

FINANCE AND POLICY COMMITTEE AGENDA



Monday 24 November 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 13 October 2014 (*for information as previously circulated and published*).
- 3.2 To receive the minutes of the meeting of the Health and Wellbeing Board held on 10 September 2014.
- 3.3 To receive the minutes of the meeting of the Safer Hartlepool Partnership held on 18 July 2014.

4. BUDGET AND POLICY FRAMEWORK ITEMS

- 4.1 Local Council Tax Support 2015/16 – *Chief Finance Officer*
- 4.2 Medium Term Financial Strategy (MTFS) 2015/16 to 2018/19 – *Corporate Management Team*

5. KEY DECISIONS

- 5.1 Disposal of Surplus Assets – Former Seaton Carew Nursery School Site – *Director of Regeneration and Neighbourhoods*
- 5.2 Future Location of Hartlepool Community Monitoring Centre – *Director of Regeneration and Neighbourhoods*



- 5.3 Disposal of Surplus Assets – Sale of Land – Vision Retail Park – *Director of Regeneration and Neighbourhoods*
- 5.4 Review of Polling Districts, Polling Places and Polling Stations – *Chief Solicitor*
- 5.5 Disposal of Surplus Assets – Seaton Lane Sites – *Director of Regeneration and Neighbourhoods*

6. OTHER ITEMS REQUIRING DECISION

- 6.1 Rail Devolution and Rail North: Influencing the Future of Northern and Transpennine Rail Services – *Director of Regeneration and Neighbourhoods*
- 6.2 Quarter 2 – Council Overview of Performance and Risk 2014/15 – *Assistant Chief Executive*
- 6.3 A Combined Authority for the Tees Valley – *Chief Executive*
- 6.4 Strategic Financial Management Report – as at 30 September 2014 – *Corporate Management Team*
- 6.5 Section 106 Agreements Review – *Director of Regeneration and Neighbourhoods*

7. ITEMS FOR INFORMATION

- 7.1 Delegated Powers Property Transactions Quarterly Report – 2014 (Q2) – *Director of Regeneration and Neighbourhoods*
- 7.2 Corporate Procurement Quarterly Report on Contracts – *Director of Regeneration and Neighbourhoods*
- 7.3 Update on Public Sector Procurement Reforms – *Director of Regeneration and Neighbourhoods*
- 7.4 Employee Sickness Absence 2nd Quarter 2015/15 – *Assistant Chief Executive*

8. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT

9. LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006

EXEMPT ITEMS

Under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information as defined in the paragraphs referred to below of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006

10. OTHER ITEMS REQUIRING DECISION

- 10.1 Disposal of Surplus Assets – Lynn Street Depot Site (*para 3*) – *Director of Regeneration and Neighbourhoods*

ITEMS FOR INFORMATION

Date of next meeting – 22 December 2014 at 9.30am in the Civic Centre, Hartlepool



FINANCE AND POLICY COMMITTEE MINUTES AND DECISION RECORD

13 October 2014

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

Present:

Councillor: Christopher Akers-Belcher (In the Chair)

Councillors: Tom Hind, Peter Jackson, Marjorie James, Brenda Loynes, Robbie Payne and Carl Richardson.

Also Present: Councillor Jim Ainslie
Members of the public: Mr Walter Cook and Mr Ray Pocklington.

Officers: Dave Stubbs, Chief Executive
Andrew Atkin, Assistant Chief Executive
Peter Devlin, Chief Solicitor
Chris Little, Chief Finance Officer
Gill Alexander, Director of Child and Adult Services
Denise Ogden, Director of Regeneration and Neighbourhoods
Louise Wallace, Director of Public Health
Dean Jackson, Assistant Director, Education
Danielle Swainston, Head of Access and Strategic Planning
Joan Stevens, Scrutiny Manager
Ed Turner, Public Relations and Communications Assistant
David Cosgrove, Principal Democratic Services Officer

59. Apologies for Absence

Councillors David Riddle and Chris Simmons.

60. Declarations of Interest

Councillor Christopher Akers-Belcher declared a personal interest in Minute No. 73.

61. Minutes

- (i) Minutes of the Finance and Policy Committee held on 15 September 2014 – received.
- (ii) Minutes of the Health and Wellbeing Board held on 11 August 2014 – received.

62. Community Engagement and Cohesion Strategy

(Director of Regeneration and Neighbourhoods)

Type of decision

Key decision – Test (ii) applies – Forward Plan Reference RN 24/14.

Purpose of report

To consider the merger of the Neighbourhood Management and Empowerment Strategy, and the Community Cohesion Strategic Framework to form a Community Engagement and Cohesion Strategy with a revised delivery model.

Issue(s) for consideration

The Director of Regeneration and Neighbourhoods reported that the Neighbourhood Management and Empowerment Strategy directly supported the Council's Sustainable Community Strategy – The Strategy and Hartlepool's ambition to promote Safer, Stronger Neighbourhoods, had particularly close links to the Community Cohesion Framework and associated action plan introduced in 2011/12. It also directly contributed to the aims of the Equality Duty 2010 in ensuring that Hartlepool Borough Council tackled discrimination and advanced equality of opportunity for all, including equal access to services.

The Director highlighted that the data from the 'Indices of Multiple Deprivation 2010' showed that Hartlepool communities remain some of the poorest nationally with Headland and Harbour, Manor House, Victoria, De Bruce and Jesmond wards falling within the top 10% most disadvantaged in the country. These wards accounted for approximately half of Hartlepool's population; and presented a major challenge in terms of social inclusion, and subsequent levels of community cohesion. This was evidenced in Appendix A to the report which highlighted the strong correlation between deprivation levels, low satisfaction, and cohesion levels as well as higher levels of the fear of crime and anti-social behaviour compared to the Hartlepool average in deprived areas.

To avoid duplication of effort in the future and given the evidence outlined it was proposed that the Neighbourhood Management and Empowerment Strategy and the Community Cohesion Strategic Framework were merged to become the Community Engagement and Cohesion Strategy. It was proposed that the implementation of the strategy will be monitored via the following mechanisms:

- A six monthly Neighbourhood Sustainability Plan update and review, introducing new actions where needed, and a newsletter to local

neighbourhood groups on progress to date based on the 'You Said, We Did' approach.

- An annual report outlining progress on the Community Engagement and Cohesion Strategy to the Safer Hartlepool Partnership; the Councils Finance and Policy Committee, and Neighbourhood Services Committee including progress against Sustainability Plans; and Ward Profiles
- An annual progress report to the Neighbourhood Forums on Sustainability Plans and Ward Profiles.

The Director commented that the Strategy and Action Plan together could provide the statistical evidence and base to bid for any future government or European funding regime that may be introduced.

Members commented that the statistical information on deprivation levels was based on information that was now 2 to 3 years out of date. If anything, the situation in some areas had got worse. The Director commented that the six monthly reviews and the annual update would pick up updated information. However, the data would need to be robust to be used in bidding for any funds or programmes. It was agreed that ward Members would be involved in the process of producing the ward profiles and sustainability plans.

Decision

- 1 That the existing Neighbourhood Management and Empowerment Strategy and Community Cohesion Strategy be merged to create a Community Engagement and Cohesion Strategy and that the Council Constitution is updated to reflect this change.
2. That consideration is given to the implementation of a revised delivery model in relation to neighbourhood working that would build on existing approaches through the inclusion of the development of Neighbourhood Sustainability Plans for those neighbourhoods identified in the report as vulnerable.
3. That Officers be tasked with progressing the development of Neighbourhood Sustainability Plans liaising with partners to identify a lead organisation for each area identified in the report.
4. That the Strategy be monitored as outlined in Section 6 of the report.

63. Disposal of Surplus Assets – The Willows, 30 Raby Road, Hartlepool *(Director of Regeneration and Neighbourhoods)*

Type of decision

Key decision – Test (i) applies – Forward Plan Reference RN 13/09.

Purpose of report

To consider the sale of The Willows (the former Registrar's Office) 30 Raby Road, Hartlepool to Developing Initiatives and Supporting Communities (DISC).

Issue(s) for consideration

The Director of Regeneration and Neighbourhoods reported that The Willows building had now been declared surplus to the operational requirements of the Council following the relocation of the Criminal Justice Integrated Team (CJIT) to the Whitby Street Drug Centre.

Developing Initiatives and Supporting Communities (DISC) are a regional charity operating throughout the north-east and have over 25-years experience of helping people and communities deal with a whole range of life issues such as unemployment, poverty, crime, addiction, homelessness and family breakdown. DISC has been working in partnership with the Council for a number of years and were now one of the Council's contracted service providers for the treatment of people with longstanding drug and alcohol addictions.

DISC had been successful in securing a substantial capital grant from Public Health England (PHE) for delivery of a new Treatment Recovery HUB and The Willows had been identified as an appropriate building for the delivery of this new service. The grant had been awarded from PHE to cover both the initial acquisition and refurbishment costs to set up the new HUB service.

Heads of Terms for the proposed private treaty sale of The Willows had now been agreed with DISC and the details of such were set out in the Confidential Appendix B 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 part of the sale proposals DISC also required early access to the building to commence the required refurbishment works as the capital grant

awarded needed to be fully spent by the end of the 2014/15 financial year. It was proposed that the Council would grant a separate licence agreement to facilitate this at a nil rental that would self terminate upon the formal transfer of the building.

As part of the delivery of the HUB service DISC would also require a small area of land to the rear of the building for the purposes of the social enterprise activities in connection with the HUB project. The land did not form part of the Willows site, but it was in Council ownership and fell within the grounds of the Sir William Gray House Art Gallery and Museum. The Head of Culture and Information had been consulted on these proposals and had no objections to the land identified being used as part of the HUB proposals. DISC would pay an annual market rent for the land and the licence agreement would be authorised under the Director of Regeneration and Neighbourhoods Delegated Powers Procedure.

A representative of the Engineer's Social Club, which was located immediately to the south of The Willows, commented that the club was now under new ownership and currently undergoing refurbishment. The club would have been interested in purchasing The Willows had the building been sold on the open market. The representative suggested that there were other venues in the town that DISC could operate from and a site immediately next door to a venue selling alcohol was not conducive to those recovering from alcohol dependency problems.

Some Members questioned if the value being obtained for the property was reasonable on the open market. The Director stated that the value obtained did reflect the market value of the building as assessed by the Estates Team. The Authority had been approached by DISC when seeking a facility for their service and The Willows was considered to be the most suitable property within the Council's ownership. The Director commented that any new marketing of the building would create a delay which could mean that the DISC proposal may not go ahead. This view was supported by the Director of Public Health.

Other Members supported the proposal and considered that value of the property to be fair and that its utilisation for a service that was needed in Hartlepool made the proposal one that had to be supported.

The Committee discussed the proposal and the value obtained for The Willows. Members discussed the potential of the building being marketed and what effect that may have on the proposal set out in the report. During the debate it was suggested that the issue be deferred to allow some quick market testing as some Members considered the sale to DISC compromised following the expression of interest from the Engineer's Club.

The Chair considered that the sale had not been compromised in any way. The DISC proposal would provide both an essential service to the people of Hartlepool and a valuable capital receipt for the Council. The proposal was put to the vote and the recommendations below were approved on a

majority vote.

Decision

1. That the private treaty freehold disposal of The Willows direct to Developing Initiatives and Supporting Communities (DISC) in accordance with the agreed terms be approved.
2. That the granting of the early entry licence to allow the commencement of the refurbishment works be authorised in the terms reported.

64. Further Building Work at Pupil Referral Unit (PRU), Brierton Site *(Director of Child and Adult Services)*

Type of decision

Key Decision – test (i) applies. Forward Plan Reference CAS 034/14. A Special Urgency Notice had been completed for this report to allow the works to progress at the earliest opportunity.

Purpose of report

To seek approval from the Finance and Policy Committee for the further development of teaching facilities and other curriculum areas at the re-located Pupil Referral Unit on the Brierton Site.

Issue(s) for consideration

The Director of Child and Adult Services reported that It was agreed at Cabinet in December 2012 that, as part of the Brierton site ‘masterplan’, the Pupil Referral Unit, then located at the Golden Flatts site, be relocated to Brierton with a view to opening in January 2014. It was further agreed, pending proceeds from the sale of land at the Golden Flatts site, to phase the building programme identified for the Pupil Referral Unit over a period of time as funding permitted. The initial programme of work did not include specialist provision within the Pupil Referral Unit for art, science and physical education and, in addition, had limited outdoor space for recreational purposes.

In February 2014, Ofsted reported, at a monitoring visit following a ‘Grade 3 requires Improvement inspection’, that the Pupil Referral Unit should: ‘consider ways in which the organisation of the unit can be further developed to prepare pupils more effectively for the next steps in education, employment or training. The existing primary-based approach is not fully effective in helping pupils to develop the skills they will need for their future

lives.’

Following the Ofsted monitoring report, the Pupil Referral Unit had now adopted a secondary-based approach and, as a consequence, required additional specialist facilities to meet the needs of the secondary curriculum. It was proposed that further building work is carried out to ensure that the Pupil Referral Unit could provide pupils with access to the full secondary curriculum, namely the development of:

- The gymnasium, pupil changing rooms and toilets;
- The science laboratory and art / technology area;
- An outdoor recreation area to provide pupils with additional space during non-classroom periods.

It was further proposed to purchase new classroom furniture to replace that which was to transfer from the old building and was no longer fit-for-purpose. In addition, some further minor decorative work needed to be carried out to bring the interior of the Pupil Referral Unit up to the specification required for a high-quality learning environment. Details of all the costs and funding were set out in an appendix to the report,

Some Members questioned some of the estimated costs set out in the appendix, particularly as the site had been used only two years ago to house Dyke House School when its building works were ongoing. The Director stated that Dyke House School had not used the entire site and the changing rooms in particular were in a very, very poor condition.

Other Members considered that the children attending the PRU deserved similar facilities to those available at any other secondary school in the town. The issue of costs was, however, understandable. Members also queried what level of funding had been allocated to the PRU by Cabinet when the decision had been taken to move the facility.

The Director commented that the money allocated from 2012 had been spent but during the initial works issues with asbestos had been discovered which incurred greater expenditure than initially anticipated. The costings had been through a very rigorous challenge process to bring them down as far as was possible. Much of the expenditure was being funded through the dedicated schools grant.

It was suggested that Members visit the PRU both before and after the works to assess for themselves the works required and the difference to the education facility they would make. It was indicated that the initial visit would need to be organised for this week order to allow the works to commence during the forthcoming school holidays.

Decision

1. That the future specialist curriculum building work and associated

works to be carried out at the Pupil Referral Unit be approved.

2. That the funding for the works be as reported.

65. Local Growth Fund Programme Management Framework *(Director of Regeneration and Neighbourhoods)*

Type of decision

Non key decision.

Purpose of report

To provide an update on the Tees Valley Growth Deal and in particular the proposals for managing the Local Growth Fund (LGF) element through a Programme Management Framework (PMF).

Issue(s) for consideration

The Director of Regeneration and Neighbourhoods reported that in July 2014 the Tees Valley secured £90.3m of Local Growth Funding through a Growth Deal with government. This funding would deliver 15 capital projects across the Tees Valley; these included transport projects, innovation builds/developments, further education establishments and opening up sites to enable development.

With funding confirmed, Tees Valley Unlimited (TVU) were now working closely with government to put the necessary arrangements in place to manage and deliver the Growth Deal successfully. Local management of the Growth Deal funds would be through a LGF Programme Management Framework which would operate under the existing TVU Joint Agreement.

To ensure efficient and effective decision-making, it was proposed that the TVU governance groups assume full management responsibilities for current and future Growth Deal/LGF funding.

Decision

1. That the requirements and progress made with the 2015/16 Growth Deal Funding Agreement and Implementation Plan be noted.
2. That the principles and approach for decision making under the LGF Programme Management Framework be noted.
3. That the devolution of current and future Growth Deal/LGF management to TVU governance groups, as detailed under the

existing Partnership Agreement and in accordance with the LGF Programme Management Framework be approved.

66. Irrecoverable Debts – Council Tax and Business Rates *(Chief Finance Officer)*

Type of decision

Non key decision.

Purpose of report

To seek Members approval to write-out a number of Council Tax and Business Rates debts which were now considered to be irrecoverable.

Issue(s) for consideration

The Chief Finance Officer reported that in terms of the annual Council Tax debit to be collected, the amount proposed for write out continued to be very low. National benchmarking puts Hartlepool in the lowest quartile for Council Tax write outs (no comparative data is available for business rates) and the proposed write outs reported were well within the financial planning assumptions underpinning the Council's budget. The total amount recommended for write out is £3,467.03.

For Business Rates, historical accounting provisions had been established and had been charged against the former National Non Domestic Rates / Business Rates Pool for any business rates debts prior to 1st April 2013, considered to be at risk of non recovery. Of the proposed business rates write outs reported of £51,953.76, the majority (75% or £39,122.62) would be charged against the central government National Non Domestic Rates Pool bad debt provision and thereby would have no financial impact on the Council. The proposed write outs were within the financial planning assumptions underpinning the Council's budget.

Comparative data showed that 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 average of 96.05%. After 5 years, in Hartlepool, in excess of 99.2% of Council Tax will have been collected and the Council continues to vigorously pursue recovery of the remaining amounts.

The Council's performance in collection of NNDR was also positive. In 2013/14, 98.5% of business rates were collected within the financial year it was billed, which was higher than the national average for Metropolitan and Unitary Councils of 97.25%. In terms of long term collection of business rates, after 5 years in Hartlepool, in excess of 99.5% of business rates due

will have been collected.

The appendices to the report detailed the individual Council Tax and Business Rates debts over £1000, and the reasons why each debt remained unrecovered. The amounts recommended for write out were the net debt outstanding and the net amounts involved often spanned more than one financial year:

Appendix A – Company Liquidated / Dissolved - £50,361.71

(This information was disclosed as it would be in the public domain via Companies House.)

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

Appendix B – Absconders - £1,139.37

Appendix C – Miscellaneous - £1,201.00

Appendix D – Bankrupt - £2,718.71

A total of £55,420.79, comprising £3,467.03 Council Tax and £51,953.76 Business Rates. All debts submitted for write-out from the accounting records had been comprehensively scrutinised by officers.

A Member of the public present at the meeting questioned the potential effect of the power station shut down on the business rates collected. The Chief Finance Officer indicated that the power station was only liable for business rates when generating. Each year a programme of maintenance shut downs were agreed. The most recent shut down had extended beyond the expected period. The power station operators had applied to the Valuation Office for re-evaluation and there was the potential for the council to lose £300,000 for each month of non-operation, which could mean a loss of £600,000 to £900,000 if approved by the Valuation Office. It was for these reasons that an appropriate reserve had been created by Council.

Decision

1. That the write-out of irrecoverable Council Tax of £3,467.03 and Business Rates debts of £51,936.70 be approved.
2. That the Committee notes that £39,122.62 of Business Rates write out relates to former national non domestic rates and would be charged to the former national pool bad debts provision, thereby having no financial impact on Hartlepool.

67. Service Planning 2015/16 (*Corporate Management Team*)**Type of decision**

Non key decision.

Purpose of report

To consider and agree the proposed Outcome Framework and service planning timetable for 2015/16.

Issue(s) for consideration

The Assistant Chief Executive reported that the Outcome Framework had last been reviewed and updated as part of the service planning process in 2014/15. Discussions had taken place with Council Officers from across all Departments on the revision of the outcome framework, and as a result of those discussions, it was not proposed to change radically the framework for 2015/16.

The proposed framework set out in the report contained 34 outcomes that address the eight Community Strategy themes. There had been a few minor changes to the wording of some of the outcomes within the framework. The Culture and Leisure outcome has been split into two to reflect the new organisational arrangement and to help clarify aims and objectives across this area. Two outcomes within organisational development had also been merged to reflect changes in service delivery. Finally, one of the outcomes had been removed as all actions, PIs and risks from this outcome sit better under the remaining outcome in Strengthening Communities Theme.

Further work was currently being undertaken to develop the actions and identify the performance indicators and risks that would underpin the outcomes, and would ultimately appear in the Council Plan. The key steps in agreeing the Council Plan, which incorporates the four Departmental Plans, were set out in the report which included reports to the policy committees before a final draft was considered by this Committee for approval and submission to Council for adoption in March 2015

Decision

That the proposed Outcome Framework and the overall timetable as set out in the report be approved.

68. Local Welfare Support/Discretionary Housing Payment Administration – Review of Frameworks (Director of Child and Adult Services)

Type of decision

Non key decision.

Purpose of report

To seek approval for revised Local Welfare Support (LWS) administration framework and Discretionary Housing Payment (DHP) administration framework.

Issue(s) for consideration

The Director of Child and Adult Services reported that Cabinet approved Hartlepool's LWS and DHP administration frameworks in March 2013. These frameworks were developed to respond to the transfer of responsibility of discretionary support from DWP to the council in 2013.

The frameworks for the administration of LWS and DHP had been in place for over 12 months and a review had taken place to take into account the learning over this initial phase of Council responsibility. The revised frameworks were set out in appendices to the report and contained some amendments to the previously approved frameworks.

The DWP had notified Local Authorities that Local Welfare Support funding would be withdrawn after 2014/15. This was highlighted within the MTFS in Feb 2014 and Members agreed that funding would be allocated up until 2016/17. From May 2014 responsibility for LWS and DHP applications/decision making were transferred from Revenue and Benefits to the Advice and Guidance Hub.

The Head of Access and Strategic Planning outlined the proposed changes to the existing frameworks, highlighting –

Local Welfare Support (LWS) Framework Changes:

- An additional exception to the need to be in receipt of out of work benefits when hardship is evident e.g maternity allowance, in work poverty (section 2.4.1 of framework).
- Foodbank paragraph added. We have specified in the framework that LWS budget is set aside each year to support the Foodbank. (section 3 of framework).
- Included an option to buy second hand goods from charity shops, in particular the British Heart Foundation (BHF) who has begun to offer

this service across other Local Authorities. Other LAs have started to use this as a way to extend use of funding. The BHF can guarantee safety checks on electrical goods, fire testing and fire resistant materials and 12 month guarantees on purchases. (section 5.1 of framework).

- Remove Disability Living Allowance, Personal Independence Payments, Child Maintenance, War Pensions (not limited to) from income assessment – these will now be disregarded. (section 8.1 of framework)

Discretionary Housing Payment (DHP) Framework Changes:

- More than one year on from welfare reform increasing numbers of DHP applications are being made from previous applicants. DHP applicants that were supported initially with shortfall in rent due to under occupation charges have been unable to move to alternative smaller/ more affordable accommodation. One of the reasons for this is a lack of funds to support a move from one place to another. The change within the framework is therefore to tackle this issue making it explicit that we will accept applications for funds to support a move including removal van, new carpets etc for a new more affordable property. We will also support rent in advance/ deposits if it supports the tenant into suitable alternative accommodation. This was explicitly refused in the last framework but is now acceptable in the updated guidance.(section 10.3 of the framework).

The Head of Access and Strategic Planning indicated that the revised LWS framework proposed to remove Disability Living Allowance, Personal Independence Payments and Child Maintenance from income assessment. From an examination of previous applications received into the hub this would not have a significant adverse impact in the budget available.

Removal of DLA/ PIP and Child Maintenance when undertaking income assessment within the DHP process had been proposed in the revised framework. This was included within the guidance issued by DWP. A review of previous applications showed that whilst a lot of applicants receive DLA/ PIP the amount of award is relatively low e.g. for example a typical rent shortfall is perhaps £20-£25 per week. Even if they received the full amount for 26 weeks this would only come to £520-£650.

All the other proposed changes to the framework could be covered within the existing budget.

Members queried the option to buy second hand goods from charity shops and why the purchase of brand new goods from the Credit Union Shop was not also included. The Committee agreed that the most cost effective option should be utilised in each case.

Decision

1. That the revised Local Welfare Support Administrative Framework 2014/15 be approved.
2. That the revised Discretionary Housing Payment Administrative Framework 2014/15 be approved.

69. Health Weight Service Update (*Director of Public Health*)**Type of decision**

Non key decision.

Purpose of report

To seek approval from the Finance and Policy Committee to a preferred option for the future delivery of the health trainer service.

Issue(s) for consideration

The Director of Public Health reported that at the Committee meeting on 30 June 2014, it was agreed to secure a healthy weight service for Hartlepool, funded through the ring fenced Public Health Grant, to commence on 1st April 2015. A review of the current NHS Health Trainer Service, provided by North Tees and Hartlepool NHS Foundation Trust, had taken place in partnership with Stockton Borough Council. Throughout the service review, it became clear that Hartlepool and Stockton had different opinions of how the healthy weight service would operate in each area in the future, therefore, any new service would be bespoke to Hartlepool and operate separately to the Stockton Healthy Weight Services.

There were two possible options for securing a new Healthy Weight Service for Hartlepool:

Option A: Develop our own delivery model and provide the service in-house, with existing and eligible staff subject to TUPE into HBC.

Option B: Develop a service specification and procure an external service provider. Any successful bidder may also be subject to TUPE regulations with regards to eligible staff.

Details of the examination of both options, their opportunities and challenges were set out in the report. As part of the service review in Stockton, a market engagement event was held on 29 April 2014 for both

school nursing services and healthy weight services. Twelve organisations registered to attend the event with four Foundation Trusts, one voluntary sector provider and six private sector providers expressing their interest in providing Weight Management Services in the Borough. It was anticipated that interest from providers may be reduced due to the Hartlepool contract value being lower than Stockton.

By bringing the service in-house (Option A), and absorbing management costs through existing Public Health capacity and providing the service at staff cost, it was envisaged that savings of at least £20K per annum can be achieved against the existing contract value.

Potential redundancy costs for the eligible staff transferred via TUPE were estimated at no more than £60k. These costs would only be incurred in the event of a future decision to terminate this service and it not being possible to redeploy staff into alternative roles. This was currently assessed as a low risk. Furthermore, these potential costs needed to be considered in the context of the forecast annual saving from an in-house service.

If, as expected, there is no additional public health funding for the contract in 2015/16, there is a risk that the existing level of service could not be provided or maintained by an external provider (Option B). Overheads from external providers could be between 12-25% of overall costs.

The Director, therefore recommended approval to option A, bringing the service 'in-house' as the preferred option.

Decision

That option A be approved as the preferred option for the future delivery of the healthy weight service.

70. HR Policy and Procedure Review (Discipline and Grievance) *(Assistant Chief Executive)*

Type of decision

Non key decision.

Purpose of report

To request approval for the revised Discipline and Grievance Policies and Procedures as part of the HR policy review programme.

Issue(s) for consideration

The Assistant Chief Executive reported that HR Policies and Procedures were being reviewed as part of an ongoing update process. The Discipline and Grievance Policies and Procedures had been revised in line with the ACAS codes of practice and updated to reflect any changes to personnel in line with the corporate reorganisation of Council Services. The trade unions had been consulted and the revised Policies and Procedures had been accepted.

Decision

That the revised Discipline Policy and Grievance Policy and related procedures be approved.

71. Code of Conduct for Employees (*Chief Solicitor*)**Type of decision**

Non key decision.

Purpose of report

To consider the appended draft 'Code of Conduct for Employees' following on from the consolidation of this item by the Audit and Governance Committee on 25 September 2014.

Issue(s) for consideration

The Chief Solicitor reported that the existing Code had been agreed with Trade Unions as part of the Single Status Agreement (Appendix A to the report) and a suggested revision (Appendix B to the report) covering the expanded themes and principles behind such a code was now proposed for adoption. The new draft Code had been considered by the Local Joint Consultative Committee and had been approved. There had also been further reference of this new code to the Trade Unions at their Single Table meeting in September. It was recommended, therefore, that the Committee requests Council to adopt this amended Code and that it be incorporated into Part 5 of the Constitution (Codes and Protocols).

Decision

That the submitted 'Code of Conduct for Employees' be approved for submission to Council for adoption.

72. Safer Hartlepool Partnership Draft Reducing Re-Offending Strategy 2014-2017 *(Director of Regeneration and Neighbourhoods)*

Type of decision

Non key decision.

Purpose of report

To present and seek comments from the Finance and Policy Committee on the second draft of the Safer Hartlepool Partnership Reducing Re-Offending Strategy 2014/17.

Issue(s) for consideration

The Director of Regeneration and Neighbourhoods reported that in September 2013 the first draft of the Reducing Re-offending Strategy had been presented to and approved by the Safer Hartlepool Partnership. However, it was acknowledged that finalisation and consultation on the strategy should be delayed pending findings from the Audit and Governance investigation into the level, complexities and impact of re-offending in Hartlepool.

Following the conclusion of the Audit and Governance investigation in May 2014, the strategy was revised, and a second draft, now submitted, approved for consultation by the Safer Hartlepool Partnership on 18th July 2014. The finalised strategy would be approved and adopted by the Safer Hartlepool Partnership at the conclusion of the consultation.

The overall aim of the strategy is – ‘To break the cycle of reoffending by ensuring that local services are co-ordinated in a manner that meets the needs of offenders, whilst at the same time ensuring local communities remain safe’. Hartlepool had the unenviable position of having the second highest rates of reoffending in the country though officers in conjunction with the Police and the Police and Crime Commissioner (PCC) were working hard on the implementation of best practice to tackle that statistic.

A member of the public asked if the Council received any additional finance to tackle problem families. The Director commented that the Council did receive funding for problem families and intensive work was undertaken with those families to break the cycle of reoffending. However, much of the reoffending statistics were driven by people aged 18 to 24 who didn't have a specific funding and support around them. In this group, accommodation was often a critical factor, as without a stable home much of the intensive support work couldn't commence. In response to Members questions, the

Director indicated that there were significant problems of homelessness among these younger people who ‘sofa surfed’ rather than sleeping rough thus frequently dropping out of the system until they came to us needing support.

Members queried if any research had been undertaken nationally on this worrying and hidden problem. The Director indicated that she was unaware of any. Gaining accurate statistics on this group was extremely difficult. There were some statistics available for when they presented themselves homeless to the local authority and the Director of Public Health indicated that there were some housing needs statistics included in the JSNA (Joint Strategic Needs Assessment).

The Director reassured Members that there were appropriate procedures in place to assist homeless young people when they came to the Council looking for support. There were also regular quarterly updates on housing needs reported to the Regeneration Services Committee. Members considered that recent changes implemented by the government would mean that single people under the age of 35 were now only entitled to a room and not a house. This could be a significant issue for separated parents in arranging proper contact with their children.

Decision

That the draft Safer Hartlepool Partnership Reducing Re-offending Strategy 2014-2017 be noted.

73. Northgate Community Fund *(Assistant Chief Executive)*

Type of decision

For information.

Purpose of report

To inform the Finance and Policy Committee of the allocations made by the Northgate Community Forum.

Issue(s) for consideration

The Assistant Chief Executive reported that as part of the recent new ICT contract, Northgate had established the Northgate Community Fund of £40,000 per annum, £10,000 of which was match funding the Gus Robinson Foundation for scholarships through the Hartlepool College of Further Education (as already agreed by Finance and Policy Committee). The remaining £30,000 has been made available to the voluntary and

community sector (VCS), the Council, other public sector partners and Northgate. The aims of the Fund were agreed at Finance and Policy Committee and they were 'to reduce the proportion of individuals, small businesses and charities without basic IT skills and increase the number of people accessing digital services'.

The deadline for applications was Friday 27 June with a total of 7 applications received. The applications had been considered by the Northgate Community Forum and the report considered was submitted as an appendix to the report and included details of the projects to be supported.

It was agreed to support the Red Dreams project only if the group were successful in achieving the other funding identified as part of the bid. The Assistant Chief Executive informed the meeting that the group had been successful in achieving the other funding. For the Committee's information it was reported that in the consideration of the Rifty Youth Project application Councillor C Akers-Belcher did not take part in the discussion or decision. Councillor C Akers-Belcher had declared a personal interest in the report at the commencement of the meeting (minute no. 60 refers).

Decision

1. That the allocations made by the Northgate Community Fund Forum, attached as reported be noted.
2. That the Committee notes that the Red Dreams allocation will now be progressed as they had been successful with other funding applications.
3. That the Committee notes that the remaining balance of the fund will be rolled forward to next year's allocation.

74. Clawback – The Domes, Tees Road, Seaton Carew, Hartlepool – Risk Management Arrangements

(Corporate Management Team)

Type of decision

For information.

Purpose of report

In response to the Council resolution of 19 September 2014 to consider the risk management arrangements for any potential liabilities associated with the agreement signed in relation to the Sports Domes at Seaton Carew.

Issue(s) for consideration

The Chief Finance Officer reported that at Council on 19 September, 2014 Members requested that a report be submitted to this Committee setting out the risk management arrangements for any potential liabilities associated with the agreement signed in relation to the Sports Domes at Seaton Carew. The report set out brief details of the previous reports considered by the Committee and Council.

In terms of the legal risks, the arrangements implemented to originally release the restrictive covenant protected the Council's legal position by putting in a place a Clawback Deed which would secure a financial payment over an agreed period, or an earlier date if the property was sold within the agreed period.

The effectiveness of the Clawback Deed was demonstrated by the negotiations the current owner commenced with the Council when the opportunity to dispose of the domes arose, as this sale could not proceed without the Council agreement and the payment of monies to secure this agreement.

In terms of the financial risk, as was the case with any disposal there was a financial risk until legal contracts had been exchanged and payment had been received by the Council. Officers had assessed the value of achieving a one-off payment compared to annual instalments over a 15 year period and recommended the one off instalment as the appropriate option.

