014 and 21 July 2014 to enable Members to begin to develop detailed budget proposals for 2015/16.
- 3.2 The report considered by the Finance and Policy Committee on 30 June 2014 advised Members that for 2015/16 the Council faces a net deficit of £5.626m. This is after reflecting forecast corporate savings and the planned use of reserves, which reduce the need for service cuts in 2015/16. Initial savings proposals of £5.536m had been identified, leaving a residual budget deficit of £90,000 as summarised below:

	£'000
Gross forecast deficit	8,372
Less - Contribution from Budget Support Fund	(1,626)
Less - Contribution from 2013/14 and 2014/15 outturns in relation to Better Care Fund	(500)
Less - Forecast Corporate Savings	(620)
Sub Total	5,626
Less - Initial Departmental savings proposals	(5,536)
Residual budget deficit	90

- 3.3 The budget position in **2016/17** and future years will become even more difficult and increasingly the cuts which will be required to balance the budget will have a much more visible impact. The forecasts will need to be updated after the General Election and the new Government has determined their spending priorities. Owing to uncertainty of a number of budget assumptions, including future grant cuts, a range of forecast budget deficits have been determined to underline the scale of the future budget cuts which will be needed, which range between **£15m** and **£18.6m**, which equates between **17%** and **21%** of the 2015/16 budget:

Summary of Forecast budget deficits 2016/17 to 2018/19

	Best case £'000	Worst case £'000
2016/17	7,600	8,663
2017/18	4,462	6,018
2018/19	2,986	3,890
	15,048	18,571

- 3.4 In summary the June MTFS report provided an update on the latest position in relation to:

- Background and Government Spending Plans 2014/15 Onwards;
- One-off resources available to manage risks and / or support Council priorities;
- General Fund Revenue Budget 2014/15 to 2016/17;
- Strategy for bridging 2014/15 budget deficit;
- Council Tax 2014/15 to 2016/17;
- Impact of 2014/15 budget proposals on 2015/16 and 2016/17 forecast deficits;
- Review of Reserves;
- Reductions in other grant funding;
- Strategy for managing capital risks; and
- Conclusion and recommendations.

- 3.5 At this meeting, attention was also drawn to the drawbacks of the 'traditional budget timescale' in terms of its impact on the implementation of the full year savings from 1st April and the prolonged period of uncertainty for staff affected by compulsory redundancies. It was agreed that these issues could be addressed by splitting the budget decisions into two components, as detailed below:

- Budget Decisions – this would require Finance and Policy Committee and full Council to approve all the detailed measures underpinning the 2015/16 budget on the basis of the provisional 2015/16 Grant Settlement issued in January 2014 before the Christmas 2014 holidays commence. These measures would include approving the detailed 2015/16 savings proposals, the indicative 2015/16 Council Tax level, the 2015/16 Local Council Tax Support Scheme, the 2015/16 Capital Programme and

confirming the amount of reserves to be used to support the 2015/16 budget.

- Council Tax Decisions - Statutory Calculations - these cannot be completed until the final 2015/16 Local Government Finance Settlement is issued and the Police and Fire precepts have been set. Therefore, this technical report would still be submitted to Finance and Policy Committee and the full Council in late January/early February 2015.

3.6 A revised budget timetable for 2015/16, as outlined below was subsequently approved by the Committee, including the referral of Departmental savings proposals to individual Policy Committees for detailed consideration.

Description of Activity	Timetable
Budget Decisions	
Update of MTFS	Finance and Policy Committee - 30.06.14
Development of the 2015/16 Local Council Tax Support scheme	Finance and Policy Committee - 21.07.14 2014
Consideration of detailed Departmental savings reports by individual Policy Committees (special meeting for each Committee)	July to August 2014
Review Reserves held at 31.03.14	Finance and Policy Committee – 13.10.14 (Brought forward to the 15 September meeting)
Consideration of feedback from individual Policy Committees on budget proposals and update of MTFS and update on proposed 2015/16 Local Council Tax Support scheme.	Finance and Policy Committee – 13.10.14 (Brought forward to the 15 September meeting)
Finalise 2015/16 budget proposals to be referred to Council and proposed 2015/16 Local Council Tax Support scheme	Finance and Policy Committee – 24.11.14
Consider Finance and Policy Committees' 2015/16 budget proposals and proposed 2015/16 Local Council Tax Support scheme.	Council – 11.12.14
Council Tax Decisions – Statutory Calculations	
Finalise Council Tax proposals to be referred to full Council	Finance and Policy Committee – 26.01.15
Consider and approve Council Tax statutory calculations for HBC	Council – 05.02.15
Approve Council Tax statutory calculations including precepts set by Police and Fire.	Council – 26.02.15

4. POLICY COMMITTEES INITIAL RESPONSE TO THE MEDIUM TERM FINANCIAL STRATEGY (MTFS) PROPOSALS FOR 2014/2015 SPECIFIC ISSUES TO BE CONSIDERED BY THIS COMMITTEE

- 4.1 In accordance with the agreed process, details of proposed savings for 2015/16 were presented to the Policy Committees in July / August / September 2014. In considering the proposals relevant to each respective service area, the views / comments made by the Policy Committees are outlined below:-

FINANCE AND POLICY COMMITTEE (21 JULY 2014)

- 4.2 The Finance and Policy Committee acknowledged the difficult financial position facing the Council in 2015/16 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 2015/16:

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

THE CHIEF EXECUTIVES DEPARTMENT

- 4.3 The Committee reluctantly supported the £515,000 of savings identified. It was noted that the savings figure exceeded the £395,000 initial savings target and that this reflected the approach taken by the Corporate Management Team to enable the protection of front line services.
- 4.4 During the course of discussions, the following comments were made.

Assistant Chief Executive's Division

- 4.5 Changes to Operational and Management Arrangements – The Committee noted that limited options now exist for the removal of vacant posts, however, Members welcomed indications that 70%+ of the £220,000 savings required are to be delivered through either voluntary redundancies/fixed term posts, limiting the potential for compulsory redundancies. It was, however, acknowledged that proposed changes to divisional structures and operational practices, required to achieve the saving target, would result in the re-allocation of tasks and in some cases the cessation of activities.

Chief Finance Officer's Division

- 4.6 Changes to Operational and Management Arrangements – The Committee noted that the Finance Division's £180,000 savings target was to be achieved through changes to operational and management arrangements (£165,000) and income generation (£15,000). The Committee noted the proposals and welcomed current indications that the required savings can be achieved through a combination of voluntary redundancies and the removal of vacant posts.

Chief Solicitor's Division

- 4.7 Changes to Operational and Management Arrangements – The Committee was advised that whilst in previous year's savings targets had been met by the removal of vacant posts, this would not be the case for 2015/16 savings. Members noted that, proposals to meet the 2015/16 target of £63,000 currently consist of an early retirement / voluntary redundancy application and the alteration of working arrangements for two members of the division. Remaining savings will need to be found through the potential further reconfiguration of services and/or increased income generation or grant assistance and the exploration of other viable options.
- 4.8 Following consideration of savings proposals in relation to each division of the Chief Executives Department, Members requested that finalised savings proposals submitted to the Finance and Policy Committee on the 24 November 2014 include details of:
- The operational impact of job losses (including updated assessment of savings to be achieved by deleting vacant posts and voluntary redundancy/retirement applications; and
 - Functional Organisational structures, to assist Members in accessing and directing residents to services (functional structures that show where services will be provided from April 2015).
- 4.9 Members recognised the need to identify savings and reiterated concerns regarding the potential impact of increased workloads on remaining staff. Reassurances were given that staff welfare is a priority for Managers, with regular sickness monitoring reports to be presented to the Finance and Policy Committee. The Committee recognised that whilst every effort had been made in previous years to minimise the impact of savings through the reconfiguration of services, consideration must now be given to the cessation of services to meet savings targets.

REGENERATION AND NEIGHBOURHOODS DEPARTMENT

- 4.10 Members noted that the overall 2015/16 savings target for the Regeneration and Neighbourhoods Department is £2.250m, with an additional saving of £170,000 required to offset Departmental budget pressures. Further detailed information explored savings proposals in relation to a number of specific Regeneration and Neighbourhoods Department service areas which fall within the remit of the Finance and Policy Committee.
- 4.11 The Committee noted proposals made in relation and express concern regarding proposals in relation to the Community Pool:-

Community Pool (£220.000) - Proposal to cease funding to the Community Pool.

Property Management (£265.000) - Proposal to increase the income budget and transfer resources onto more fee earning projects together with the disposal of assets as they became vacant.

Support Services (£115.000) - Proposal to reduce demand for administrative and support services following a review structures and service provision across the reconfigured department.

Community Safety (£50.000) - Proposal to consider alternative service delivery options regarding CCTV, including procurement, monitoring and maintenance arrangements.

- 4.12 Members recognised the need to identify savings, and noted that whilst a proportion of the savings could be met through voluntary redundancies, a number of other staff changes would be needed, including the potential for compulsory redundancies.
- 4.13 Considerable concern was expressed regarding proposals in relation to the continued provision of advice and guidance serves. The Chair suggested that in view of Members' comments regarding the cut in LCTS support earlier on the agenda, options be explored to maintain the provision of advice and guidance services. The Director of Regeneration and Neighbourhoods indicated that further information on this would be included in the report to be submitted for consideration in October 2014.
- 4.14 The Director of Regeneration and Neighbourhoods informed Members that further consideration of the reconfiguration of services within the Department will be considered at the Neighbourhood Services Committee on 19 August 2014 and Members' comments will be fed into that meeting.

REGENERATION SERVICES COMMITTEE (24 JULY 2014)

Regeneration Division

- 4.15 The Committee recognised that it was difficult to make any decisions on savings at this early stage as there was still a major review of reserves to be undertaken.
- 4.16 Comments made on the proposed savings programme are outlined over the page:-

Culture and Information4.17 Libraries

- 4.18 The Committee was of the view that the public does not want to see any further branch library closures therefore the Council would need to look at the smarter use of its community based facilities as service access hubs. It was confirmed that this would be included as part of the wide ranging review of the service. It was agreed by the Committee that the review of the library service should not include the option to close any of the current branch libraries. The co-location of services including public health within libraries should form part of the review of the delivery of services within the division.

4.19 Community Centres

- 4.20 Members agreed that the capital receipt from the disposal of the Throston Grange Community Centre be utilised to support the remaining Community Centres during 2015/16.

Divisional Management Structure

- 4.21 Members acknowledged that should this proposed saving not come forward, then an equivalent saving would have to be found from within the service area. As Members had indicated their wish not to close any branch libraries, the potential savings from within that service area, may unfortunately fall to staff costs.

Planning

- 4.22 The Committee supported the proposal to consider, at the earliest opportunity, a new specific planning policy allowing the wider community use of contributions from developers linked to the Community Infrastructure levy and Section 106 agreements. Members agreed that further work was needed and the advice of the Local Government Association should be obtained as it was known that other authorities had found a means of allowing the wider use of these monies.

PUBLIC HEALTH DEPARTMENTSport and Recreation

- 4.23 The Committee was of the view that increased income generation and usage of the Borough Hall had to be at the heart of the review of this service. Utilisation of the building as a community hub with, potentially, a facility similar to Inspirations should be considered. The development of the Borough Hall as a community hub must be advanced through the promotion of greater usage and development of the facilities there. However, Members believed that some remedial works to the building were required in order to increase its usage. An update report on Borough Hall will be presented to Regeneration Committee on 18th September to ensure this is progressed.

NEIGHBOURHOOD SERVICES COMMITTEE (19 August 2014)

- 4.24 Members agreed to the suggested savings proposals, with exception of the following:-

School Crossing Patrol Service

- 4.25 The Committee did not support the proposal to reduce this service. Members were of the view that if there was a favourable Outturn along with the Review of Reserves that this service should be retained by utilising the Outturn and the Reserves.

Beach Lifeguard Service

- 4.26 The Committee did not support the proposal to cease the operation of the Beach Lifeguard Service. Members were of the view that if there was a favourable Outturn along with the Review of Reserves that this service should be retained, in its current format and level, by utilising the Outturn and the Reserves.

- 4.27 The Committee agreed to the below savings but made the following comments:-

Parks and Countryside

- 4.28 Members were reassured that the reduction in staffing would not affect the running of the service, as the service will work alongside other Council Departments.