The financial risk of using the one-off domes income had been managed by not spending monies until these have been received. Therefore, in the event that the domes monies were not received these projects will not be progressed. The only exception was in relation to the summer 2014 free swims where a decision needed to be made to either not proceed with this initiative, or to identify alternative funding. The decision was reached that as a contingency this amount would need to be funded from the 2014/15 General Fund revenue budget outturn if the domes monies are not received.

The majority of the forecast domes monies are earmarked towards managing the repayment of the existing Growing Places interest free loan secured to purchase the Jackson's Landing site. The allocation of these monies, together with monies already allocated, would completely remove the financial risk if the site was not developed, or an onward sale not completed by August 2015, which is the date the Growing places loan needs to be repaid. Members had been advised at the time of the purchase of the potential financial risks of the development being delayed beyond 2015. The opportunity to potentially allocate the domes money will largely remove the risk of having to use Prudential Borrowing for Jackson's Landing if this was delayed beyond August 2015. This was not known when the decision to purchase Jackson's Landing was made. Therefore,

on the basis of the monies being received the Council would be in a better position than forecast when the decision to buy Jackson's Landing was made.

Decision

That the report be noted.

75. Any Other Items which the Chairman Considers are Urgent

The Chair reported to Members that Hartlepool Borough Council had been recognised by the Public Health Minister Jane Ellison in her first Award scheme for its efforts in increasing the health of its workforce. The award recognised excellence and innovation in workplace health and wellbeing initiatives and was presented at the annual RSPH Conference on 1st October. The Chair congratulated the Director of Public Health and all the staff involved in achieving the award.

The meeting concluded at 11.07 am.

P J DEVLIN

CHIEF SOLICITOR

PUBLICATION DATE: 22 OCTOBER 2014

HEALTH AND WELLBEING BOARD

MINUTES AND DECISION RECORD

10 September 2014

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

Present:

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

Prescribed Members:

Elected Members, Hartlepool Borough Council – Councillors Carl Richardson and Chris Simmons

Representatives of Hartlepool and Stockton-on-Tees Clinical Commissioning Group – Alison Wilson and Dr Schock

Director of Public Health, Hartlepool Borough Council – Louise Wallace

Director of Child and Adult Services, Hartlepool Borough Council – Gill Alexander

Other Members:

Chief Executive, Hartlepool Borough Council – Dave Stubbs

Director of Regeneration and Neighbourhoods, Hartlepool Borough Council – Denise Ogden

Representative of the NHS England – Caroline Thurlbeck

Representative of North Tees and Hartlepool NHS Foundation Trust, Alan Foster

Audit and Governance Committee Representative, Councillor Springer, (Observer)

In attendance as substitutes:-

Lynn Allison for Ruby Marshall, Healthwatch

David Brown for Martin Barkley, Tees Esk and Wear Valley NHS Trust

Also in attendance:-

Councillor Jim Ainslie, Hartlepool Borough Council (Observer)

Judith Gray, Healthwatch

David Pickard, Independent Chair of Hartlepool Safeguarding Children's Board

Ailsa Rutter and Andy Lloyd, Fresh Smoke Free North East

Officers: Joan Stevens, Scrutiny Manager, Hartlepool Borough Council
 Carole Johnson, Head of Health Improvement, Hartlepool Borough Council
 Denise Wimpenny, Democratic Services Team, Hartlepool Borough Council

9. Apologies for Absence

Apologies for absence had been submitted on behalf of the following Board Members:-

Tracey Woodhall, Hartlepool Voluntary and Community Sector
Ruby Marshall and Margaret Wrenn, Healthwatch
Martin Barkley, Tees Esk and Wear Valley NHS Trust

10. Declarations of interest by Members

None

11. Minutes

The minutes of the meeting held on 11 August 29 April 2014 were confirmed.

12. Introduction to Independent Chair of Hartlepool Safeguarding Children Board

The Chair welcomed David Pickard, the Independent Chair of Hartlepool Safeguarding Children Board. The Independent Chair took the opportunity to highlight his honour at being selected for the post and also provided a summary of his role as Independent Chair, main rationale and vision of the Board, areas identified for improvement as well as what he could contribute to the Board.

In response to the Independent Chair's indication that a copy of the joint vision and values would be provided to all Members of the Health and Wellbeing Board under separate cover following the meeting, it was agreed that this information be included in the agenda papers for the next meeting.

Decision

The information given be noted and details of the joint vision and values be included with the agenda papers for the next meeting.

13. Scoping Report – Obesity

The Director of Public Health referred to the Board's identification of obesity, at its meeting on 11 August 2014, as a priority issue for consideration in 2014/15. In preparing for the scoping of this issue by the Committee, it was felt that it would be beneficial to involve the Joint Commissioning Executive (JCE). On this basis the issue had been added to the agenda for the next meeting of the CE on 25 September 2014. The views of the JCE would then

be incorporated in the scoping report which would be considered by the Health and Wellbeing Board on 20 October 2014.

Decision

That the process for scoping the piece of work in relation to obesity to be undertaken by the Board during 2014/15 be agreed.

14. Scrutiny Investigation into COPD/Action Plan

The report included background information into the Audit and Governance Committee's scrutiny investigation into COPD. A proposed action plan was provided, set out at Appendix A, in response to the findings and subsequent recommendations of the Committee.

The board debated COPD statistics and noted that smoking was the main contributory factor in the occurrence of COPD. Whilst Members were pleased to note that the number of smokers continued to reduce, the impact of smoking continued to be a major problem. The importance of effective treatment and management of COPD was emphasised.

Decision

- (i) That the Action Plan, as detailed in Appendix A, be approved subject to a response from the CCG and Trust on recommendations (a) to (c) in response to the recommendations of the Audit and Governance Committee's investigation into COPD.
- (ii) Upon receipt of a response from the CCG and Trust on recommendations (a) to (c), the Action Plan be updated and re-circulated to all Members of the Board.
- (iii) The impact/progress on the Action Plan be reported to the Board along with the Public Health report in relation to COPD screenings (recommendation f refers) scheduled for consideration by the Board in March 2015.

15. Making Smoking History 5% by 2025 Regional Vision

The Board received a detailed presentation by a representative from Fresh Smoke Free North East. The presentation focussed on the following issues:-

- Reflections on progress to date
- How did we get there?
- Smoking is the greatest cause of health inequalities beginning in childhood

- Smoking and health inequalities
- Discussions at Making Smoking History in the North East Partnership
- Increasing international debate
- What is the idea?
- North East trajectory based on 2005-2011 experience – endorsed by Partnership as strategic aim – 5% by 2025
- Exciting developments with North East involvement
- Polluter pays principle
- Is enough being done to tackle the harm of smoking?
- Key recommendation from Cancer Research UK
- Key summary points from Partnership, HWB Chairs Forum, Elected Mayors/Leaders
- Will you support the regional vision?

The Board welcomed the presentation, the excellent progress made to date and unanimously supported the regional vision.

Decision

That the contents of the presentation be noted and the regional vision be supported.

16. Better Care Fund

The Board was provided with an overview of the new information requirements for the Better Care Fund (BCF) and changes to the assurance process and timeline, the background of which was set out in the report. Details of the impact of the changes were provided together with a summary of the key changes in the BCF planning templates, attached as appendices to the report. Members were advised of the financial, risk and communication and engagement considerations, as set out in the report.

Decision

The Health and Wellbeing Board:

- (i) Noted the changes resulting from the revised BCF guidance, including the revised assurance process and timeline;
- (ii) Reviewed and approved the updated BCF planning templates, in order for them to be submitted to the NHS Local Area Team and National BCF Task Force by 19 September 2014;
- (iii) Agreed the performance pot based on the Board's level of ambition for reducing emergency admissions;
- (iv) Agreed a process for ensuring that, if required, the BCF plans could be updated following this meeting to ensure that a final version could be submitted on 19 September.
- (v) Delegated authority to the Director of Child and Adult Services and Chief Officer, NHS Hartlepool & Stockton-on-Tees CCG (in

consultation with the Health and Wellbeing Board Chair) to make any necessary changes, to the attached BCF planning templates, that were required prior to submission.

17. Transformation Challenge Award – Better Childhood Programme

The report sought endorsement of the Health and Wellbeing Board to the submission of a bid for the Department for Communities and Local Government Transformation Challenge Award 2015-16. The Director of Child and Adult Services provided background information in relation to the programme and the proposal to submit an expression of interest, attached at Appendix 1, to the DCLG. If the bid to the DCLG for £750,000 was successful, it was proposed the funding be used to fund programme management capacity, programme delivery capacity, development of software to capture qualitative and quantitative outcomes data, transforming leadership and workforce development and programme evaluation.

A Member commented on the benefits of seeking additional funding to support this development. In response to some concerns regarding the level of funding allocated to support the development of software, the Director of Child and Adult Services outlined the benefits of software of this type and provided assurances that costs were being challenged to ensure value for money. Board Members went on to express their support for the Programme acknowledging the potential benefits as a result.

Decision

That the submission of a formal bid for the DCLG Transformation Challenge Award to invest in the integration and transport of early help services and processes be endorsed.

18. Audit and Governance Committee Work Programme 2014/15 – Cardiovascular Disease (CVD)

The Scrutiny Manager reported that the Audit and Governance Committee had met on 7 August 2014 to select topics for investigation in 2014/15. The Committee had welcomed the Health and Wellbeing Board's support for an investigation in relation to cardiovascular disease and went on to select the issue as its primary topic for 2014/15.

Decision

That the selection of 'cardiovascular disease' as the health topic for investigation by the Audit and Governance Committee be noted.

19. Safer Hartlepool Partnership Draft Reducing Re-Offending Strategy 2014-2017

The Director of Regeneration and Neighbourhoods presented the report which sought comments from the Board on the second draft of the Safer Hartlepool Partnership Reducing Re-offending Strategy 2014-17, attached as an appendix to the report.

The background to the development of the Reducing Re-offending Strategy together with the overall aim of the Strategy was set out in the report. Members were referred to an action plan, appended to the report, that had been developed by the Safer Hartlepool Partnership Reducing Re-offending Task Group, taking into account key findings from the Offender Housing Needs Event held in December 2013 and the ongoing work to develop a Tees-wide single Integrated Offender Management (IOM) scheme.

Responsibility for delivery against the strategic objectives and action plan had been allocated to the Safer Hartlepool Partnership Reducing Re-offending Task Group, where performance would be monitored by the Safer Hartlepool Partnership. The draft strategy was being consulted upon, the results of which would be considered and used to inform the production of the final draft which would be presented to the Safer Hartlepool Partnership for final approval.

In the discussion that followed, Members discussed the wider contributory factors of re-offending including the importance of improving pathways out of re-offending and the need for all partners to work together on the needs of offenders and the prevention agenda.

Decision

That the contents of the draft Safer Hartlepool Partnership Reducing Re-offending Strategy 2014-17 and comments of the Board be noted.

20. Clear and Credible Plan Refresh

A representative from Hartlepool and Stockton on Tees CCG presented the report which provided Board Members with a copy of the Clinical Commissioning Group Clear and Credible Plan (Refresh) for 2014/15 – 2018/19. The refreshed Plan incorporated the planning requirements, as detailed in the report. The Plan included the joint vision, the case for change and how the vision would be achieved. Members were advised that the refreshed plan was a lengthy document, a summary of which had not yet been produced.

In support of the report the Board was provided with a detailed and comprehensive presentation which focussed on the main changes to the Plan

and included Strategic aims/values, a number of Health and Wellbeing Work Programmes including Out of Hospital Care, Acute In-Hospital Care, Mental Health and Learning Disabilities, Medicines Optimisation, outcome ambitions, listening to communities together with the next steps.

Following the presentation, Board Members discussed issues associated with life expectancy and the importance of narrowing the gap in inequalities in Hartlepool given the comparator with the England average. Quality of life was highlighted as an issue in terms of improving life expectancy in Hartlepool and it was noted that people in Hartlepool suffered illness for longer than the rest of the North East. Some concerns were raised in relation to the challenges ahead and conflicting demands in terms of managing adult social care and health in the future given the continuing reduction in funding.

Decision

The Board noted the Refreshed Clear and Credible Plan.

The meeting concluded at 3.30 pm.

CHAIR

SAFER HARTLEPOOL PARTNERSHIP MINUTES AND DECISION RECORD

18 July 2014

The meeting commenced at 1.00 p.m. in the Civic Centre, Hartlepool

Present:

Councillor Christopher Akers-Belcher, Elected Member, Hartlepool Borough Council ((In the Chair)
Councillor Chris Simmons, Elected Member, Hartlepool Borough Council
Dave Stubbs, Chief Executive, Hartlepool Borough Council
Denise Ogden, Director of Regeneration and Neighbourhoods, Hartlepool Borough Council
Clare Clark, Head of Community Safety and Engagement, Hartlepool Borough Council
Louise Wallace, Director of Public Health, Hartlepool Borough Council
Chief Inspector Lynn Beeston, Chair of Youth Offending Board
John Bentley, Voluntary and Community Sector Representative, Chief Executive, Safe in Tees Valley
Andy Powell, Director of Housing Services, Housing Hartlepool

Also present:

Dr Neville Cameron, Office of Police and Crime Commissioner for Cleveland
Kevin Parry, Durham Tees Valley Probation

Officers: Joan Stevens, Scrutiny Manager
Amanda Whitaker, Democratic Services Team Manager

1. Apologies for Absence

Apologies for absence were submitted on behalf of Chief Superintendent Gordon Lang, Cleveland Police and Karen Hawkins, Hartlepool and Stockton on Tees Clinical Commissioning Group

2. Declarations of Interest

None

3. Minutes of the meeting held on 9 May 2014

The minutes were confirmed.

4. Safer Hartlepool Partnership Reducing Re-Offending Strategy 2014-17 *(Director of Regeneration and Neighbourhoods)*

Purpose of report

To seek approval of the second draft of the Reducing Re-offending Strategy 2014-17 and to the proposed consultation process.

Issue(s) for consideration

Following the Safer Hartlepool Partnership Development Day held in April 2013, the Safer Hartlepool Partnership had agreed that there was a need to develop a local Reducing Re-offending Strategy. In September 2013 the first draft of the Strategy had been approved by the Safer Hartlepool Partnership. It had been acknowledged that finalisation and consultation on the strategy should be delayed pending findings from the Audit & Governance Committee's investigation into the level, complexities and impact of re-offending in Hartlepool.

Following the conclusion of the Committee's investigation in May 2014, the strategy had been revised as appended to the report. Tribute was paid to the work which had been undertaken by the Audit and Governance Committee which had enriched the Strategy. Although the overall aim of the strategy had remained unchanged, the three supporting objectives had been revised to strengthen the Strategy as set out in the report: In addition an action plan, appended to the report, had been developed by the Safer Hartlepool Partnership Reducing Re-offending Theme Group, taking into account key findings from the Audit and Governance Committee's investigation, recommendations from the Offender Housing Needs Event held in December 2013 and the ongoing work to develop a Tees-wide single IOM scheme. The draft Reducing Re-offending Strategy and action plan would be subject to an eight week consultation exercise, details of which were set out in the report. It was anticipated that the finalised strategy would be presented to the Partnership in October 2014 for final approval.

Whilst expressing their support of the Strategy, members of the Partnership recognised that it was essential to ensure delivery of the action plan. Reference was made to progression of St Paul's housing scheme and it was suggested that specific consultation associated with that scheme should be undertaken once the final details were known. The Council's Head of Community Safety and Engagement responded to concerns expressed in relation to information omitted from the action plan and provided reassurance that the information was included in the strategy and regular updates would be provided to the Partnership. Partnership Members provided also clarification on treatment of drug users in terms of improvements to approaches adopted previously and in the context of the Strategy.

Decision

The consultation process for the Reducing Re-offending Strategy 2014-2017, in line with the Hartlepool 'Community Compact', was approved.

5. Teesside Sexual Violence Strategy 2014-2016 (*Director of Public Health*)**Purpose of report**

To seek comments from the Safer Hartlepool Partnership on the Teesside Sexual Violence Strategy 2014 – 2016.

Issue(s) for consideration

The report set out the background to the Teesside Sexual Violence Strategic Group (TSVSG) and to the development of a Teesside Sexual Violence Strategy 2014-2016 which was appended to the report together with the terms of reference for the TSVSG. The strategy set out a vision 'for a society in which no person, child or adult, has to live in fear of sexual abuse, sexual violence or sexual exploitation'. The strategy acknowledged that the prevalence of sexual violence was difficult to quantify due to victims being reluctant to report such matters although estimates based on the British Crime Survey were detailed in the report. A variety of agencies currently provided sexual violence services across Teesside and evidence collated by the Teesside Sexual Violence Co-ordinator, jointly funded by Northern Rock and Public Health, demonstrated the demand for these services. A table included in the report highlighted that 11% of victims accessing sexual violence services were subject to sexual violence in Hartlepool. The strategy recognised the significant and often long term impact that sexual violence could have on its victims and their families, and highlighted the importance of partnership working at a local level accompanied by the provision of accessible and effective support services. Underpinned by an action plan, appended to the report, the strategy set out nine objectives to address the cross cutting issue of sexual violence. Delivery of the strategy would be overseen by the TSVSG with the support of a Sexual Violence Operation Group. At the meeting, the Council's Director of Public Health updated the Partnership on feedback which had been received from Public Health England.

Decision

- (i) The Teesside Sexual Violence Strategy 2014-2016 was noted.
- (ii) It was agreed that the Safer Hartlepool Partnership continues to be represented at the TSVSG to ensure links are maintained with local strategy groups, including the Safer Hartlepool Partnership Domestic Violence and Abuse Group.

6. Scrutiny Investigation into Re-Offending – Action Plan *(Director of Regeneration and Neighbourhoods)*

Purpose of report

To agree the Action Plan, appended to the report, in response to the findings and subsequent recommendations of Audit and Governance Committee investigation into Re-Offending.

Issue(s) for consideration

As a result of the Audit and Governance Committee investigation into Re Offending a series of recommendations had been made. An action plan had been produced and was detailed along with the recommendations of the Audit and Governance Committee which was appended to the report.

Decision

- (i) The Action Plan was approved in response to the recommendations of the Audit and Governance Committee investigation into re-offending.
- (ii) It was agreed that regular update reports would be submitted to future meetings of the Partnership.

7. Potential Topics for Inclusion in the Audit and Governance Committee Work Programme relating to Crime and Disorder *(Scrutiny Manager)*

Purpose of report

To invite suggested topics for inclusion in the 2014/15 work programme for the Audit and Governance Committee in relation to the statutory scrutiny area of crime and disorder.

Issue(s) for consideration

The Audit and Governance Committee would be setting its work programme at its meeting of 7 August 2014 and had invited the Safer Hartlepool Partnership to suggest topics for investigation that may complement their own work programme for the year or be an area of particular interest to help improve the wellbeing of the people of Hartlepool.

Topic suggestions which had been received were presented as follows:

- Hate Crime
- Anti-Social Behaviour Powers
- Restorative Justice
- Domestic Violence

Whilst supporting hate crime as the preferred topic, the referral of the topic of domestic violence for investigation by the Committee was supported also. The rationale for referral of domestic violence to the Committee was highlighted and the importance of dealing with domestic violence was recognised. However, given that domestic violence had been the subject of a fairly recent scrutiny investigation, it was accepted that the topic would not be a suitable scrutiny topic for 2014/15, although it could be potentially a viable topic for consideration as part of the 2015/16 scrutiny work programme.

Decision

The Partnership agreed that hate crime be referred for consideration by the Audit and Governance Committee as the preferred topic for consideration as part of the Committee's 2014/15 work programme but appreciated the importance of dealing with domestic violence and whilst it was agreed that it would not be a suitable scrutiny topic for 2014/15, it was agreed that it could be potentially viable topic for consideration as part of the 2015/16 scrutiny work programme

8. Prevent Silver Group Update (*Director of Regeneration and Neighbourhoods*)**Purpose of Report**

To provide an update on the work of the recently formed Cleveland wide Prevent Silver Group, including activity associated with the Counter Terrorism Local Profile (CTLP) 2014.

Issue(s) for consideration

The report set out the background of the Contest Strategy which was

published in 2011 and aimed to reduce the risk to the UK and its interests overseas from terrorism. Incorporated within the revised Contest Strategy was the Government review of the Prevent programme, which had been subsequently refreshed and aimed to prevent people becoming terrorists or supporting terrorism. Changes taking place on a national level coincided with the review of the Counter Terrorism Local Profile (CTLTP) which was a statutory requirement. Given the significant reduction in resources available and the review of the CLTP, the role of the Prevent Silver Group had been reviewed also in 2013 to ensure a sustainable way forward. A joint approach across all four Local Authority areas had been agreed in order to avoid duplication of services across Cleveland, to ensure a coordinated approach to the Prevent agenda and to enhance the operational efficiency and effectiveness of all partners. Details of the terms of Reference of the new Cleveland wide Prevent Silver Group were outlined in the report. Whilst recognising the rationale for the joint approach, Partnership Members highlighted potential concerns. Assurances were provided that any issues specific to Hartlepool would be addressed.

It was noted that Hartlepool Borough Council's Head of Community Safety and Engagement is a member of the Group and nominated representative of the Local Authority as the Prevent Lead on a Local Policing Area. In terms of governance, the Prevent Silver Group would be directed by, and would report to the Cleveland Contest Gold Group, and the Local Authority representative on this group was the Council's Director of Regeneration and Neighbourhoods.

The report set out details of the Counter Terrorism Local Profile 2014. In the context of Prevent, the CTLTP had identified that the majority of cases that had presented themselves on a local level had been in respect of individuals expressing Far Right views, with limited dealings regarding individuals with an international terrorism perspective. Hartlepool also had one of the lowest levels of racially motivated offences across the Cleveland area.

The Partnership was advised that the CTLTP would underpin the development and setting of the Prevent Silver Group's Action Plan, which was due to be finalised in September 2014. This would be undertaken alongside an analysis of the Prevent work that was currently being undertaken on a Local Authority level which included seeking to address any intelligence gaps, assessing training requirements and reviewing engagement with local communities, particularly focussing on the Prevent agenda. An update on progress would be reported at a future meeting of the Partnership.

Decision

The progress of the Silver Group was noted, including activity associated with the Counter Terrorism Local Profile.

9. Safer Hartlepool Partnership Performance *(Head of Community Safety and Engagement)*

Purpose of Report

To provide an overview of Safer Hartlepool Performance for 2013/14.

Issue(s) for consideration

The report provided an overview of the Partnership's performance during 2013/14, comparing the end of year performance to the previous year 2012/13. In presenting the report, the Head of Community Safety and Engagement highlighted salient positive and negative data and responded to a number of queries raised in relation to crime figures by type.

Concerns were expressed by a number of members of the Partnership in relation to the levels of anti-social behaviour in Hartlepool. During discussions, it was highlighted that it was apparent that neighbourhood policing in Hartlepool had changed and the consequences of a reduction in the number of Police Community Support Officers was discussed including public confidence issues and neighbourhoods returning to what they had been prior to the positive introduction of neighbourhood policing. There were increasing concerns raised by residents in relation to anti-social behaviour which was demonstrated by the number of related issues raised at ward councillor surgeries and Neighbourhood Forums. The impact on day to day policing, of cuts in other emergency services, was highlighted. Also discussed was the requirement for increasing meetings in neighbourhoods with key partners to address issues associated with anti-social behaviour.

Decision

It was agreed that a letter should be sent to the Police and Crime Commissioner for Cleveland to convey the Partnership's concerns in relation to the levels of anti-social behaviour in Hartlepool.

10. Any Other Business

(i) Meeting Dates

A schedule of meetings of the Safer Hartlepool Partnership was circulated to the Partnership for information

(ii) Director of Housing Services, Housing Hartlepool

The Partnership noted that Andy Powell, Director of Housing Services, was

leaving Housing Hartlepool at the end of the month. Tribute was paid to Mr Powell's contribution to the Partnership. It was agreed that a letter be forwarded, on behalf of the Partnership, to express appreciation of his contribution and to convey best wishes for his future.

The meeting concluded at 2.10 p.m.

CHAIR

Finance & Policy Committee

24th November 2014



Report of: Chief Finance Officer

Subject: LOCAL COUNCIL TAX SUPPORT 2015/16

1. TYPE OF DECISION / APPLICABLE CATEGORY

1.1 Budget and Policy Framework Decision.

2. PURPOSE OF REPORT

2.1 The purpose of the report is to:

- i) Update Members on the operation of the current 2014/15 Local Council Tax Support (LCTS) scheme;
- ii) Enable Members to determine a LCTS 2015/16 scheme to be referred to full Council for a final decision as required by statute.

3. BACKGROUND

3.1 Previous reports informed Members that the Government abolished the national Council Tax Benefit scheme on 31st March 2013 and replaced it with a requirement for Councils to determine and operate their own LCTS schemes. Once a LCTS scheme has been set for a financial year it cannot be altered for that year.

Previous reports to Members have set out three key issues;

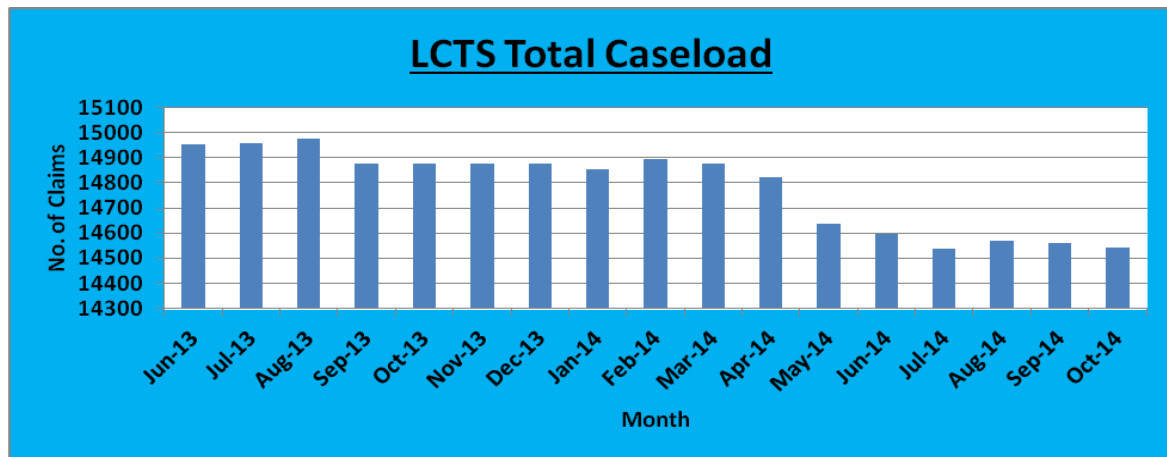
- (i) Funding transferred by the Government for 2013/14 LCTS schemes was cut by 10% nationally. However, when account was taken of the value of awards, the actual grant cut for Hartlepool for 2013/14 was 13.4%;
- (ii) Councils are required to fully protect low income Pensioners eligible for LCTS support, which means the initial funding cut falls on working age households and effectively builds a 20% reduction for this group into the system;
- (iii) From 2014/15, Central Government funding for LCTS is no longer provided as a separate grant allocation but is included in the Core Revenue Grant allocation for individual Councils. This means Councils face having to implement higher reductions in LCTS support, or limiting

the LCTS cut by implementing higher General Fund budget cuts.

- 3.2 These changes have a fundamental impact on the affordability and sustainability of LCTS schemes for Councils. It would have been much clearer for Councils and the public if funding for LCTS schemes had continued to be paid as a specific grant. This arrangement would also have ensured that the impact of a significant shift in responsibility for supporting low income households from Central to Local Government was fully understood and properly resourced. The new arrangements have a significantly greater impact on Councils which are more dependent on Government Grant and have higher levels of deprivation.
- 3.3 Previous Medium Term Financial Strategy reports have highlighted the implications of this change and the difficult policy decision individual Councils must now make on the use of the Core Revenue Grant. This is a choice between supporting services and providing LCTS support to low income households. For 2013/14 and 2014/15 the Council decided to protect the funding allocated for the LCTS scheme. For the 2015/16 LCTS scheme the MTFS approved by full Council in February 2014 determined to share the grant cut across the General Fund and the LCTS scheme.
- 3.4 Members approved the current 2014/15 LCTS scheme based on a 12% reduction for working age households (an increase from the 8.5% reduction in 2013/14). Hartlepool's 2014/15 LCTS scheme still provides more support than the other 4 Tees Valley Councils which are all operating schemes involving a 20% cut. Hartlepool has only been able to limit the LCTS award cuts in 2013/14 and 2014/15 as a result of forward planning and the allocation of one – off monies to phase in the reduction in LCTS.
- 3.5 Members have been advised that significantly higher cuts in LCTS support are likely to be required in future years as Councils will find it increasingly difficult to balance supporting LCTS schemes and General Fund services if grant cuts continue.

4. Update on 2014/15 LCTS Scheme

- 4.1 The actual cost of the Council's LCTS scheme is determined by a range of external factors including, the total number of households accessing support, the balance of claimants between pensionable age and working age and the particular financial circumstances of individual claimants as Council Tax support continues to be means tested support.
- 4.2 Since June 2013, there has been a gradual reduction in the numbers of households receiving LCTS and the cost of the associated awards covering both Pensioner Households (a protected group under LCTS) and Working Age Households.



This trend was reflected in the 2014/15 LCTS scheme modelling, however the reduction in claimant numbers and the reduction in the cost of awards is in practice greater than forecast reflecting the gradual improvements in the general economic situation. It is anticipated that this caseload reduction will be maintained and this is reflected in the updated forecasts for 2015/16 to 2017/18 detailed later in the report. The LCTS scheme will continue to be closely monitored to ensure that the scheme underlying financial planning assumptions remain valid.

5. 2015/16 and future years LCTS Scheme Financial Modelling

- 5.1 Modelling the future costs beyond the forthcoming financial year of a complex LCTS scheme with many variables is challenging and must be predicated on a range of planning assumptions. Using a range of data from operating the LCTS scheme for 18 months and latest caseload forecasts, the medium term LCTS financial model has been re assessed.
- 5.2 As previously reported to Members, the financial risk of un-forecast increased LCTS costs had previously been recognised via a risk reserve of £0.52m. The level of this risk reserve was reassessed to reflect actual experience of operating the LCTS in 2013/14 and 2014/15 and Finance and Policy Committee on 21st July 2014 agreed to reduce the value of this reserve to £0.3m and thereby release £0.22 m to support the LCTS scheme over the next few years. The retention of an uncommitted risk reserve of £0.3m will continue to enable the Council to manage this risk and hopefully avoid in year budget pressures from 2015/16 if actual LCTS scheme costs were to increase.
- 5.3 The overall cost to the Council of the LCTS scheme will be impacted by Council Tax collection rates and the administration costs of collecting Council Tax from low income households. This is a significant issue, the impact of which will increase over the period of the Medium Term Financial Strategy. As LCTS scheme cuts increase it will become increasingly difficult to collect increased Council Tax from low income working age households. There is

also a risk that increasing LCTS scheme cuts will result in affected households seeking support from the Council for other forms of assistance.

- 5.4 The Council operates effective arrangements for collecting Council Tax and in 2013/14 collected 96.1% of the annual Council Tax due. This placed the Council second within the Tees Valley Councils. All Tees Valley Councils have experienced a reduction in their in year collection of Council Tax since the introduction of LCTS, a position mirrored nationally with the 2013/14 Council Tax collection rate falling by about 0.7% for metropolitan and unitary authorities as compared to 2012/13.
- 5.5 Recently published analysis from the New Policy Institute shows that for 2013/14 increases in arrears are greater in Councils with higher cuts in support:

National impacts on Council Tax Collection of LCTS schemes
2013/14

Level of LCTS cut	Number of Councils in Group	Proportion of Councils where arrears increased by at least 25%
8.5% or less	111	32%
20%	53	55%
Above 20%	43	84%

Source: New Policy Institute

Hartlepool LCTS Scheme 2013/14 involved LCTS cut of 8.5%. At the end of 2013/14 arrears had increased by 16%.

- 5.6. The risk of reducing collection rates will increase in future years when the Council will have to increase the cut in LCTS support to ensure a balanced Council Budget can be set. The LCTS scheme cost modelling calculations have included an allowance for potential non collection of Council Tax from some of the most financially vulnerable households in Hartlepool. This position will continue to be monitored closely to ensure scheme financial planning assumptions remain robust.
- 5.7 To enable Members to determine the final 2015/16 scheme, detailed financial forecasts for the LCTS scheme have been prepared for the period 2015/16 to 2018/19. These forecasts are based on the following planning assumptions:

Planning assumptions underpinning LCTS forecasts for 2015/16 to 2018/19

- i) The existing Working Age caseload continues to incrementally reduce.

- ii) Members support the re-phased use of the LCTS Reserves (including the contribution from the lower 2014/15 LCTS cost) to partly mitigate the impact of the Government Grant cut on Working Age households;
- iii) The retention of an un-committed LCTS Risk Reserve of £0.3m to manage LCTS financial risks. The availability of this uncommitted funding would not provide a permanent solution to a higher grant cut, or in-year increase in claimant numbers but it would provide a slightly longer lead time for the Council to respond.
- iv) For 2016/17 an additional General Fund budget pressure of £1.3m has been included in the MTFS forecast to enable the LCTS scheme to be limited to a 20% cut.

Regular reviews of these factors will continue to be undertaken to assess the implications of any changes in these planning assumptions which are inevitable and unavoidable, as the majority of factors are outside the Council's direct control.