Green Waste Collection

- 4.29 The Committee was of the view that the winter period should run from November to the end of February, rather than to the end of March.

- 4.30 Concern was raised about future options regarding the green waste collection. Members acknowledged that proposals to provide a subscribed service were discounted this year but may have to be considered in future years.

Cemeteries and Crematorium

- 4.31 Members questioned whether consideration had been given to the new crematorium proposed for the East Durham area in relation to the risk factors and impact that this could have on the Council. It was acknowledged that the new crematorium should not impact on this service but any loss of revenue should be monitored. It was agreed by the Committee that further information in the form of a spreadsheet would be circulated to Members. Following circulation of this information, if Members still had concerns about this saving then this would be raised by the Chair at the meeting of the Finance and Policy Committee in September.

CHILDREN'S SERVICES COMMITTEE (12 August 2014)**Integration of Early Help and Intervention Services across social care, education and public health 0-19**

- 4.32 Members expressed significant concerns at the proposal to outsource the core youth provision to the voluntary and community sector and requested that further detailed information, including alternative proposals, be submitted to the Committee for consideration before the final savings proposals were submitted to the Finance and Policy Committee.
- 4.33 In addition to this, the following points were raised:
- The value of the current youth service provision was highlighted including recognition from Ofsted as being one of the best performing youth services in the region;
 - The Local Authority had significantly higher recorded outcomes and was more cost effective than the community and voluntary sector provision;
 - Clarification was sought on the differences between the delivery of youth services provided by the local authority and the voluntary and community sector;
 - It was confirmed that there were no current plans to close any Council run youth centre's; and
 - Consultation was still underway with young people via the Children's Strategic Partnership and it was confirmed that the results from the consultation would be reported to a future meeting of the Committee
- 4.34 The Committee was left in no doubt that there was a great need for a youth service provision in Hartlepool. It was noted that there would be some difficult decisions to be made as there had to be £1m removed from the Early Intervention Services within the current framework and that the savings proposals were to be considered with a view to protecting front line services and achieving best value.

Looked After Children Costs

- 4.35 In relation to the proposed saving for Looked After Children Members questioned whether the target to reduce the number of children in care during 2015/16 by 10% was ambitious. Targeting early intervention services to children on the edge of care can result in positive outcomes and can reduce the number of children in care. Concerns were expressed that more targeted intervention may increase the numbers of children in care and place additional pressure on the service. The Committee noted that the Child and Adult Services budget was a demand led budget and the way to manage demand was to recognise the families that need support earlier.

ADULT SERVICES COMMITTEE (12 August 2014)

- 4.36 The Committee reluctantly agreed the Adult Services savings proposal and acknowledged that the savings had been identified from areas that would minimise impact on frontline services and people who use services. The Committee accepted that there were no alternative options. Members passed their compliments on to officers for the continual delivery of high quality services in spite of the continuing deletion of posts and reductions in staffing levels.
- 4.37 Members reiterated the need to maintain front line services as far as possible and emphasised the need to continue to deliver good quality services. Members raised concerns regarding the long term implications that the cuts will place on service delivery as well as the potential risks to service users. Members were provided with assurance that the Better Care Fund aimed to look at alternatives to residential care and support individuals to maintain their independence as long as possible. It was acknowledged by the Committee that future reports may need to be considered by the Committee regarding the changes to the Better Care Fund and, that changes to the Better Care Fund performance payments may result in alternative savings proposals being developed which could have a significant impact on service delivery.
- 4.38 The Committee was of the view that there was a need for additional investment in adult services given the ageing population and the vulnerability of the people that are supported. Therefore, Members felt that Central Government and Health colleagues should be challenged to ensure funding was made available to the Council as more services were required to be delivered in community settings.
- 4.39 Members also explored the possibility of whether Adult Services' proportion of cuts could be met from other areas in the Council. Members were advised that other areas were taking a higher percentage cut than Adult Services and were also struggling to achieve the savings required.
- 4.40 The Committee emphasised the need for public engagement and felt that engagement mechanisms should not be further reduced. Members felt that it was important to communicate to the public the types of support services available including benefit advice services. It was suggested that Hartbeat and other methods be utilised to publicise this information.
- 4.41 Funding allocations were discussed along with the impact that a change of Government may have on future funding allocations. Members requested that a case be compiled in the event that extra funding becomes available.

5. NEXT STAGE OF THE PROCESS

- 5.1 In accordance with the agreed process, the views / comments expressed by the individual Policy Committees are to be utilized by the Corporate Management Team in the development of finalised budget proposals. These

finalised budget proposals will be considered by the Finance and Policy Committee on the 24 November 2014 and referred to Full Council for consideration on the 11 December 2014.

- 5.2 Members' attention is also drawn to the Review of Reserves report elsewhere on the agenda and the linkages to the MTFS. As highlighted in the Review of Reserves report the June 2014 MTFS already anticipated using significant one off funding to support the 2015/16 revenue budget and therefore reduce the cuts which need to be made next year. However, this position is not sustainable and this is one of the reasons for increasing budget deficits in future years. The other reasons for future years budgets deficits are further anticipated grant cuts and the impact of inflation.

6. RECOMMENDATIONS

- 6.1 That the Finance and Policy Committee notes and approves the views / comments expressed by each of the individual Policy Committees, outlined in Section 4 of the report;
- 6.2 That the responses received from the Policy Committees be fed back to the Corporate Management Team to assist in the preparation of finalised savings proposals for 2015/16, which will go on to be considered by the Finance and Policy Committee on the 24 November 2014.

7. CONTACT OFFICER

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FINANCE AND POLICY COMMITTEE

15 September 2014



Report of: Assistant Chief Executive

Subject: QUARTER 1 – COUNCIL OVERVIEW OF PERFORMANCE AND RISK 2014/15

1. TYPE OF DECISION/APPLICABLE CATEGORY

Non Key

2. PURPOSE OF REPORT

- 2.1 To inform Finance and Policy Committee of the progress made against the 2014/15 Council Plan, for the period ending 30 June 2014.

3. BACKGROUND

- 3.1 The Council Plan was agreed by Council on 3 April 2014.
- 3.2 The Council Plan contains an action plan setting out how the Council proposes to deliver the Council's priority outcomes. Key Performance Indicators are also included which can then be used to monitor progress throughout the year and at year end. It also contains a section listing the Risks that could prevent the Council from delivering the priority outcomes.
- 3.3 The Council's Performance Management System (Covalent) is used to collect and analyse progress against the actions, performance indicators and risks detailed in the Council. The information in the system was used to prepare this report.
- 3.4 The structure of the report is:

Paragraphs	Content
4.1 – 4.7	Council Overview of Performance and Risk
5.1 – 5.7	Child and Adult Services Departmental Update
6.1 – 6.7	Public Health Departmental Update
7.1 – 7.8	Regeneration and Neighbourhoods Departmental Update
8.1 – 8.7	Chief Executives Departmental Update
9.1	Recommendations

4. COUNCIL OVERVIEW OF PERFORMANCE AND RISK

- 4.1 In total the Council Plan includes 216 actions and 174 performance indicators to deliver and measure improvements across key priority areas (outcomes) identified in the Community Strategy and Council Plan.
- 4.2 Of the 174 indicators, 78 had targets set, 88 were for monitoring purposes only and a further 8 PIs are collected on an annual basis. Updates have been provided for 63 of the 78 targeted indicators, data is either currently not available for the remaining 15 indicators or there are proposals to remove the indicator from the Council Plan. Only the targeted indicators are included in the analysis for this report.
- 4.3 Officers have assessed the indicators and actions included in the plans, making judgements based on progress to the 30 June 2014. Progress is categorised as: -
- **PI target achieved or Action completed**
 - **PI on track to achieve target or Action on track to be completed**
 - **PI/Action having made acceptable progress**
 - **PI/Action requiring intervention**
 - **PI Target not achieved or Action not completed.**
- 4.4 The Council Plan addresses the key priorities and issues facing the Council, and includes an action plan that uses the key actions and performance indicators from across the four Departments.
- 4.5 Charts 1 and 2 below summarise officers' assessments of the Council Plan actions and indicators (that have targets **and** are measurable throughout the year). As at 30 June 2014, the position was a positive one, with: -
- 186 actions (86%) have been assessed as being on target to be achieved by their scheduled completion date;
 - 49 performance indicators (63%) have been assessed as being target achieved or on track to achieve on track to achieve their year end target;
 - 3 PIs (4%) have been identified as target not achieved and 1 PI (1%) as intervention required. These are highlighted later in report.

Chart 1: Council Plan Action Progress for period to 30 June 2014.

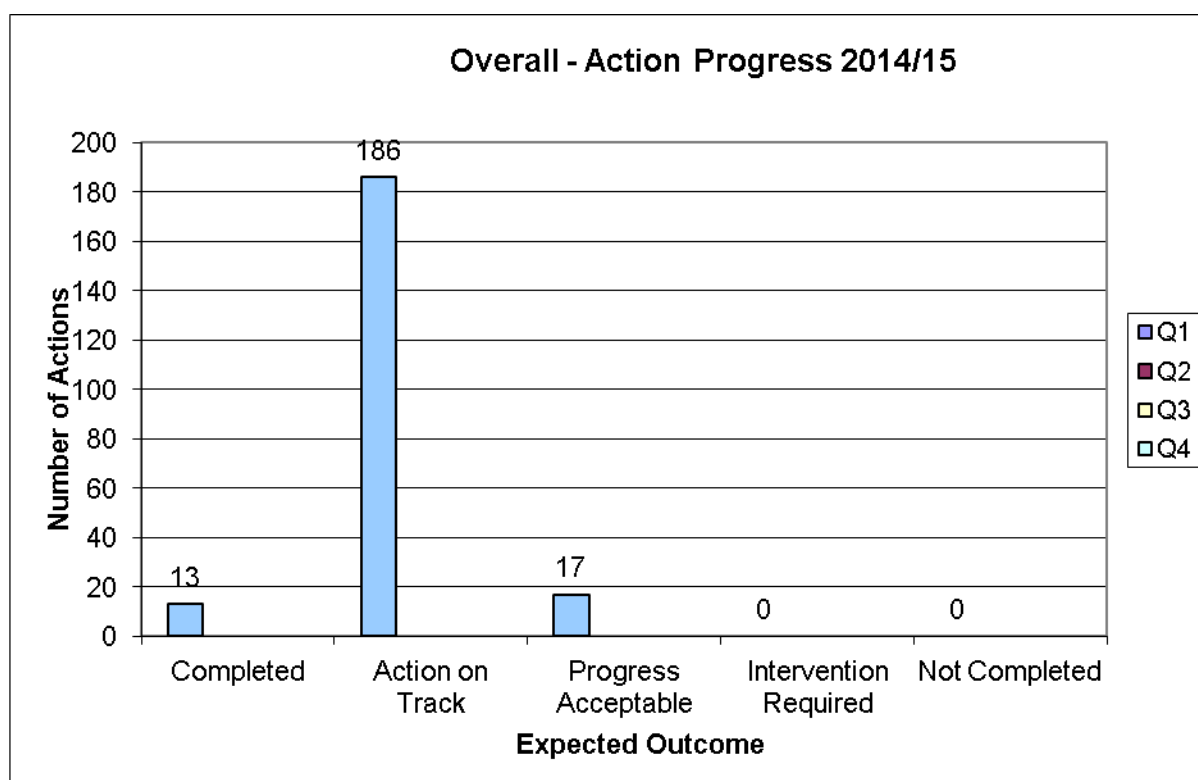
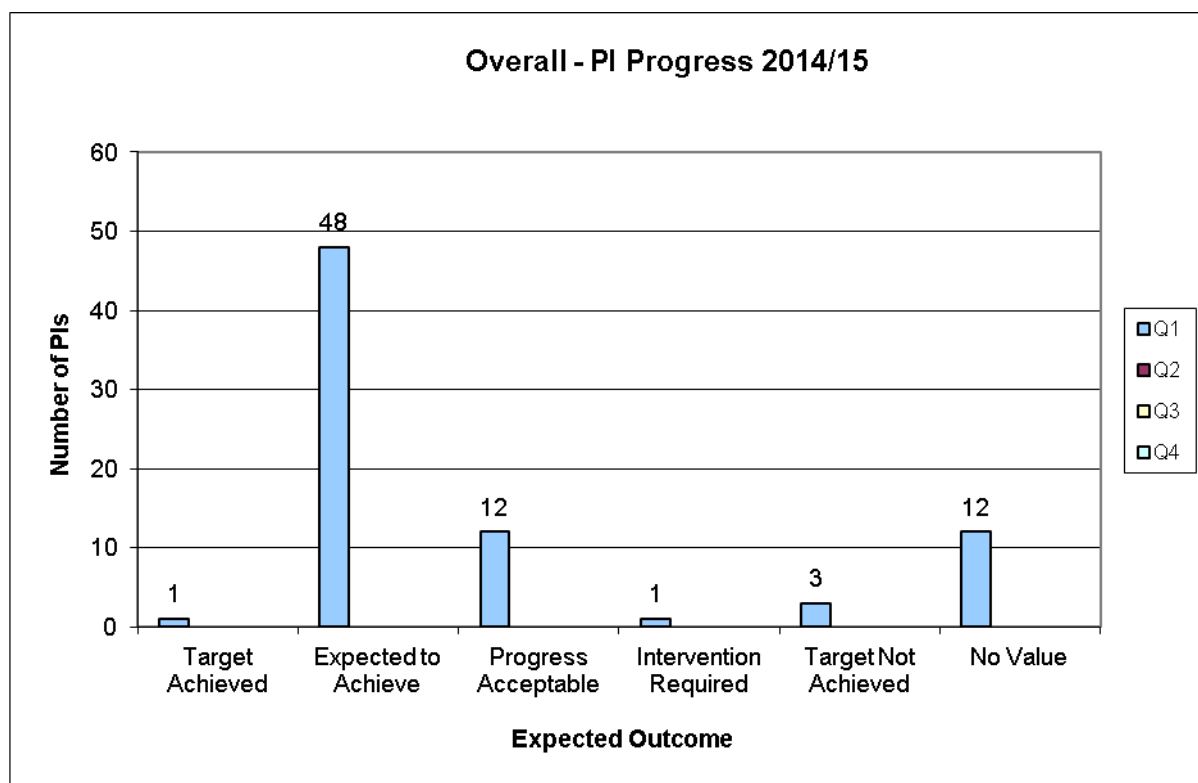


Chart 2: Council Plan PI Progress with quarterly outturns for period to 30 June 2014



- 4.6 92 strategic risks across various outcomes have been identified within the Council Plan. These, along with other risks not included in the plan are being managed in accordance with the Council's Risk Management Framework as agreed by Performance Portfolio Holder on 23 March 2011. This report will only include information on risks within the Council Plan that have changed their rating in the last quarter. However it should be noted that **all** risks on both the accepted and actively managed risk register are reviewed on a regular basis.
- 4.7 Sections 5.5, 6.5, 7.6 and 8.5 of this report provide an update on the risks within the Council Plan.

5. CHILD AND ADULT SERVICES DEPARTMENTAL UPDATE

- 5.1 The Child and Adult Department contributes to 5 outcomes, spread across 3 themes:
- Jobs and the Economy
 - Lifelong Learning and Skills
 - Health and Wellbeing
- 5.2 The Child and Adults Department has identified are 20 actions and 22 performance indicators (15 Targeted and 7 Monitored) spread across 5 outcomes within the Council Plan that it is responsible for.
- 5.3 As can be seen in chart 3 overall progress is good with:
- 19 actions (95%) having been assessed as being on target to be achieved by their scheduled completion date;
 - The one remaining actions has been flagged as making acceptable progress.

Chart 3: CAD Overall Action Progress – to 30 June 2014

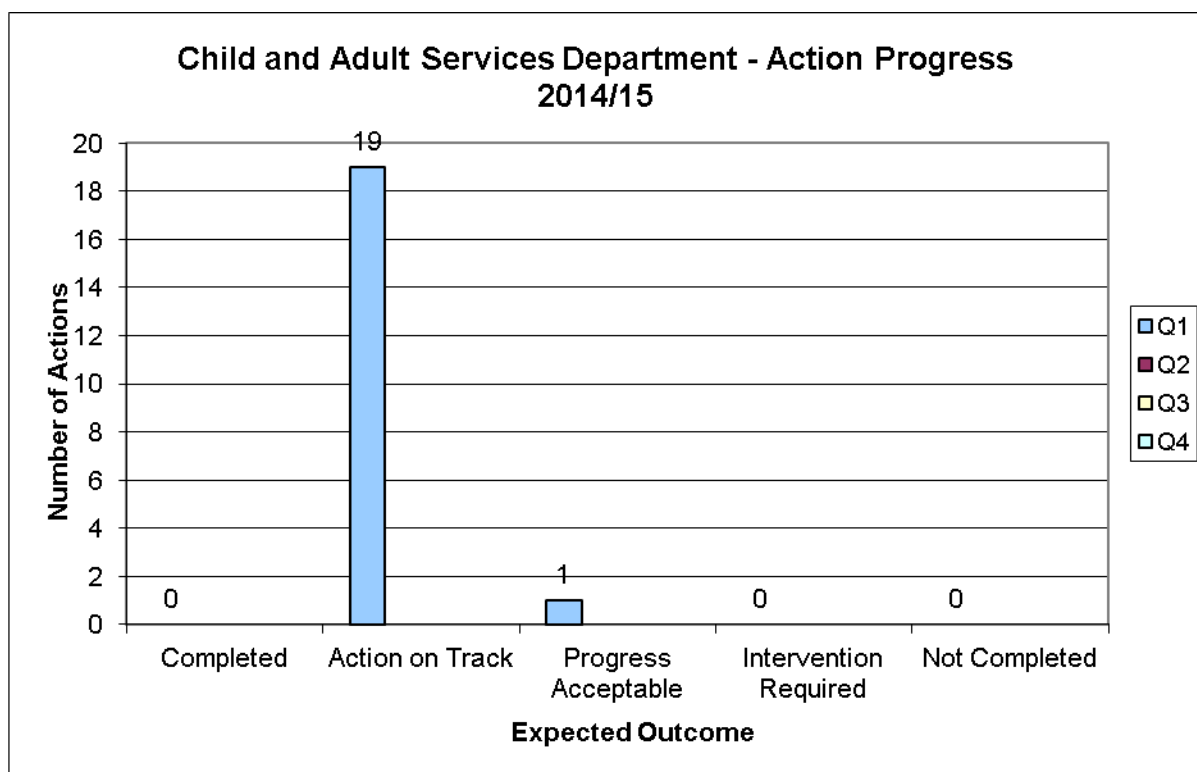
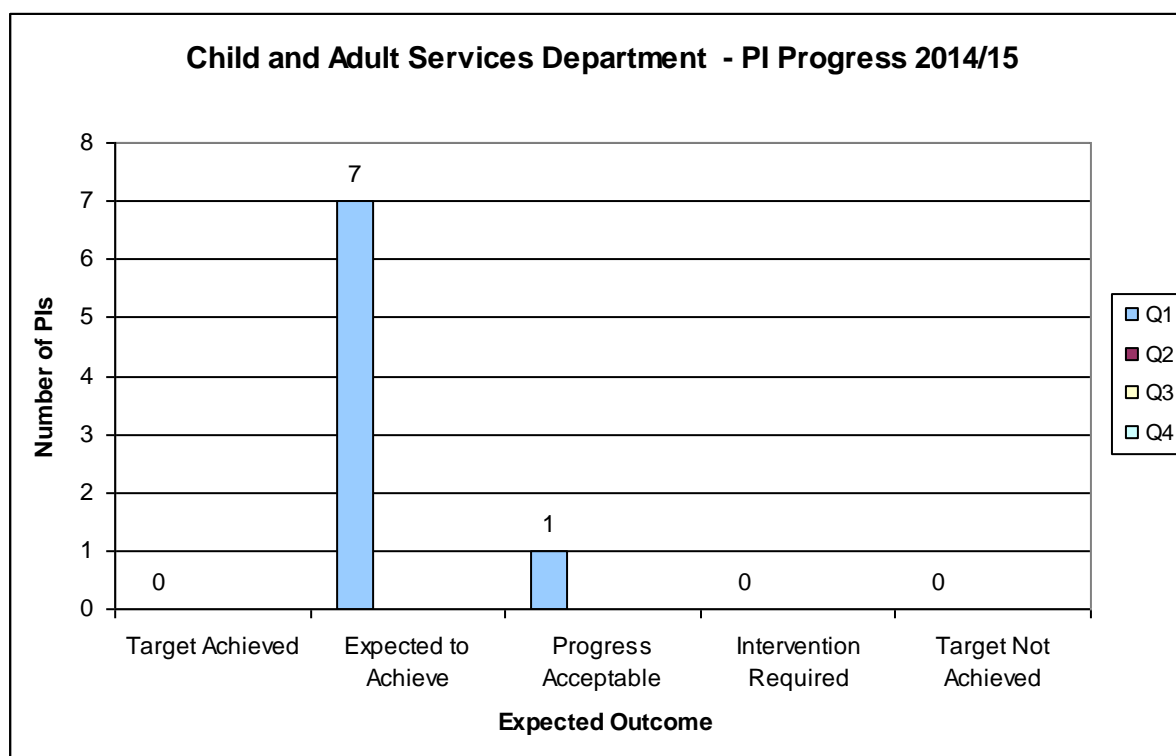
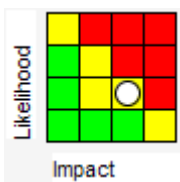
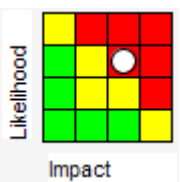
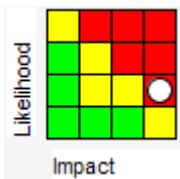
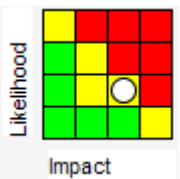


Chart 4: CAD Targeted Performance Indicators with quarterly outturns – Progress to 30 June 2014



- 5.4 Chart 4 summarises officers' assessments of the Performance Indicators that have targets **and** are measurable throughout the year. As at 30 June 2014, the position was a positive one, with:
- 7 indicators (64%) being assessed as on track to achieve target;
 - One indicator (9%) having been assessed as having made acceptable progress;
 - 3 Indicators have no target attached and therefore no expected outcome can be measured.
- 5.5 There are 20 risks across 5 outcomes in the Council Plan 2014/15. The table below provides a summary of those risks whose ratings have changed over the last quarter.

Table 1: Changes in CAD Risks Q1 2014/15

Code	Title	Quarter 1 rating	Quarter 4 rating	Latest Note
CAD R026	Failure to deliver Early Intervention Strategy			Risk has had a reduction in score from 9 to 6. Continue to review childcare sufficiency - focus currently on 2 year olds places. All 2 year olds wanting a place for first phase have been allocated a place. Phase 2 of the 2 year olds entitlement is being closely monitored to understand demand and supply.
CAD R022	Failure to provide statutory services to safeguard children and protect their well-being			Risk has had increase in score from 6 to 9. Updated risk score to reflect level of impact if a child is not effectively safeguarded. Inspection of safeguarding undertaken by Ofsted found that children are safe and services work to keep them safe.