5.8 Members of Finance and Policy Committee on 21st July agreed to continue with a 12% LCTS cut in 2015/16 on the basis that further financial modelling indicated that such was affordable.

5.9 Members recognised that continuing with a 12% LCTS cut for 2015/16 would defer an increase in the Council Tax liability of low income working age households at a time when households are adjusting to the impacts of national welfare reforms. This level of cut will increase the likelihood of the Council maintaining high levels of Council Tax collection.

5.10 The following table summarises the LCTS financial forecast for the period 2014/15 to 2018/19 and highlights the following key issues:

- The increasing impact of the Government grant cut;
- The re-phased use of the one-off LCTS reserves, which has enabled the Council to partly protect low income households from the impacts of cuts in government grant;
- The unsustainability of the LCTS scheme beyond 2017/18 if Government grant cuts continue as forecast in the MTFS. The table shows the impact of grant cuts continuing for 2016/17 to 2018/19. If the level of future government grant cuts is higher than modelled, the level of LCTS scheme cut will need to increase to ensure a balanced and viable scheme is approved.

LCTS Scheme Cost modelling 2014/15 to 2018/19

	14/15	15/16	16/17	17/18	18/19
	£'000	£'000	£'000	£'000	£'000
LCTS scheme Govt Grant Shortfall	1,030	2,306	3,196	4,015	4,759
Less cut in LCTS to households	(870)	(870)	(1,450)	(1,450)	(3,030)
% LCTS cut	12%	12%	20%	20%	42%
Funding Required	160	1,436	1,746	2,565	1,729
<u>Funding available</u>					
MTFS Pressure	160	312	1,570	1,570	1,570
Family Poverty Reserve	0	375	0	0	0
LCTS Reserve	0	749	176	995	159
Funding available	160	1,436	1,746	2,565	1,729

5.11 Members have previously requested information regarding LCTS claimants covering those who are unemployed and those that are in work. Relevant data is set out in the following tables

Unemployed Working Age Households - who previously received 100% Council Tax Benefit**Estimated amount of Council Tax to pay by Band 2015/16 with 12% LCTS scheme cut**

Band	Number of Households	Amount to pay 2015/16 £
A	5425	136
B	376	159
C	109	181
D	30	204
E	12	249
F	1	295
G	3	340
H	0	n/a
Total	5956	

NB The amount to pay will be reduced for those households with only one occupier.

There are also about 600 working age claimants who are unemployed but are receiving other welfare benefits eg. Employment and Support Allowance or Personal Independence Payments not included above.

Employed Working Age Households impacted by the 12% LCTS scheme cut

Band	Number of Households Impacted
A	1534
B	239
C	111
D	28
E	11
F	5
G	1
H	0
Total	1929

6. 2015/16 LCTS Scheme Principles

- 6.1 In common with those LCTS schemes established by many other Council's, the Hartlepool 2014/15 LCTS scheme is centred on a number of core principles.

A - Every working age household should pay something towards Council Tax

Working age claimants should have their LCTS entitlements recalculated and reduced to ensure an affordable and sustainable scheme.

B - Everyone in the Household should contribute appropriately

Hartlepool would implement the Government's annual increases in the value of non dependant adult deductions from Council Tax Support entitlements.

C - The LCTS scheme should encourage work

Claimants should be allowed to keep more of their earnings before they are taken into account in the LCTS award calculation. The Hartlepool LCTS scheme increased earnings disregards by £5 per week; to £10, £15 and £30 for single person, couple and single parent households respectively.

D - Streamline / Simplify the LCTS Scheme

The Hartlepool LCTS scheme involved the removal of 2nd Adult Rebate, and the restriction of backdating of LCTS to a maximum of 4 weeks.

E - Retain War Widows / War Pensions Local disregards framework

Under the national CTB regulations Local Authorities are required to disregard the first £10 per week of War Pension Scheme and Armed Forces

Compensation Scheme payments. In addition Local Authorities have the discretion to top up the disregard to the full amount. Hartlepool had historically applied the discretionary top up and this was carried over to the Council's LCTS scheme.

- 6.2 For 2015/16, it is proposed that the existing scheme principles should continue to be applied, as they are clear, fair and have been generally supported in previous consultation.
- 6.3. In relation to Parish Councils the national regulations require Billing Authorities (ie. Hartlepool Borough Council) to pass on an element of the Council Tax Support Grant received to individual Parish Councils. For some Local Authorities with a large number of Parish Councils levying relatively high Parish Council Tax precepts this may be a significant issue. This is not the case for Hartlepool as the total share of the grant for all Parish Councils is estimated at around £5,000 for 2015/16.

7. CONCLUSION

- 7.1 The replacement of the national Council Tax Benefit scheme with Local Council Tax Support schemes determined by individual Councils and a 10% national funding cut transferred a significant new financial risk to Councils. The requirement to protect low income pensioners means the whole of the funding cut falls on low income working income households, which effectively results in an in-built 20% LCTS scheme cut for this group. The national change continues to have a greater impact on Councils serving more deprived communities, including Hartlepool.
- 7.2 The Council had recognised the risk from the Council Tax Benefit scheme abolition. Accordingly, the Council had set aside one-off resources to manage the impact of this unprecedented transfer of responsibility for an element of Welfare Support from Central Government to Local Government. This approach enabled the Council to limit the cut in Local Council Tax Support to 8.5% in 2013/14 and 12% in 2014/15.
- 7.3 If the Council had not taken this pro-active multi-year strategy, a 20% LCTS would have had to be implemented in 2013/14. This is the level of cut implemented by the other Tees Valley Councils in 2013/14, 2014/15 and is expected to continue in 2015/16.
- 7.4 Following the Government's decision to mainstream the Local Council Tax Support grant within the main revenue grant allocation from 2014/15 individual Councils now face a difficult choice over the use of the overall grant. This is particularly challenging for Hartlepool as the overall grant will be cut significantly over the next two years. On the basis of the 2015/16 grant cut previously announced by the Government the Council needs to make General Fund budget cuts of £6m next year. The MTFs forecasts a budget deficit for the period 2016/17 to 2018/19 of £14.8m.

- 7.5. Against this background, Members need to determine a LCTS scheme for 2015/16 that is financially viable and supports the delivery of future year schemes that will help smooth the reduction in support to working age households. As reported previously it is recommended that the 2015/16 LCTS scheme reduction is maintained at 12%, the same level as 2014/15. On this basis, over the period 2013/14 to 2015/16 the Council's locally approved LCTS scheme will have provided the following financial support to low income working age households compared to annual LCTS cuts of 20%.

Impact of Hartlepool's actual 2013/14 and 2014/15 LCTS scheme and proposed 2015/16 LCTS cut compared to annual cuts of 20%.

	Band A	Band B
Council Tax Liability with a 20% LCTS cut in 13/14, 14/15 and 15/16.	£676	£789
Council Tax Liability with HBC phased LCTS cuts of 8.5 % in 13/14 and 12% in 14/15 and 15/16.	£366	£426
Cumulative Support to Households 13/14, 14/15 and 15/16	£310	£363
Number of Households Supported (i.e. previously received 100% Council Tax Benefit)	5,425	376
Percentage of LCTS Households (i.e. previously received 100% Council Tax Benefit)	91%	6%

- 7.6 The reductions in the number of LCTS claimants and the re-phasing of earmarked one-off resources should allow the Council to minimise the level of cut in LCTS support in 2016/17 and 2017/18 to 20%. (previous forecasts 2016/17 20% and 2017/18 35%). The revised forecast will depend on existing caseload trends continuing. Beyond 2017/18 a significantly higher cut in LCTS will be required if Government grant cuts continue as forecast.

8. EQUALITY IMPACT ASSESSMENT

- 8.1. An Equality Impact Assessment has been undertaken and is attached as Appendix A.

9. RECOMMENDATIONS

- 9.1 It is recommended that Members approve that the following are referred to Council :
- i. Approve that the LCTS scheme for 2015/16 is maintained at 12%, the same level as 2014/15;

- ii. Approve the re – phased application of LCTS Reserves and the Family Poverty Reserve of £0.226m (created from the 2013/14 final Local Welfare Support outturn) as shown in the table at section 5.10;
- iii. Approve the continuation in 2015/16 of the principles A to E as set out in section 6;
- iv. Approve the passporting to Parish Councils in accordance with national regulations of approximately £5,000 of the 2015/16 grant settlement;
- v. Note the forecast LCTS scheme cuts for future years as set out in Section 5.10.

10. REASONS FOR RECOMMENDATIONS

- 10.1 To allow Finance and Policy Committee to approve a proposed Local Council Tax Support Scheme for 2015/16 to submit to full Council.

11. BACKGROUND PAPERS

- 11.1 Medium Term Financial Strategy 2015/16 to 2018/19 report - Finance and Policy Committee 30th June 2014.
- 11.2 Local Council Tax Support 2015/16 report - Finance and Policy Committee 21st July 2014.

12. CONTACT OFFICER

John Morton
Assistant Chief Finance Officer
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Department	Division	Section	Owner/Officer
Chief Executives	Finance	Revenues & Benefits	John Morton
Function/Service	Local Council Tax Support Scheme 15/16, Universal 12% reduction in LCTS Awards (excl. low income pensioners).		
Information Available	HBC data on caseload / awards, financial modelling of local scheme options savings, CLG full EIA, Family Resources 2009/10 Survey data, Census 2011, DWP		
Relevance	Age		
Identify which strands are relevant to the area you are reviewing or changing	<p>The Government considered the position of low income pensioners associated with the abolition of Council Tax Benefit and the introduction of LCTS. The Government determined that unlike most other groups, pensioners cannot reasonably be expected to seek paid employment to increase their income. Therefore the Government determined that as a specific vulnerable group, low income pensioners should be protected from any reduction in support as a result of this reform. The Government has not changed its position on this core principle for 2015/16.</p> <p>In Hartlepool 6,120 low income pensioners account for 42% of all LCTS claimants and the Council is required by Government to continue to protect this group.</p>		
	Disability		
	<p>It is difficult to quantify accurately either the number of disabled people living in Hartlepool or the number of households in receipt of LCTS and where an individual in that household is receiving a disability related benefit.</p> <p>Broad modelling analysis indicates that to protect those households from the LCTS scheme cut where individuals are in receipt of Employment and Support Allowance, Disability Living Allowance or Personal Independence Payments would cost about £333,000 pa or would increase the level of LCTS cut on non protected groups to 16%.</p> <p>The 2015/16 Hartlepool LCTS scheme continues with the Principle that every working age household should pay something to towards Council Tax. The Council endeavours to minimise that impact but the LCTS scheme does not provide for protection / detriment for any specific working age group.</p>		
	Race / Gender / Gender Re-assignment		
	<p>The Government does not believe 'that this nationally driven policy change will disproportionately affect any particular gender or ethnicity'. The Government has not changed its position on this core principle for 2015/16. However both nationally and locally, there are almost twice as many female as male council tax benefit claimants, reflecting the number of single female claimants with child dependants.</p>		

	Only 2.3% of Hartlepool's population are non-white. It is not known how many of this group claim LCTS, as data within the LCTS system is incomplete for this group (claimants often do not complete this section of the application form).			
	The 2015 / 16 Hartlepool LCTS scheme does not provide for protection / detriment for any specific working age group			
	Religion			
	No effect			
	Sexual Orientation			
	No effect			
	Marriage & Civil Partnership			
	No effect			
	Pregnancy & Maternity			
No effect				
Information Gaps				<i>Nil.</i>
What is the Impact				<ul style="list-style-type: none">• <i>Every working age household will pay some Council Tax</i>• <i>Other non dependant adults in the household will be expected to contribute to council tax</i>• <i>The scheme will encourage work</i>• <i>The 2015/16 LCTS scheme will continue to be based on the key features of the former CTB scheme</i>• <i>A universal 12% reduction in the value of the award will be made for all working age low income households.</i>• <i>Low income pensioner households are protected in line with Central Government Policy.</i>• <i>The 2015/16 LCTS scheme will continue to comply with the Armed Forces Covenant.</i>• <i>The 2015/16 LCTS scheme will continue to fully disregard child maintenance when assessing LCTS awards. This is consistent with national Housing Benefit regulations.</i>
Addressing the impact				<p>1. No Major Change - The proposal is robust there is no potential for discrimination across working age claimants. (The council has no choice on the protection of low income pensioners).</p> <p>The maintenance in the level of cuts to LCTS awards for 2015/16 at 12% reflects funding issues and is after the Council contributing £1.436m to support the scheme. The 2015/16 Hartlepool scheme continues to provide no protection/ detriment for any specific working age group and is centred on equality of impact.</p>
Actions				
<i>The 2015/16 LCTS scheme has been developed with the aim of removing any potential for discrimination.</i>				
Action identified	Responsible Officer	By When	How will this be evaluated?	
Scheme Principles review	Liz Cook Principal Benefits Officer	Oct 15	Peer review by Chief Executive's Department Diversity Lead officer.	

FINANCE AND POLICY COMMITTEE

24 November 2014



Report of: Corporate Management Team

Subject: MEDIUM TERM FINANCIAL STRATEGY (MTFS)
2015/16 TO 2018/19

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Budget and Policy Framework Decision.

2. PURPOSE OF THE REPORT

2.1 The purposes of the report are to:-

- i) Update the MTFS; and
- ii) Enable Members to finalise the detailed 2015/16 budget proposals, including the proposed Council Tax level (excluding Police and Fire precepts) to be referred to Council on 18th December 2014.

3. BACKGROUND

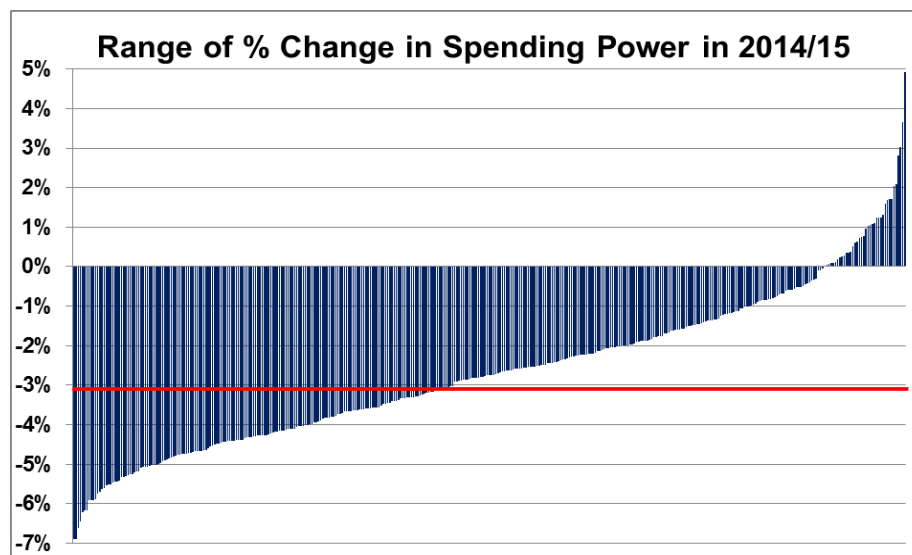
3.1 The budget timetable for 2015/16 was approved by this Committee on 30th June 2014 and Council on 3rd July 2014. In accordance with the approved budget timetable this is the final budget report and enables the Committee to approve the final 2015/16 budget proposals to be referred to full Council on 18th December 2014. The report therefore provides a comprehensive analysis of the financial issues affecting the Council, including information previously reported to this Committee, to ensure all Members have the detailed information to support the budget recommendations.

3.2 As detailed in previous MTFS reports the Council faces an increasingly challenging financial position which is driven by four key issues:

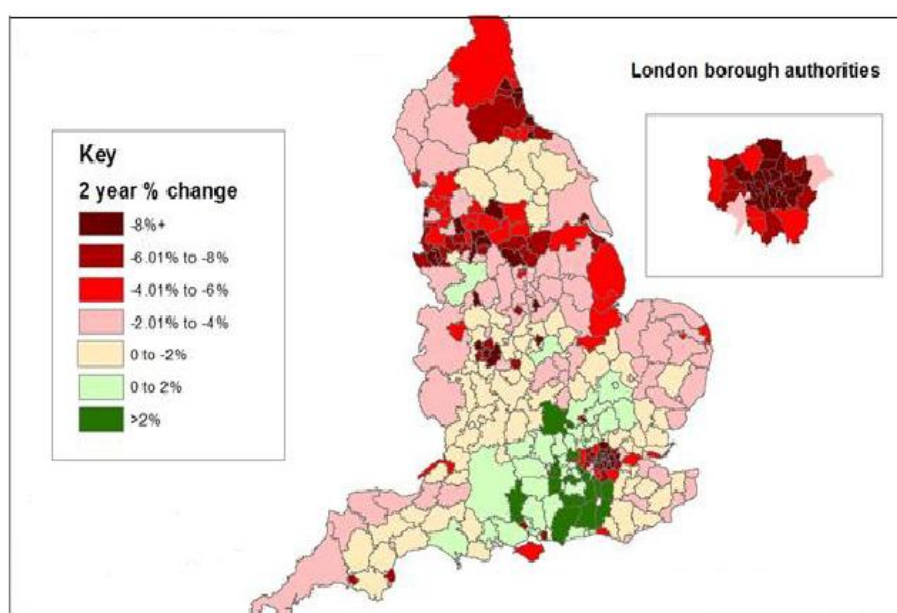
- Continuing significant Government grant cuts in 2015/16 and future years;
- The impact of financial risks transferred to Local Authorities from April 2013 arising from the implementation of the Business Rates Retention system and the transfer of responsibility for the Local Council Tax Support Scheme;

- The impact of demand led pressures – particularly in relation to Older People demographic pressures and increases in Looked After Children;
 - Continued restriction of Council Tax increases.
- 3.3 Whilst, these factors have applied in previous years and the position has been managed effectively by the Council over the period 2011/12 to 2014/15, it will become increasingly difficult as each year passes to manage these issues. In common with local authorities across the country the Council has managed the cuts to date extremely effectively and without a significant and visible adverse impact on front line services.
- 3.4 It will become significantly more difficult to balance future years' budgets. The Council's ability to manage the impact of significant Government grant cuts over the last four years is not a guarantee this position will continue as the local cuts implemented to date cannot be repeated. Therefore, the actions which will be required to balance the 2015/16 budget and future years' budgets will become significantly more difficult to achieve. Increasingly cuts will have a visible impact on the services the Council continues to provide and those services which will either need to be scaled back or stopped completely.
- 3.5 The Council is not in a unique position and a recent Local Government Association (LGA) report – *"Under pressure – How Councils are planning cuts"* highlights the financial challenges facing Councils in 2015/16. The report indicated:-
- There is no single reason why 2015/16 should be such a difficult year (although nationally the cut in Government support to local authorities will be the largest since 2012/13), but rather the squeeze is a result of an accumulation of funding reductions, expenditure pressures, which have been building over a number of years, and a series of other risks;
 - That cost pressures include care service reforms (deferred payment scheme, social care cost cap), additional public health duties, an ageing population, increasing costs of concessionary fares schemes, pressures on social housing services and inflation;
 - Councils face new financial risks, including business rate appeals, welfare reform (including the benefit cap and Universal Credit) and potential changes to interest rates.
- 3.6 Members will recognise these issues from previous MTFS reports and in particular the continued disproportionate impact of Government grant cuts on Councils (including Hartlepool) with the greatest dependency on Government funding and those suffering from higher levels of deprivation. This position is highlighted in the following charts. The first chart shows that only a few councils in 2014/15 saw their spending power reduce at the level of the national average of -3% (horizontal line), with some councils (mainly

the wealthiest and least deprived councils) seeing increases in spending power. The second chart shows the cumulative spending power changes for 2014/15 and 2015/16, which shows the continuation of the trend which commenced in 2011/12 i.e. disproportionate spending power cuts for areas with greatest dependency on grant funding, low Council Tax bases and higher levels of deprivation.



Changes in Spending Power 2014/15 and 2015/16



- 3.7 The level of Government funding received by the Council in 2015/16 will be approximately **£30.6m (39%)** less than it was in 2010/11. £8.2m of this grant cut is being implemented in 2015/16, which is the main reason for the budget deficit next year.
- 3.8 Further public spending cuts are anticipated after the General Election whichever party(s) form the next Government. Announcements made by the main political parties during the recent party conferences suggest that Health and Education will continue to be priorities, which will mean that higher cuts are required in other parts of the public sector, including Councils.
- 3.9 The impact of the previously announced grant cut in 2015/16 and further cuts in future years underlines the continued need for a robust local multi-year financial strategy to manage this position. The following sections and detailed recommendations are designed to provide a robust financial strategy for 2015/16 to 2018/19.

4. RESERVES REVIEW AND 2014/15 GENERAL FUND FORECAST OUTTURN

- 4.1 A comprehensive review of Reserves held at 31st March 2014 and the risks reserves are held for was reported to the Committee in September. This is an annual review undertaken by the Corporate Management Team which is recognised good practise and this issue was referred to in the External Auditor's (Mazars) Annual Audit Letter circulated to all Members in October 2014. The detailed review addressed five key areas recommended by the Audit Commission in their 2013 national report on Council reserves covering:
- 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.
- 4.2 The reserves review highlighted the key priorities and risks these monies are held to fund. This includes significant support for the budget over the next few years, support for the Local Council Tax Support scheme, funding for redundancy/early retirement costs over the period of the MTFS and the Power Station Business Rates risk. The review also identified a limited number of areas where risk has reduced and reserves of £1.870m can be released, as detailed in Appendix B.
- 4.3 At the meeting on 15th September 2014 Members approved proposals for using these resources, plus the previously forecast 2014/15 outturn to:
- enable a limited number of the 2015/16 proposed savings to be deferred - total one-off commitment of £0.455m;
 - to fund protection costs arising from the Terms and Conditions review – initial assessment £0.75m; and
 - Support for the MTFS – which is detailed in paragraphs 4.5 and 4.6.

- 4.4 The 2014/15 forecast outturn has been updated to reflect experience for the first six months of the financial year and the anticipated outturn position. The latest forecast outturn indicates that the Corporate Management Team continues to take robust management action to achieve budget under spends to address future financial challenges and one-off commitments, as detailed in Appendix A. Key proposals include earmarking one-off resources to partly fund potential depot relocation costs and the use of one-off resources in 2014/15 to offset the reduction in Business Rates received from the Power Station arising from the unplanned shut down. This issue is covered in more detail later in the report.
- 4.5 After reflecting one-off commitments the forecast uncommitted resources available from the reserves review and the 2014/15 outturn is between £1.457m and £1.542m (previous forecasts £0.975m to £1.090m). The range reflects seasonal and demand led factors.
- 4.6 For planning purposes it is recommended that the lower amount is used to update the MTFS forecasts for 2015/16 to 2018/19 and allocated to supplement the previously identified Budget Support Fund. Proposals for re-phasing the use of the revised Budget Support Fund are detailed later in this report and are designed to provide more manageable annual budget positions over the period of the MTFS.

5. LOCAL COUNCIL TAX SUPPORT (LCTS) SCHEME 2014/15 FORECAST OUTTURN

- 5.1 There is a separate report elsewhere on the agenda on the LCTS scheme which informs Members that the net cost of the scheme in 2014/15 is less than anticipated. This is owing to a reduction in claimant numbers from the level experienced in 2013/14, both working age households and pensioners. In addition, the level of Council Tax income generated from policy changes in relation to Council Tax exemptions and discounts implemented to partly fund the LCTS scheme is more favourable than anticipated.
- 5.2 The lower net cost in 2014/15 means that the Council resources (i.e. budget pressures and LCTS Reserve) allocated to partly offset the LCTS grant cut will not be needed in 2014/15. It is therefore, recommended that the uncommitted outturn of £0.328m is allocated to supplement the LCTS Reserve.
- 5.3 It is anticipated that the combination of lower forecast LCTS cost and increase in the LCTS Reserve should enable the 2016/17 LCTS cut to be maintained at 12% and the cuts for 2016/17 and 2017/18 LCTS limited to 20%. A 35% cut was previously forecast for 2017/18. This would provide a more robust 2017/18 LCTS scheme, both for individual households by reducing the Council Tax liability for the year and the Council by reducing the amount to be collected from low income working age households. This opportunity is dependent on continuing to adopt a multi-year approach to the LCTS scheme and enables the Council to support low income households

for as long and possible, whilst phasing increases in the amount of Council Tax to be paid over a number of years.

- 5.4 LCTS scheme proposals for future years will need to be updated to reflect changes in claimant numbers, particularly if the economic position deteriorates and future grant allocations.
- 5.5 The proposal to freeze Council Tax for 2015/16, the fifth successive year, supports households paying full Council Tax.

6. 2015/16 GENERAL FUND BUDGET

- 6.1 In January 2014 the Government provided a two year Local Government Finance Settlement. For Hartlepool the 2014/15 grant cut was 9.6% (£5.984m) and for 2015/16 is 14.6% (£8.213m).
- 6.2 After reflecting the 2015/16 grant cut, the impact of inflation and the planned use of the Budget Support Fund to partly mitigate cuts in services the net budget deficit forecast in June 2014 was £6.246m. A number of corporate savings, including proposed savings from a review of Terms and Conditions, were identified which reduced the forecast budget gap to £5.626m, as summarised below:

	2015/16 £'000
Budget Deficit reported to Council February 2014	6,246
<u>Corporate Savings</u>	
Additional ICT Contract Savings	(150)
Terms and Conditions Review	(200)
Centralised Estimates saving	(270)
	5,626

- 6.3 The Corporate Management Team identified initial options for achieving savings of £5.536m, which was £90,000 less than the revised 2015/16 budget deficit. The savings proposals were then considered in detail by individual Policy Committees over the summer.
- 6.4 Following the identification of one-off resources from the Reserves Review and the initial 2014/15 Outturn forecast Members determined to allocate part of these resources to defer the following savings proposals:

Items to be funded for a one year period

- Continuation of Advice and Guidance services of £0.11m. This will be funded by a £55,000 contribution from the 2014/15 'Local Council Tax Support scheme New Burdens Funding' and £55,000 from the 2014/15 outturn/reserves review.

Items to be funded for a two year period

- School Crossing Patrol saving of £120,000;
- Lifeguards savings £75,000 (maintains current service level).

6.5 The June MTFS report identified a number of planning assumptions which needed to be reviewed. Where these issues are not already covered elsewhere in this report, or have been reported separately (i.e. Reserves Review and Local Council Tax Support scheme reports), they are detailed in the following paragraphs.

6.6 **Council Tax 2015/16** - Members previously approved an indicative 2015/16 Council Tax freeze and recognised that a final decision would not be made until February 2015 after the Government issue details of the actual 2015/16 Council Tax freeze arrangements and referendum thresholds.

The final decision on the 2015/16 Council Tax level will need to consider:

- The impact on households;
- The additional income generated to support services from increasing Council Tax compared to accepting a Council Tax freeze grant - estimated at £0.2m based on the continuation of the 2014/15 arrangements;
- The sustainability of income from either accepting a Council Tax freeze grant, or increasing the level of Council Tax;

In terms of the sustainability of the Council Tax freeze grant the Department of Communities and Local Government wrote to Councils in January 2014 and stated – *“Ministers have agreed that the funding for 2014/15 (including 2015/16) freeze grant should be built into the spending review baseline. This gives as much certainty as possible at this stage that the extra funding for freezing Council Tax will remain available”*.

- With regard to the sustainability of additional income generated from a Council Tax increase this is guaranteed as sustainable as the Council has permanently increased the level of Council Tax charged.

The implications of either approving a Council Tax freeze for 2015/16, or an increase below the referendum threshold, are summarised in the following table:

Comparison of Council Tax Freeze and 1.9% Council Tax increase

	Council Tax freeze	1.9% Council Tax increase
Impact on households	None	Increased annual Council Tax payments Band A increase - £17.97 (57%) households Band B increase - £20.97 (17% households)
Additional income available to support services	£0.4m	£0.6m
Sustainability of income	Not guaranteed. However, the Government has stated " <i>should be built into the spending review baseline. This gives as much certainty as possible at this stage that the extra funding for freezing Council Tax will remain available</i> ".	Guaranteed as Council Tax level is permanently increased.

The forecasts in this report are based on Members confirming a Council Tax freeze for 2015/16.

- 6.7 Corporate income - Council Tax Base and New Homes Bonus** – the previous MTFS forecast did not include any additional income arising from an increase in the Council Tax Base and additional New Homes Bonus (NHB). This position reflected the prudent approach adopted in previous years which reviewed these factors annually towards the end of the budget process. As Councils now benefit from any increase in the local Council Tax base an earlier multi-year assessment has been adopted for the current MTFS. Councils also benefit from the NHB which is paid for 6 years and is funded by top slicing the national Local Government funding allocation. NHB is therefore not additional funding and the Council has allocated this funding to partly offset cuts in core grants. In 2014/15 the Council will receive £1.3m of NHB, compared to a core grant cut since 2010/11 of £22m. The Government has not yet determined what will happen in 2017/18 after the initial 6 year period has expired for the year 1 NHB allocation. As a minimum it will be essential that this funding stream continues, although it would be preferable if the NHB regime was abolished and the funding allocated to reflect spending need of individual authorities.

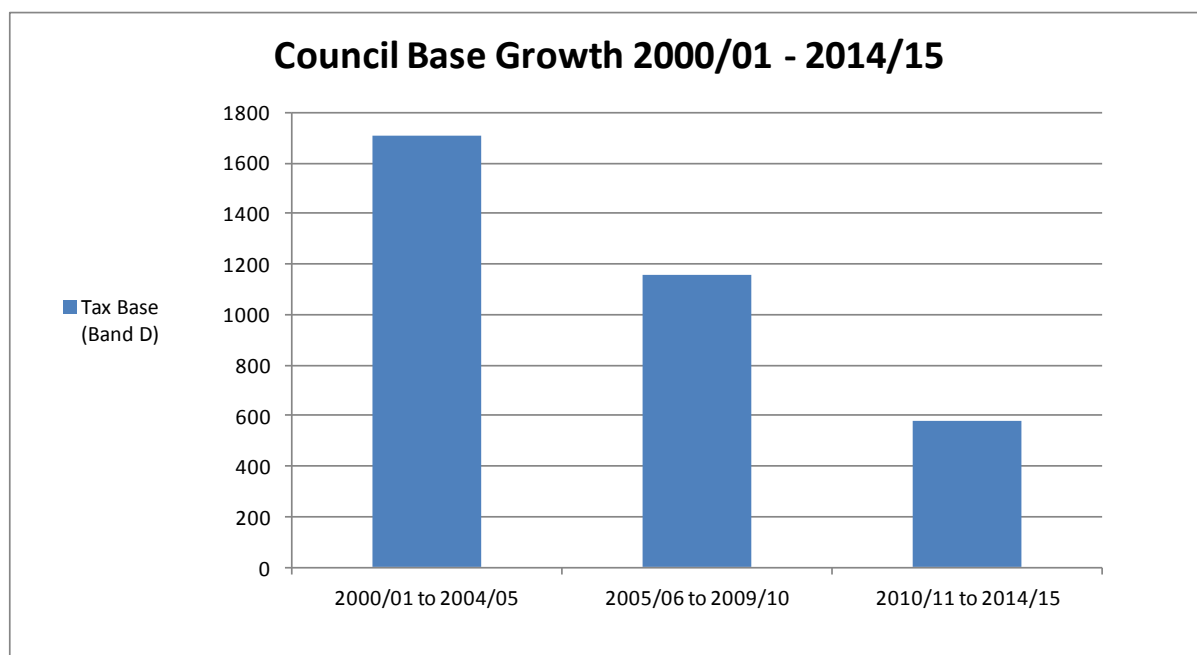
- 6.8 Significant work has been completed to provide a robust forecast based on an assessment historic trends and growth projections. The following tables detail historic growth in the Council Tax Base over the period 2000/01 to 2014/15:

Overview of changes in make-up of Council Tax Base 2000/01 to 2014/15

	2000/01	2014/15
Band A to D	93%	89%
Band E to H	7%	11%
Total	100%	100%

Key changes in Council Tax Base between 2000/01 and 2014/15

	Band D Properties
Growth Tax Base 2000/01 To 2014/15	3,441
Average Annual Growth 2000/01 To 2014/15	229
Average Annual Growth 2010/11 To 2014/15	116
Highest Annual Growth 2001/02	680
Lowest Annual Growth 2008/09	9



- 6.9 Potential growth over the next few years has been assessed on the basis of historic trends and more importantly future potential house building information. For planning purposes it is recommended that for the period 2015/16 to 2018/19 annual growth in the Council Tax Base of 250 Band D equivalent figures is appropriate. This forecast is slightly higher than the long term average of 229. These forecasts will need to be monitored closely and updated annually as part of the MTFS. On the basis of this growth being achieved additional ongoing Council Tax income and New Homes Bonus of £2.7m is forecast by 2018/19. The breakdown of this income

between increasing Council Tax and New Homes Bonus will depend on the phasing of housing completions (as different dates are used for assessing growth for Council Tax and NHB purposes) and the Council Tax band individual houses fall in.

- 6.10 The achievement of the above income will significantly reduce the previously forecast budget deficits. The impact on individual financial years is detailed later in the report, alongside the impact of other budget changes, including proposals to re-phase the planned use of the Budget Support Fund to provide a more manageable financial position each year.
- 6.11 **Corporate Income - Business Rates** - previous MTFS reported highlighted the significant uncertainties in relation to the Business Rates Retention system changes implemented from 1st April 2013. The major areas of uncertainty include the arrangements for the first year's national close down for 2013/14, as the Government would not receive information from all Councils until autumn 2014, and confirmation of final regulations regarding key aspects of the new system. In relation to this second point we have maintained regular contact with Department for Communities and Local Government (DCLG) officials and at one stage they asked if we could email our understanding of how specific elements of the system should work.

The position is becoming clearer and an updated assessment of the local Business Rates income has recently been completed. The starting point for this review is the budgeted level of business rates for 2014/15, which was based on the assessment provided by the DCLG as part of the two year financial settlement covering 2013/14 and 2014/15. This figure was used when the 2014/15 budget was set as it was the most robust estimate at the time. This figure made an allowance for the forecast impact of successful Rateable Value appeals. If this reduction had not been made the Council would have had to make the adjustment locally, to avoid an unbudgeted cost when appeals are successful.

The second stage of this review is to assess the estimated cash outturn for 2014/15 based on the value of Business Rates billed for the year, which is estimated to be £950,000 higher than the budget level.

The third stage is to assess the forecast reductions in the cash outturn to reflect the impact of the temporary reductions in Business Rates for the Power Station and any other changes which occur before the year end. Based on the most recent information a total reduction for 2014/15 Power Station Business Rates of between £840,000 and £900,000 is forecast (i.e. two months 100% reduction of £300,000 per month, plus four months with reductions of between 20% and 25%, which equates to £60,000 to £75,000 per month).

After reflecting the above factors it is anticipated that there will be a one-off Business Rates Benefit of £50,000 to £110,000 for 2014/15. Assuming the above forecasts materialise this amount will feed through in 2016/17, the timing delay reflects detailed Collection Fund and accounting arrangements.

As this amount is not certain it is recommended that this position is reviewed as part of the 2016/17 budget, before this potential funding is committed.

The financial risk of temporary Power Station closures has previously been recognised and a specific risk reserve set aside of £1.9m. However, it had been hoped that this reserve would not be called upon within the first 20 months of the Business Retention scheme. Avoiding a call on this reserve in the current year will maintain the existing risk reserve and help manage this risk over the period 2015/16 to 2018/19 when the Council already faces having to make significant budget cuts and will have significantly less ability to manage further in-year reductions in this income. Further detail on this risk is provided in paragraph 11.3 (iv).

The Valuation Office has indicated that a decision on the current Power Station application for a reduction in business rates will be made after Christmas. As soon as this decision is made it is recommended that a meeting is requested with the Local Government Minister to again highlight the financial impact of the Power Station and to request that this exceptional volatility risk is excluded from the standard safety net arrangements.

In relation to the ongoing impact of the 2014/15 billed Business Rate income exceeding the 2014/15 DCLG figure by £950,000 part of this amount i.e. £498,000 has already been built into the previously reported forecasts for 2015/16. With regard to the remaining £452,000 this amount cannot be relied upon for the 2015/16 budget and needs to be set aside to offset reductions in Business Rates income arising from successful Rateable Value appeals, as there is no other provision to meet these ongoing income reductions. In the event that the whole of this amount is not needed to fund the cost of appeals any uncommitted resources can be allocated to offset 2015/16 reductions in Business Rates paid by the Power Station arising from operating at 75% to 80% capacity. This will reduce the call on Power Station Risk Reserves in 2015/16 and therefore help manage this ongoing risk in future years.

Corporate Income – Council Tax Collection Fund - an initial assessment of the 2014/15 outturn has been completed, which is two months earlier than in previous years to fit in with the revised budget timetable. This indicates that a one-off 2014/15 surplus of £0.191m, which is £0.091m more than forecast 10 months ago and is available to support the 2015/16 budget. This position reflects a lower cost of the Local Council Tax Support (LCTS) scheme, in-year additions to the Council Tax base as a result of housing completions and increased income from the local exemptions/discounts policy (implemented to partly fund the LCTS scheme). Where these trends will continue they are reflected in the forecast Tax Base for 2015/16 detailed later in the report.

- 6.12 **Expansion of Town costs** – linked to the forecast house building growth the Council will at some stage need to consider ‘expansion of the town’ costs in relation to existing services. This will be dependent on the nature and speed of housing development. In many instances the additional need will be able to be absorbed within existing services/budgets. However, there will

be threshold levels for each service which when triggered will mean additional budget provision is required. In the period up to 2017/18 this is unlikely to be a significant issue and the position will need to be reviewed carefully on an annual basis as part of the budget process.

- 6.13 **Ward Member Budgets** – one off funding is provided within the recommended 2014/15 outturn to provide Ward Member budgets of £3,000 per Member for 2015/16. This funding proposal is designed to provide a longer lead time to develop an alternative funding strategy for continuing Ward Members budgets beyond 2015/16 without there being a General Fund budget pressure, or call on the outturn position.
- 6.14 **Update of planning assumptions** – the initial planning assumptions reported in June 2014 have been updated to reflect a number of minor changes. In overall terms these changes are neutral. The budget pressures include the unfunded budget deficit reported in June, the impact of the forecast additional grant cut for 2015/16 arising from the removal of the Carbon Reduction commitment funding and the repayment costs of maintaining a Council Capital Fund for 2015/16. The budget reductions include the planned achievement of the gross Regeneration and Neighbourhood Services savings. The June MTFS excluded planned savings in this area of £0.26m as further work needed to be completed to ensure these savings could be relied upon.
- 6.15 The updated forecast also includes the saving arising from revised arrangements for the Coroner service. This saving provides the opportunity to enable Members to consider permanent funding for free summer swims for children during the summer holidays.
- 6.16 **Updated General Fund 2015/16** – After reflecting the factors detailed in the previous paragraphs the net budget deficit arising from the further significant cut in Government grant can be bridged from a combination of factors as summarised below. The table shows how the use of one of resources and the achievement of corporate savings reduces the impact on Departmental budgets and services, which underlines the benefits of the continued multi-year approach:

Summary of 2015/16 Savings and Resources to bridge budget deficit

	£'000	Percentage
Departmental Budget Savings	5,406	73%
Use of the Budget Support Fund #	1,116	15%
Corporate Budget Savings	620	8%
Use of one off resources to defer proposed savings in relation to Lifeguards, School Crossing Patrols and Advice and Guidance services	305	4%
	7,447	100%

reflects phasing recommended in paragraph 8.11.

- 6.17 Details of the Departmental Budget savings for 2015/16 are provided in Appendix C1 to C7 and are summarised below. These reports have been updated to reflect feedback from the individual Policy Committees.

Summary of 2015/16 proposed Savings

	£'000	Percentage of 2014/15 budget
Chief Executive's Department (1)	515	13%
Child and Adult Service - Use of grants (2)	1,700	4%
Child and Adult Services – Budget reductions	1,164	3%
Regeneration and Neighbourhoods (3)	1,860	8%
Public Health (General Fund budgets)	167	14%
Total Department budgets	5,406	

1. The Chief Executive's Department will need to identify additional savings to offset the impact of the forecast 2015/16 Housing Benefit Administration Grant, currently forecast to be up to £0.1m.
2. The flexible use of grant regimes for Child and Adult Services is designed to partly mitigate the impact on services arising from the core grant cut. The proposals include achieving efficiencies through utilising grant funding, such as the Better Care Fund to integrate and protect services and reduce demand through early intervention where this is possible and in line with grant conditions.
3. The Regeneration and Neighbourhoods Department has identified gross saving of £2.050m of which £0.190m is allocated to offset departmental budget pressures and £1.860m allocated towards the overall budget deficit. The net saving of £1.860m excludes the proposed reductions to the Lifeguard Service and School Crossing Patrols which will be funded from one off resources for two years. Also excluded is the Advice and Guidance service reduction which will be funded for one year from one-off resources.

6.18 Risk Assessment of recommended 2015/16 savings

- 6.19 **Corporate savings** - There is no risk in relation to the Corporate ICT saving as work has been completed to manage out the contingency provision and the inflation indexation for September 2015 is low risk. Similarly the additional saving in interest rates is considered to be low risk owing to the outlook in relation to interest rates. There is a potential risk in achieving the Terms and Conditions saving from the 1st April 2015 as negotiations are still ongoing with the Trade Unions. If these changes are not agreed there will be a budget shortfall for 2015/16 and the Council will not be able to

implement the Living Wage increase, which is funded from the Terms and Conditions saving.

- 6.20 **Departmental savings** – The detailed savings reports include a risk assessment section detailing financial and non financial risks of achieving the proposed savings. A corporate financial assessment of the sustainability of the proposed savings will be completed based on analysing savings between pay, non-pay and income budgets. Action taken during the current year to achieve 2015/16 savings early where this is possible has achieved savings of approximately £0.95m, which equates to 25% of the 2015/16 Departmental savings target (excluding the use of grant regimes). This amount is reflected in the 2014/15 forecast outturn.

6.21 **Staffing impact of proposed saving**

- 6.22 As reported previously a 'continuous ER/VR' process commenced earlier in the year to help manage the budget position and to maximise the opportunity for retraining and redeploying staff where service need allows. This will not avoid the need for compulsory redundancies, although it does reduce the numbers.

- 6.23 The following table provides a breakdown of the forecast staffing implications of the recommended savings and reflects the current position but does not take into account the potential and likely impact of the redeployment arrangements which generally have a positive effect on the number of compulsory redundancies reported at this stage of the budget process.

	Number of posts
Deletion of vacant posts	13
Voluntary Redundancies/Retirements	22
Forecast Compulsory Redundancies	12 to 17

- 6.24 Functional structures are provided at Appendix D.

7. **POTENTIAL LEGISLATIVE/FUNDING CHANGES**

- 7.1 The Government made a number of announcements over the last few months regarding proposed legislative/funding changes which may impact in 2015/16. It is anticipated final details will be confirmed in the Local Government Finance Settlement announcement in December 2014. These issues are detailed in the following paragraphs, together with an assessment of the financial impact on the 2015/16 budget where this can be determined on the basis of available information.

- 7.2 **Care Act** – Nationally funding of £470 million will be provided for implementing the Care Act in 2015/16. This will be paid through a combination of a new burdens grant within the Better Care Fund and separate specific grants. Actual funding allocations will be provided in early December, either as part of the Local Government 2015/16 Funding Settlement, or separate grant announcements.

The Government has consulted on the basis for allocating 'new burdens' funding (i.e. the non Better Care Fund proposed allocations) to Councils in 2015/16 towards the additional costs arising from the Care Act. The first element provides funding "for the additional assessments, including the costs of capacity building and local awareness-raising". The second element relates to the costs of implementing a Universal Deferred Payment Scheme for care costs.

Figures issued by the Government as part of the summer consultation arrangements provided a revised indicative allocation for Hartlepool of between £0.458m and £0.470m, compared to an indicative allocation of £0.595m provided in February 2014. National comparisons are summarised below, which shows a small national reduction in funding, but a significant potential redistribution to shire county councils, with all other areas losing out. The position for North East Councils compared to the English Unitary average changes is also detailed.

Summary of proposed funding allocations

	Increase/(decrease) from Feb. 2014 provision allocation – Option 1	Increase/(decrease) from Feb. 2014 provision allocation – Option 2
Hartlepool	(21%) (£125k)	(23%) (£137k)
North East Councils	(18%) (£2.9m)	(20%) (£3.2m)
National figures		
English Unitary	(0.1%) (£0.1m)	(0.4%) (£0.3m)
London Boroughs	(29%) (£12.8m)	(28%) (£12.3m)
Met Districts	(19%) (£13.0m)	(21%) (£14.5m)
Shire County	23% £24.4m	24% £25.6m
Total	(0.5%) (£1.5m)	(0.5%) (£1.5m)

Further national information was issued in late October by the Government which builds upon the consultation stage impact assessment and takes account of evidence gathered through public consultation, additional financial modelling and evidence on uptake of disability and other social security benefits. As a result of this work the Government has revised the cost estimates for the Care Act in 2015/16 and key proposed changes are as follows:

- Revised the costs relating to new carers' rights in 2015/16 to £104.6m (an increase of £35.2m), with consequent increases in subsequent years;
- Removed the previously assumed savings arising from legal reform in 2015/16, increasing overall costs by £13.6m;
- Reduced costs related to deferred payment agreements in 2015/16 to £83.5m (a decrease of £25m), reflecting an updated assessment of take up; and

- Reduced costs relating to self funder assessments in 2015/16 to £116m (a decrease of £29m).

Clearly, this is an extremely complex area and the service and financial impacts will need to be fully assessed once actual 2015/16 funding allocations are known. For 2015/16 planning purposes it is currently anticipated the changes will be budget neutral. The position in 2016/17 and future years will need to be assessed when funding allocations for these years are known. This will include assessing the impact of the base line funding for 2015/16 potentially being mainstreamed, which is a potential risk for Hartlepool.

The funding in relation to a Universal Deferred Payment scheme will need to be considered in the context of the impact on the annual departmental budget from any increase in deferred payments. This includes the increased risk that deferred payments are not fully recovered at a future date when an individual's property is sold. The corporate impact on cash flows will also need to be assessed as there will be an unbudgeted interest cost arising from increased deferred payments.

Further details will be reported as soon as more information is available and the local impact has been assessed.

- 7.3 **Independent Living Fund** - From 1st July 2015 the Government is transferring responsibility for care and support needs relating to the Independent Living Fund (ILF) to local authorities. The ILF delivers financial support to disabled people so they can choose to live in their communities rather than residential care. It is currently a directly funded Government scheme which provides funding directly to disabled people.

Hartlepool ILF payments currently total £0.67m per annum (net of any individual contributions). From 1st July 2015 the DCLG will allocate this funding to individual Councils as a section 31 non-ring fenced grant (pro-rata for 9 months of the year). No additional funding will be received for administrative costs and a 5% 'attrition' reduction will be deducted to reflect the national average annual reduction in users.

The Government has not provided guidance on how the ILF will be funded in 2016/17. It would be preferable if this funding continued as a separate grant allocation as this would provide ongoing transparency for this new responsibility. There is a risk this funding may be mainstreamed and included in the Core Revenue Grant from 2016/17, which would lead to a funding reduction and local budget pressures.

The service and financial implications of this transfer are still being assessed and will be reported to Members once they have been fully determined and further information has been received from the Government on future years funding. For planning purposes it is assumed the change will be cost neutral in 2015/16, although this may not be the case in future years.

- 7.4 **Local Welfare Support** – following settlement of a judicial review of the Local Welfare Support arrangements the Department for Communities and Local Government wrote to Councils on 30th September stating that they are reconsidering how Local Welfare provision should be funded in 2015/16. The judicial review considered the impact of the Government's decision to transfer responsibility for Local Welfare Support to Council from 1st April 2013 and subsequent decision to withdraw funding after 2014/15.

In response to the Government's withdrawal of this funding the Council approved a three year funding strategy covering the period 2014/15 to 2016/17 using the available Local Welfare Support funding (i.e. 2013/14 uncommitted outturn and 2014/15 grant allocation). This strategy was designed to continue local support for 3 years at the same level as 2013/14.

The Government has indicated final proposals for funding Local Welfare provision will be included December 2015 Local Government Finance Settlement. If this funding is reinstated it is anticipated this will be funded from within the overall Local Government funding allocation. Therefore, at best this position will be funding neutral. However, there is a risk that these proposals have a negative funding impact as the local top slice of the Core Revenue grant may exceed the amount of funding allocated for Local Welfare Support. This position and the previously approved local strategy will need to be reviewed when more information is available and details reported to Members.

- 7.5 **Local Council Tax Support (LCTS) and New Burdens Funding** – it is anticipated that the December 2015 Local Government Funding Settlement will address whether the new burdens funding provided in 2014/15 will continue, or whether this was a one-off grant. The funding in 2014/15 was provided to address the significant workload impact of collecting Council Tax from an increased number of households as a result of LCTS changes.
- 7.6 **Carbon Reduction Commitment funding** – the Local Government Finance Settlement consultation issued in the summer proposes removing this funding from the initial 2015/16 grant allocation announced in February 2014. The updated forecast for 2015/16 assumes this proposal will be implemented which will reduce the 2015/16 Government grant by a further £95,000.

8. GENERAL FUND 2016/17 TO 2018/19

- 8.1 This report concentrates on the short-term financial challenges facing the Council in 2015/16 from the grant cut already announced by the Government to ensure a robust strategy is implemented to balance next year's budget.
- 8.2 With regard to the budget position for 2016/17 to 2018/19 an assessment of available information has also been completed to update the budget forecasts. A report from the Office for Budget Responsibility (OBR) indicates that only 40% of the Government's total planned deficit reduction has been achieved. Further reduction in planned Government spending will be even harder to achieve and will have to be made against a background of

continued subdued international growth, particularly in the European economy. The challenges facing the UK national Government are also underlined by the contradictory direction of falling unemployment and lower income tax receipts. This indicates that whilst employment has grown this has been in lower paid jobs/part time work. If this trend continues there will be a negative impact on both future Government tax receipts and economic growth.

- 8.3 OBR forecasts indicate that pressure on Public Finances will increase over the next few years and by 2018/19 there will be a 4% increase in GDP (Gross Domestic Product) spent on welfare (owing to an ageing population) and debt interest (owing to continued Government deficits and higher forecast interest rates for this debt). This pressure will be on top of the existing deficit and will also need to be addressed by implementing spending reductions or increasing tax.
- 8.4 It will be difficult for the next Government to increase taxes owing to the negative impact this will have on the economy. In addition commitments already made by some parties to increase tax to invest in the NHS if they form the next Government will make it more difficult to increase taxes in other areas to address the deficit. It is therefore anticipated that the majority of the national budget deficit will continue to be bridged from spending cuts. The key difference between the parties seems to be the speed the cuts are implemented and how they are shared across the public sector.
- 8.5 It is also anticipated that after the General Election Health and Education will continue to be given priority by whichever party(s) form the next Government. Consequently future cuts in public spending will continue to fall on other Government Departments, which includes Local Authorities. From Hartlepool's perspective the best we can hope for is a fairer settlement and an end of disproportionate cuts for Councils with the greatest dependency on Government grant, low Council Tax bases and higher levels of deprivation. The Council's views on a fairer Local Government funding system have been feed into the Local Government/CIPFA (Chartered Institute of Public Finance and Accountancy) Independent Commission on Local Government Finance. At a meeting with the 12 North East Councils Director of Resources the chair of the Independent Commission, Darra Singh, made reference to Hartlepool's dependency on the Power Station for a significant percentage of Business Rates income.
- 8.6 Locally the budget position for 2016/17 to 2018/19 will to be driven by the combined impact of:-
- Continuing Government Grant cuts – forecast at 10% per year. The actual level of cuts will be determined after the General Election and the next Government has determined their spending priorities;
 - Inflation (including pay awards) and demographic/service pressures – the future forecasts include an annual pressure of 2.5% of the existing departmental budget for these issues. This position will need to be reviewed on an annual basis as more information becomes available.

- The impact of using the one-off Budget Support Fund and the strategy for managing the phased withdrawal of this funding to avoid a financial 'cliff edge' when this funding is no longer available ; and
- Continuing income restrictions either from limits on Council Tax increases, or the receipt of Council Tax Freeze Grant if this regime continues. For planning purposes the previous MTFS report recognised that continuing to freeze Council Tax beyond 2015/16 would become unstable and require higher cuts. Therefore, annual increases of 1.9% are built in to the forecast from 2016/17. Over a three year period this increases sustainable income by £0.6m, compared to the amount which may be received in Council Tax freezes continues to be paid at the current rate.

8.7 Against this background it is clear the Council will continue to face significant financial challenges for the foreseeable future. The strategy recommended for managing the 2014/15 outturn/reserves review and to balance the 2015/16 budget is designed to provide the best possible financial foundations for future years. However, significant additional budget cuts will need to be made over the period 2016/17 to 2018/19. Further cuts will become increasingly difficult to achieve and will have a more visible impact on services than has been the case so far.

8.8 The financial forecasts reported in June 2014 have been updated to reflect the following key local issues:

- Forecast Council Tax Growth and additional New Homes Bonus

As detailed earlier in the report it is anticipated that planned house building will increase future Council Tax income and achieve additional New Homes Bonus. The growth in the tax base will need to be reviewed on an annual basis.

Similarly, future New Homes Bonus allocations will need to be reviewed after the General Election in light of any changes in this regime. As this funding has been top sliced from the national Local Government grant it is hoped that if this regime is abolished the change is at worst budget neutral. At best a change in this regime may potentially provide a positive benefit if the available funding is reallocated to address the significant erosion of resource equalisation since 2010/11. The worst outcome would be a change which increased New Homes Bonus allocations by increasing the top slice of the Core Revenue grant.

- Budget Support Fund

As part of the 2014/15 outturn strategy it is recommended that an additional £1.457m is allocated towards the Budget Support Fund. This will increase the one-off resources available to support the budget in 2016/17 and future years from £3.274m to £4.731m.

- 8.9 The above issues have a positive impact on the budget deficits previously reported for 2016/17 to 2018/19. It is anticipated that by 2017/18 the forecast additional Council Tax income and New Homes Bonus should reduce the previously forecast budget deficit by £2.7m.
- 8.10 It was previously anticipated that half of the cuts over the period 2016/17 to 2018/19 (approximately £7.6m) would need to be made in 2016/17. This would have been the highest level of cuts in a single financial year which the Council has had to make. The increase in the Budget Support Fund and phased forecast increases in Council Tax/New Homes Bonus income provide the opportunity to re-phase budget cuts required over the period 2016/17 to 2018/19. The recommended strategy is designed to achieve two key objectives:
- To avoid a significant peak in savings required in any one financial year over the period 2016/17 to 2018/19; and
 - To phase out dependency on the Budget Support Fund by 2018/19, this will avoid carrying forward an unfunded budget deficit to 2019/20.
- 8.11 Based on achieving the above objectives the recommended phased use of the increased Budget Support Fund is as follows. Details of the previous forecast are included for information:

Forecast use of Budget Support Fund

	Original Phasing £'000	Latest Recommended Phasing £'000
2015/16	1,626	1,116
2016/17	1,648	2,700
2017/18	0	915
2018/19	0	0
Total	3,274	4,731

- 8.12 The revised annual deficits based on forecast annual grant reductions, the forecast increase in Council Tax/New Homes Bonus income, annual Council Tax increases from 2016/17 of 1.9% and the recommended use of the increased Budget Support Fund are summarised below. Details of the previous forecasts are included for information. The table shows a £2.7m reduction in the forecast deficit and a more even phasing of budget deficits, including the removal of the peak in 2016/17.

Forecast Annual Budget Deficits

	Original Forecast £'000	Revised Forecast £'000
2016/17	7,600	5,100
2017/18	6,018	5,190
2018/19	3,890	4,518
Total	17,508	14,808

9. CAPITAL PROGRAMME 2015/16

- 9.1 There are two elements to the capital programme, namely schemes funded from specific Government capital allocations and locally funded schemes .
- 9.2 **Schemes funded from Specific Government capital allocations** – details of specific capital allocations had not been issued when this report was issued. Indicative figures are included in Appendix E. In line with the procedures adopted in previous years it is recommended that when these ring fenced allocations are known that the detailed proposals for using these resources are reported to the relevant Policy Committee for approval.
- 9.3 **Locally Funded schemes** – these schemes contribute to the continued development and/or well being of the town and include self funding business cases for specific projects which will be funded using Prudential Borrowing. Details of individual proposal are provided in the following paragraphs.
- 9.4 **Schemes funded from the Council Capital Fund** – the 2015/16 General Fund budget includes a recommended General Fund pressure of £50,000 to support capital expenditure of £600,000. Whilst, there are a range of priorities which could be funded it is recommended that this funding is allocated towards the Depot project, as detailed in paragraph 9.8.
- 9.5 **Housing Investment** - Members have previously approved the purchase of 5 properties on the Tanfield Road Development as part of the MTFS Report to Finance and Policy Committee on 30th June 2014. In addition, on the 7th August, 2014, the Council approved the Empty Homes Phase 2 scheme, which included an additional 6 units as part of a total of 67 units, specifically funded from the rental income generated by the 5 properties at Tanfield. Since then, circumstances have changed and the developer has reduced the number of properties which the Council can purchase to 3 units.

The Council has also been approached by another developer to consider the purchase of 7 bungalows on a key regeneration site in Hartlepool. The Council will be eligible to bid for Homes and Communities (HCA) funding which will offset most of the additional cost of purchasing these units, resulting in an overall net cost increase of between £35,000 to £70,000, depending on the level of HCA grant secured, which can be met by prudential borrowing funded from the additional rent income these properties will generate. The business case for these properties has shown that they

will generate an additional surplus which can be reinvested and considered as part of a future property purchasing scheme. Members should note that this will increase the number of new build properties in the original proposal from 5 to 10, which will improve the asset base of the Council and help to fund future housing investment, in addition to helping to address a significant need in the town for bungalow accommodation.

A further report outlining a proposed phase 3 for the Housing Investment initiative will be reported during 2015, once the previous phases have been implemented. It is recommended that the income to be received in 2014/15 from Housing Hartlepool from the sale of former Council houses is allocated to support the phase 3 this. It is currently anticipated that this income will be £80,000.

- 9.6 **Capital receipt from the sale of Throston Community Centre** - this one-off resource will be allocated to support Community Centre revenue spending in 2015/16, together with a one-off contribution from the 2014/15 outturn. This funding will provide a longer lead time to develop an alternative funding strategy for Community Centre's for consideration as part of the 2016/17 budget. As capital receipts can only be used for capital expenditure a 'funding swap' will be undertaken with another scheme funded from a planned revenue contribution to transfer revenue funding for Community Centre revenue costs in 2015/16.
- 9.7 **Operational Equipment replacement** - these schemes will be funded from Prudential Borrowing and the loan repayment costs repaid from existing revenue budgets, including Trading Accounts. These schemes cover the following issues:
- Vehicle Replacement Programme – 2015/16 capital expenditure of £0.470m as detailed in Appendix E Table 3;
 - Replacement of Wheelie Bins – 2015/16 capital expenditure of £60,000
- 9.8 **Depot Relocation** – this proposal will enable Cleveland College of Art and Design (CCAD) to relocate to the existing depot site, which provides a further major investment in this area and compliments recent developments by Hartlepool College, investment by Housing Hartlepool/CCAD in student accommodation and the relocation of Northgate to Hanson House.
- The outline business case for the current recommended site has identified that the cost of this scheme will be between £3.065m and £3.750m (including land purchase). The higher figure includes a contingency which it is recommended is included owing to the complexities and short time scale for designing and preparing the cost estimates for this scheme. Officers will work to limit costs to the lower figure. The following funding has been identified for this project:
- The Director of Regeneration and Neighbourhood Services has identified one-off funding from the 2014/15 outturn towards this project of £1.065m;
 - Prudential Borrowing £2m #

- Prudential Borrowing £0.685m. This amount will only be used if the scheme costs £3.75m##

The repayment costs will be funded from a combination of efficiency/operational savings arising from relocating the depot and increased income generated from new opportunities, which cannot currently be delivered from the existing depot. Therefore, there will be no cost to the General Fund budget in 2015/16.

Allocating the revenue savings/increased income will mean that this amount is not available towards achieving the Regeneration and Neighbourhood Services revenue savings in 2016/17, which will mean that more difficult savings will need to be implemented in 2016/17. To mitigate this impact it is recommended that any one-off resources released or any additional capital receipts (i.e. in excess of the existing target) which can be achieved over the next few years are considered to be used to reduce the borrowing required to fund the depot relocation. This would be the subject of consideration as part of the following years (i.e. 2016/17) Medium Term Financial Strategy report. These proposals will then enable the revenue savings to be taken in future years as part of the Regeneration and Neighbourhoods savings plan.

The part year loan repayment costs in 2015/16 will be approximately £14,000 and can be funded from the existing capital financing budget. The full year costs in 2016/17 will be approximately £50,000 and this will be a budget pressure in 2016/17.

The Business Case for relocating the depot also indicates that this proposal will avoid future expenditure on the existing depot which would have been required over the next few years to sustain this facility.

10. PUBLIC HEALTH FUNDING

- 10.1 The Government has confirmed that the Council's Public Health funding allocation for 2015/16 will be the same as 2014/15 – i.e. £8.486m. Whilst, this is a cash freeze the Government's decision not to apply a 'pace of change' next year to equalise Public Health funding is welcomed as the Council continues to face significantly greater Public Health challenges than more affluent areas. As reported previously the potential for a 'pace of change' reduction may impact in 2016/17, or future years, which would impact on the sustainability of services.
- 10.2 The recommendation early in this report to carry forward the current year's Public Health underspend to future years will help the Council manage the impact of a 'pace of change adjustment' being applied after the General Election over more than one financial year. This strategy will need to be reviewed as part of the 2016/17 budget process when it is hoped there will be a multi-year Public Health funding settlement, which is essential if long standing public health inequalities are to be addressed and future cost pressures to the public sector (including the Council) arising from these issues are to be avoided.

- 10.3 Confirmation of the 2015/16 Public Health funding means that funding will be available next year to continue to address Public Health priorities and to provide funding of approximately £1.1m for existing Council services which contribute towards delivering the Public Health agenda. As reported previously if future Public Health Funding is reduced the approach will not be sustainable and will increase the General Fund deficits detailed earlier in the report.

11. ROBUSTNESS OF BUDGET FORECASTS – CHIEF FINANCE OFFICER'S PROFESSIONAL ADVICE

- 11.1 As indicated in previous years the Local Government Act 2003 introduced a statutory requirement on an Authority's Chief Finance Officer (CFO) to advise Members on the robustness of the budget forecasts and the adequacy of the proposed level of reserves. If Members ignore this advice, the Act requires the Authority to record this position. This later provision is designed to recognise the statutory responsibilities of the CFO and in practice is not a situation I would expect to arise for this Authority.
- 11.2 In response to the continuing financial challenges facing councils CIPFA (Chartered Institute of Public Finance and Accountancy) issued guidance reminding Chief Finance Officers and their authorities of the statutory responsibilities when setting budgets. This advice reinforces statutory requirements and provides practical guidance to help Chief Finance Officers discharge their responsibilities.
- 11.3 The Chief Finance Officer can advise Members that in his professional opinion the budget proposals for 2015/16 are robust and this advice is based on the following factors being in place:
- The overall strategic approach being adopted to develop and implement a robust multi-year approach to managing the Council's financial position. This includes the approach to achieving in-year managed budget under spends in the current year and the review of reserves to identify resources to fund additional one-off expenditure commitments over the next few years and to increase the Budget Support Fund. This approach provides a sound financial basis for managing ongoing annual grant cuts and will help avoid even higher budget cuts in future years when one-off unavoidable expenditure commitments need to be funded;
 - The assumption that Members will approve the proposals for bridging the 2015/16 budget deficit detailed in the report. The proposed savings are the key issue affecting the robustness of the proposed budget. If Members do not approve these proposals the budget forecasts will not be robust as overall expenditure will inevitably exceed available resources;
 - The assessment by the Corporate Management Team of the achievability and sustainability of proposed budget reductions for 2015/16. The assessment of the proposed savings reflects the process adopted for identifying, managing and implementing these measures. This includes

action taken in the current year to implement proposals earlier to ensure a full year saving is achieved in 2015/16. It also reflects a risk assessment of proposed savings based on an assessment of the level of pay, non-pay savings and increased income savings. In relation to the level of pay savings achieved for 2015/16 this reflects management action taken to hold posts vacant where possible to reduce the need for compulsory redundancies. This action is not sustainable over the period of the MTFS and in future years the number of compulsory redundancies will increase as it will not be possible to hold posts vacant to the same extent as it was in previous years;

- The detailed work undertaken by individual Directors (and their senior managers) in conjunction with my staff regarding the preparation of detailed budget forecasts, including income forecasts;
- Prudent provision for the cost of living pay award impacting in 2015/16;
- A prudent provision for inflation on non pay budgets and income budgets during 2015/2016;
- A prudent view of the net costs of the Authority's overall cash flow, including the repayment of Prudential Borrowing;
- The comprehensive review of reserves and risks, which has enabled some resources to be released towards managing additional risks and to support the General Fund budget over the period of the MTFS;
- An assessment of financial risks and the measure to mitigate these risks as detailed in Appendix F;
- An assessment of the key financial assumptions underpinning the 2015/16 budget as detailed in Appendix G;

11.4 Previous reports identified a number of significant financial risks over the period of the MTFS and indicated that there may need to be flexibility around the timing of funding for individual risks. These risks remain and strategies adopted for managing these issues also underpin the Chief Finance Officers advice on the robustness of the budget. These issues cover the following:

i) Redundancy and Early Retirement costs

This risk reflects the scale of the budget deficits over the MTFS period and the impact these cuts will have on staffing levels. For the 2015/16 budget it has been possible to minimise the numbers of potential compulsory redundancies through careful management of vacancies, which will reduce redundancy and early retirement costs for this year. However, this is not sustainable and given the scale of budget cuts which will be required over the period of the MTFS there will be significant redundancy and early retirement costs in future years. Therefore, the existing provision for

redundancy and early retirement costs is still the level recommended by the Chief Finance Officer and the Corporate Management Team.

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

The achievement of the capital receipts target continues to be extremely challenging and there remains a risk that this target takes longer to achieve than forecast, which would result in an unbudgeted revenue pressure in 2015/16.

As at 31st March 2014 a total of £2.1m has been achieved, leaving £4.4m of the £6.5m target to be achieved to fund forecast expenditure commitments. Owing to the different phasing of capital expenditure commitments and the phasing of capital receipts there was a temporary funding shortfall in 2013/14 of £1.128m. This was funded from Prudential Borrowing. The cost of using Prudential Borrowing was accommodated within existing budgets.