- 5.6 For the period up to 30 June 2014 the Child and Adult Services Department have identified the following issues:-
- NI 117 – There has been a slight increase in the local numbers of young people not in education, employment or training due to a shrinkage in the post 16 landscape (linked to broader economic downturn) and also the disappearance of a local youth labour market.
- 5.7 The following changes to PIs and risks have been identified in quarter 1:
- CSD P109 – Indicator to be removed and replaced with Percentage of C & F Assessments completed within 45 working days. This is the new standard.
 - CAD R012 – Failure to plan school provision appropriately. This is no longer considered to be a risk and will, therefore, be removed from the Corporate Plan
 - CAD R015 – no longer consider to be a risk and to be removed from the Corporate Plan

6. PUBLIC HEALTH DEPARTMENTAL UPDATE

6.1 The Public Health Department contributes to 4 outcomes, spread across 2 themes:

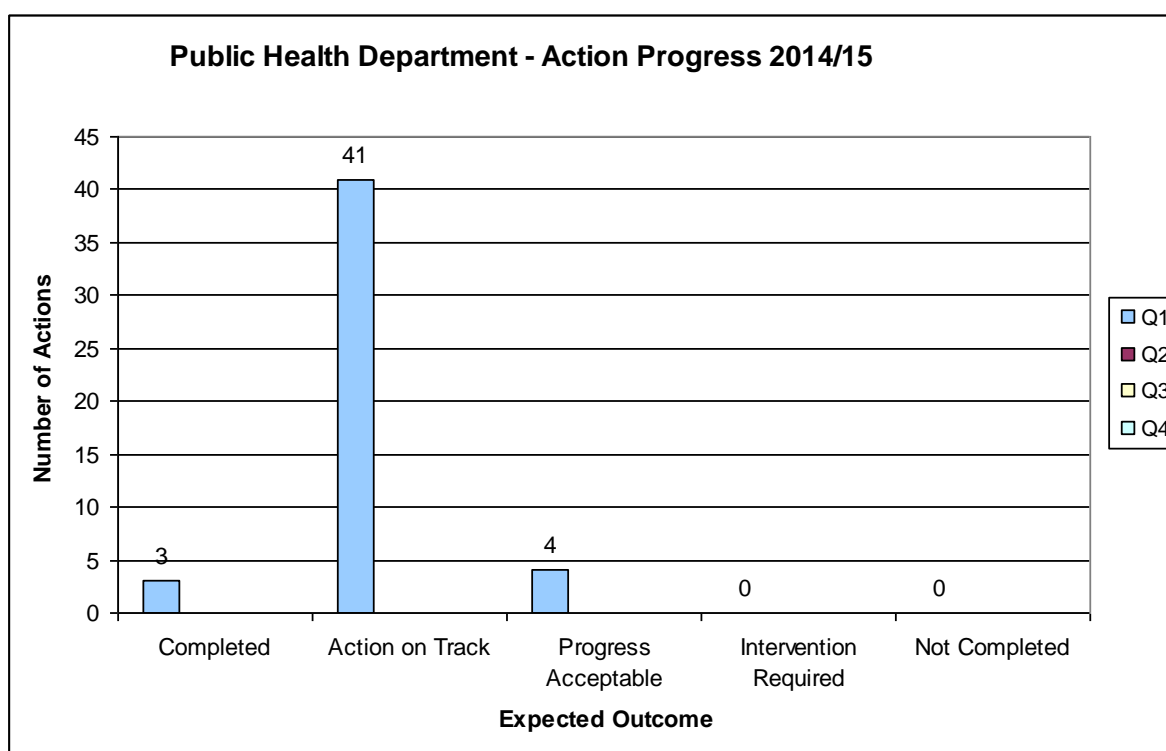
- Health and Wellbeing
- Community Safety

6.2 The Public Health Department has identified 48 actions and 47 performance indicators (11 Targeted and 36 Monitored) spread across 4 outcomes within the Council Plan that it is responsible for. In addition the department has also identified 8 strategic risks that are included in the Council's 2014/15 Plan.

6.3 As can be seen in chart 5 overall progress is good with:

- 41 actions (85%) on track to be completed by their scheduled completion date;
- 4 actions (8%) making acceptable progress
- With the 3 (6%) remaining actions having been completed

Chart 5: Public Health Overall Action Progress – to 30 June 2014



6.4 Chart 6 summarises officers' assessments of the 8 Performance Indicators that have targets **and** are measurable throughout the year. As at 30 June 2014, the position was a positive one, with:

- 2 indicators have being assessed as having made acceptable progress
- 3 indicators require intervention and

- A further 3 indicators (37%) having not provided any data at this time;

Chart 6: Public Health Targeted PIs with quarterly outturns – Progress to 30 June 2014

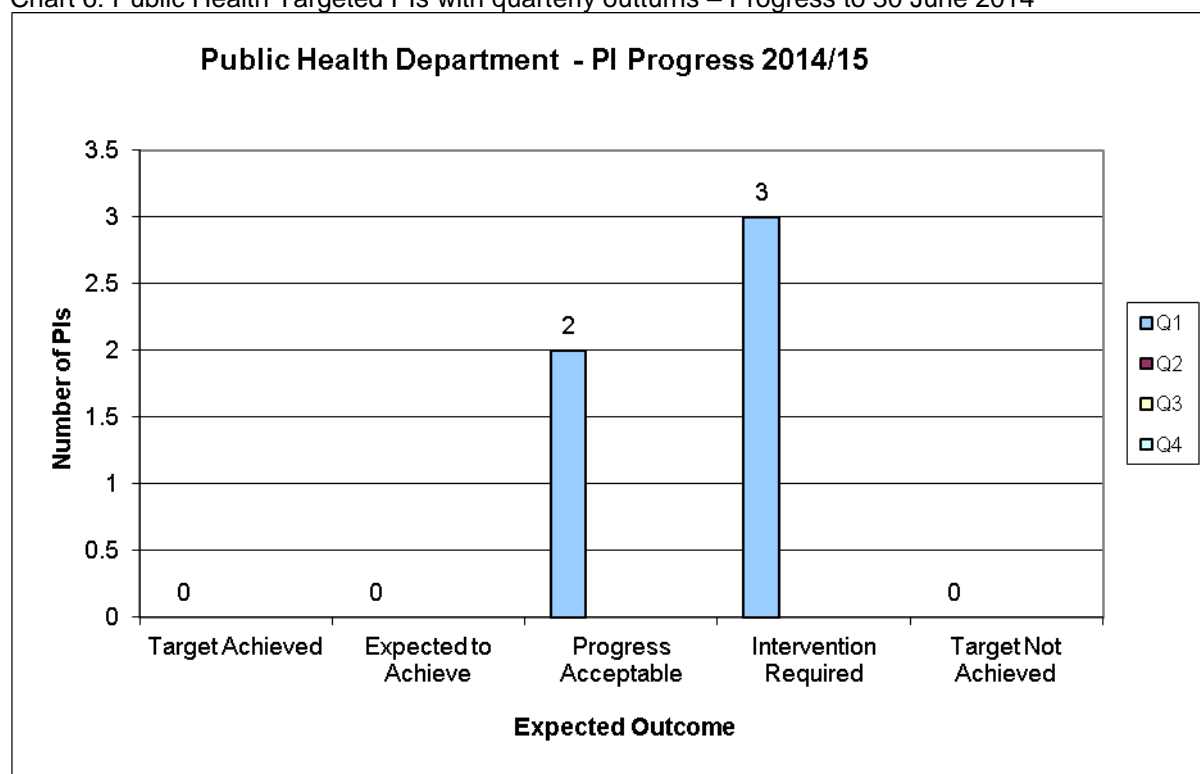


Table 2: PHD PIs Intervention Required

Ref	Indicator	Current Value	Target	Notes
ACS P098	Numbers of substance misusers going into effective treatment - Opiate	694	754	There were 694 people going into effective treatment for Opiates. This figure relates to the period of 1st April 2013 to 31st March 2014.
NI 123	Stopping smoking - rate of self-reported 4-week smoking quitters per 100,000 population aged 16 or over	1240	1816	Quarter 4 data - There were 237 quitters - to get rate per 100,000 it was divided by 74331 - 319. For year end there were 922 quitters - to get rate per 100,000 quitters it was divided by 74331 = 1240
ACS P035	ACS P035 GP Referrals - Of those completing a 10 week programme the percentage going onto mainstream activity	66%	70%	66% for Oct - Dec 13

6.5 There have been no changes to any risk ratings for Quarter 1 within the Public Health Department.

6.6 For the period up to 30 June 2014 the Public Health Services Department have identified a number of achievements including: -

- Worked with West Park Primary school on a bid to develop a multi use games area on a redundant part of their site. Bid was the only successful one in Hartlepool and work will start in the summer. CSAF bid was successful Community Sports Activation Fund from Sport England 192k with the aim of working in partnership with many organisations locally and nationally to increase participation in the town.
- The healthy heart check continues to be implemented through GP practice, workplace and community. In addition, the Health Bus recommenced delivery of healthy heart checks this quarter.
- The action plan for 14/15 has been developed and will be implemented and monitored by the North of Tees Smoking in Pregnancy Steering Group. The Regional pilot of BabyClear - a hard hitting approach to pregnant smokers is now being implemented North of Tees
- Deliver Football Development Programme associated with the new 3G pitch development at Brierton Pitch is now open to the public and a positive partnership has been fostered between Greatham FC and the HBC Sport and Recreation team

The following issues have also been identified

- Publication of breast feeding data at 6-8 weeks failed NHS validation checks in Hartlepool, Middlesbrough and Redcar & Cleveland local authorities, so not been able to update prevalence at 6-8 weeks.
- Stopping smoking - rate of self-reported 4-week smoking quitters per 100,000 population aged 16 or over - It is proposed that the indicator target needs to be reduced to 1240 in order to put more focus on reaching more of the disadvantaged groups
- Implement the British Heart Foundation Younger and Wiser Programme - The project will end on 31st March 2015, so careful planning of remaining resources will take place to support sustainability once the project staff are no longer in place to drive the work

6.7 The following PI has been removed from the Council Plan

- The prevalence of smoking among adults (Hartlepool) (LAA HC11) - This indicator needs to be removed as it has now been superseded by the Public Health Outcome Framework

7 REGENERATION AND NEIGHBOURHOODS DEPARTMENTAL UPDATE

7.1 The Regeneration and Neighbourhoods Department contributes to 22 outcomes, spread across 9 themes.

- Jobs and the Economy
- Lifelong learning and Skills
- Health and Wellbeing
- Community Safety
- Environment
- Housing
- Culture

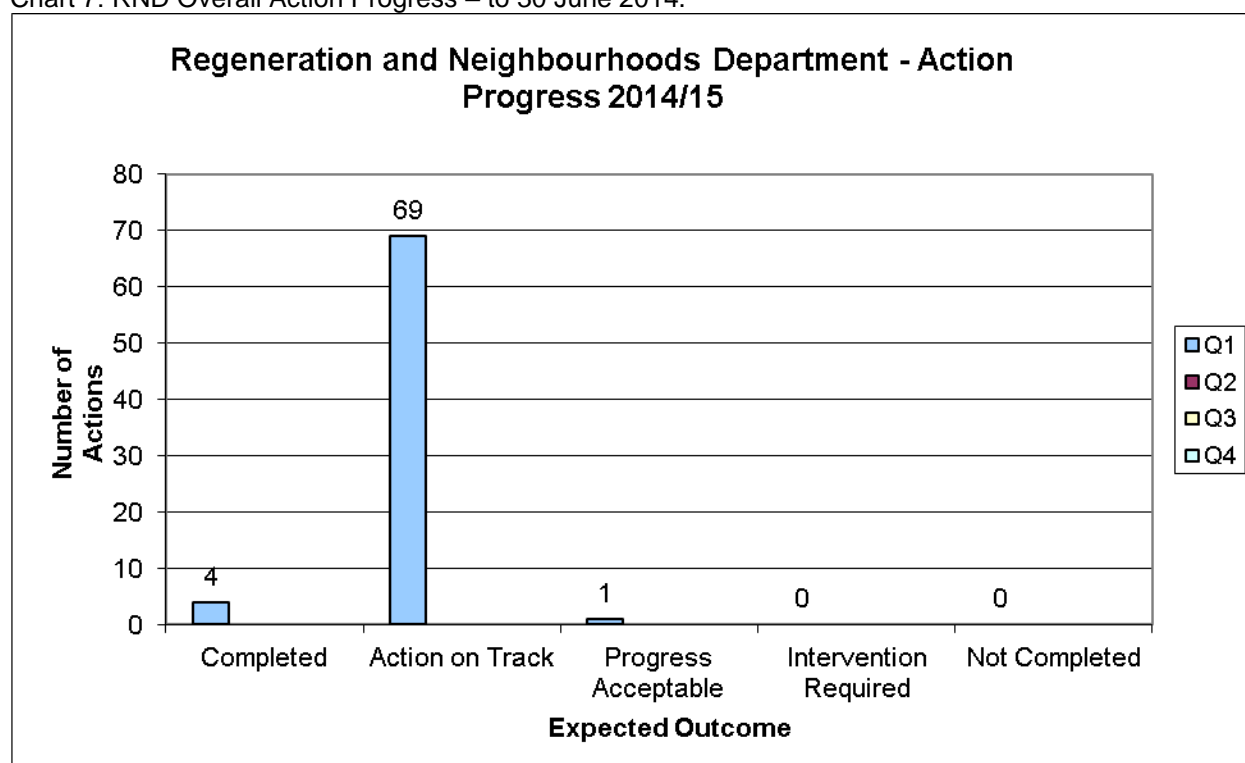
- Strengthening Communities
- Organisational Development

7.2 The Regeneration and Neighbourhoods Department has identified 74 actions and 63 performance indicators spread across 22 outcomes within the Council Plan that it is responsible for. There has been an increase in the number of actions and PI as responsibility for service delivery has changed departments. In addition the department has also identified 31 strategic risks that are included across the 22 outcomes of the Councils Plan.

7.3 As can be seen in Chart 7, overall progress is good with:

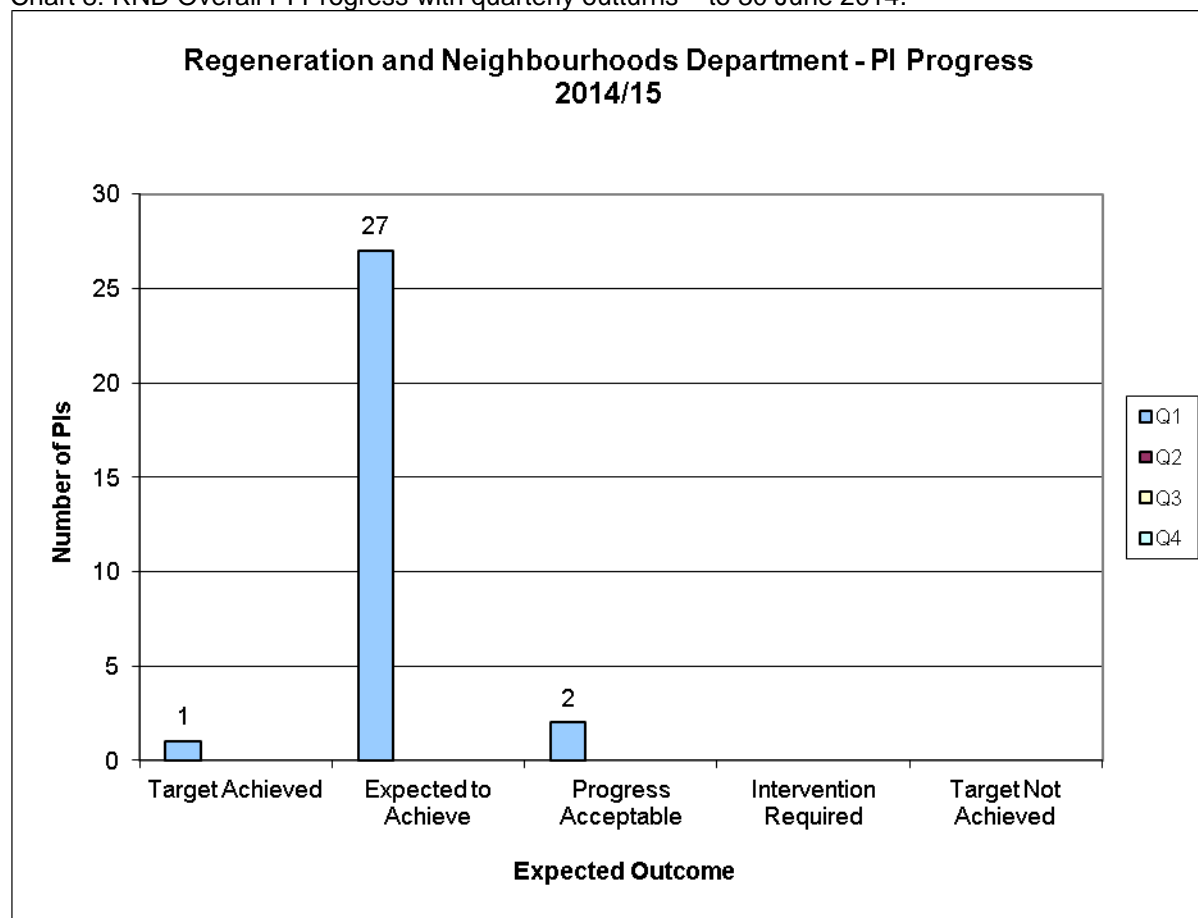
- 4 actions (5%) have been completed and a further 69 (93%) assessed as being on track to be completed by the agreed date;
- 1 action has been assessed as progress acceptable;

Chart 7: RND Overall Action Progress – to 30 June 2014.



7.4 Chart 8 summarises officers' assessments of the 30 performance indicators that have targets **and** are measurable throughout the year.

Chart 8: RND Overall PI Progress with quarterly outturns – to 30 June 2014.



7.5 It can be seen that, as at 30 June 2014, the position is;

- 1 PI (3%) achieving target
- 27 indicators (90%) having been assessed as being on track to achieve target
- 2 (6%) indicators have been assessed as having made acceptable progress.

It is also requested that the below PIs (table 3) are removed from this years Council Plan

Table 3: RND PIs to be removed from Council Plan

Ref	Indicator	Current Value	Target	Notes
RND P050	Percentage of streets that fall below acceptable level of cleanliness	N/A	N/A	It is no long a statutory requirement to provide this information and it is therefore proposed to cease collection of this data, which itself presents a resource issue. Instead the service area will monitor performance through service requests. Therefore it will be removed from the plan
RND P113	Percentage of residents feeling that they can influence decisions that affect their local area	N/A	N/A	No further changes to report since Q4 2013/14. At present, it is unclear whether another Household Survey will be commissioned in order to measure this PI, a further update will be provided in Q2.

7.6 There are 31 risks across the 22 Outcomes in this year's Council Plan. On a quarterly basis we will be reporting only on risks that have changed ratings in the previous quarter. In Quarter 1 2014/15 2 risks have changed their rating and two risks were no longer required. The table below provides a summary of the position of the 2 risks that have been changed and those proposed to be removed.

Table 4: Changes in RND Risks Q1 2014/15

Code	Title	Q4 2013/14	Q1 2014/15	Latest Note
RND R050	Continued economic uncertainty			<p>Detailed feedback is awaited from Government for the European Strategic Framework.</p> <p>Hartlepool continues to work with external partners and in particular the LEP to ensure that Hartlepool's needs are recognised and met within the sub regional context. It is worth highlighting that Hartlepool has achieved 19.8% of jobs created and 25.6% of pipeline applications for the Tees Valley Skills programme, which is funded through RGF.</p> <p>The Council continues to support local businesses and in particular has assisted a number of businesses to apply for Let's Grow and Business Compass grants. In addition the Council has assisted a number of companies to locate and expand at Queens Meadow and is assisting HCA to deliver circa 30,000 sq ft of new business accommodation at the Business Park.</p>
RND R061	Inability to meet very high levels of local housing needs including affordable housing		Not rated at Q1	This has now changed particularly due to Welfare Reforms, and will be reviewed in March 2015
RND R032	Failure of officers to fully embrace their	N/A	N/A	Section 17 now embedded into Council activity. No longer a risk

Code	Title	Q4 2013/14	Q1 2014/15	Latest Note
	responsibilities under the terms of Section 17, Crime and Disorder Act 1998			therefore will be removed from the Council Plan
CAD R045	Failure to deliver statutory elements of the Library Service	N/A	N/A	Library status secure not part of proposed reviews until 2016/17. This is no longer considered a Risk for the next 2 years therefore will be removed from the Council Plan.

7.7 For the period up to 30 June 2014 the Regeneration and Neighbourhoods Department have not identified any issues or achievements.

7.8 It is proposed that the below actions are removed from the Council Plan as they are not directly attributable to the Council ; however progress of the registered providers in delivering these actions will continue to be monitored through the Housing Strategy.

- HS 2E3 – Increase the amount social rented houses fitted with renewable such as Photo Voltaic panels and/or cells solar hot water and air source heat pumps.
- HS 2B2 – Registered Providers to improve their stocks to 'decent homes plus' standard
- HS 3A13 – Review and monitor the impact of welfare and social housing reforms on tenancy sustainability, homelessness, tenancy satisfaction and vulnerable people on the housing waiting list

8 CHIEF EXECUTIVE'S DEPARTMENT UPDATE

8.1 The Chief Executive's Department contributes to 11 outcomes, spread across 5 themes:

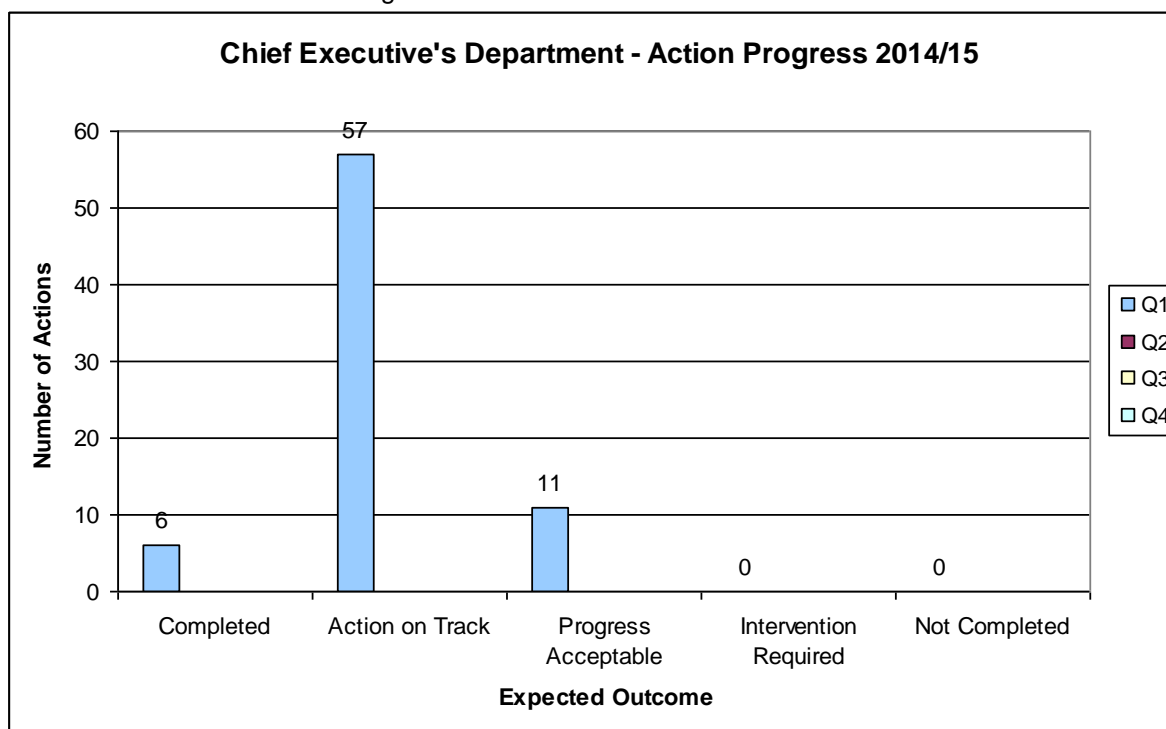
- Jobs and the Economy
- Organisational Development
- Health and Wellbeing
- Community Safety
- Strengthening Communities

8.2 The Chief Executive's Department has identified are 74 actions and 32 performance indicators spread across 11 outcomes within the Council Plan that it is responsible for. In addition the department has also identified 33 strategic risks that are included in the Council's Plan.

8.3 As can be seen in Chart 9, overall progress across the department is positive, with:

- 63 Actions (85%) have already been completed or are on track to be completed by their agreed due date.
- 11 actions (15%) have been assessed as having made acceptable progress.

Chart 9: CED Overall Action Progress – to 30 June 2014.