It is currently anticipated that a further £2m of capital receipts will be achieved in 2014/15 towards the remaining target of £4.3m. This is lower than previously reported as one of the 2014/15 anticipated receipt's is now forecast to complete in 2015/16.

As reported previously forecast capital receipts are earmarked to fund the Housing Market Renewal capital scheme and development on the former Brierton School site. An analysis of the expenditure phasing has been undertaken and it is expected that the combined spend on these two schemes will total £2.120m in 2014/15 and £1.127m in 2015/16. The position is summarised in the table below.

	2014/15 £m	2015/16 £m	Total £m
Forecast capital expenditure commitments	2.120	1.127	3.247
Temporary Prudential Borrowing from 2013/14	1.128	0.000	1.128
Forecast capital receipt	(2.027)	(2.348)	(4.375)
(Funding shortfall funded from temporary Prudential Borrowing)/Repayment of Prudential Borrowing	(1.221)	1.221	0.000
Shortfall in funding	0.000	0.000	0.000

The table demonstrates that the anticipated capital receipt for 2014/15 is not sufficient to fund in-year capital expenditure and to repay the temporary prudential borrowing required in the previous year. This results in a total temporary funding shortfall of £1.221m (i.e. £0.093m in addition to the £1.128m shortfall in 2013/14).

It is recommended that members approve additional prudential borrowing of £0.093m to fund the temporary funding shortfall increasing the total temporary borrowing in relation to the phasing of capital receipts to £1.221m. In the short term this can be funded by a slight increase in the netting down

of investments. It is expected that this will be repaid in 2015/16 when additional capital receipts are achieved.

If the £2.348m capital receipt forecast for 2015/16 is not achieved this would result in an unbudgeted revenue pressure in 2016/17 of £0.188m.

The achievement of the additional receipts remains extremely challenging and there remains a risk that the required target is not achieved, or takes longer than anticipated to achieve. Achieving capital receipts will be conditional upon converting expressions of interest and tender submissions into contractual sales, which will be dependent on developers completing site investigations, there being no land contamination issues and the achievement of planning permission. The position will continue to be monitored closely and the position should become clearer in the earlier part next financial year (2015/16). Regular updates will continue to be reported.

iii) **Jacksons Landing Development**

The previous MTFS report advised Members that the Council had secured a 2 year interest free 'Growing Places' loan which is repayable in October 2015. To partly mitigate the impact of this development being delayed one-off resources of £0.894m (including the funded Prudential Borrowing approval for 'Major Regeneration Projects' of £393,000) have previously been allocated to partly fund repayment of the 'Growing Places' loan.

It has also been recommended that the monies from the Domes receipt are also allocated towards the repayment of the 'Growing Places' loan, which will fully fund this potential phasing risk. As soon as the Jacksons Landing development is secured the one-off funding allocated to manage the phasing risk can be released. It is recommended that when this occurs these resources are allocated towards the Depot relocation project to either reinstate the one-off resources allocated towards this project, or to reduce the level of borrowing.

As a fall-back position for 2015/16 the outturn strategy recommends allocating £25,000 to fund the part year cost of using Prudential Borrowing to partly fund the repayment of the 'Growing Places' loan. This recommendation will remove any financial risk of the Jacksons Landing development being delayed until March 2016. At this stage there is no suggestion that this will be the case and the recommended strategy is designed to protect the Council's financial position in 2015/16.

iv) **Business Rate Retention – Power Station financial risks**

Following the phased withdrawal of 'Transitional Business Rates Relief', which is provided to phase increases in Business Rates arising from the 2010 Rateable Value assessment, the Power Station now accounts for 24% Business Rate income (17% in 2013/14). This increases the financial impact of unplanned shut downs at the Power Station.

There has been an extended shut down over the summer and it is anticipated that electricity generation will commence in November/December and then remain at 75% to 80% capacity until late summer 2015. Remedial works to one of the reactors is scheduled to be completed in summer 2015 and to the second reactor in 2016.

The Power Station has indicated they will be seeking reductions in their Business Rates for both the extended summer shut down and until both reactors are operating at 100% capacity.

Information from the Valuation Office indicates that at best a decision on the application to reduce the Power Station Business Rates will be made towards the end of March 2015.

An assessment of the forecast income loss in 2014/15 has been made and is reflected in the 2014/15 Outturn Strategy. Whilst this reduction in income is forecast to be significant it is below the £1.9m 'safety net limit'. Therefore, the Council will not receive Government 'safety net' grant in 2014/15.

An assessment of the forecast income losses for both 2015/16 and 2016/17 has also been made. Over this period a reduction of £1.1m is forecast (£0.7m in 2015/16 and £0.4m in 2016/17). These forecasts will be updated as more information becomes available. The Council will not receive any 'safety net' grant toward these shortfalls and this will commit more than half the available Power Station Business Rates risk reserve of £1.9m.

As this is a continuing financial risk, which may increase as the Power Station reaches the end of its currently approved operating license in 2019, the level of the risk reserve will need to be reviewed as part of the 2015/16 outturn and 2016/17 budget process.

v) Business Rates Retention – Impact of Rateable Value appeals

Councils are required to fund 49% of the backdated cost of successful rateable value appeals. Provision for these forecast liabilities has been made within the outturn strategies for 2013/14 and 2014/15. Provision for the ongoing liabilities for 2015/16 has been made within the forecast for this year. These forecasts will need to be reviewed when the outcome of appeals is known.

The Government has given a commitment to resolve 95% of appeals by July 2015, which makes financial planning difficult as the financial outcome of appeals is unknown. The situation is particularly challenging for Hartlepool as information recently provided by the Valuation Office confirms that the more complex and higher value appeals will not be within the 95% resolved by July 2015, which includes appeals from the Power Station and Supermarkets, respectively 24% and 10% of Hartlepool's Business Rates income.

Members will be updated as soon as more information is available.

vi) **Looked After Children costs and Social Work capacity**

As part of the Director of Child and Adult Services multi-year approach to managing service demands in this area the existing risk reserve will be allocated to support a higher level of expenditure in 2015/16 than can be supported from the 2015/16 base budget. This strategy provides a longer lead time to achieve service transformation and reduce costs. The proposal within the 2014/15 outturn strategy to increase this risk reserve will help manage this position in 2015/16. The achievement of this strategy will need to be reviewed as part of the 2016/17 budget process to ensure the necessary permanent cost savings will be achieved.

vii) **Older People Care costs**

A similar strategy for managing increasing Older People Care costs is also being implemented and this links into the Better Care Fund. This strategy will also need to be reviewed as part of the 2016/17 budget process.

12. **CONSULTATION FEEDBACK**

- 12.1 Budget consultation meetings have been held with the Trade Unions and Business Sector. Minutes of the meeting are included at Appendix H.

13. **EQUALITY IMPACT ASSESSEMENTS**

- 13.1 Members are aware from previous MTFS reports that in making financial decisions the Council is required to demonstrate that those decisions are made in a fair, transparent and accountable way, considering the needs and the rights of different members of the community. This is achieved through assessing the impact that changes to policies, procedures and practices could have on different equality groups. The Equality & Human Rights Commission has published a guide for decisions-makers which has been used by Officers assessing the impact of individual savings proposals.
- 13.2 Equality Impact Assessments (EIA) have therefore been undertaken where required and are attached at Appendix I to enable Members to satisfy themselves that they are able to consider fully the potential impact of the proposed changes when making their decisions.
- 13.3 Each EIA has been independently reviewed and subject to internal challenge together with an overall central assessment to determine the cumulative impact on each individual “protected characteristic” to identify where specific consultation requirements are needed. Each EIA has identified whether:
- there is no major change to the service if the proposal is implemented;
 - adjustments or changes should be made to the proposal;
 - the proposal should continue even though there may be an impact, or;
 - the proposal should be stopped or removed.

- 13.4 It is believed that the savings proposals do not have an overall potential impact on any one area and there is no requirement to arrange further corporate consultation in relation the budget proposals.

14. CONCLUSION

- 14.1 The 2015/16 budget will be the last budget before the General Election in May 2015. In 2015/16 the Council's grant will be approximately **£30.6m lower than it was in 2010/11, which is a cumulative cut of 39%**.
- 14.2 In relation to the budget position for **2015/16** the Government previously announced a grant cut in January 2014 of **14.6%** (2014/15 cut 9.6%) and it is anticipated this will be confirmed in December.
- 14.3 It is anticipated that grant cuts will continue after the election. In addition, unless there is a fundamental change to the existing Business Retention system and Local Council Tax Support system Councils will continue to face significant ongoing financial risks which did not exist prior to April 2013 when these changes were implemented. These are particularly challenging issues for Hartlepool owing to the impact of the Power Station on Business rates income and higher levels of deprivation on the costs of the LCTS scheme.
- 14.4 These issues make a multi-year financial strategy even more important than in previous years. The recommendations in relation to the **2014/15** outturn strategy provide the financial foundations for the 2015/16 to 2018/19 MTFS. Without these resources the future financial position would be significantly more difficult to manage and the impact on services greater.
- 14.5 The budget proposals for 2015/16 include significant benefits from the use of the Budget Support Fund, corporate budget savings and maximising the benefits of grant regimes. These measures account for approximately half (i.e. £3.7m) of the recommended measures to balance the 2015/16 budget. Without these measures Members would have faced even more difficult decisions in relation to services. The other half comes from reductions in existing departmental budgets.
- 14.6 Assuming the recommendation to increase the Budget Support Fund is approved phased contributions can be relied upon in future years, until this fund is used up. The other measures used to protect services 2015/16 (i.e. achieving corporate saving and maximising the benefits of grant regimes) cannot be repeated in future years. Therefore, there will be a greater impact on Departmental budgets and services from 2016/17 onwards.
- 14.7 On the upside the Council should benefit from future increases in Council Tax income and New Homes Bonus as a result of forecast house building over the period or the MTFS. These increases are forecast to reduce the total 2016/17 to 2018/19 deficit from £17.5m to **£14.8m**, a reduction of £2.7m.
- 14.8 The phased use of the Budget Support Fund will also help the Council smooth the profile of annual savings for the period 2016/17 and 2018/19,

including removing the significant peak previously forecast in 2016/17. These proposals also avoid carrying forward an unfunded deficit after 2017/18, when the Budget Support Fund is used up.

- 14.9 Whilst, the overall deficit for future years reduces and annual deficits are more even the Council still faces significantly greater financial challenges after 2015/16. The cuts which will be required for these years will be even more difficult to achieve and have a more visible impact than has been the case so far. It is therefore recommended that work commences early in the new year on the development of a savings plan for 2016/17.
- 14.10 The Council will continue to face potential reductions in Business Rates income from the impact of appeals, which will permanently reduce income. There will also be temporary risks in relation to the Business Rates paid by the Power Station, which will reduce income in 2015/16 and 2016/17. The recommendations within the report are designed to address these risks, as far as this is possible on the basis of existing information. These areas will continue to be monitored closely and Members will be updated when more information is available and the impact can be assessed.

15. RECOMMENDATIONS

- 15.1 It is recommended that Members consider and approve the following detailed recommendations for submission to Council:
- 15.2 General Fund 2014/15 Final Outturn (including impact of Reserves Review)**
- 15.3 Approve the updated forecast outturn position detailed in Appendix A (including the outcome of the Reserves Review detailed in Appendix B) and the reserves recommended in table 4 to Appendix A, including:
- the proposal from the Trade Unions to allocate the saving from the day of industrial action of £40,000 to support the apprenticeship scheme; and
 - one-off funding to provide 2015/16 Ward Member budget of £3,000 per Councillor.
- 15.4 To note that after reflecting the above proposal the uncommitted forecast 2014/15 General Fund outturn is between £1.457m to £1.542m and to approve that
- the lower forecast of £1.457m is allocated to supplement the existing Budget Support Fund available to support the MTFS. Proposals for using the Budget Support Fund are detailed in the recommendation at paragraph 15.23;
 - the additional forecast uncommitted forecast outturn of £85,000 (i.e. £1.542m less £1.457m) is not committed until the final outturn is known.

15.5 Local Council Tax Support Scheme 2014/15 Forecast Outturn.

- 15.6 To note the detailed Local Council Tax Support (LCTS) scheme report to be referred to Council on 18th December 2014 will recommend that the 2014/15 underspend of £0.328m is allocated to supplement the LCTS Reserve, which will enable a lower reduction in LCTS support to be achieved in 2017/18.

15.7 2015/16 General Fund Budget

- 15.8 Approve the implementation of the following corporate savings:
- Additional ICT contract saving - £0.150m
 - Terms and Conditions Review - £0.200m
 - Centralised estimates saving - £0.270m
- 15.9 Note the risk in achieving the Terms and Conditions savings from 1st April 2015 and consequential impact on funding available to implement the increase in the Hartlepool Living Wage;
- 15.10 Approve the following package of measures to fund the 2015/16 budget deficit, which includes the corporate savings recommended in paragraph 15.8 and a contribution from the Budget Support Fund:

	£'000	Percentage
Departmental Budget Savings	5,406	73%
Use of the Budget Support Fund	1,116	15%
Corporate Budget Savings	620	8%
Use of one off resources to defer proposed savings in relation to Lifeguards, School Crossing Patrols and Advice and Guidance services	305	4%
	7,447	100%

- 15.11 Approve the Departmental savings options detailed in Appendix C.1 to C.7 and summarised below:

	£'000	Percentage of 2014/15 budget
Chief Executive's Department (1)	515	13%
Child and Adult Service - Use of grants (2)	1,700	4%
Child and Adult Services – Budget reductions	1,164	3%
Regeneration and Neighbourhoods (3)	1,860	8%
Public Health (General Fund budgets)	167	14%
Total Department budgets	5,406	

- 15.12 Note the information provided in paragraph 6.6 in relation to the impact of either accepting the Council Tax freeze grant, or increasing Council Tax by 1.9%;

- 15.13 Approve a 2015/16 Council Tax freeze for Council services;
- 15.14 Determine whether the permanent saving of £30,000 on the Coroners Service should be allocated to continue free summer swims on a permanent basis;
- 15.15 Approve the proposal that any final variation to the actual 2015/16 Core Grant allocation and / or final Collection Fund balance is managed by a corresponding increase/decrease in the use of the Budget Support Fund in 2015/16 and to note details of any necessary change will be reported within the final Council Tax setting report.
- 15.16 **Potential Legislative/funding changes**
- 15.17 Note the potential legislative changes detailed in section 7 in relation to the Care Act and the Independent Living Fund, which it is anticipated will be budget neutral for 2015/16 and note further details will be reported when known.
- 15.18 Note the potential changes detailed in section 7 in relation to Local Welfare Support, which may require the Council to review the previous local decisions regarding funding for this service for the period 2014/15 to 2016/17 and note further details will be reported when known.
- 15.19 Note the potential for additional Local Council Tax Support scheme new burdens funding continuing in 2015/16 detailed in section 7. The Council received £110,000 for 2014/15.
- 15.20 Note the additional grant cut in relation to the Carbon Reduction Commitment funding detailed in section 7 and this amount has been reflected in the updated MTFS forecasts for 2015/16.
- 15.21 **General Fund 2016/17 to 2018/19**
- 15.22 Approve indicative annual Council Tax increases for Council Services for the period 2016/17 to 2018/19 of 1.9% and to note that the actual level of Council Tax will be considered on an annual basis to reflect the Council Tax referendum regime and Council Tax freeze arrangements apply at the time.
- 15.23 Approve the phased use of the increased budget support fund as follows (original phasing included for information):

Forecast use of Budget Support Fund

	Original Phasing £'000	Latest Recommended Phasing £'000
2015/16	1,626	1,116
2016/17	1,648	2,700
2017/18	0	915
2018/19	0	0
Total	3,274	4,731

- 15.24 Note the revised forecast deficits after reflecting the revised phasing of the Budget Support Fund as follows (original forecasts included for information):

Forecast Annual Budget Deficits

	Original Forecast £'000	Revised Forecast £'000
2016/17	7,600	5,100
2017/18	6,018	5,190
2018/19	3,890	4,518
Total	17,508	14,808

15.25 Capital Programme 2015/16

- 15.26 Approve the use of Prudential Borrowing for the purchase of 7 bungalows, as detailed in paragraph 9.5, subject to the Homes and Communities Agency grant being secured towards the cost of this scheme.

- 15.27 Approve the capital budget for the replacement of the depot, which will enable CCAD to relocate to this site, of between £3.065m to £3.75m (noting that the higher figure includes a contingency which it is recommended is included owing to the complexities and short time scale for designing and preparing the cost estimates for this scheme. Officers will work to limit costs to the lower figure) and the following funding:

- £1.065m contribution from 2014/15 Regeneration and Neighbourhood Services General Fund outturn;
- Prudential Borrowing £2m #
- Prudential Borrowing £0.685m. This amount will only be used if the scheme costs £3.75m##

The repayment costs will be funded from a combination of efficiency/operational savings arising from relocating the depot and increased income generated from new opportunities, which cannot currently be delivered from the existing depot. Therefore, there will be no cost to the General Fund budget in 2015/16.

Allocating the revenue savings/increased income will mean that this amount is not available towards achieving the Regeneration and Neighbourhood Services revenue savings in 2016/17, which will mean that more difficult savings will need to be implemented in 2016/17. Proposals to potentially mitigate this impact are detailed in recommendation 15.28.

The part year loan repayment costs in 2015/16 will be approximately £14,000 and can be funded from the existing capital financing budget. The full year costs in 2016/17 will be approximately £50,000 and this will be a budget pressure in 2016/17.

15.28 Approve the proposal that any one-off resources released or any additional capital receipts (i.e. in excess of the existing target) which can be achieved over the next few years are considered to be used to reduce the borrowing required to fund the depot relocation. This would be the subject of consideration as part of the following years (i.e. 2016/17) Medium Term Financial Strategy report. These proposals will then enable the revenue savings allocated to fund loan repayment costs to be taken in future years as part of the Regeneration and Neighbourhoods savings plan.

15.29 Approve the use Prudential Borrowing for the replacement of Operational Equipment as detailed in Appendix E, table 3 and note the annual repayment costs are already included within existing operational and trading accounts budgets.

15.30 **Power Station Business Rates**

15.31 Approve the proposal that as soon as the outcome of the current application by the Power Station for a reduction in Business Rates is known to seek a meeting with the Local Government Minister to again highlight the financial impact of the Power Station and to request that this exceptional and volatile risk is excluded from the standard safety net arrangements.

15.32 **Robustness of Budget Forecasts**

15.33 Note the detailed advice provided by the Chief Finance Officer and Corporate Management Team in section 11.

15.34 Approve an increase in the temporary Prudential Borrowing pending the achievement of planned capital receipts from £1.128m to £1.221m for 2014/15, and note that it is anticipated this amount will be repaid early in 2015/16 when capital receipts are forecast to be achieved.

16. **REASON FOR RECOMMENDATIONS**

16.1 To enable the Finance and Policy Committee to approve the 2015/16 budget proposals to be referred to Council for approval.

17. BACKGROUND PAPERS

Medium Term Financial Strategy 2014/15 to 2016/17 report to Finance and Policy Committee 6th February 2014.

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

Medium Term Financial Strategy Review of Reserves as at 31st March 2014 report to Finance and Policy Committee 15th September 2014.

18. CONTACT OFFICER

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APPENDIX A

Table 1 - Summary of Forecast Outturn 2014/15
(details provided in table 2)

Reported Previously			Latest Forecast	
Worst Case £'000	Best Case £'000		Worst Case £'000	Best Case £'000
(222)	(287)	Departmental Budgets	(1,527)	(2,047)
(540)	(590)	Corporate Budgets	(1,303)	(1,203)
0	0	Lower Core Grant reduction/Business Rates income	(1,420)	(1,420)
(1,870)	(1,870)	Reserves Review	(1,870)	(1,870)
(923)	(1,100)	Departmental Ring-fenced Grants	(1,465)	(1,695)
(240)	(240)	Departmental Business Case	(240)	(240)
(3,795)	(4,087)	Sub Total to be shown in Statement of Accounts	(7,825)	(8,475)
2,820	2,997	Recommended Reserves (details table 2)	6,368	6,933
(975)	(1,090)	Recommended 2017/18 Budget Support Fund Contribution	(1,457)	(1,542)

Table 2 - Detailed Forecast Outturn 2014/15

Reported Previously			Latest Forecast	
Worst Case £'000	Best Case £'000		Worst Case £'000	Best Case £'000
		Departmental Budgets		
(105)	(155)	Chief Executive's Dept	(290)	(290)
0	0	Child and Adult Services	(300)	(575)
98	98	Public Health General Fund	98	98
(215)	(230)	Regeneration and Neighbourhoods	(1,035)	(1,280)
(222)	(287)		(1,527)	(2,047)
(600)	(650)	Non Departmental issues		
		Corporate Budgets - This underspend mainly consists of reduced capital financing costs and lower employee pensions costs. These items have been included as permanent savings in the 2014/15 MTFS.	(1,070)	(1,070)
60	60	Property Running Costs	60	60
0	0	Local Council Tax Support Scheme (LCTS) - the pressure included in the 2014/15 budget to partly fund of the cost of the scheme will not be needed as the cost is forecast to be lower than initially anticipated. As detailed in the LCTS report elsewhere on the agenda it is recommended that this amount is carried forward to support the LCTS scheme in future years to reduce cuts in support for low income working age households.	(328)	(328)
0	0	Section 31 Grant - funding allocated to Councils to support increase Council Tax collection workloads/costs arising from implementation of Local Council Tax Support schemes. Strategy for using these resources approved by Finance and Policy Committee 15.09.14, alongside reserves review.	(105)	(105)
0	0	Provision for Planning appeal costs - estimated cost of potential costs if Planning appeals are successful.	140	240
(762)	(877)	Sub Total - General Fund	(2,830)	(3,250)
0	0	Lower Core Grant reduction - detailed explanation provided in section 5 of report.	(890)	(890)
0	0	Business Rates - Section 31 grants - this grant compensates the Council for reduced Business Rate income arising from Relief Schemes implemented by the Government, which could not be quantified when the 2014/15 budget was approved. Where this income will continue in 2015/16 it has been built into the MTFS.	(530)	(530)
(1,870)	(1,870)	Reserves Review - As reported to the Finance and Policy Committee this amount has been released following a review of existing reserves and financial risks. This amount is earmarked to avoid specific cuts in 2015/16, to provide funding for potential protection costs arising from the implement of Terms and Conditions savings and to support the MTFS.	(1,870)	(1,870)
		Departmental Ring fenced Grants		
(375)	(375)	Local Welfare Support Grant	(375)	(375)
(548)	(725)	Public Health	(720)	(950)
0	0	Troubled Families	(370)	(370)
		Departmental Business Case		
(240)	(240)	Social Housing	(240)	(240)
(3,795)	(4,087)	Sub Total to be shown in Statement of Accounts	(7,825)	(8,475)
2,820	2,997	Recommended Departmental reserves as detailed in Table 2	6,368	6,933
(975)	(1,090)	Recommended 2017/18 Budget Support Fund Contribution	(1,457)	(1,542)

APPENDIX A

**Table 3 - Contribution to Reserves (includes impact of Reserves Review reported 15.09.14)
(details provided in table 4)**

Reported Previously			Latest Forecast	
Worst Case	Best Case		Worst Case	Best Case
£'000	£'000		£'000	£'000
923	1,100	Ring-fenced Grant Reserves	1,465	1,695
240	240	Business Case Reserves	240	240
215	215	General Fund Budget Reserves	3,221	3,556
1,442	1,442	Reserves approved following Reserves Review as report to Finance and Policy Committee 15.09.14	1,442	1,442
2,820	2,997	TOTAL	6,368	6,933

APPENDIX A

Table 4 - Detailed Contributions to Reserves (includes impact of Reserves Review reported 15.09.14)

Reported Previously			Latest Forecast	
Worst Case	Best Case		Worst Case	Best Case
£'000	£'000		£'000	£'000
Ring-fenced Grant Reserves				
375	375	Children's - Local Welfare Support Grants This creation of this reserve was included in the MTFS and approved by full Council on 4th February 2014 to use the balance of grant funding and the existing reserve to continue provision through to 2017/18.	375	375
548	725	Public Health Ring-fenced Grant Reserve created in line with grant conditions for repayment or use as initially intended.	720	950
0	0	Troubled Families Grant Reserve created to continue services in 2015/16	370	370
Business Case Reserves				
240	240	Social Housing - Creation of Reserve Contribution to the Major Repairs Fund in line with the approved business model for the Empty Homes Project.	240	240
General Fund Budget Reserves				
190	190	CCTV Relocation Reserve One-off funding required to fund the relocation of the CCTV service following the closure of Greenbank as reported to the Finance and Policy on 18.08.14.	190	190
25	25	NEPO Rebates Reserve Reserve created to manage the risk that income from NEPO rebates will reduce in future years following the introduction of a new recharge methodology.	25	25
0	0	Depot Relocation Reserve created to part fund relocation of depot costs to enable Hartlepool College of Art and Design to build on this site.	1,065	1,065
0	0	Looked after Children Risk Reserve Reserve created to manage increased costs of Looked after Children and to avoid an in-year budget pressure in 2015/16, pending implementation a strategy to reduce costs	0	275
		High Needs Risk Reserve Reserves created to manage in-year risks of high educational needs placements exceeding base budget, which will avoid an in-year budget pressure in 2015/16.	300	300
0	0	Power Station As indicated in the updated MTFS report it is recommended that the reduction in Business Rates arising from the closure in 2014 and subsequent operation at reduced capacity is funded from the 2014/15 outturn. This will maintain the existing risk reserve which will be needed in 2015/16 to fund the continued impact of the power station operating at reduced capacity and this ongoing risk in future years.	840	900
0	0	2017/18 Local Council Tax Support Scheme Reserve Reserves created to reduce forecast 2017/18 LCTS cut of 35%	328	328
0	0	Section 31 (Local Council Tax Support Scheme) Reserve Part of grant (£55k) allocated to support Advice & Guidance contract in 2015/16 and balance (£50k) to provide increased Council recovery capacity for 18 months up to 31.03.16 to deal with LCTS impacts.	105	105
0	0	Health and Safety Reserve Reserve created to manage the risk that increased income from Health and Safety may reduce in future years if contracts not retained.	24	24
0	0	Hartlepool Connect Capital Reserve created to fund works to support online access in relation to Universal Credit and other new developments as part of the provision through the Contact Centre.	50	50
0	0	2015/16 Ward Member Budget Reserve Reserve created to provide Ward Member budget of £3,000 per Member in 2015/16.	99	99
0	0	2015/16 Community Centres Reserve Reserve created to retain Community Centres in 2015/16 to provide a longer lead time to develop alternative funding/ operational arrangements	30	30
0	0	2015/16 Pay Costs Reserve To fund impact of higher pay award than forecast.	100	100
0	0	2015/16 Jacksons Landing Reserve Provision to fund part year interest costs in 2015/16 of using Prudential Borrowing to repay interest free Growing Places loan if sale / redevelopment is not achieved by October 2014, when the interest free loan is repayable.	25	25
0	0	2015/16 Apprenticeship Reserve Reserve funded from Strike Day saving and proposal from Trade Unions to use these one off resources to continue the existing Apprenticeship scheme.	40	40
Reserves approved following Reserves Review as report to Finance and Policy Committee 15.09.14				
220	220	Support 2015/16 budget Reserve to offset clarification of Better Care funding regime	220	220
27	27	Support Free Swims 2014 Contingency provision pending receipt of Domes monies	27	27
445	445	Support 2015/16 budget Covers deferment of Advice and Guidance (£55k), School Crossing Patrols (£240k) and Lifeguard services proposed savings (£150k).	445	445
750	750	Protection Costs Reserve Provision to fund protection costs arising from implementation of changes to Terms and Conditions.	750	750
2,820	2,997	TOTAL	6,368	6,933

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 relocalised 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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CHILD AND ADULT SERVICES RESERVES

Appendix B

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	
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	

REGENERATION AND NEIGHBOURHOODS 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	
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	

PUBLIC HEALTH RESERVES

Appendix B

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 B

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	
	TOTAL ALL DEPARTMENTS	34,338	(4,168)	(8,716)	(3,869)	(1,962)	(18,715)	15,623		1,870	32,468	

FINANCE AND POLICY COMMITTEE

21ST July 2014



Report of: Chief Executive

Subject: SAVINGS PROGRAMME 2015/16 – CHIEF EXECUTIVES DEPARTMENT

1.0 TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Budget and Policy Framework.

2.0 PURPOSE OF REPORT

2.1 The purpose of this report is to enable Members to consider the initial 2015/16 savings proposals relating to the Committees remit. Comments made are to be incorporated with those received from each of the Policy Committees in relation to their remits.

3.0 BACKGROUND

3.1 As part of the process for the budget for 2015/16 it has been agreed that individual Policy Committees will consider these savings proposals prior to consideration by your Committee and then Council. As the Finance and Policy Committee has responsibility for the Chief Executives department, then initial proposals are set out in this respect.

3.2 Details are provided in this report in relation to the:-

- i) Proposals identified to make the savings;
- ii) Risks associated with the proposed savings; and
- iii) Financial considerations taken into account in developing the proposals.

3.3 In further developing the information provided to Members to assist them in consideration of budget proposals, experience gained through the implementation of a Social Return on Investment (SROI) process by the previous Regeneration and Planning Services Scrutiny Forum is to be utilised. Key to the SROI process was the provision of additional information in relation to the aim and scope of the service, its service users and engagement, inputs, outputs and outcomes. On this basis, information in relation to the Chief Executives Department is also provided below.

3.4 Service Aims

- 3.4.1 The services under consideration are those delivered by the Chief Executives Department and in service planning terms are largely, though not exclusively encompassed within the Council aim which relates to an effective organisation. Whilst these services are largely internally focussed around providing support services to the rest of the organisation this is not universally the case. A number of services are provided directly to the public including the Revenues and Benefits services and the Contact Centre. In providing the services encompassed within the Department the aims are that they are provided effectively, that other Departments are supported in the delivery of their service portfolios and that the Governance of the Council is effectively managed and delivered. Those services which are delivered externally are, in effect, universally available services to all residents (and businesses within the town). Following changes to relocalise Business Rates and implement Local Council Tax Support (LCTS) schemes there has been a significant increase in workloads and customer contacts, particularly in relation to LCTS which affected around 8,600 working age households and has impacted on Revenues, Benefits and the Contract Centre.

3.5 Service Users

- 3.5.1 For a range of the services delivered by the Department the services users are largely internal (although there are a range of the support services provided which are also utilised by external agencies such as the Fire Authority; a range of services are provided to schools; and some to other external bodies through Service Level Agreements (SLA). There has been an increase in services delivered to outside bodies over the last year although this is undertaken as part of a managed development. For those services which are delivered externally the services are available town wide and to all potential users (such as the Contact Centre, Revenues and Benefits, Elections & Electoral registration, Local land searches.)

3.6 Engagement

- 3.6.1 The services provided are primarily internal. In assessing feedback and experience of utilising the service this is primarily, for internal services through regular liaison meetings with service Departments to identify any issues for consideration in respect of the services provided. For those services which are delivered externally the mechanisms for collecting feedback are as follows (for electoral registration a customer feedback option is included as part of the annual canvass and during all elections, electors have the option to take participate in a satisfaction survey. Revenues and Benefits Services the public can provide feedback via the respective service generic e-mail boxes. For the Contact Centre there are arrangements in place to assess the service provided at the point of use, with positive feedback received from the vast majority of users.

3.7 Inputs

3.7.1 The current cost to the Council of the services delivered by Chief Executives Department is as follows :

Service Area	2014/15 Gross Budget £'000
Finance	2,497
Assistant Chief Executive	2,283
Chief Solicitor	1,107
	5,887

The costs of these services to the Council have, in line with many other service areas in the Council reduced significantly over the last 4 years.

3.8 Outcomes

3.8.1 A summary of the outcomes from the services are outlined below

3.8.2 Revenues and Benefits – Council Tax in year collection 96.1% in 2013/14 (2012/13 97%). National 2013/14 Metropolitan and Unitary Authority Council Tax data is not yet available. It is anticipated the 2013/14 average will be lower than the 2012/13 average of 96.8% owing to the impact of Local Council Tax Support schemes, which were introduced at the start of 2013/14. Hartlepool's Business Rates in year collection in 2013/14 was 98.5% (2012/13 98%). National Metropolitan and Unitary Authority was 97.1% in 2012/13, 2013/14 national data is not yet available. In 2013/14 Housing Benefit new claims average processing times were 20.3 calendar days (placing Hartlepool 5th out of 12 North East Councils in speed of processing) and Local Council Tax Support new claims were processed on average in 17.2days placing Hartlepool 2nd out of 12 North East Councils in speed of processing)

3.8.3 The Council awaits confirmation of Central Government funding to develop and implement Individual Electoral Registration (IER) and whether this will be on a 'formula' basis or incentivised through performance. On a 'dry run' of data systems the Council performed at a level (82.5%) comparable with other Tees Valley Authorities. Similarly the canvass figures indicate a 95/96% response rate.