8.4 Chart 10 summarises officers' assessments of the 19 performance indicators that have targets **and** are measurable throughout the year. It can be seen that, as at 30 June 2014, the position was also positive, with:

- 13 indicators (68%) are expected to achieve target
- 5 (26%) PI is identified as progress acceptable
- 1 further PI has been identified as requiring intervention and is identified below

Chart 10: CED Overall PI Progress with quarterly updates – to 30 June 2014

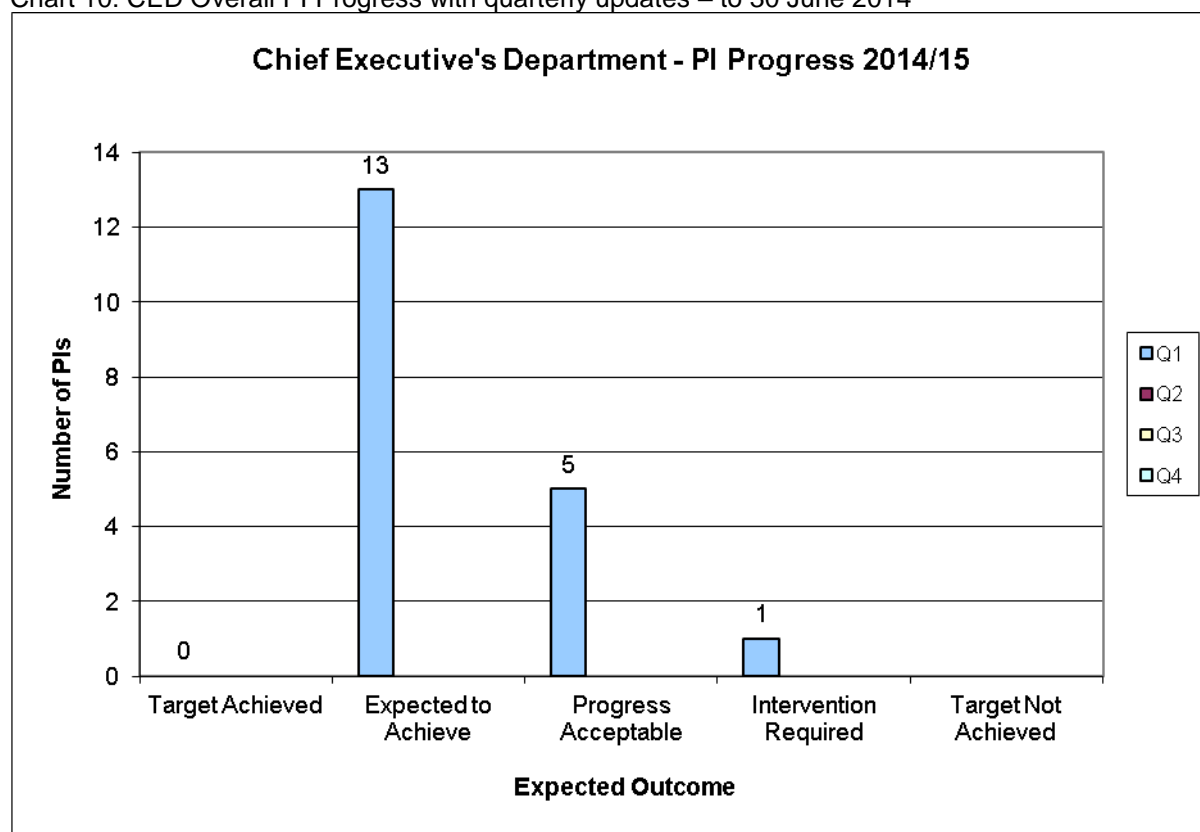


Table 5: CED PI requiring intervention at 30 June 2014

Ref	Indicator	Current Value	Target	Notes
CEDFI P030	Percentage of invoices paid to local businesses within 10 working days	65.84%	85%	First quarter performance is below target owing to staff shortages (Long term sickness, secondment and unsuccessful redeployment) on team and continued challenges of getting suppliers to provide correct information. Expect performance to improve across the later months of the year once team is back at establishment level.

8.5 There are 33 risks spread across the 11 outcomes that the Chief Executives Department contributes to. All these risks have been reviewed in quarter one but no risks have had a change in rating.

8.6 For the period up to 30 June 2014 the Chief Executive's Department have identified a number of achievements where targets have been exceeded, including: -

- Number of new credit union accounts opened
- Number of website hits
- Percentage of ICT incidences resolved within agreed service levels
- Average time to process new Housing Benefit/Council Tax Benefit changes of circumstances

- 8.7 There have been an number of achievements made in the Chief Executives Department in the first quarter of 2014/15
- Deliver of a successful World Cup campaign around alcohol and domestic violence and publicising the consultation on the Drugs and Alcohol Treatment Plan.
 - A successful Health and Wellbeing Board Face the Public event was held on 23rd June 2014 at the Civic Centre with support provided by the Performance and Partnership Team.
 - Alley Gates Keys and Good Tenant Scheme have been transferred from departments to the Customer Service Centre during quarter 1, revenue e-forms have been developed and introduced and electronic signature pads have been installed and are working well.
 - 56 meetings were supported during quarter 1 in accordance with statutory timescales with the team also achieving optimum performance across all other indicators.
 - The refreshed Strategic Partners Group met in April and agreed new terms of reference. This first meeting focused on the Better Care Fund with discussions as to how partners can contribute to the aims of the programme.

9. RECOMMENDATIONS

9.1 Finance and policy Committee is asked to: -

- note the current position with regard to performance.
- Agree to the removal of the following indicators:
 - CSD P109 – to be replaced with Percentage of C & F Assessments completed within 45 working days
 - LAA HC11
 - RND P050
 - RND P113
- Agree to the removal of the following actions:
 - HS 2E3
 - HS 2B2
 - HS 3A13
- Agree to the removal of the following risks:
 - CAD R012
 - CAD R015
 - RND R032
 - CAD R045

10. REASONS FOR RECOMMENDATIONS

10.1 Finance and Policy Committee have overall responsibility for the monitoring of the Council Plan.

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

11.1 There are no appendices to the report.

12. BACKGROUND PAPERS

12.1 There were no background papers used in the preparation of the report.

13. CONTACT OFFICER

13.1 Kerry Trenchard
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Finance and Policy Committee

15 September 2014



Report of: Chief Finance Officer

Subject: SUPERMARKET LEVY PROPOSAL

1. TYPE OF DECISION / APPLICABLE CATEGORY

1.1 Non Key Decision.

2. PURPOSE OF REPORT

2.1 The purpose of the report is to:

- (i) Provide information to Members on a request received to support a proposal to give local authorities the power to introduce a Levy of up to 8.5% of the rateable value on supermarkets or large retail outlets in their area with a rateable value of more than £500,000 and for the revenue to be retained by individual local authorities to be used to help improve their local communities.
- (ii) Determine a recommendation to be referred to Council.

3. BACKGROUND

- 3.1 Derby City Council was approached by Local Works (a national campaign body) on behalf of a number of local authorities to seek support for a proposal to give Councils powers to introduce a Levy on the rateable value of large retail outlets. The campaign centres around the impact that large supermarket outlets have on local communities and the environment including local independent shops.
- 3.2 Derby City Council agreed to support the campaign and act as the “Sponsoring Body” to lobby Government for the necessary primary legislation under the Sustainable Communities Act 2007. Supported by other pathfinder Councils, Derby City Council have made a submission to central Government for the Local Levy. If the campaign is successful, the legal provisions will apply nationally to all Councils including Hartlepool.
- 3.3 Levy Charges are already operational in Northern Ireland and Scotland:

Northern Ireland – Legislation passed in 2012, provides for a new local rate of 8.5% to be applied to all retail outlets with a rateable value of over £500,000.

The resulting additional rates yield has been applied to fund an expansion of the Small Business Rates Relief scheme. The rationale was that during the economic downturn, small businesses in Northern Ireland had suffered more than the large businesses that would have to pay the Levy. The Levy was a measure to ensure that some of the largest businesses (for whom rates are generally a smaller percentage of their sales turnover) provide assistance to smaller businesses through to economic recovery.

Scotland – The Scottish Parliament legislated in 2012, to introduce a levy of 9.3% to all supermarket outlets with a rateable value of at least £300,000.

The rationale for the Scotland Levy was that large supermarkets were seen as having a negative impact on public health because they are the largest suppliers of tobacco and alcohol and therefore they should pay towards the public services needed to deal with the costs to society. The Scotland Levy is being used to help fund public services provided by Scottish Local Authorities and the National Health Service.

- 3.4 On 31st July 2014, the Leader of the Council received an e mail from the national co-ordinator of Local Works, the campaign body advising Derby, requesting that Hartlepool BC considers supporting the Derby Proposal. Should the Council wish to support the Levy Proposal, Hartlepool will be added to the list of Councils already named with the Derby City Council submission and currently lodged with the Government. Local Works have stated that the Government is allowing Councils to continue to add their support to the Proposal even though it has been submitted.
- 3.5 There has been no official statement from the Department for Communities and Local Government (DCLG) on the Derby Levy Proposal, however the Sunday Times has reported, “DCLG indicated that the Government would be opposed to a new tax”.

4 Potential Financial Impacts in Hartlepool

- 4.1 In Hartlepool there are only 3 retailers with a rateable value in excess of £500,000 and they are all supermarkets and these 3 retailers together pay £3.46 million in Business Rates, 10.5% of the total business rates collected in the Borough. An 8.5% Levy would generate a further yield of £294,000.
- 4.2 It is unclear at this stage whether the Levy Yield would be subject to sharing with central government under the Localisation of Business Rates arrangements. The actual yield to Hartlepool BC would be either £294,000 (100% to HBC) or £144,000 (49% to HBC under Localisation of Business Rates).
- 4.3 In addition, there remains a risk that if the Government changes its current opposition to this Proposal and supports the introduction of a Levy, they could make a compensatory reduction in core revenue grant for Councils or reduce

the nationally funded part of the SBRR scheme. For 2014/15, the Government have temporarily doubled the value of SBRR relief and Hartlepool is receiving Section 31 Grant of £453,000 to compensate for the higher value of SBRR awards.

5. CONCLUSION

- 5.1 The introduction of a supermarket levy may have the potential to yield a new revenue stream that could be used to improve local communities. However, the large supermarket chains are likely to resist and challenge this potential legislation, will argue that they already pay significant levels of business rates and are operating in a difficult trading environment with new higher levels of competition.
- 5.2 In addition, there are uncertainties as to the proportion of any Levy Yield that would accrue to the Council or whether the Government would in response reduce the level of revenue grant for Councils or national funding for the SBRR scheme.
- 5.3 There are no financial costs in signing up to the Derby Levy Proposal, however should the Government decide not to support the Levy then there could be future costs if Derby / supporting councils decide to pursue legislative change via a Private Members Bill. Should this course of action be proposed a further report would be submitted to Members.

6. RECOMENDATION

- 6.1 Members determine whether they wish to recommend to full Council that Hartlepool Council either:
 - (i) Should support the campaign, or
 - (ii) Should not support the campaign.

7. REASONS FOR RECOMMENDATION

- 7.1 To allow Members to consider whether they wish to formally support a Proposal to give local authorities the power to introduce a Levy of up to 8.5% of the rateable value on supermarkets or large retail outlets in their area with a rateable value of more than £500,000 and for the revenue to be retained by individual local authorities to be used to help improve their local communities.

8. BACKGROUND PAPERS

8.1 None.

9. CONTACT OFFICER

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FINANCE AND POLICY COMMITTEE

15th September 2014



Report of: Assistant Chief Executive

Subject: EMPLOYEE SICKNESS ABSENCE 1st QUARTER 2014/15

1. TYPE OF DECISION/APPLICABLE CATEGORY

The report is for information.

2. PURPOSE OF REPORT

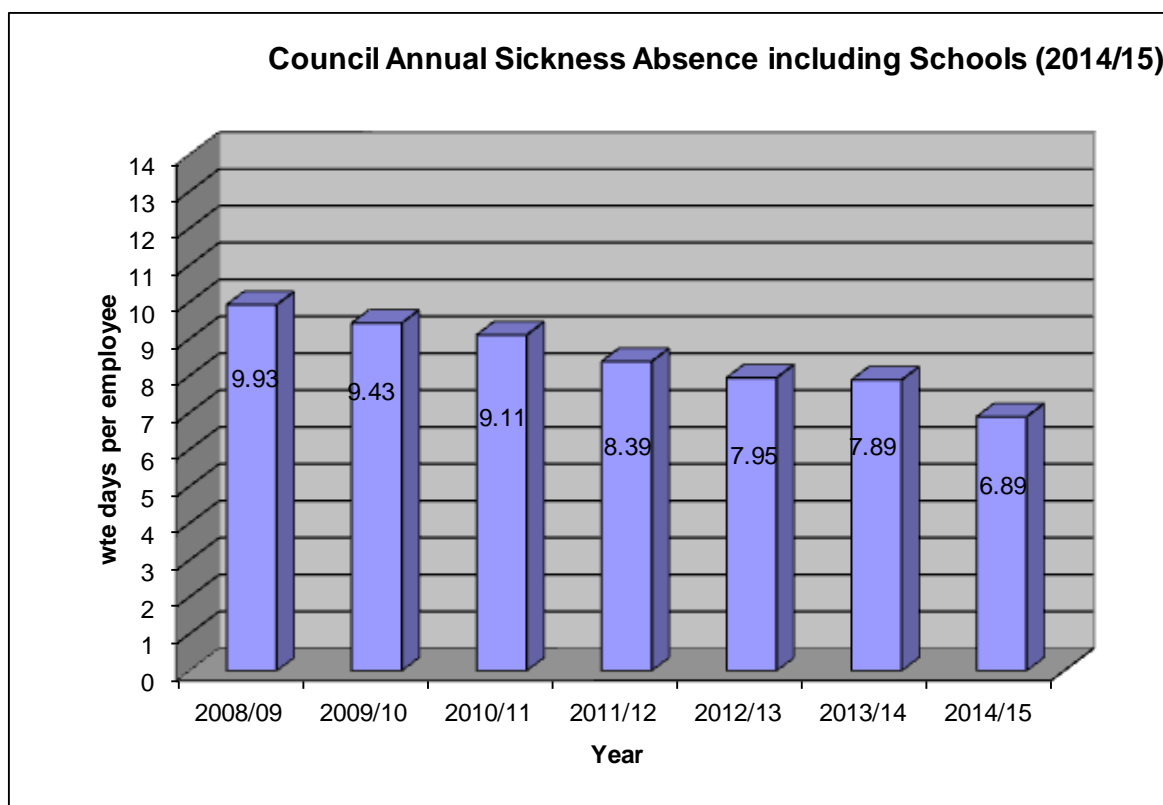
- 2.1 To update the Committee on the Council's performance, in relation to employee sickness absence, for the first quarter of 2014/15.

3. BACKGROUND

- 3.1 The extent to which employees are absent from work due to illness has a direct impact on the quality, level and cost of the provision of services. As such the Council have included this as a Local Performance Indicator (HRPI 5A) – The number of working days/shifts lost due to sickness absence in its group of Corporate Health Performance Indicators.

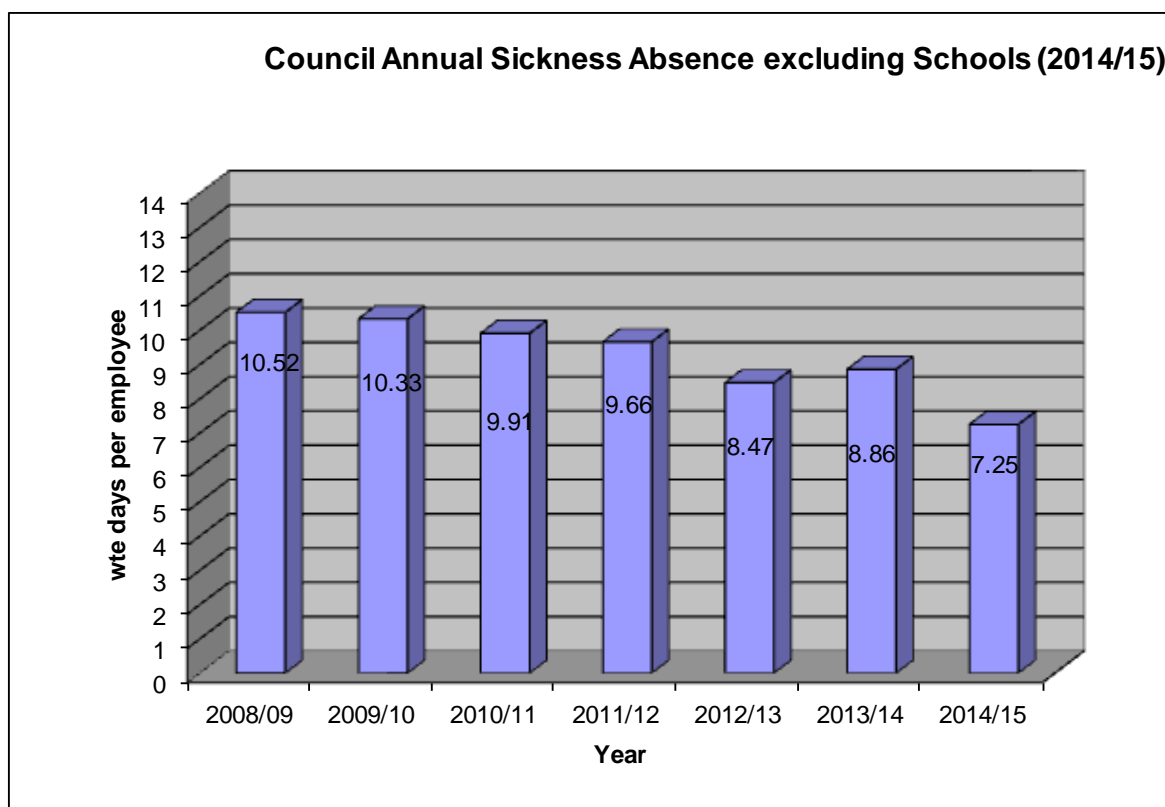
4. THE COUNCIL'S PERFORMANCE INCLUDING SCHOOLS UP TO THE 1st QUARTER OF 2014/15

- 4.1 The target figure for 2014/15 for the Council is 7.40 days absence per wte employee (whole time equivalent). The actual sickness rate at the end of the 1st quarter shows the Council's at 6.89 days per wte per employee per annum as illustrated in Figure 1 below. The overall figures currently demonstrate a year on year improvement for the Council. The Council will continue to focus on sickness absence management to try and achieve its 7.40 wte average sickness per employee target at the end of the reporting year.

Figure 1

4.2 THE COUNCIL'S PERFORMANCE EXCLUDING SCHOOLS UP TO THE 1st QUARTER OF 2014/15

The actual sickness rate at the end of the 1st quarter without schools data shows the Council's performance is 7.25 wte per employee per annum against a target of 8.90 wte, as illustrated in Figure 2 below.

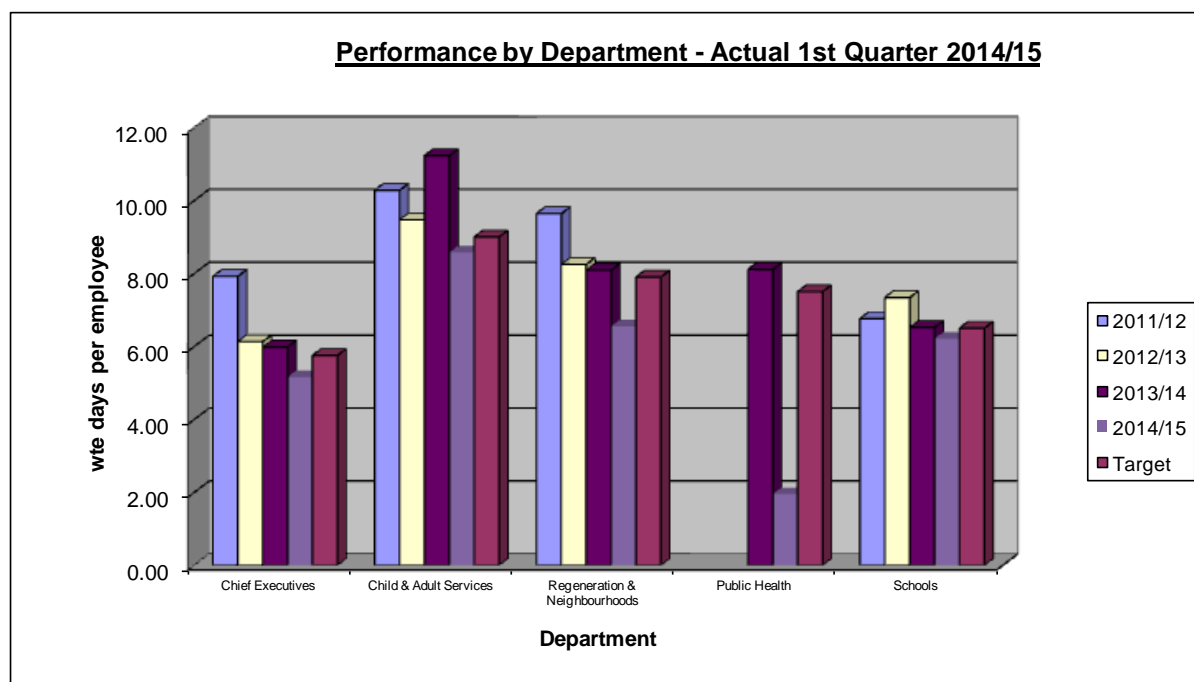
Figure 2

4.3 ACTUAL PERFORMANCE BY DEPARTMENT AND SCHOOLS

Figure 3 below illustrates the actual performance for each Department and Schools as at 30th June 2014. This can be compared to performance over the previous three years. The final column shows the 2014/15 annual target set by each Department and Schools.

The figure identifies that there is an overall downward trend in sickness absence rates across all Departments compared with the last three years. . It shows the Council is under target at this stage of the year and will strive to remain under target over the reporting year.

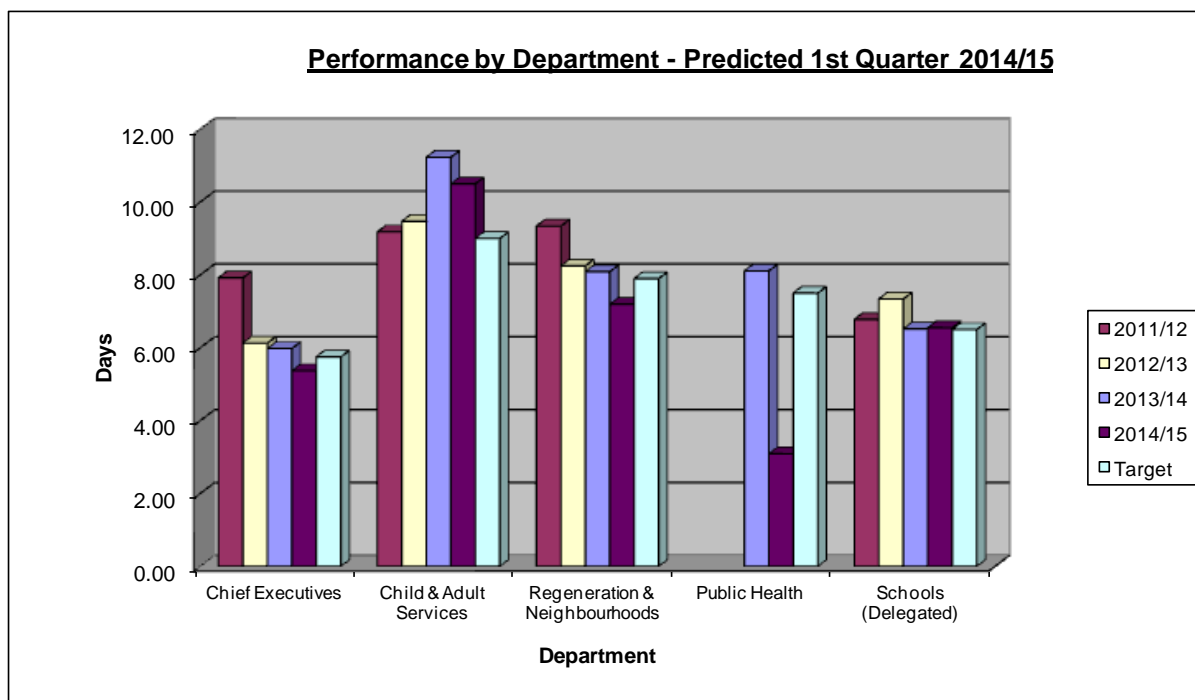
Figure 3



4.4 PREDICTED PERFORMANCE BY DEPARTMENT AND SCHOOLS

Figure 4 below identifies the end of year predicted figures (forecast for the annual year 2014/15) for each Department and Schools as at 30th June 2014. This can be compared to the actual performance over the previous three years. The final column shows the approved 2014/15 annual target for each Department and Schools. These figures illustrate that Chief Executives, Regeneration & Neighbourhoods, Schools and Public Health are expected to meet their targets. However, based on the last 12 months data, Child & Adult Services are not as likely to meet their target.