3.8.4 Customer & Support Services – During 2013/14 the Customer Service Centre dealt with over 370,000 customer enquiries across three primary contact channels, telephone, personal visit and online. Customer contacts increased particularly around changes in welfare reform and the waste management route optimisation programme. The introduction of customer

appointments has provided a more effective and planned approach to service delivery, with average customer waiting times for personal visitors reducing. Five apprentices were supported during the period with all achieving invaluable skills, experience and qualifications. Customer surveys carried out during the year showed high levels of satisfaction, with 97% of customers happy with how their enquiry was dealt with.

4.0 PROPOSALS

- 4.1 The savings target established at the outset of the budget process for Chief Executives department was £395k. As part of the considerations for the options to deliver these savings considerable thought has been given to how these may be delivered in the light of previously required savings. The proposals and options considered as part of the potential savings package have been set in the context of the financial challenges and the changes in requirements of the Authority.

The proposals in respect of the services in the Chief Executives Department, are ordered by Division within the Chief Executives Department. These savings total £515k, which exceeds the initial target of £395K (which was also the case in 2014/15) and reflects the overall approach adopted by the Corporate Management Team for identifying achievable savings, as part of an approach to protecting front line services, recognising that some elements of the Chief Executives Department are front line services.

The corporate sweep for Voluntary Redundancies and Early retirements has been undertaken early this year and as part of a rolling process. This has been done to enable maximum time to consider the options that may be available and to maximise the aspect of the budget decisions that need making that are based on potentially vacant posts or volunteers rather than compulsory redundancies. There have been a number of requests for voluntary redundancies within the Department and vacant or fixed term posts which have been considered as part of the options for savings in this year. Whilst it is not possible to manage all of the savings in this way it has been an underpinning principle for the budget for 2015/16.

4.2 ASSISTANT CHIEF EXECUTIVE

- 4.2.1 At this stage the savings target for the Division has been exceeded, as part of an approach to enable the protection of front line services but also to ensure that the support required to the rest of the Authority can be maintained particularly through the significant staffing changes that the Authority is to face. In previous years there has been scope to reduce running costs to contribute to the overall savings required within the Division. This has been reviewed again this year and is not believed to offer any significant options.

4.2.2 **Removal of vacant post / Changes in operations and management arrangements** **£220K**

At this stage there are limited options available around vacant posts though in the few areas where this is the case and there may be temporary or acting up arrangements in place, the option will be taken to review these and this will mean that there are options both now, and potentially through the year to take these opportunities for savings subject to an assessment of the service impact and the ability to continue to deliver services. In essence this aligns with the management practice supported by Members in previous years to minimise the impact of compulsory redundancies.

The further changes required to deliver the savings will be as a result of a review of the Management Structure and other operations within the Division with any changes delivering the net saving identified above. The review that has been undertaken to date has identified that whilst there are potential risks from this action that these risks can be managed in the context of the services to be delivered. This will require the re-allocation of a range of tasks within the Division, the cessation of some aspects of operation and will enable the management arrangements to focus on the delivery of the core services. It is not without difficulty that the changes identified can be delivered and given the challenges faced in future years consideration has already started to be given to some of the changes required in future years, and looking forward. It is envisaged that a significant part of the savings identified will be delivered through either voluntary redundancies, fixed term posts with the being limited potential compulsory redundancies.

4.3 **CHIEF FINANCE OFFICER**

4.3.1 At this stage the savings target for the Division has been identified. It is anticipated that additional savings will again need to be made in 2014/15 to manage a further reduction in the Housing Benefit Administration grant and details will be reported when this grant cut is known. In previous years there has been scope to achieve savings through reducing running costs, increasing income (summons charges) and contract renegotiation. These areas have been reviewed again and they will not provide any significant additional benefit for 2015/16. Total gross savings of £180k have been identified within the Finance Division, as detailed in the following paragraphs.

4.3.2 **Removal of vacant post / Changes in operations and management arrangements** **£165k**

These savings will be achieved by reviewing existing management structures and other operations across the Finance Division. The review that has been undertaken has identified that whilst there are potential risks from this action that these risks can be managed in the context of the services to be delivered. The changes required are not without risk and given the impact of making additional savings to offset an anticipated forecast Housing Benefit Administration grant cut will need careful management. This will be particularly the case in relation to those elements of the savings which affect

the front facing services within the Division. These saving include the financial benefit of extending the Financial Service Level Agreement with Cleveland Fire Authority to include the section 151 role. It is currently envisaged that the remaining savings in staffing budgets can be achieved through a combination of voluntary redundancy and removal of vacant posts. There may be some instances where staff are redeployed in lower graded posts.

4.3.3 Income £15k

Changes in existing procedures will enable the Council to recover VAT on car mileage which it was not previously economical to recover, as the administrative costs exceeded the amount recovered owing to the small value of individual amounts. Improved IT systems enable these small amount to be recovered cost effectively and the aggregate income is estimated to be £15k per year.

4.4 CHIEF SOLICITOR

- 4.4.1 A total target savings of £63K has been identified to meet the Legal Services Division's commitment for 2015/2016.

4.4.2 Staffing Savings £63K

Previous savings have relied on the removal of vacant posts from which the greater part of the identified savings target has been met. This is not the case at present.

An application for ER/VR has been received and a realignment of duties and responsibilities of some staff who have also expressed a desire to alter their existing working arrangements is also being actively pursued.

All attempts will be made to manage savings through such a route although there may also be a need to reconfigure services at an operational level. It is anticipated that these savings can be accommodated without a significant impact, although, this will not necessarily be the case in future, where contingency and other planning will be needed.

The remaining savings will come from further staffing reductions and / or an increase in income. There are currently several options to achieve this figure but some of these options rely on reconfiguration in other Departments and will be outlined if necessary in a later report.

As with all other required savings this is not without some degree of risk but is required as part of the overall consideration of savings.

4.5 Chief Executive's Department Cross cutting issues £50k

- 4.5.1 The Chief Executive's Department has experienced an increase in workload across a range of areas supporting the new Public Health Department. As

part of this there has been the appointment of the Public Health grant, previously utilised for overheads to recognise this. The workloads have been reviewed to absorb this work releasing this money for savings.

- 4.5.2 This approach provides the most cost effective approach for the whole Council, including the Public Health functions. The additional work in supporting the Public Health Department also helps protect jobs by diversifying the front line services support by the Chief Executive's Department.

5.0 Consideration of Options

- 5.1 A number of options have been considered in respect of the savings proposed. A summary of these considerations is included below.

- 5.2 Not to take savings from vacant posts.

- 5.2.1 Consideration was given to not taking those savings which are available through posts which may become vacant through the year. Whilst this option would provide for the continuation at the current level, given the changes that Members have agreed to in respect of the approach to some requirements in this service area, in conjunction with the ability to make a saving without the requirement for there to be any costs to the Authority or the necessity for a potential compulsory redundancy it was determined that this provided an effective solution for the Authority

- 5.3 To reduce the current level of running costs.

- 5.3.1 The bringing together of the former Corporate Strategy and Workforce services divisions provided the opportunity last year to realise savings in the "running costs" of these divisions. This has been reviewed again this year but there is no significant scope to do this although further options will be looked at for next years budget.

- 5.4 Savings other than staffing and operational issues.

- 5.4.1 There are a range of savings identified through the ICT contract and in line with corporate considerations these have been accounted for corporately which is appropriate and have been reported separately to Members. Beyond this there are limited if any options to make savings other than those which can come from staffing and operational arrangements. The opportunity has been taken to realise these from voluntary arrangements where this has been possible but given the scale of the changes this is not always possible.

- 5.5 Consideration of service demands

- 5.5.1 The savings proposed reflect consideration of current service demands. As an example the impact of Business Rates Re-localisation, the introduction of the Local Council Tax Support Scheme and the need to maintain adequate financial support services during a period of significant financial challenge

and risk. The Welfare Reforms and Local Council Tax Support Scheme (LCTS) are generating significant workload issues, which are increasing as higher reductions in LCTS support are phased in. These workload demands are likely to continue into the foreseeable future and therefore in defining 2015/16 savings proposals net reductions to key front line staffing capacity are not considered operationally appropriate or feasible. Although proposals for restructuring to provide resilience will be implemented. For 2015/16 these alternative savings would not be recommended. However, given the continuing financial challenges in future years these areas are likely to require re-consideration next year.

- 5.5.2 Introduction of Individual Electoral Registration (IER) which is the most significant change since the universal franchise. It needs to be implemented carefully and in a way which maximises both accuracy and completeness of the electoral registers – and which puts the voter first. Local knowledge will be key to the success of this change. Members will be aware that such an initiative is also set against a background of conducting elections, wherein there will be combined polls in 2015 and 2016.
- 5.6 The options which have been included in the report are recommended to the committee as they provide for a balance between protecting front line services, maximising savings to be taken, the assessment of service delivery and receipt of voluntary redundancy requests is aligned and can be managed in the context of the continued delivery of services.

6.0 RISK IMPLICATIONS

- 6.1 There are a number of risks implicit in the delivery of any package of savings and it is important to recognise these as part of any decision making. A summary of the risks considered as part of the proposals has been identified below:
- 6.2 There are a number of risks in these changes, particularly taken in the context of previous savings which have been made. The assessments which have been undertaken (and a summary of the conclusions from this are included in the sections above). All others, in the context they have been described are viewed as being manageable but with there being a significant need to review workloads, priorities and for the potential scaling back of a number of current activities in line with the resources available.
- 6.3 It is considered that these savings can be delivered, although not without difficulty or some degree of risk but that this can be managed in this year, however achieving these savings becomes more difficult each year, which is the case in other departments

7.0 FINANCIAL CONSIDERATIONS

- 7.1 It has been highlighted in previous reports that failure to take savings identified as part of the Savings Programme will only mean the need to make

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

- 7.2 The savings that have been identified have been assessed for their sustainability. As with all others parts of the Authority the sustainability of the savings required by the ongoing cuts which the Authority faces becomes increasingly difficult as the compound affect of these savings impacts on services. It is not necessary to remind Members of the level of savings which have been delivered in previous years or those which are likely to be required in future years. The savings have been identified as sustainable in the light of the need to make ongoing changes to both what is delivered and the scaling back of some activity. The principles that have been applied in determining the proposals for savings have been linked to protecting front line services, savings being realised in respect of vacant posts where this can be managed, considering early retirement / voluntary redundancy request where these have been received and reflecting the pressures, both internal and external that the Authority needs to address to maintain effective governance arrangements.

- 7.3 The proposals deliver the following proposed savings:-

Service	Proposed Savings (£K)
Assistant Chief Executive	
Deletion of vacant post / Changes in Management Arrangements	220
Chief Finance Officer	
Deletion of vacant post / Changes in Management Arrangements	165
Income	15
Chief Solicitor	
Staffing Savings	65
Cross cutting issues – absorption of Public Health Support Services	50
Total Proposed Savings	515

- 7.4 The savings which have been identified include a number of staffing changes. In addition a number of other proposed changes relate to the consideration of potential staffing changes as they relate to the corporate sweep for Voluntary redundancies and early retirements which was undertaken in preparation for this budget round (as is the case each year).
- 7.5 The savings identified for the Chief Executive's Department exclude the Corporate savings included within the MTFS report considered by this Committee on 30th June 2016 of £0.62m. The achievement of these savings is dependent upon the Chief Executive's Department having the necessary skills and capacity to deliver these savings, which involve the management of complex operational areas and negotiations covering the ICT contract, proposed changes to Terms and Conditions and Treasury Management activities.

8.0 EQUALITY CONSIDERATIONS

- 8.1 For each of the proposed saving areas, consideration has been given to whether there is likely to be any impact across each of the protected characteristic groups. Where there is likely to be a direct impact on customers/service users and/or staff, an Equality Impact Assessment has been undertaken.
- 8.2 More than 90% of the above savings will be made by reducing staffing levels (mainly from vacant posts and ER/VR applications) with some changes to day to day running costs.
- 8.3 These impact assessments are to be reviewed by the Corporate Equality Group and they will consider whether there is any Council-wide cumulative impact on protected groups from all saving proposals.

9.0 RECOMMENDATIONS

- 9.1 That Members of the Committee note the content of the report and formulate a response to be presented to Finance and Policy Committee on 13th October 2014.

10.0 REASON FOR RECOMMENDATIONS

- 10.1 The proposals included in this report have been identified as being sustainable and deliverable.

11.0 BACKGROUND PAPERS

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

Finance and Policy Committee - Medium Term Financial Strategy (MTFS)
2015/16 to 2017/18 - 30th June 2014

12.0 CONTACT OFFICERS

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ADULT SERVICES COMMITTEE

12 August 2014



Report of: Director of Child & Adult Services

Subject: SAVINGS PROGRAMME 2015/16 –
ADULT SERVICES

1. TYPE OF DECISION

Budget and Policy Framework

2. PURPOSE OF REPORT

- 2.1 The purpose of this report is to identify proposals for the delivery of savings in adult services for consideration as part of the 2015/16 budget process.

3. BACKGROUND INFORMATION

- 3.1 As part of the 2015/16 Savings Programme, a number of service areas were identified where potential savings could be made. As part of the budget process for 2015/16 it has been agreed that individual Policy Committees will consider these savings proposals prior to consideration by Finance and Policy Committee and then Council.

- 3.2 The report identifies the areas where savings are expected to be achieved, the risks associated with achievement of savings and the considerations which have been taken into account in developing proposals.

3.3 Scope

The areas of expenditure under consideration within this review are:

Assessment & Care Management

- Care Management Teams (Social Work & Occupational Therapy)
- Adult Safeguarding

Residential Placements

Personal Budgets

- Home Care
- Equipment
- Day Services
- Supported Accommodation
- Direct Payments

3.4 Aims

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

3.5 Service Users

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

3.6 Engagement

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

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

Feedback is also obtained through the annual Adult Social Care User Survey, a national Carer's Survey and through complaints and compliments.

There has been a requirement since 2012 for Local Authorities to publish a Local Account for adult social care to inform local residents about:

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

Hartlepool's Local Account for 2013/14 was approved by Adult Services Committee in March 2014.

3.7 Inputs / Expenditure

The total expenditure on adult social care is £45m, of which £16.5m is income from people's personal contributions and other sources (primarily NHS funding).

The breakdown of spend on adult social care is as follows:

Area of Expenditure	Spend
Assessment & Care Management	£5.3m
Residential Placements	£18.4m
Personal Budgets	£18.4m
Housing Related Support	£2.5m

The breakdown of spend on personal budgets is as follows:

Area of Expenditure	Spend
Home Care	£6.6m
Direct Payments	£5.2m
Supported Accommodation (including Extra care)	£2.9m
Day Services	£1.8m
Equipment	£0.9m
Other	£1.0 m

3.8 Outputs / Outcomes

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

Some of the outputs achieved are as follows:

- Over 5,700 people receive support from adult social care services.
- Over 2,000 carers had an assessment during the last year and received support to maintain their caring role.
- The number of people using telecare continues to grow with over 1,600 people currently being supported.
- People received over 5,600 pieces of equipment to help them stay at home and over 95% were received within 7 working days.

Some areas where particularly positive outcomes have been achieved include:

- Over 95% of people who have ongoing needs and are eligible to receive a personal budget have their support provided through a personal budget and exercise choice and control over how their support needs are met.
- Over 13% of adults with a learning disability and adults receiving mental health services are in paid employment.

- 76.3% of service users surveyed reporting that they are satisfied with adult services (the third highest satisfaction rating in the country).
- 81.3% of people who use services and carers who were surveyed reporting that they find it easy to access information about services.
- 92.1% of carers surveyed reporting that they have been included or consulted in discussions about the person they care for.

3.9 Savings Target

The savings target for Child & Adult services for 2015/16 is £2.860m.

The departmental approach to identifying savings was to focus on three key areas:

- Integration and service remodelling across functional areas
- Reducing cost of high end demand through prevention, early intervention and reducing unit costs; and
- Increasing income.

All areas of spend were reviewed under these headings, taking into account savings achieved in previous years and statutory responsibilities, and areas were identified where savings could be achieved with least impact on front line services for local people.

Within adult services, the following savings have been made over the last three financial years:

- 2012/13 - £1,540,000
- 2013/14 - £860,000
- 2014/15 - £1,520,000

Reducing budgets by this level on an ongoing basis cannot be achieved without an impact on frontline services and on people who use adult social care services, although proposals have sought to minimise this impact as far as possible. It is inevitable that further savings proposals will have an increasing impact on frontline services, as it is not possible to sustain current levels of service and performance with reducing budgets and increasing demands on services.

There is no scope to further increase income following the decision by Adult Services Committee in January 2014 to implement a revised Contributions Policy requiring people to contribute up to 100% of the costs of their support.

The proposed savings within adult services therefore focus primarily on integration and reducing high end demand (through the Better Care Fund work) and a small element of reducing unit costs through a review of contracts and management structures.

The proposed contribution to the departmental target from adult services is £1.075m.

4. PROPOSALS

4.1 Review of Contracts

- 4.1.1 A range of services are commissioned by the Council to support adults with social care needs.

These include:

- low level support;
- housing related support;
- support for people with sensory loss;
- day services for older people; and
- support for people with dementia.

The total value of these contracts is approximately £3.3m.

- 4.1.2 A saving of £915,000 has been made against these contracts over the past three years through renegotiation of existing contracts and retendering where appropriate to achieve better value for money, leaving little scope to achieve further savings in this area without a significant detrimental impact on people using services.
- 4.1.3 It is proposed that inflationary uplifts are not offered on these contracts from April 2015, which would achieve a saving of approximately £75,000.

4.2 Review of Management Structure

- 4.2.1 Following significant reductions in management capacity over recent years, a further review has been undertaken which has identified two posts that can be deleted, subject to voluntary redundancy applications being approved for the current post holders.
- 4.2.2 The posts identified for deletion are Head of Service (Band 15) and Modernisation Lead - Older People, Dementia, Carers and Dignity (Band 13). Deleting these posts will achieve a saving of approximately £100,000 but will have a significant impact on management capacity within adult services.

4.3 Further Integration of Health and Social Care

- 4.3.1 Local Authorities were notified in June 2013 of the launch of the Better Care Fund (BCF), a £3.8bn pool of funding identified nationally to promote the integration of health and social care services that support some of the most vulnerable population groups.

4.3.2 The guidance states that the BCF is a genuine catalyst to improve services and value for money and a real opportunity to create shared plans that integrate services to provide improvements for local communities.

4.3.3 The BCF allocation for Hartlepool is £7.476m which is made up as follows:

Funding Stream	Funding
Existing NHS Transfer to Social Care (2013/14)	£1.8m
Existing Reablement Funding	£0.61m
Existing Carers Funding	£0.2m
Additional NHS Transfer to Social Care (2014/15)	£0.5m
Capital Grants (including Disabled Facilities Grant)	£0.83m
Funding from CCG baseline budget	£3.536m

4.3.4 The BCF Plan for Hartlepool, which was approved by the Health & Wellbeing Board in March 2014, is based on a shared vision across health and social care:

‘To develop outstanding, innovative and equitable health and social care services, ensuring excellence and value in delivery of person centred care working across both health and social care’.

4.3.5 The plan is focused on three key areas:

- Low Level Support and Management of Long Term Conditions
- Intermediate Care
- Improved Dementia Pathways

4.3.6 In each of these areas, services will be delivered in a more integrated holistic way across health and social care, improving outcomes for people using services and reducing duplication, inefficiency and waste at the interface of care.

4.3.7 The aims of the Hartlepool BCF Plan are to:

- Reduce the number of people aged 65 and over who are permanently admitted to residential care;
- Maintain current excellent performance in relation to delayed discharges attributable to social care;
- Reduce the number of delayed discharges and lost bed days from acute settings for people aged 65 and over who are medically fit for discharge;
- Reduce avoidable emergency admissions of people aged 65 and over;
- Increase the diagnosis rate of dementia;
- Increase the number of people supported by assistive technology; and
- Increase the number of people accessing reablement services.

4.3.8 By moving to new models of service delivery, reorganisation of pathways and removal of professional boundaries, reliance on intensive, high cost

interventions will be reduced which will achieve savings across the health and social care economy.

- 4.3.9 It is highlighted within the guidance that the BCF is intended to provide protection for social care services that would otherwise be at risk.
- 4.3.10 The Hartlepool BCF plan identifies that funding currently allocated through the NHS Transfer to Social Care has been used to enable the local authority to sustain the current level of eligibility criteria and to maintain existing integrated services that support timely hospital discharge, delivery of reablement and telecare services, commissioning of low level support services and support for carers.
- 4.3.11 The plan states that investment in these services will need to be sustained to maintain this as the social care offer for Hartlepool and to maintain current eligibility criteria and will need to be increased in order to deliver 7 day services and to address the implications of the Care Bill, which will require additional assessments to be undertaken for people who did not previously access social care and provision of further support for carers.
- 4.3.12 It is also proposed that additional resources are invested in social care to deliver enhanced reablement and step up services, which will reduce hospital admissions and readmissions as well as permanent admissions to residential and nursing home care.
- 4.3.13 Prior to the changes to the national guidance regarding BCF it was anticipated that, through a combination of reducing the need for intensive, high cost services and additional investment in social care services that have a health benefit, a saving of £900,000 could be achieved through further integration of health and social care.

5. RECENT ANNOUNCEMENTS REGARDING THE BETTER CARE FUND

- 5.1 The Department of Health and Department for Communities and Local Government sent two letters to all Health and Wellbeing Board Chairs on 11 July 2014 outlining proposed changes to the BCF assurance and planning processes, including changes in relation to the performance and finance metrics.
- 5.2 The key points relating to pay for performance and risk sharing are as follows:
- Up to £1 billion of the Better Care Fund allocated to local areas is to be spent on out-of-hospital services according to the level of reduction in emergency admissions they achieve.
 - Health and Wellbeing Boards will propose their own performance pot based on their level of ambition for reducing emergency admissions (with a guideline reduction in emergency admissions of at least 3.5%) and they will be allocated a portion of the £1 billion performance money

in the fund in accordance with the level of performance against this ambition.

- Where local areas do not achieve their target reduction in emergency admissions the money not released will be available to CCGs, principally to pay for the unbudgeted acute activity
- The remaining money from the performance pot not earned through reducing emergency admissions will be available upfront to be invested in out of hospital NHS commissioned services (including joint services), agreed by Health & Wellbeing Boards.
- Reduction in unplanned admissions will now be the sole indicator underpinning the pay for performance element of the BCF. The other existing performance metrics will not be linked to payments but must still be included within plans.

- 5.3 The key points relating to plan improvement and assurance are as follows:
- A revised planning template will be issued by NHS England, requesting additional financial data around metrics, planned spend and projected savings
 - Revised plans to be submitted at the end of the summer, ahead of a further process of national assurance and ministerial sign off
 - NHS England will provide revised guidance to shape the further development of local BCF plans, including information on the revised pay for performance and risk sharing arrangements
 - Plans will be reviewed later in the summer to ensure they are ambitious enough to achieve improvements in care and that every area is on track to begin in April 2015. A new national BCF Programme Team will be established working across Whitehall, local government and the NHS.
- 5.4 An initial analysis of impact on the Hartlepool BCF plan has been undertaken based upon the information received to date:
- The amount of funding to be held back in the Hartlepool BCF performance pot, dependent on the achievement of the target reduction in emergency admissions, will be between £776k (3.5% of spend on emergency admissions for Hartlepool) and £1.8m (based on a pro rata share of £1bn nationally).
 - The Hartlepool BCF plan sets an ambition of a 6.4% reduction in emergency admissions with expected savings of £1.4m.
 - Work is underway to determine which parts of the plan will be affected by the described funding changes and determine the overall impact on delivery of the outcomes.
- 5.5 Further guidance issued by NHS England and the Local Government Association on 25 July 2014 sets out the requirements for BCF plans to be revised and re-submitted by 19 September 2014 following sign off by Health & Wellbeing Boards.
- 5.6 The planning templates have been revised to provide added emphasis on the following:

- A clearer articulation of the analysis and evidence that underpins the BCF plans.
- A clearer articulation of the delivery chain that will underpin the shift of activity away from acute activity.
- A tighter description of the schemes underpinning the plan schemes and the underlying success factors.
- A much clearer focus on the risks, the risk sharing arrangements and the contingency plan in case the target reduction in admissions are not met.
- A clearer articulation of the alignment between the BCF and other plans and initiatives within a locality across NHS and social care.
- Ensuring that the potential impact of proposed schemes on providers are understood, and providers are fully engaged.

5.7 Further detail is also required regarding the protection of social care services, with the following information required:

- the total amount from the BCF that has been allocated for the protection of social care services.
- the total level of resource that will be dedicated to carer-specific support, and the nature of that support.
- Confirmation that at least the local proportion of the £135m has been identified from the NHS £1.9bn funding for implementation of new Care Act duties on councils (including new entitlements for carers, national minimum eligibility threshold, advocacy, safeguarding and other measures in the Care Act).
- The financial impact on local authority's budgets resulting from changes to the BCF policy since April 2014.

5.8 Work is underway with the CCG to further assess the impact of the revised guidance on the Hartlepool BCF plan and to complete the revised planning templates. Once this work is complete, the impact on the proposed savings in adult services will also be re-assessed, and further reports to Adult Services Committee may be required if there is a need to develop alternative savings proposals.

6. OPTIONS ANALYSIS

6.1 A range of options to achieve the required savings have been explored across adult services and been discounted, primarily due to the level of risk involved. These include:

6.1.1 Reducing Capacity in Care Management Teams

This is considered too high risk due to the significant impact on people using services, impact on caseloads for social workers and the new requirements in relation to Deprivation of Liberty Safeguards. Reducing social work and occupational therapy capacity would also result in significant increases in waiting times for people who are referred for assessment and support and

would have a negative impact on performance against key indicators, such as assessments completed within 28 days of referral, completion of annual reviews and people supported to access services using personal budgets.

6.1.2 Reducing Spend on Residential Placements

This is not possible in light of the fair cost of care and increased pressure on residential provision. A number of providers have already contacted the Council requesting an increase in fees due to the financial pressures on providers associated with increases in the National Minimum Wage and increasing costs of food and utilities.

6.1.3 Reducing Spend on Personal Budgets

It is not possible to reduce spend on personal budgets without a fundamental review of the Council's approach to personalisation and the Resource Allocation System. Any attempt to reduce spend without a full consultation exercise and a clear rationale for change would result in significant risk of juridical review, as has been seen elsewhere in the country. People who already have services could not have their personal budget reduced without evidence of a reduction in their assessed level of need as the Council has a statutory duty to meet assessed need. A reduction in assessed need is difficult to evidence when the majority of people that are supported by the department have an ongoing need or condition which is likely to result in increasing needs over time and with age. This issue will be revisited when considering savings for 2016/17 but is not expected to make a significant contribution to future savings targets.

6.1.4 Increasing Income

There is no scope to further increase income from contributions of people using services following the implementation in April 2014 of a revised Contributions Policy requiring people to contribute up to 100% of the costs of their support, dependent upon their ability to pay for services.

The savings proposals identified for 2015/16 take into account use of NHS funding via the Better Care Fund to support and protect social care services which would otherwise be at risk. Services already funded from the Better Care Fund allocation include reablement services, telecare, transitional care beds that support people after a hospital stay, support for carers, low level services, support services and equipment for older people in their own homes and day services for people with dementia.

7. **RISK IMPLICATIONS**

- 7.1 There are a number of risks implicit in the delivery of any package of savings and it is important to recognise these as part of any decision making.
- 7.2 The risks considered in relation to the review of contracts are:
- Management of provider relationships.

- Implications of an increase in the National Minimum Wage and changes in Employment Law which may impact on the ability of providers to maintain current levels of service based on current contract values.

7.3 There are significant risks associated with the successful delivery of the BCF Plan which are logged in a BCF risk register and will be developed further as detailed plans for BCF implementation are agreed. The risks include:

- There is insufficient time to implement the schemes to have the impact in the short term on performance and savings.
- The schemes identified in the BCF fail to deliver the required reduction in acute and care home activity by 2015/16, impacting on the funding available to support core services and future schemes.
- Partners can't agree the best model of service delivery and / or the implementation of the model.
- Introduction of the Care Act results in significant pressures for social care services with resulting impacts on the delivery of the BCF plan.
- Workforce skill mix and availability to deliver the new pathways of care is not adequate.
- The focus is on performance and savings rather than being person-centred.
- Shifting resources to fund new integrated services destabilises current providers, particularly in the acute sector.

8. FINANCIAL CONSIDERATIONS

8.1 It has been highlighted in previous reports that failure to take savings identified as part of the 2015/16 savings programme will result in the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget.

8.2 The proposals outlined will deliver the following savings:-

Proposal	Proposed Savings
Review of Contracts	£75,000
Review of Management Structure	£100,000
Further Integration of Health & Social Care	£900,000
Total Proposed Savings	£1,075,000

9. EQUALITY AND DIVERSITY CONSIDERATIONS

9.1 An Equality Impact Assessment will be undertaken as more detailed proposals to deliver the Better Care Fund are developed.

9.2 By definition, all of the savings proposals in adult services will affect the people who access adult services – those who are over eighteen and assessed against the Fair Access to Care Services (FACS) criteria as having a substantial or critical level of need (older people, people with learning

disabilities, sensory loss or a physical disability, people with mental health needs, people who have alcohol dependency or substance misuse issues and carers).

10. STAFF CONSIDERATIONS

- 10.1 Informal consultation with Trade Unions regarding any staffing implications associated with the savings proposals will be undertaken if needed as more detailed proposals to deliver the Better Care Fund are developed. Any staff affected by the proposals will be informally notified and formal consultation will be undertaken in line with agreed HR policies and procedures, if the proposals are accepted.
- 10.2 At this early stage, it is anticipated that two posts will be deleted to support achievement of the adult services saving proposals, both of which are linked to expressions of interest in voluntary redundancy which will allow staff restructures and re-allocation of work to other team members.

11. RECOMMENDATIONS

- 11.1 It is recommended that Members of the Committee
- note the content of this report and formulate a response to be presented to Finance and Policy Committee; and
 - note that further reports may need to be considered by the Adult Services Committee as the position regarding the changes to the Better Care Fund become clearer.

12. CONTACT OFFICER

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CHILDREN'S SERVICES COMMITTEE

12 August 2014



Report of: Director of Child and Adult Services

Subject: SAVINGS PROGRAMME

1. TYPE OF DECISION / APPLICABLE CATEGORY

1.1 Budget and Policy Framework

2. PURPOSE OF REPORT

2.1 The purpose of this report is to identify proposals for the delivery of savings across Children and Education Services as part of the 2015/16 budget process.

3. BACKGROUND INFORMATION

3.1 The overall reduction in the council revenue budget is currently forecast to be £5.65m. All Council Departments have, therefore, been considering potential options for achieving savings. Across Child and Adult Services the potential impact of the overall reduction in council budgets is currently forecast at £2.86m. In addition the Department is facing ongoing pressure for demand-led services as a result of increasing and high levels of need within families.

3.2 As part of the 2015/16 savings programme a number of options have been identified where savings could be made. As part of the process for setting the 2015/16 budget it has been agreed that individual policy committees will consider savings options prior to consideration by Finance and Policy Committee and then Council.

3.3 Details are provided in this report in relation to the:

- i) Proposals identified to make the savings;
- ii) Risks associated with the proposed savings; and
- ii) Financial considerations taken into account in developing the proposals.

- 3.4 The savings options under consideration involve: the integration of some service teams across the Children's Services Division and the Education Services Division; reducing high-end demand through prevention, early intervention; reducing unit costs; increasing traded services and reviewing the balance between directly provided services and those commissioned from the voluntary sector. Since the services across both these divisions deliver the statutory and non statutory duties of the Council as a Children's Services Authority and include the integration of teams across both Divisions the proposals are outlined in one report.

3.5 **Scope**

The services in scope are focussed on addressing the social care and education needs of all children and young people in Hartlepool, including the most disadvantaged and vulnerable, and their families and carers. In so doing the Department is also responsible for working closely with local partners to jointly plan and commission services that improve outcomes and the well being of children and young people in relation to their safety, health and education.

- 3.6 As a children's services is responsible for:

- Social care services for children in accordance with the Children Act 1989, this includes provision for children in need (including those in need of protection) children looked after and care leavers;
- The Youth Offending Service in accordance with the Crime and Disorder Act 1998;
- Early intervention services for children, young people and their families including the provision of children's centres, family support and the families information service;
- The Youth Support Service including the provision of youth clubs and services for young people not in education, employment or training;
- Hartlepool Safeguarding Children Board;
- Strategic commissioning for children.

- 3.7 Education Services Division is responsible for the delivery of:

- All Schools and the National Primary and Secondary Curriculum;
- 14-19 Strategy, Education for 14-19 age group;
- Schools Capital Strategy, Schools Innovation and Health And Safety;
- Social and Educational Inclusion, Vulnerable Pupils and the Pupil Referral Unit;
- Special Educational Needs;
- E-Learning and ICT in schools;
- Governor Support, School Governor Services and training;
- Performance Management/Management Information relating to service area responsibilities;
- School Admissions and School Place Planning;

- Brokering and commissioning general School improvement monitoring, challenge and support and for Schools causing concern;
- Continuing professional development for all school staff;
- Extended Schools and Early Years strategy development and performance;
- Educational Psychology.

3.8 In addition both Divisions contribute to the Council's Public Health responsibilities in relation to children, young people and families.

3.9 **Service Users**

The Department is responsible for securing universal early years services, statutory education and youth services for all children and young people in Hartlepool aged 0-19 and specialist support for those in need of protection, care and additional care and education services for those aged 0-25.

3.10 **Engagement and Feedback**

The Department engages with children, young people and their families through a range of methods including:

- Youth Council
- Engagement with the council's Children's Services Committee
- Corporate Parenting Forum
- Young Inspectors
- Service user focus groups.

Feedback on the performance of services is also obtained from external inspections and reviews, and an analysis of compliments and complaints. Consideration of savings options has taken account of the feedback we have received from service users and OFSTED.

3.11 **Current Budget**

The net General Fund expenditure on Children's social care and education is £19.7m with £4.75m of income generated.

The breakdown of how the £19.7m is spent is as follows:

Children & Families inc. Looked after Children	£12.1m
Early Intervention Services	£4.8m
Education / Raising Educational Achievement	£1.3m
Other (including Integrated Youth Support Service and Youth Offending)	
£1.5m	
TOTAL	£19.7m

3.12 **Budget Pressures**

Across Children's Social Care the Department is currently facing significant pressure as a result of increasing demand for high- cost specialist services in relation to child protection and Looked After Children. Over the past three years there has been a 30% increase in demand for children's social care services. As a consequence the Department is managing a £400k pressure in relation to looked after placement costs and £175k in relation to social worker posts required to meet the demand in relation to child protection.

- 3.13 These are funded from Departmental Reserves in 2014/15 and 2015/16 however there will be a pressure relating to these in 2016/17 and this will need to be included in the updated Medium term Financial Strategy Report. The remodelling of early help services will be focussed on ensuring interventions are effective in reducing the demand for placements and statutory social work intervention over the next two years within the context of the Medium Term Financial Strategy.

4. **SAVINGS PROPOSALS**

- 4.1 The following services are within the scope of the proposals under consideration in this report:

- Early Help and targeted support across social care, education and health
- Youth Offer
- Looked After children costs
- SEND assessment and resource allocation across pre and post 16 education and care assessments 0-25
- Complex Needs Services
- Premature retirement costs
- Strategic Planning and asset management

- 4.2 The savings target for Children's Social Care and Education Services is £1,789,000.

4.3 **Details**

4.3.1 **Integration of Early Help and Intervention Services across social care, education and public health 0-19**

Saving £1m

It is proposed that we build upon our approach to family support and to Think Family, Think Community and remodel our early help and intervention services to achieve greater integration across social care, education and public health in order to identify need early and provide support to families as soon as possible. This will achieve a more efficient use of resource through the integration of teams, improve the co-ordination of help for families and will be central to our approach of a more focused model to manage high end

demand. In order to maintain, protect and improve existing services Public Health will contribute £0.5m towards this budget area. In addition, £0.5m of savings will be required. Changes to service provision will result in 2 staff leaving on ER/VR, a number of existing vacant hours being deleted within the Teams and approximately 9 redundancies across early intervention services. Other savings within this area will be achieved from contract savings within the Activities and Mentoring contracts and savings and non-inflationary increases across various non-pay budgets.

4.3.2 Looked After Children Costs

Proposed saving £440k

In order to achieve the departmental target of £1.79m, the department will need to achieve a saving of £800k in relation to the placement costs of children in care and this will be delivered over a three year period. This £800k is made up of a £400k pressure to be managed down (see paragraph 3.12) and a further £400k saving. Priority will be given to reducing numbers of looked after children and the costs of placements.

The strategy to manage this pressure is to reduce the number of children in care during 2015/16 by 10% (20 children) which will bring the budget spend back in line with budget allocation. Coupled with this, there will be a review of the policy on Child Arrangement (residence) and Special Guardianship Allowances and the use of section 17 budgets to try to reduce the number of looked after children. To achieve the balance of the savings in the following two years, this will be delivered through the remodelling of early help and intervention services and children's social care with a focus on demand reduction leading to fewer children in care. This strategy will be managed over a two year period to phase out the use of reserves and reduce the high levels of demand currently within the system through early intervention.

4.3.3 Review of 0-25 Special Educational Needs and Disability (SEND) Assessment Arrangements and Complex Needs Services

Proposed Saving £300k

A review of Complex Needs Services will be undertaken to ensure an appropriate balance in meeting the costs of providing for the care, health and education needs of children and young people receiving support from the small steps service, residential schooling for Looked After Children and assessment capacity. We will also integrate our SEND assessment and planning teams to develop a joined up approach to the one Education, Health and Care plans.

4.3.4 Pre Retirement Costs

Proposed reduction £11,000

This budget predominantly covers pre retirement costs relating to former Cleveland County Council. Savings from this budget can only be made when the number of former employees reduces. A review of this budget has identified savings of £11,000. The budget will be kept under annual review.

4.3.5 Strategic Planning and Asset Management

Proposed reduction £38,000

Education services currently hold a revenue budget to support feasibility studies in relation to asset management. A review of the budget has identified a £20,000 saving. Deleting this budget will mean that initially feasibility work will where possible be charged to the education capital programme. In addition a residual budget of £10k is currently held to support the development of the Children's Trust Plan and £8k in relation to the former children's services grant. It is proposed to delete these budgets and support the work through existing strategic commissioning capacity.

5. OPTION ANALYSIS

5.1 A range of options to achieve the required savings have been explored and discounted because of the level of risk involved. These include:

- Reducing capacity in social work teams which is considered to be too high a risk due to impact on case loads and the risk to child protection.
- Reducing capacity in school improvement which is considered to be too high a risk in relation to meeting the Council statutory responsibility for school improvement and the priority to ensure every school in Hartlepool is a good school
- Reducing Foster Carer Allowances which is considered to be too high a risk given the need to avoid expensive placements in the independent sector
- Closure of Children's Centres which would compromise the Council's ability to provide early community- based support to families
- Deletion of funding to support short breaks which would compromise the Council's ability to meet the needs of vulnerable families with disabled children
- Reduction in commissioned services to the voluntary and community sector which would compromise the council's ability to reduce high end demand through community based services.

6. RISK IMPLICATIONS

6.1 There are a number of risks implicit in the delivery of any package of savings and it is important to recognise these as part of the decision making process.

6.2 The risks relate to

- The need to accelerate service and system change in the reorganisation of services
- The early intervention services will need to bring about sufficient change to reduce high end demand
- Partners will need to fully engage in the process and agree the best ways of working together to achieve the necessary improvements and efficiencies
- Shifting resources to prevention from acute services could destabilise acute services.

6.3 Risk can be mitigated through

- Effective project management and governance
- Commencing the redesign process as early as possible
- Providing effective workforce development to support the change
- Planned short term use of reserves to support the shift from acute spend to prevention.

7. FINANCIAL CONSIDERATIONS

- 7.1 Failure to progress the proposals outlined in this report will result in the need to make alternative unplanned saving and redundancies elsewhere to balance the 2015/16 budget. The proposals outlined will deliver the following savings:

Service	Proposed Savings
Integration of early help and intervention services across social care, education and public health 0-19	£1,000,000
Looked After Children	£440,000
SEND and Complex Needs Services	£300,000
Premature Retirement Costs	£11,000
Strategic Planning & Asset Management	£38,000
Total Proposed Savings	£1,789,000

8. EQUALITY AND DIVERSITY CONSIDERATIONS

- 8.1 A full Equality Impact Assessment will be undertaken as detailed proposals are developed. By definition all the savings proposals will affect people who access children's services. The proposals will be developed to protect services to the most vulnerable and ensure equality of access to universal provision.

9. STAFF CONSIDERATIONS

- 9.1 At this early stage it is anticipated that six to eight posts will be deleted in support of the proposals and a further six will be subject to TUPE. Every effort will be made to achieve the deletions through deletion of vacant posts, turnover management and voluntary redundancy.
- 9.2 Informal consultation with Trade Unions will be undertaken as the proposals develop. Any individual staff affected by the proposals will be informally notified and formal consultation will be undertaken in line with Council policies and procedures.

10. RECOMMENDATIONS

- 10.1 It is recommended that members of the Committee note the contents of this report and formulate a response to be presented to Finance and Policy Committee

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REGENERATION SERVICES COMMITTEE

24th July 2014



Report of: Director of Regeneration and Neighbourhoods

Subject: SAVINGS PROGRAMME 2015/16 –
REGENERATION DIVISION

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Budget and Policy Framework Item.

2. PURPOSE OF REPORT

2.1 The purpose of this report is to identify proposals for the delivery of savings in respect of the Regeneration Division (excluding Estates and Regeneration) for consideration as part of the 2015/16 budget process.

3. BACKGROUND INFORMATION

3.1 As part of the 2015/16 Savings Programme, a number of service areas were identified where potential savings could be made. As part of the process for the budget for 2015/16 it has been agreed that individual Policy Committees will consider these savings proposals prior to consideration by Finance and Policy Committee and then Council.

3.2 Details are provided in this report in relation to the:-

- i) Proposals identified to make the savings;
- ii) Risks associated with the proposed savings; and
- iii) Financial considerations taken into account in developing the proposals.

3.3 In further developing the information provided to Members to assist them in consideration of budget proposals a range of information relating to the services within the Division is included in the report.

3.4 The services under consideration as part of this report are as follows: -

3.5 Economic Regeneration – The Economic Regeneration Team provides the Council lead on the Jobs and Economy Theme and offers services to residents and businesses.

3.5.1 The Business Team is responsible for Hartlepool's Business Incubation System and providing business infrastructure such as Queens Meadow, Incubation Units at Hartlepool Enterprise Centre and working with key partners including UKSE to develop high quality business units. The Team has established Enterprise Zones at Queens Meadow, Port Estates and Oakesway. At the same time the team works with growth companies to ensure they can maximise financial assistance available through, for example, Regional Growth Fund where the team has a successful track record. The service works closely with the Regeneration Team and is driving forward the Hartlepool Vision and Master Plan and regeneration plans for Seaton Carew, based on mixed development opportunities. The Team is supporting housing regeneration and is also driving forward the Innovation and Skills Quarter initiative.

3.5.2 The Tourism Team undertakes specialist business support for the visitor economy and is actively involved in the development of a range of activities including the EAT Initiative. The service is also at the forefront of e-marketing activities. Hartlepool Working Solutions offers employability services to get residents back into training and employment with a particular focus on young people. The service has been successful in drawing down external funding to support key initiatives and has also launched the Hartlepool Youth Investment Project which provides the key framework for youth intervention

3.6 Culture and Information – The Culture and Information Section is responsible for the museums and galleries, libraries, heritage attractions, community centres, theatre and events programme across the Borough. These venues include:

- Museum of Hartlepool.
- Hartlepool Maritime Experience.
- Hartlepool Art Gallery.
- Sir William Gray House.
- Central Library.
- Owton Manor Library.
- Seaton Library.
- Headland Library.
- Owton Manor Community Centre.
- Burbank Community Centre.
- Masefield Centre.
- Throston Library

3.6.1 The Service also operates a mobile library and home delivery service. Oversees events across the Borough and supports the Independent Safety

Advisory Group (ISAG). The Service is involved in a number of Tees Valley and Hartlepool projects such as the First World War Project, Enterprising Libraries, 999:What's Your Emergency, Young Cultural Ambassadors and the Summer Reading Challenge to name but a few.

- 3.7 **Planning Services** – The Planning Service consists of four discrete teams: Development Control Team focuses on assessing proposals for new development and their impact on their surroundings, particularly in the form of planning applications and informal planning submissions. The section is also responsible for monitoring development and, where necessary, implementing enforcement action against unauthorised development, including derelict untidy buildings and land.
- 3.7.1 Planning Policy is responsible for spatial planning policy and sustainable development policy, this includes the preparation, monitoring and review of the statutory Local Development Framework including the Local Plan, which will establish the overarching planning policy framework for the Borough and will eventually replace the adopted Hartlepool Local Plan 2006.
- 3.7.2 Landscape Planning and Conservation provides professional and technical expertise aimed at the conservation, protection and enhancement of the natural and built environment of Hartlepool.
- 3.7.3 Tees Archaeology is a shared service between Hartlepool and Stockton Borough Councils based in Sir William Gray House. The section provides the Local Planning Authorities and other relevant organisations with advice on the archaeological implications of planning proposals and, maintains and updates a Heritage Environment Record (HER).
- 3.8 **Housing Services** – The Housing Services Team is responsible for administering and undertaking the Council's strategic housing functions, together with Housing Market Renewal activity and the Housing Options Service. Activity also includes managing bids for associated housing and regeneration funds, together with funding for the provision of affordable housing, housing advice and homeless services, tenancy advice and assistance. This section works with Registered Providers to build affordable housing in the town and with other developers to improve and increase the affordable housing options available to the market in Hartlepool. The role is also to support and assist in the progression of the Housing Partnership. In addition, the team co-ordinates and works with housing delivery services teams to ensure an integrated Housing Service across the Authority.
- 3.8.1 The Private Sector Housing team is involved in the current problems associated with low demand in the private housing sector, working with landlords regarding empty homes and selective licensing. The team also provides financial help for adaptations to houses for disabled persons and to owners to improve the condition of private houses.

3.8.2 The Housing Advice Team runs the Choice Based Lettings Service, maintains the Housing Register (waiting list), gives free advice and, where appropriate, assistance in obtaining and keeping accommodation. The team operates a Landlord Tenants Service to give advice and assistance to landlords and tenants in the conduct of tenancies.

3.9. Other services within the Division include Estates and Regeneration, Learning and Skills (Adult Education) and Building Control. Savings proposals relating to Estates and Regeneration will be reported through the Finance and Policy Committee. There are no savings being proposed at this stage for the Learning and Skills and Building Control Services.

3.10 **Scope of Proposed Savings**

3.10.1 The savings proposed can be bundled into four discrete packages as follows:-

- i) Divisional Management Structure
- ii) Cross Departmental Management Structure
- iii) Specific Operational Service Proposals
 - Economic Regeneration
 - Planning
 - Housing
 - Culture and Information

3.11 **Service Users**

3.11.1 The range of services covered by this report are delivered across the whole of the Borough dealing with people across all age groups, however, within these functions there are many discrete services which have been tailored for particular user groups. Some examples are listed below for illustrative purposes and are by no means exhaustive.

- Going Forward project – 16 to 24 year olds (NEETS).
- Family Wise – Supporting residents with multiple problems.
- Selective Licensing – targeted towards areas of the town with a high proportion of private rented housing.
- Housing Adaptations service – targeted towards people with disabilities.
- Housing Advice – targeted towards people in need of housing or who are homeless or at risk of becoming homeless.
- The Business Team – supports the business community from new start ups right through to large scale inward investors.
- Adult Education – providing a wide range of services and learning opportunities to people aged over 16.
- Planning One Stop Shop – providing comprehensive planning advice and guidance to residents, architects, consultants, developers and businesses.
- Book Trust Programme – aimed at children from 9 months to 5 years.

- Home Library Service – delivering books directly into the homes of library members who are in ill health or have mobility issues.
- Arts for Team – programme using art as a mechanism to inspire, develop and train young people.
- Museum of Hartlepool – 132,067 visitors 2014/14.
- Learning: School Visits – 1146 facilitated school visits by people to the Museum and Art Gallery in 2013/14.

3.12 Engagement

3.12.1 Feedback from service users is obtained in a variety of different ways and this is often determined by the type of service, the target audience, the way in which services are delivered. Examples include:

- Updating of the the Economic Regeneration Strategy involving consultation through the Economic Forum.
- Hartlepool Vision launch and engagement in January 2014 involving over 150 businesses and a similar number of residents.
- Following the launch of the Vision, the commencement of the Waterfront Masterplan process will see ongoing consultation over the next 6 – 9 months as the plan is developed. This will involve Members, the public, businesses and other interested groups.
- Training and Employability Programmes – all trainees are regularly consulted for satisfaction ratings.
- Housing Regeneration Carr and Hopps – regular one-to-one engagement with residents who remain in the area as the project moves forward.
- Regular attendance at resident group meetings to discuss, for example, housing standards, Selective Licensing, Empty Homes etc.
- Visitor surveys for specific events and festivals including, for example, Golf Week, to evaluate the success of the event and to learn from the experience.
- Annual satisfaction survey for tenants at the Hartlepool Enterprise Centre.
- Home Library User surveys – 394 in 2011.
- Cathy Cassidy – Author Event evaluation - 378 responses – February 2014.
- Local History lecture – 22 responses – March 2014.
- Library Services Review – Mobile Survey evaluation – 154 responses – September 2013.

3.13 Inputs

3.13.1 The current cost to the Council of providing the services relevant to the Regeneration Committee are as follows:-

Economic Regeneration	£950,000
Planning Services	£355,000

Housing Services	£640,000
Culture and Information	£1,700,000
Building Control	£60,000
Learning and Skills (100% grant funded)	£Nil
Total	£3,705,000

3.14 **Outputs and Outcomes**

3.14.1 The services provided within the Regeneration Division are so broad and varied that it would be difficult to list all outputs and outcomes across all areas of delivery, however, the following is a summary of some of the key highlights: -

3.14.2 **Economic Regeneration**

- The service contributes to a range of key economic performance outcomes including unemployment and employment rates, business start up and business stock levels, provision of key business infrastructure including business park development and managed workspace. Whilst not the focus of the service, the health and wellbeing of local residents is positively impacted on through meaningful employment and economic engagement. As an example youth unemployment rate has decreased from 17% in September 2012 to 9.7% in June 2014.
- To date the employability services of Family Wise, Going Forward and Connect 2 Work have achieved 221 employment outcomes for mainly young people.
- Hartlepool achieved 33% of the land allocation within the Tees Valley Enterprise Zone with Port Estates achieving ECA status, Queens Meadow achieving NDR discount status and Oakesway Industrial Estate achieving local Enterprise Zone status. To date 8 projects have been delivered at Queens Meadow and the Port, the highest number of projects achieved across the Tees Valley Enterprise Zone to date, attracting £1.7M of private sector investment and creating or safeguarding 115 jobs.
- Hartlepool's business start up rate per 10,000 head of population has been consistently higher than the Tees Valley and North East rate and the gap between Hartlepool and the Great Britain figure has narrowed from 27 per 10,000 per head of population to 15.

3.14.3 **Planning Services**

- The service contributes to key outcomes including supporting the long term sustainable development and growth of the town which in turn impacts on the health and wellbeing of local residents.

- The determination of planning applications which supports the development and growth of the town and also carries out appropriate planning regulation enforcement which supports appropriate development and growth. Planning plays a key role in a comprehensive and coordinated approach of action against untidy and derelict buildings and land and also deals extensively with the control of waste sites.
- Production of the Local Plan which provides a long term plan to support the development of the town and at the same time supporting the Council's priorities.
- Development of planning and development briefs for key sites including master planning which helps deliver growth through the allocation of sites.
- Provision of the One Stop Shop advisory service which helps to ensure better quality applications are submitted.
- Conservation provides specialist advice aimed at the protection and enhancement of the natural and built environment of Hartlepool including advice and guidance to owners of listed buildings and other historic assets and has supported conservation areas by providing grant support. The service includes ecology and arboricultural advice and the service has undertaken paid for consultancy work. Current key projects include the Limestone Landscape project in Hart and Elwick, the Village Atlas for Elwick and the delivery of greater public access and connectivity in the area supported by Heritage Lottery Funding.

3.14.4 Housing Services

- The service contributes to key performance outcomes including the reduction in empty homes, improved residential accommodation including HMR and reducing and preventing homelessness, which in turn contributes to the health and wellbeing of local residents.
- Empty Homes initiatives are a key activity within this service, including a pilot programme with Housing Hartlepool and the Empty Homes purchase scheme, to date 132 empty properties have been acquired for refurbishment and re-let.
- The service proactively uses Section 215 planning powers to improve housing conditions and at the same time undertakes statutory enforcement where appropriate.
- A range of grant assistance is delivered to help owners carry out essential repairs and also offers the disabled facilities grant, for 2013/14 a total of 244 properties have benefited from this scheme.

- Housing and homelessness advice is provided and specific targeted support is given to many vulnerable groups and clients which allows individuals to maintain independent living. During 2013/14 homelessness was prevented in 326 cases.
- The service also develops strategies and provides specialist advice on the development of appropriate Council policies in relation to the housing market and at the same time liaises with external partners and developers to ensure the appropriate provision of residential accommodation. A developing area of work is around welfare reform and there is extensive liaison with partners to ensure that local residents are fully supported through major reform processes.
- Housing Regeneration remains a key issue for the town with several sites including Perth/Hurworth and Carr/Hopps Street seeing significant investment in improving homes and housing stock. 84 properties are being built in Perth/Hurworth areas whilst 85% of the properties in Carr/Hopps Street have been acquired for demolition.
- Choice based letting allocations has been successfully implemented in the town and is very popular with clients and service partners.
- Selective Licensing has been introduced to improve standards in properties in low demand areas. This tool is proving useful in conjunction with other measures to improve housing management and plans are being prepared to propose an extension to the scheme to other areas of the town.

3.14.5 Building Control

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

3.14.6 Culture and Information

- Over 38,852 hours of usage was achieved for the Library Peoples Network computer scheme against a target of 30,000 for 2013/14.
- 18,862 engagements with children aged 0-19 were achieved through library delivered literary and learning activities against a target of 12,000.

- 244,768 visits to the Museum of Hartlepool, Hartlepool maritime Experience and Hartlepool art Gallery against a target of 202,000.

4. PROPOSALS

- 4.1 The savings target for the Regeneration and Neighbourhoods Department is £1.860m for the financial year 2015/16. In addition to this target, the Department needs to find additional savings to offset Departmental budget pressures of £170,000. The overall savings figure is therefore £2.030m for 2015 / 16. The approach taken within the Department has been not to apportion specific percentage targets to each Division/service, but to look at options emerging from across the department in a more structured manner in order to achieve the overall target. The contribution towards this from the service which fall under the remit of the Regeneration Committee equates to £380,000. The remainder will be considered by Finance and Policy Committee £540,000 and Neighbourhoods Committee £940,000.

4.2 Divisional Management Structure

Further to the management reconfigurations that have taken place year on year for the last 4 years, a further proposal to slim down the strategic management structure is being proposed. However, this will not result in any savings directly as it is purely to put in place a more streamlined strategic management structure.

Specifically the proposal is to merge the Building Control service into the Planning Service.

4.3 Cross Departmental Management Structure

Illustrating the theme of addressing the budget savings in a cross departmental way, a proposal is being put forward to merge two service areas through a reconfiguration of the two services, one within the Regeneration and one within the Neighbourhoods Division. This saving will be reported to the Neighbourhood Services Committee as part of the 2015 / 16 savings programme. This will result in a new service area under the Assistant Director for Regeneration which combines elements from the Parks and Countryside Service along with elements from the Landscape and Conservation Service.

4.4 Economic Regeneration £50k

Through a further reconfiguration of services related to marketing and the visitor economy, it is anticipated that savings in the order of £50,000 can be made. This will be achieved with the deletion of a currently vacant post plus savings made across various budget lines.

4.5 Planning £50k

Savings in the order of £50,000 are being proposed which would be a combination of efficiencies related to bringing various budgets together as a consequence of the merger of Building Control into the Planning Service.

4.6 **Housing Services £85k**

Savings of approximately £85,000 are being proposed from Housing Services through a combination of bringing services back into the Council which were previously delivered externally via a management agreement and was considered by Members at Finance and Policy Committee in December 2013 and subsequently approved in April 2014. Further anticipated income streams from for example, the setting up of a Social Lettings Agency which was agreed by Members at Finance and Policy Committee in June 2014.

4.7 **Culture and Information £195k**

4.7.1 The following proposals are being considered as savings from within Culture and Information:-

- Restructure library management and operational structure – with the loss of one post by early retirement/voluntary redundancy.
- Reduce various operational budgets.
- Reduce library staff hours and reduce by one further post by way of early retirement/voluntary redundancy.

4.7.2 The above proposals will achieve overall savings in the order of £195,000.

4.7.3 With regard to proposed savings related to the library services, consideration had been given to the closure of all or some of the branch libraries and whilst this proposal has not been ruled out entirely, it has been deferred for consideration for 2016/17 on the basis that if it is to be considered, a full review of the branch libraries will need to be undertaken. This will look at closure, community asset transfer, alternative delivery models etc, and will require full community consultation in order to ensure the decision, if it is made, is not subject to legal challenge.

4.8 **Impact**

The above proposals will potentially have the following impacts:-

- The weakening of the strategic management capability of the Regeneration Division.
- Direct impact to service users, either through the closure of community centres, the closure of some community centres or the reduction in the opening hours.
- The ability to meet performance targets in the Planning Service by deleting one post and spreading those duties across other members of the Planning Service. This could ultimately put pressure on the service with the ultimate risk of being placed in special measures.

- Direct impact on the service users by weakening of the front line services in the case of Planning, Economic Regeneration, Housing and Culture and Information staffing reductions.

5. OPTIONS ANALYSIS

5.1 A variety of options have been considered across all of the service areas within the Division, including the following:-

- Reducing staffing levels to only provide statutory services, however, this would prevent the Council from delivering on socio-economic wellbeing for its residents.
- Ceasing or reducing the delivery of services. This would specifically affect the Council's ability to deliver on key policy areas, weakening outcomes which can be achieved.
- Reducing Management capacity, at the strategic management level both within and across the two Divisions within the Department. This will affect management capacity, resilience and potentially effectiveness.
- Outsourcing key services. No obviously beneficial efficiencies have been identified with this option.

6. RISK IMPLICATIONS

6.1 There are a number of risks implicit in the delivery of any package of savings in the magnitude of those being proposed across the Department and it is important to highlight these clearly as part of the decision making process.

- Reduced staff morale. Where restructuring has a continuing impact as the level of staff left to deliver services, it is essential to engage fully with those staff in order services are delivered in an effective and efficient way.
- Loss of expertise. The proposed staffing restructures and reorganisation will ensure, as best as is possible in the circumstances, that the management and operational skill sets are maintained at an appropriate level and that training will be provided to staff to support them where appropriate.
- Reduced operational budgets can lead to a reduced ability to deliver key targets, outputs and outcomes.
- Reputational damage for the Council. With the continued reduction in budgets and the ability to deliver frontline services through reduced staffing capacity, there is a real danger the Council's reputation will suffer. There may be an increase in the number of complaints or a reduction in the level of customer satisfaction.

7. FINANCIAL CONSIDERATION

7.1 The proposals deliver the following savings options

Service	Proposed Savings
Economic Regeneration	£50,000
Planning	£50,000
Housing Services	£85,000
Culture and Information	£195,000
Total	£380,000

7.2 An impact Assessment has been undertaken and is attached at **Appendix A**

8. EQUALITY AND DIVERSITY CONSIDERATIONS

8.1 An Equality Impact Assessment has been completed assessing the impact of the Savings Programme proposals on those groups with protected characteristics, options to mitigate, avoid or reduce impact have been considered as part of the proposal. It is clear that there is no potential for discrimination or adverse impact on any Protected Characteristics groups. All opportunities to promote Equality have been taken and further Equality Impact Assessments have been identified to assess the impact on future savings proposals.

9. RECOMMENDATIONS

9.1 That Members note the content of the report and formulate a response to be presented to the Finance and Policy Committee on 13th October 2014 as part of the Councils overall budget considerations for 2015/16.

10. STAFF CONSIDERATIONS

10.1 Initially informal communication will be undertaken with Trade Unions and staff regarding the staffing implications as a consequence of these proposals being accepted. Formal consultation with staff and Unions in line with Council policies.

11. CONTRACT OFFICER

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Department	Division	Section	Owner/Officer
<i>Regeneration & Neighbourhoods</i>	<i>Regeneration</i>		<i>Denise Ogden / Damien Wilson</i>
Function/ Service	<p>SAVINGS PROGRAMME 2015/16 REGENERATION DIVISION</p> <p>The aim of this impact assessment is to ensure that any potential impact on equality is assessed and considered prior to decisions being made that impact on people and services.</p> <p>The savings proposed can be bundled into four discrete packages as follows:-</p> <ul style="list-style-type: none"> • Divisional Management Structure • Cross Departmental Management Structure • Specific Operational Service Proposals <ul style="list-style-type: none"> - Economic Regeneration - Planning - Housing - Culture and Information <p>Divisional Management Structure</p> <p>A proposal to slim down the strategic management structure is being proposed, specifically the proposal is to merge the Building Control service into the Planning Service. There is no direct impact on Equality.</p> <p>Cross Departmental Management Structure</p> <p>Reconfiguration of two services, one within the Regeneration and one within the Neighbourhoods Division. This will result in a new service which combines elements from the Parks and Countryside Service along with elements from the Landscape and Conservation Service. There is no direct impact in Equality.</p> <p>Economic Regeneration</p> <p>Further reconfiguration of services related to marketing and the visitor economy. There is no direct impact on Equality.</p> <p>Planning</p> <p>The savings proposal includes a combination of efficiencies related to bringing various budgets together. There is no direct impact on equality.</p> <p>Housing</p> <p>Savings of approximately £85,000 are being proposed from Housing Services through a combination of bringing services back into the Council which were previously delivered externally via a management agreement. Further anticipated income streams from for example, the setting up of a Social Lettings Agency which</p>		

	<p>was agreed by Members at Finance and Policy Committee in June 2014.</p> <p>Culture & Information</p> <p>Savings proposal includes, restructure library management and operational structure; reduction of operational budgets; staffing reductions due to voluntary redundancy/early retirement; reduce library staff hours and potential redundancies. The voluntary redundancy/early retirement opportunities are in line with HR policy and staff have been appropriately advised and will be supported throughout the process. No direct impact on Equality.</p> <p>With regard to proposed savings related to the library services and community centres, consideration had been given to the closure of all or some of the branch libraries and community centres and whilst this proposal has not been ruled out entirely, it has been deferred for consideration for 2016/17 on the basis that if it is to be considered, a full review of both services will need to be undertaken. This will look at closure, community asset transfer, alternative delivery models etc, and will require full community consultation in order to ensure the decision, if it is made, is not subject to legal challenge. A full Equality Impact Assessment will be completed at the appropriate time.</p>
<p>Information Available</p>	<p>The range of services considered as part of the savings programme are delivered across the whole of the Borough dealing with people across all age groups, however, within these functions there are many discreet services which have been tailored for particular user groups. Some examples are listed below for illustrative purposes and are by no means exhaustive. Feedback from these groups is used to inform the delivery of services.</p> <ul style="list-style-type: none"> • Going Forward project – 16 to 24 year olds (NEETS). • Family Wise – Supporting residents with multiple problems. • Selective Licensing – targeted towards areas of the town with a high proportion of private rented housing. • Housing Adaptations service – targeted towards people with disabilities. • Housing Advice – targeted towards people in need of housing or who are homeless or at risk of becoming homeless. • The Business Team – supports the business community from new start ups right through to large scale inward investors. • Adult Education – providing a wide range of services and learning opportunities to people aged over 16. • Planning One Stop Shop – providing comprehensive planning advice and guidance to residents, architects, consultants, developers and businesses. • Book Trust Programme – aimed at children from 9 months to 5 years.

	<ul style="list-style-type: none"> • Home Library Service – delivering books directly into the homes of library members who are in ill health or have mobility issues. • Arts for Team – programme using art as a mechanism to inspire, develop and train young people. • Museum of Hartlepool – 132,067 visitors 2014/14. • Learning: School Visits – 1146 facilitated school visits by people to the Museum and Art Gallery in 2013/14. <p>Engagement - Feedback from service users is obtained in a variety of different ways and this is often determined by the type of service, the target audience, the way in which services are delivered. Examples include:</p> <ul style="list-style-type: none"> • Updating of the Economic Regeneration Strategy involving consultation through the Economic Forum. • Hartlepool Vision launch and engagement in January 2014 involving over 150 businesses and a similar number of residents. • Following the launch of the Vision, the commencement of the Waterfront Masterplan process will see ongoing consultation over the next 6 – 9 months as the plan is developed. This will involve Members, the public, businesses and other interested groups. • Training and Employability Programmes – all trainees are regularly consulted for satisfaction ratings. • Housing Regeneration Carr and Hopps – regular one-to-one engagement with residents who remain in the area as the project moves forward. • Regular attendance at resident group meetings to discuss, for example, housing standards, Selective Licensing, Empty Homes etc. • Visitor surveys for specific events and festivals including, for example, Golf Week, to evaluate the success of the event and to learn from the experience. • Annual satisfaction survey for tenants at the Hartlepool Enterprise Centre. • Home Library User surveys – 394 in 2011. • Cathy Cassidy – Author Event evaluation - 378 responses – February 2014. • Local History lecture – 22 responses – March 2014. • Library Services Review – Mobile Survey evaluation – 154 responses – September 2013. 	
Relevance <i>Identify which strands are relevant to the area you are reviewing or changing</i>	Age	
	Disability	
	Gender Re-assignment	
	Race	
	Religion	

	Gender		
	Sexual Orientation		
	Marriage & Civil Partnership		
Pregnancy & Maternity			
Information Gaps	<p><i>An Equality Impact Assessment is required for Housing to assess the impact of bringing services back into HBC.</i></p> <p><i>Future Impact Assessment will be required as part of decisions and planning around the future of the library service.</i></p>		
What is the Impact	<p>Equality Impacts on those groups with protected characteristics have been considered as part of the Savings Programme proposals. Impact are deemed to be minimal and options to mitigate, avoid or reduce impact have been considered as part of the proposal, inc:</p> <ul style="list-style-type: none"> Increased pressure on staff to deliver services and potential to reduce flexibility and effectiveness of services. Impact on the service users by weakening of the front line services in the case of Planning, Economic Regeneration, Housing and Culture and Information staffing reductions. Early Retirement/Voluntary Redundancy opportunities are in line with HR policy and staff have been advised appropriately. 		
Addressing the impact	<p><i>The outcome of the impact assessment may be one or more of the following four outcomes; You must clearly set out your justification for the outcome/s.</i></p> <p>1. No Impact- No Major Change - <i>It is clear that there is no potential for discrimination or adverse impact on the above Protected Characteristics. All opportunities to promote Equality have been taken and no further analysis or action is required.</i></p>		
Actions			
<p><i>It will be useful to record and monitor any actions resulting from your assessment to ensure that they have had the intended effect and that the outcomes have been achieved.</i></p>			
Action identified	Responsible Officer	By When	How will this be evaluated?
Date sent to Equality Rep for publishing		00/00/00	
Date Published		00/00/00	
Date Assessment Carried out		00/00/00	

NEIGHBOURHOOD SERVICES COMMITTEE

19th August 2014



Report of: Director of Regeneration and Neighbourhoods

Subject: SAVINGS PROGRAMME 2015/16 –
NEIGHBOURHOODS DIVISION

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Budget and Policy Framework item.