Figure 4



4.5 REASONS FOR SICKNESS

Figure 4 below identifies the rates for the top 5 reasons for sickness for each Department and Schools.

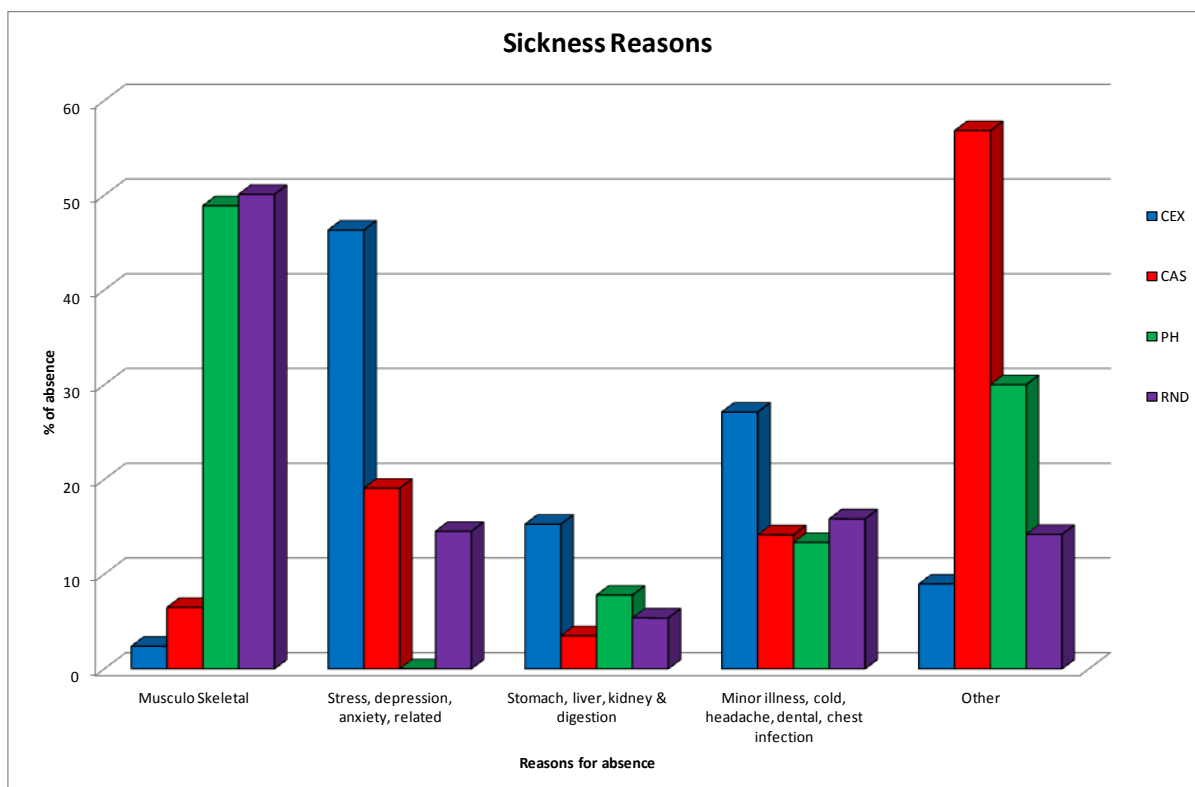


Figure 4 above shows from left to right, CEX, CAS, PH, RND Departments.

The top 5 reasons for sickness absence within the Council remain unchanged with minor illnesses, musculo-skeletal injuries, stress, depression and anxiety and stomach issues being the top causes of sickness absence. The most common cause of absence within both Public Health and Regeneration and Neighbourhoods is musculo-skeletal injuries. With Public Health having 48.89% and Regeneration and Neighbourhoods having 50.09% of their absences related to this. The Council has a number of pro active strategies it adopts to manage musculo-skeletal injuries such as regular refresher training on manual handling, hand arm vibration awareness, and personal protective equipment and referrals to Physiotherapy services.

Within the Chief Executives Department the most common cause of absence is stress, anxiety and depression with 46.32% of absences being related to this. Unfortunately the data does not differentiate between work and domestic stress. As a Council we have a number of pro active strategies available to manage stress / mental illness, for example, referrals to Counselling via Hartlepool MIND and stress risk assessments when an employee identifies that they are suffering from work related stress.

For Child & Adult Services 29.72% of absences are recorded as 'other'. This is due to the Departmental inputting of data and has been rectified for future statistics.

4.6 LONG, MEDIUM AND SHORT TERM SICKNESS ABSENCE ANALYSIS

Long = 20+ days / Medium = 5 to 20 days / Short = under 5 days

Figure 5 Council Long Medium and Short Terms Sickness 1st Quarter Analysis 2014/15

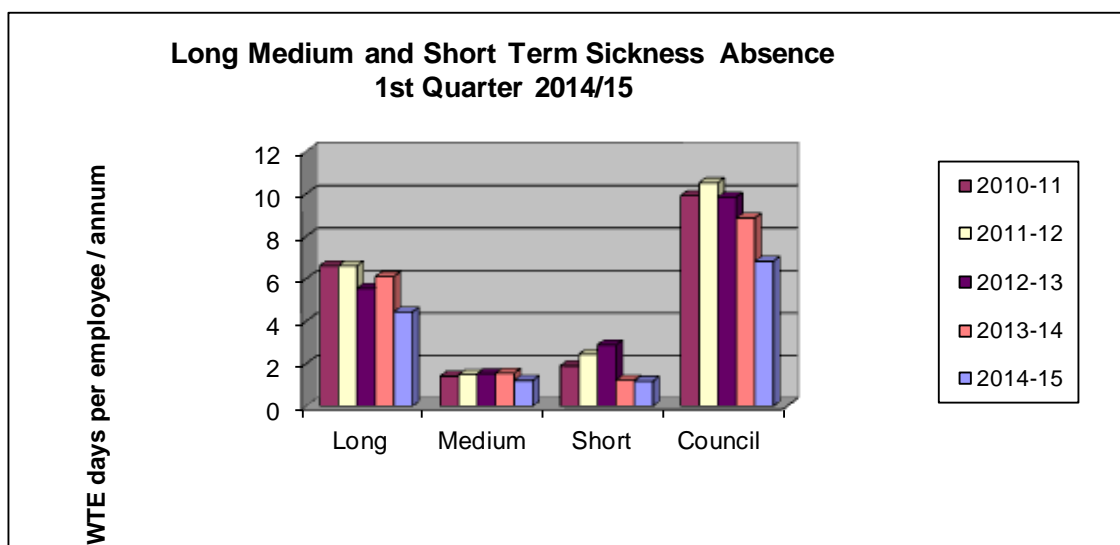
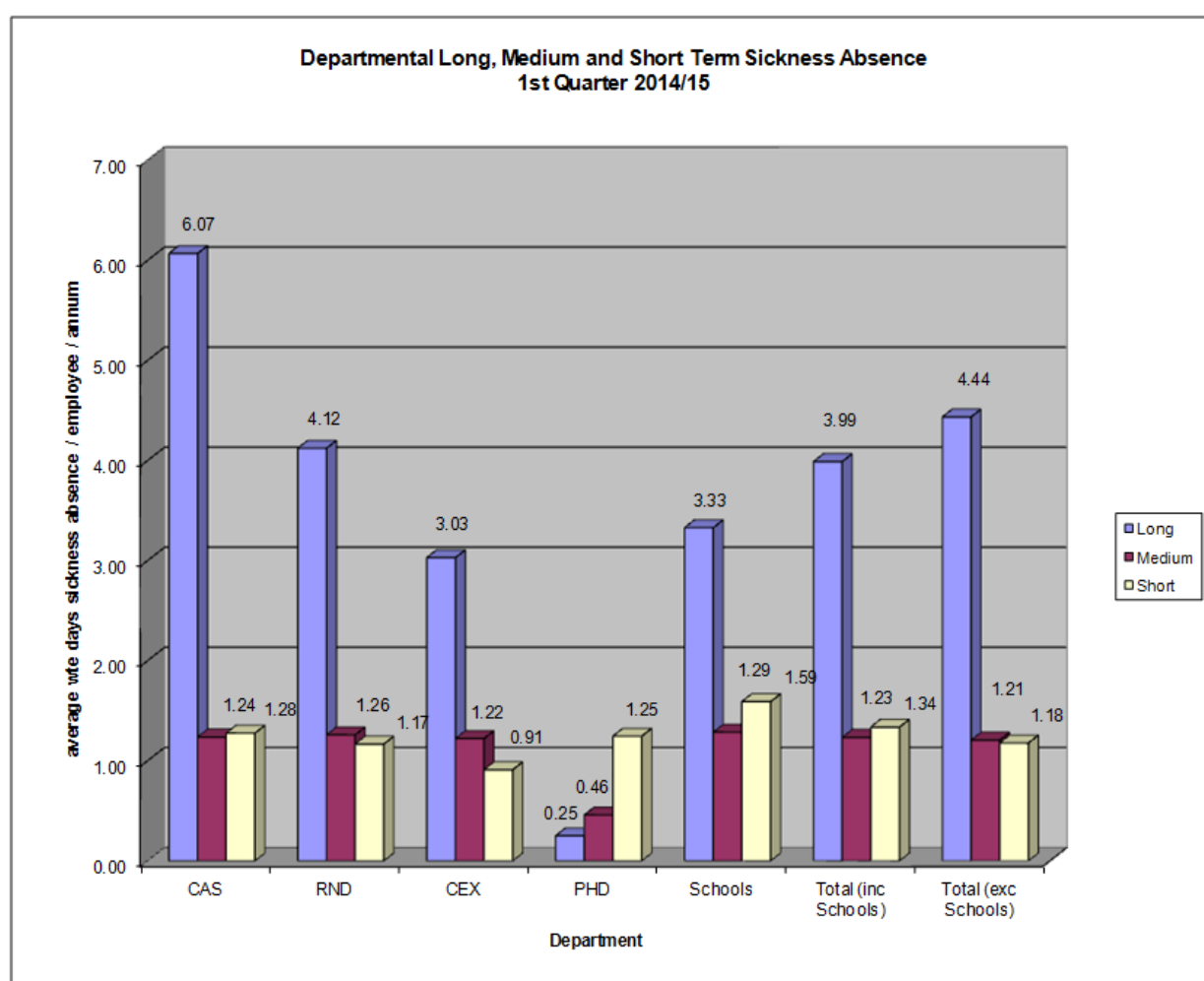


Figure 5 above shows a breakdown of long, medium and short term sickness absence in the Council for the past 3 years and up to 30th June for the 2014/15 year. The final block shows the impact this had on the overall Council sickness absence figure.

In 2014 there is a decline in long, medium, and a very marginal reduction in short term sickness. Overall for the Council there is a downward trend reflecting the improvement in the current year's figures to date. The Council ensures it targets resources to the management of long term sickness absence cases which accounts for the majority of sickness.

Figure 6: Departmental Long, Medium and Short Term Sickness 2014/15 (April to June 2014 figures)



As we can see from the information in Figure 6 above, long term sickness absence continues to account for the majority of the Council's sickness absence. The Council is focusing resources to support managers on the long term cases through individual case management and early intervention to support employees to return to work as quickly as possible.

5. RECOMMENDATIONS

- 5.1 That employee sickness absence rates for the first quarter of 2014/15 are noted.

6. REASONS FOR RECOMMENDATIONS

- 6.1 To advise the Committee.

7. BACKGROUND PAPERS

- 7.1 None

8. CONTACT OFFICERS

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