2. PURPOSE OF REPORT

2.1 The purpose of this report is to identify proposals for the delivery of savings in respect of the Neighbourhood Services Division for consideration as part of the 2015/16 budget process.

3. BACKGROUND INFORMATION

3.1 As part of the 2015/16 Savings Programme, a number of service areas have been identified where potential savings could be made. As part of the process for the budget for 2015/16 it has been agreed that individual Policy Committees will consider these savings proposals prior to consideration by Finance and Policy Committee and then Council.

3.2 Details are provided in this report in relation to the:-

- i) Proposals identified to make the savings;
- ii) Risks associated with the proposed savings; and
- iii) Financial considerations taken into account in developing the proposals.

3.3 In further developing the information provided to Members to assist them in consideration of budget proposals a range of information relating to the service is included in this report.

3.4 The services under consideration as part of this report are as follows:-

3.4.1 **Building Design and Construction** - The Building Design & Construction section provides an integrated property service comprising:

A complete building design consultancy service including feasibility studies, building surveying, condition surveying, design, advice, energy management, project management and a procurement service for construction schemes. It comprises Architects, Clerk of Works, Landscape Architects, Quantity Surveyors, Mechanical & Electrical Engineers and CDM Coordinators. A full CCTV design service is also available.

Full inspection compliance services, in accordance with current legislation including electrical test and inspection, Part 'P' inspections, Legionella control and management, gas safety inspections, asbestos management and accessibility/access audits.

Operational support services including stores provision and purchasing, depot operations, depot security, small plant and tool hire and a cutting facility for the manufactured joinery items.

Construction services including general building and mechanical and electrical services. To provide a full planned and cyclical building/property maintenance service, together with a 24 hour 7 day per week reactive and emergency call out service.

The combined services above enable the section to provide a one stop shop service for a full range of property/construction related projects and services ranging from the very small to the very large and complex. The section are focussed on creating long term value and long lasting relationships and the culture is one of continuous improvement and workforce development.

3.4.2 Community Safety and Engagement

Responsible for the development and activities of the Safer Hartlepool Partnership including the town's Community Safety Plan which aims to promote confident, cohesive and safe communities by reducing crime and anti-social behaviour, the harm caused by illegal drugs and alcohol, and reducing reoffending. This element of the section reports to the Finance and Policy Committee.

The team is responsible for the provision of support to the voluntary and community sector, capacity building, and engaging with residents to support elected Members to enable residents to influence and improve accountability in service delivery ensuring a co-ordinated approach to tackling issues across the neighbourhoods of Hartlepool.

Specific services include the Anti-social behaviour unit; CCTV; Victim and Crime Prevention Services; a commissioned specialist Domestic Violence Service; Community Development and Regeneration Service; Neighbourhood Planning; management and administration of the Community Pool, Ward Member Budgets, and Civic Lottery.

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

- Satisfaction surveys and questionnaires
- Regular progress and liaison meetings with users and providers
- Neighbourhood forums
- Ward Councillor feedback

3.4.3 **Emergency Planning**

Hartlepool Borough Council is the lead Authority for Emergency Planning Unit.

The EPU co-ordinates the planning, training and documentation of emergency related requirements for the Tees Valley authorities of Hartlepool, Stockton, Middlesbrough and Redcar & Cleveland.

3.4.4 **Parks and Countryside**

The Parks and Countryside Section is responsible for the care, development and promotion of green spaces and the services that are dependent upon them. These include:

- Parks and Country Park areas
- Town wide Horticulture work
- Countryside Wardens and Nature Conservation areas
- Coast and associated Beach Safety provision
- Public Rights of Way and the Countryside Access Network
- Cemeteries and the Crematoria
- Children's outdoor play spaces and fixed play equipment
- Football pitches, games spaces and bowling greens

The team includes the experienced and flexible green space grounds maintenance staff out on sites and the support teams that co-ordinate this work. The section also has an important development role and the team, as part of its work, looks through partnerships with other agencies and the local community to access funding, support and educational opportunities to develop and enhance the value of Hartlepool's green spaces.

3.4.5 **Services Direct**

Services Direct operates and delivers a number of key service areas both within Hartlepool Borough Council and to the private sector, including:

- School Meals Service
- Function Catering
- Building Cleaning
- Security Contract

- Inspirations Café and Garden Centre
- Services Direct

The fundamental aim is to provide a value for money efficient service for our customers, ensuring continuous improvement within Service Level Agreements and workforce development and training for the 600 staff. Where it is feasible the section will endeavour to seek out new opportunities for growth, with particular attention to income generation and sustainability.

3.4.6 **Street Care**

The Street Care section provides a 'one-stop-shop' for a range of front-line services delivered across the town. 'Working for a safer, cleaner environment' is our key aim and we achieve this through a combination of on-street service delivery, co-ordinated education campaigns and enforcement activities when the need arises.

Services within Street Care include:

- Waste Disposal
- Street Cleansing
- Grounds Maintenance
- Refuse and Recycling Collection
- Highways (Repair and Maintenance)
- Street Lighting
- Environmental Enforcement
- Civil Enforcement
- Dog Warden Service
- Allotments

Scheduled day to day activities ensure that roads and back streets are kept clean and safe, domestic and street litter bins are emptied regularly, street lights are working and roadside verges are kept trimmed and free from litter.

The section also provides fast response teams to deal with emergencies ranging from horses straying on the highway to clean-up operations following road traffic accidents.

Education campaigns around litter, responsible dog ownership and recycling are carried out amongst schools and the wider community and these play an important part in changing people's attitudes. Partnership working is also at the heart of our section, which enables us to provide a multi-agency approach to service delivery.

3.4.7 **Technical Services**

The Technical Services Section provides a range of services across Traffic & Transport, Engineering Design and Integrated Transport.

Areas of responsibility include the management and co-ordination of the highway network, the provision of a safe and effective transport system, road safety and maintaining safe, smooth traffic flows.

The section also provides civil, structural and environmental engineering services for the Council, with areas of responsibility which encompass coast protection, land drainage, contaminated land, bridge maintenance, dangerous structures and demolition.

The integrated transport service includes road safety, this includes the school crossing patrol service, passenger transport and fleet services, aiming to provide a fully integrated single transport service, offering good links to fully accessible 'mainstream' public transport, regardless of mobility needs.

3.5 Service Users

- 3.5.1 The range of services covered by this report are delivered to all residents across the whole of the borough, agencies working in Hartlepool from the statutory, voluntary and community as well as providing commercial services to external organisations and schools via Service Level Agreements and contracts.

3.6 Engagement

- 3.6.1 Services provided include delivery to internal and schools clients but some service portfolios have by necessity significant external public sector, commercial and private cliental. To meet the Councils client service expectations some service portfolio are already operating under the parameters of a public sector charging and trading arm to assist revenue streams.
- 3.6.2 Feedback from service users is obtained in a number of different ways and this is often determined by the type of service, the target audience, and the way in which it is delivered. Examples include: -
- Satisfaction questionnaires
 - Regular progress and liaison meetings with users and providers
 - Attending Neighbourhood Forums, resident groups and associations
 - Transport Champions Group
 - Transport Liaison Groups

The Community Safety and Engagement section has a strong interface with Ward Councillors on a daily basis ensuring any ward issues raised by local residents are responded to immediately. The service is responsible for the Neighbourhood Management and Empowerment Strategy which aims to ensure appropriate governance arrangements are in place that enables meaningful participation and empowerment of communities in local government decision making processes supported by effective development work that increases cohesion; the promotion of integrated partnership working on a neighbourhood level; and tackling deprivation in our most disadvantaged

neighbourhoods through good quality planning that facilitates effective and sustainable change. Examples of how the service engages with communities includes:

- Provision and support of Neighbourhood Forums which meet quarterly and facilitate feedback from the public on all Council services.
- Hartlepool Partnerships annual Community Safety Plan.
- Neighbourhood surveys such as those undertaken by the multi-agency Joint Action Groups in hotspot areas where there are high levels of crime and disorder to improve our conversation with the public and gather further intelligence on how services should be delivered in the local area.
- Provision of a network of support for local resident groups where concerns and feedback on how Council Services are operating are channelled to the appropriate service for action.
- Leading on engaging and supporting communities to exercise their rights under the Localism Act - the team is currently enabling 5 communities to develop Neighbourhood Plans for their local area, and is supporting the first community group wishing to register an asset of community value with a view to exercising their right to buy.
- Local groups are supported with events that reach out to the broader community e.g. diversity event where hard to reach groups can come along and find out more about services and how they can influence services in the future.

3.7 Inputs

3.7.1. The current cost to the Council of the relevant services is as follows: -

Service Area	2014/15 Net Budget £'000
Building Design and Construction	(200)
Community Safety and Engagement	1,110
Emergency Planning	60
Parks and Countryside	340
Services Direct	940
Street Care	8,000
Technical Services	6,500
	16,750

3.7.2 The cost of these services to the Council, in line with many other service areas in the Council, reduced significantly over the last 4 years. In addition, many of the areas in question are “trading activities” and have, as an integral part of their budget, income generation requirements. Some areas, as can be seen from the table, are budgeted to make a surplus. Some areas do not have budgets and rely on fees and income.

3.8 Outputs/Outcomes

- Delivery of technical, support and frontline services to internal Council departments, external organisations and schools.
- Delivery of the Council's Neighbourhood Management and Empowerment Strategy and the Voluntary and Community Sector Strategy.

4. PROPOSALS

- 4.1 The savings target for the Regeneration and Neighbourhoods Department is £1.860m for the financial year 2015/16. In addition to this target, the Department needs to find additional savings to offset Departmental budget pressures of £170,000. The overall savings figure is therefore £2.030m for 2015/16. The approach taken within the Department has been not to apportion specific percentage targets to each Division/service, but to look at options emerging from across the department in a more structured manner in order to achieve the overall target.
- 4.2 The scale of budget savings on service delivery now has reached a point where difficult and unpalatable decisions have to be considered by officers and Members. Where consideration to 'part service reduction' was exercised in previous saving programmes, unfortunately it is necessary to consider 'full service reduction' in some areas as part of a 'non statutory service cessation strategy'.
- 4.3 To achieve the departmental savings it has become apparent we will have to cut some services further and for some, consider cessation of service altogether. The best approach to selection of service reduction has been to list all non-statutory services and undertake a prioritisation exercise for cessation of same.
- 4.4 Non-statutory service areas that have absorbed budget cuts previously and that now need to be considered for full cessation of service delivery are as follows:-

Road Safety - £90K

The proposed saving of approximately £90K will be achieved by the removal of initiatives such as 'Bikeability' and other road safety educational programmes.

Stopping contributing towards child injury initiatives is also proposed as part of the core budget reduction. Officers, over the course of the coming months, will look to re-establish as a 'buy-back' service for Schools and other groups to purchase.

The Department continues to bid for Government grant funding to assist in road safety initiatives such as the recent Local Sustainable Transport Fund (LSTF) which may reduce the financial impact on the service cuts. Officers are presently working on this as a possibility.

- 4.5 Other section functions identified which can accommodate savings in non- statutory service areas include:-

4.5.1 Community Safety & Engagement - £50K

The transfer of operational services from Neighbourhood Management to Street Care the Community Development and Engagement Service can be reconfigured. This together with the potential reduction to the Community Pool and potential cessation of Community Pool grants, savings can be made by further reconfiguring the level of service provided. It is envisaged savings in the region of £50K can be achieved.

4.5.2 Departmental Reconfiguration - £85K

It is proposed to merge some function elements between the Neighbourhoods division and the Regeneration division. The proposed merger of services will enable efficiencies to be identified across the department and allow for growth of some functions by way of new and emerging potential market opportunities as well as a broader portfolio of responsibilities.

This departmental function configuration should provide savings circa £85K.

4.5.3 Parks and Countryside - £90K

Services will be reconfigured to provide a saving of £90K. Savings will be achieved through the acceptance of two ER/VR requests and the deletion of one vacant post from the structure.

4.5.4 Building Cleaning - £20K

Building cleaning continues to be a valuable and well sought after service. Schools continue to buy back and have, in some cases this year signed up for 2 or 3 year contracts, providing a level of security within this service area. Additional savings will be achieved through the realignment of budgets and services as buildings close, income generation and the acceptance of an early retirement / voluntary redundancy.

4.5.5 School Catering - £140K

Take up continues to increase on school meals year on year and take up reached 62% last year. As a result it is possible to increase the income budget in this area and remove any general fund subsidy for 2015/16.

4.5.6 Street Care Operations - £180K

Reconfiguration of service and staffing across the services identified in Section 3.4.6.

Street Care services are a combination of front line operational services. The bringing together of operational services under one Manager has enabled the services to be scrutinised as a whole with respect to all working practices, supervision and overtime arrangements in delivering services to a similar standard.

Reduction in out of hour provision coupled with productivity measures, together with highly labour maintenance intensive features will all contribute to the savings identified. All services will be subjected to a process mapping exercise which will in turn provide efficiencies in staffing and supervision across all operational services.

4.5.7 Fleet £100K

Following the changes taking place regarding Street Care operational services, it is anticipated there will be a reduction in fleet costs in the region of £100K. A comprehensive analysis utilising Fleetmaster and the tracker system has identified a more efficient use of our fleet which together with a review of fleet financing arrangements will enable savings in the region of £100K to be achieved.

4.5.8 Waste and Environment – 50K (Green Waste Collection)

It is proposed to introduce the suspension of green waste collection during the winter period from November to March. Operational data would dictate the finding of very little green waste deposited in the brown bins over this period which in turn would suggest the operational element of this collection service and the associated costs are not best utilised in terms of effective deployment of the Department's resources.

4.5.9 Income Generation £100K

Although never guaranteed, the two areas of Engineering Design and Management and Building Design and Management both operate without core budget provision through the arrangement of Technical Officers' Salaries (TOS). This arrangement, in essence, dictates all staff to generate their own salary via fee income both from the internal and external market place.

Targets have been set for both sections to deliver a minimum income stream of:-

Engineering Design and Management	£50K
Building Design and Management	£50K

There is sufficient external work to support this proposal however, as with any income budget; there is always a risk that income streams reduce in future years. Should this occur the Department would seek to identify alternative savings to offset any budget pressures that would result in this area.

4.5.10 Cemeteries and Crematorium - £30K

Fees and charges will be reviewed in line with other providers and it is anticipated that this will generate an additional Tees Valley £30K income per annum.

4.5.11 Emergency Planning Unit (EPU) - £5K

The EPU is funded by the 4 former Cleveland Authorities of which Hartlepool Borough Council is the lead Authority. A 5% reduction year on year for the next 3 years has been agreed by TV CEX. Hartlepool's reduction in the level of subsidy will be achieved by an inflation freeze on our contribution. The EPU continues to bring in income through the training and development of Emergency Service agencies.

5. OPTIONS ANALYSIS

5.1 Various options have been explored across all of the other service areas, including the following: -

5.1.1 Integrated Transport Unit (ITU)

Cessation of some transport services of the ITU, this however is not recommended as the unit is in a gradual growth trend for external works and vehicle acquisitions will require a return from income to enable spend profiles to be achieved.

Direct cuts to service provision at this point in time would be detrimental to any collaborative or partnership working progression therefore no further reduction on the transport provision is proposed.

5.1.2 Community Safety and Engagement

The changes which took place within the neighbourhood management service are still being embedded, however it is important to note this is a non-statutory service and as such further savings can be achieved by stopping the service completely or in part. £50K has been proposed from existing arrangements within the service as outlined in 4.5.1 in addition to a further £50K CCTV saving being considered at Finance and Policy Committee.

There may also be opportunities to merge the service with another service either in the Regeneration Division or the Public Health Department. The operational engagement element could be managed by the existing Street

Care function. All options will be further considered as part of future efficiency initiatives.

5.1.3 **Garden Waste Collection**

Consideration has been given to charge for the Council's Garden Waste Collection service, i.e. provide a subscribed service, which could generate an income stream of circa £300K depending upon the level of participants. i.e. if 20% of residents took up the scheme income in the region of £150K could be generated. However, it is recognised that this would place additional pressures on residents. A part reduction of seasonal collection has been suggested as outlined in 4.5.8.

5.1.4 **Bowling Greens**

Self management of Bowling greens (town wide) could generate a saving of £64K. It must be noted however that leasing agreements may determine further dialogue with the Bowling Consortium to progress this saving in part of whole and will be progressed but at this stage have not been accounted for as part of the savings proposed.

6. **RISK IMPLICATIONS**

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

- Increased pressure on frontline staff and management
- Potential for income generation – contribution and new opportunities
- Balance of workload versus fee earning potential
- Potential reduced effectiveness and quality of service
- Health and Safety implications
- Reduced flexibility of service and management capacity

7. **FINANCIAL CONSIDERATIONS**

7.1 It has been highlighted in previous reports that failure to take savings identified as part of the savings programme will result in the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget.

7.2 The proposals outlined will deliver the following savings:-

Service	£ 000
Road safety (part service)	90
Community Safety & Engagement	50
Dept function reconfiguration	85
Parks and Countryside	90
Building Cleaning	20
Schools catering	140
Street Care operations	180
Fleet	100
Suspension of garden waste collection service for a prescribed period (seasonal)	50
Engineering Design and Management	50
Building Design and Management	50
Cemeteries & Crematorium	30
Emergency Planning Unit	5
Total Proposed Savings	£940K

- 7.3 Some of the savings proposals included in this report involve Trading Accounts which do not have a General Fund Budget. Instead these services rely on fees and charges generated from services provided to clients to cover their operating costs.

8. EQUALITY AND DIVERSITY CONSIDERATIONS

- 8.1 An Impact Assessment has been completed and identifies that for the majority of changes expected as a result of the savings programme it is clear that there is no potential for discrimination or adverse impact on those with protected characteristics. All opportunities to promote Equality have been taken and no further analysis or action is required. Where there is potential for adverse impact options to mitigate, avoid or reduce the impact have been considered as part of the proposals and are detailed in the Equality Impact Assessment.

9. RECOMMENDATIONS

- 9.1 That Members of the Committee note the content and formulate a response to be presented to Finance and Policy Committee at a later date.

10. CONTACT OFFICER

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Department	Division	Section	Owner/Officer
Regeneration & Neighbourhoods	Neighbourhoods		Denise Ogden /Alastair Smith
Function/ Service	<p>SAVINGS PROGRAMME 2015/16 NEIGHBOURHOODS DIVISION</p> <p>The aim of this impact assessment to is ensure that any impact on equality is assessed and considered prior to decisions being made about the reduction of services.</p> <p>Non-statutory service areas that have absorbed budget cuts previously and that now need to be considered for full cessation of service delivery are as follows:-</p> <p>Road Safety – Removal of initiatives such as ‘bikeability’ and other educational programmes. To mitigate any impact these functions will be offered as a package to buy back</p> <p>Community Safety & Engagement – Transfer of operational services from Neighbourhood Management to Street Care operations will enable the Community Development and Engagement Service to be reconfigured and reductions to the Community Pool will enable further reconfiguring of the level of service provided. (A separate EIA has been completed to address the changes to the Community Pool)</p> <p>Departmental Re-configuration – Merging of some functions elements between the Neighbourhoods division and the Regeneration division. No direct impact on Equality</p> <p>Parks & Countryside - Two ER/VR requests approved and one vacant post deleted from the structure. No direct impact on Equality.</p> <p>Building Cleaning - Realignment of budgets and services as buildings close and the acceptance of an early retirement / voluntary redundancy. No direct impact on Equality.</p> <p>School Catering – Increase the income budget – No direct impact on Equality.</p> <p>Street Care Operations - Reconfiguration of service and staffing – No direct impact on equality</p> <p>Fleet – A new system has been introduced which has identified more efficient use of the Fleet.</p> <p>Waste & Environment - suspension of green waste collection during the winter period from November to March. Operational data tells us that very little green waste is deposited in the brown bins over this period which in turn suggests the operational element of this collection service and the associated costs are not best utilised in terms of effective deployment of the Department’s resources. It has also been considered to replace this service with</p>		

	<p>a paid for service, this has been assessed and dismissed due to the impact on elderly and disabled users of the service</p> <p>Cemeteries – Review of fee and charges to bring in-line with other providers.</p> <p>Emergency Planning - Reduction in the level of subsidy will be achieved by an inflation freeze on our contribution.</p>	
Information Available	<p>Information available that has been used to inform these proposed changes:</p> <ul style="list-style-type: none"> • Current structures and proposed structures. • Staffing profiles across all areas. • Established HR Procedures (Selection criteria is based on objective matters which are not related to any protected groups). • Job Descriptions. • Job evaluation process. • Information on service users <ul style="list-style-type: none"> - Satisfaction surveys and questionnaires - Regular progress and liaison meetings with users and providers - Neighbourhood forums - Ward Councillor feedback 	
Relevance <i>Identify which strands are relevant to the area you are reviewing or changing</i>	Age	x
	Disability	x
	Gender Re-assignment	
	Race	
	Religion	
	Gender	
	Sexual Orientation	
	Marriage & Civil Partnership	
	Pregnancy & Maternity	
Information Gaps	none	
What is the Impact	<p>Proposals have a minimal impact on equality and statutory services will not be affected.</p> <p>Equality impacts on particular groups and staff have been considered as part of the Savings Programme proposals. Equality impacts are deemed to be minimal and options to mitigate, avoid or reduce the impact have been considered as part of the proposals, inc:</p>	

	<ul style="list-style-type: none"> • Early Retirement/Voluntary Redundancy opportunities are in line with HR policy and staff have been appropriately advised and will be supported throughout the process • Reconfiguration of services and merging of functions – No specific impact on people and communities identified. However it is noted that there will be increased pressure on staff to deliver services and potential reduced flexibility and effectiveness of service • Reduction in the Community Pool – Separate EIA completed • Reduction in Road Safety functions – The impact of withdrawing functions within the Road Safety Service have been mitigated by offering this service as a buyback package which will be promotes to schools, academies and other organisations. 		
Addressing the impact	<p><i>The outcome of the impact assessment may be one or more of the following four outcomes; You must clearly set out your justification for the outcome/s.</i></p> <p>1. No Impact- No Major Change – <i>For certain aspects of the savings programme it is clear that there is no potential for discrimination or adverse impact on the above Protected Characteristics. All opportunities to promote Equality have been taken and no further analysis or action is required.</i></p>		
	<p>3. Adverse Impact but Continue – <i>Withdrawal of funding and reducing service functions have the potential to reduce the flexibility and effectiveness of the service</i></p>		
<p>Actions</p> <p><i>It will be useful to record and monitor any actions resulting from your assessment to ensure that they have had the intended effect and that the outcomes have been achieved.</i></p>			
Action identified	Responsible Officer	By When	How will this be evaluated?
Date sent to Equality Rep for publishing		00/00/00	
Date Published		00/00/00	
Date Assessment Carried out		00/00/00	

FINANCE AND POLICY COMMITTEE

21st July 2014



Report of: Director of Regeneration and Neighbourhoods

Subject: **SAVINGS PROGRAMME 2015/16 –
REGENERATION AND NEIGHBOURHOODS
DEPARTMENT**

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Budget and Policy Framework item.

2. PURPOSE OF REPORT

2.1 The purpose of this report is to identify proposals for the delivery of savings in respect of the Department for Regeneration and Neighbourhoods, relevant to this Committee for consideration as part of the 2015/16 budget process.

3. BACKGROUND INFORMATION

3.1 As part of the 2015/16 Savings Programme, a number of service areas were identified where potential savings could be made. As part of the process for the budget for 2015/16 it has been agreed that individual Policy Committees will consider these savings proposals prior to consideration by Finance and Policy Committee and then Council.

3.2 Details are provided in this report in relation to the:-

- i) Proposals identified to make the savings;
- ii) Risks associated with the proposed savings; and
- iii) Financial considerations taken into account in developing the proposals.

3.3 In further developing the information provided to Members to assist them in consideration of budget proposals a range of information relating to the service is included in this report.

3.4 Scope

3.4.1 The services under consideration as part of this report are as follows:-

3.4.2 **Estates and Regeneration** – Centralised management of Council property, including building management and asset management. The Estates and Regeneration section are responsible for the strategic and operational management of the Councils property portfolio. Strategically the unit prepares a Corporate Asset Management Plan setting out the current and future operational requirements of the Council together with plans to ensure the property stock matches service requirements and corporate goals through the implementation of rationalisation and acquisition programmes.

The unit is responsible for maximising income from the disposal of surplus assets and the achievement of Capital Receipts targets together with active management of the non operational leased estate to generate maximum revenue return.

Statutorily the unit undertakes all Asset Valuations across the Councils portfolio together with, National Assessment Act valuations and Rating appeals where appropriate.

Property assets are a valuable and significant resource which must be actively managed to make sure they are always fit for purpose and adaptable to changing service needs and corporate goals.

This section deals at a strategic level with the organisation and management of the Corporate and Educational estate and the asset management planning function of the authority. Additionally the development and physical implementation of key regeneration projects, the generation of capital receipts and management of the investment property portfolio are all key functions.

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

The Support Services Section provides a range of administrative and business support services across the whole department.

Administrative support is centralised in order to be able to deliver an efficient and resilient service and one which ensures good practices are developed and shared throughout the department. Specific responsibilities include the provision of various clerical, financial, job costing, and customer services along with specialist support to areas such as car parking, enforcement and road safety. A small secretarial team provide dedicated personal support to the Director and Departmental Management Team. As well as typing, diary management, minute taking and telephone support, the team co-ordinates the production of Committee reports.

Service Development staff support the improvement of departmental services by way of business process reviews, systems development and overseeing performance management arrangements. This team also co-ordinates work in relation to departmental health and safety, complaints, staff training, website development and responding to freedom of information requests.

3.4.4 **Community Safety**

Responsible for the development and activities of the Safer Hartlepool Partnership including the towns Community Safety Plan which aims to promote confident, cohesive and safe communities by reducing crime and anti-social behaviour, the harm caused by illegal drugs and alcohol, and reducing reoffending .

Specific services include the Anti-social behaviour unit; CCTV; Victim and Crime Prevention Services; a commissioned specialist Domestic Violence Service; Community Development and Regeneration Service; Neighbourhood Planning; management and administration of the Community Pool, Ward Member Budgets, and Civic Lottery.

The key aims of the Community Pool are to support the Voluntary and Community Sector (VCS) to undertake activities and projects that clearly reflect the aspirations, aims, objectives and priorities of the Council's:-

- Community Strategy
- Child Poverty Strategy
- VCS Strategy
- The work of the Financial Inclusion Partnership

The Community Pool directly supports VCS organisations either through the commissioning of services or via the allocation of grants i.e. :-

- Universal welfare benefits and advice
- Universal Credit Union support
- Town wide specialist and support service grants
- Development and Investment grants
- Emergency contributions grants.

The team is also responsible for the provision of support to the voluntary and community sector, capacity building, and engaging with residents to support elected members to enable residents to influence and improve accountability in service delivery ensuring a co-ordinated approach to tackling issues across the neighbourhoods of Hartlepool. This service element reports to the Neighbourhood Services Policy Committee.

3.5 Service Users

- 3.5.1 The range of services covered by this report are delivered across the whole of the borough as a support to internal customers within the Council and in providing commercial services to external organisations and schools via Service Level Agreements and contracts.

3.6 Engagement

- 3.6.1 The Councils Estates and Regeneration service engages primarily internally and with schools but has an increasing external customer base as income generation initiatives develop.

The Community Safety and Engagement section has a strong interface with Ward Councillors on a daily basis ensuring any ward issues raised by local

residents are responded to immediately. The service is responsible for the Neighbourhood Management and Empowerment Strategy which aims to ensure appropriate governance arrangements are in place that enables meaningful participation and empowerment of communities in local government decision making processes supported by effective development work that increases cohesion; the promotion of integrated partnership working on a neighbourhood level; and tackling deprivation in our most disadvantaged neighbourhoods through good quality planning that facilitates effective and sustainable change. Examples of how the service engages with communities includes:

- Provision and support of Neighbourhood Forums which meet quarterly and facilitate feedback from the public on all Council services.
- The Safer Hartlepool Partnerships Face the Public Event – a statutory event run on annual basis to gather feedback from residents, statutory agencies, voluntary and community groups, and the business sector on community safety priorities. These events inform the development of the Safer Hartlepool Partnerships annual Community Safety Plan.
- Neighbourhood surveys such as those undertaken by the multi-agency Joint Action Groups in hotspot areas where there are high levels of crime and disorder to improve our conversation with the public and gather further intelligence on how services should be delivered in the local area.
- Provision of a network of support for local resident groups where concerns and feedback on how Council Services are operating are channelled to the appropriate service for action.
- Leading on engaging and supporting communities to exercise their rights under the Localism Act - the team is currently enabling 5 communities to develop Neighbourhood Plans for their local area, and is supporting the first community group wishing to register an asset of community value with a view to exercising their right to buy.
- Local groups are supported with events that reach out to the broader community e.g. diversity event where hard to reach groups can come along and find out more about services and how they can influence services in the future.

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

- Satisfaction surveys and questionnaires
- Regular progress and liaison meetings with users and providers
- Neighbourhood forums
- Ward Councillor feedback

3.7 Inputs

3.7.1 The current cost to the Council of the relevant services is as follows: -

Service Area	2014/15 Gross Budget £'000	2014/15 Net Budget £'000
Community Pool	220	220
Estates and Regeneration	290	(20)
Property Management	1,110	(250)
Community Safety	1,200	1,110
Strategic Management, Admin & Support Services	1,400	750

3.7.2 The cost of these services to the Council, in line with many other service areas in the Council has reduced significantly over the years. Some areas, as can be seen from the table, are budgeted to make a surplus. These involve both professional and frontline services. Some areas do not have budgets and rely on fees and income.

3.8 Outputs/Outcomes

- Support services to internal Council departments
- Property and facilities management to all of the Council's buildings, most schools and other customers
- Management of the Council's assets and delivery of the Asset Management and Property Strategy.
- Development and delivery of the Community Safety Plan including the Domestic Violence and Abuse Strategy; Reducing Reoffending Strategy; Cohesion Strategy; Anti-social behaviour Strategy, PREVENT, and associated services including antisocial behaviour, CCTV, crime prevention and victims services including domestic violence mediation and restorative justice and assertive outreach.

4. PROPOSALS

4.1 The savings target for the Regeneration and Neighbourhoods Department is £1.860m for the financial year 2015/16. In addition to this target, the Department needs to find additional savings to offset Departmental budget pressures of £170,000. The overall savings figure is therefore £2.030m for 2015 / 16. The approach taken within the Department has been not to apportion specific percentage targets to each Division/service, but to look at options emerging from across the department in a more structured manner in order to achieve the overall target.

4.2 Community Pool – £110K

At a previous Finance and Policy Committee meeting, 18th October 2013, the criteria and priorities were reviewed with an agreement in principle to make additional savings to the sum of £220,000 for 2015/16.

Members subsequently determined to provide one-off funding of £110,000 to support the Advice and Guidance service in 2015/16.

The review resulted in the following changes to the three current categories, detailed below:

Category 1 - The provision of universal welfare benefits and advice
This is procured as a contract. There has been no change to the budget allocated to this contract £110,000 per annum. Although through the tender process there was a slight saving in the cost, the value of the contract for 2014/15 is £108,544. This is delivered by West View Advice and Resource Centre.

Category 2 - The provision of universal credit union support
In 2014/15 Hartlepool Credit Union will receive a £35,000 grant contribution towards running costs to enable the organisation to deliver credit union services. Previously they received £75,000 per annum via a contract to provide these services.

Category 4 - The provision of town-wide specialist and support services
This part of the programme provides grants to support core costs for VCS groups in Hartlepool. In 2014/15 the budget available for this was reduced £75,000, in 2013/14 approximately £150,000 was available for these grants. To help accommodate the reduction maximum grants have been limited to £10,000 this year (last year this was £15,000). 9 organisations have been supported by this programme from the original budget. An additional 2 organisations have been supported due to the funding allocated from Child & Adults.

In addition, the cessation of Category 3 (Capacity and resource building in the Voluntary and Community Sector (VCS)) was agreed and no budget was allocated to Category 5 (The provision of development / investment and emergency grants) however there is a small amount of funding available for Category 5 grants following an under spend in 2013/14.

Category	Purpose	2013/14 Budget	2013 /14 Procurement Method	2014-15 Budget (£)	Procurement Method
Category 1	The provision of universal welfare benefits and advice	£109,352	Contract	110,000	Contract
Category 2	The provision of universal credit union support	£75,000	Contract	35,000	Grant
Category 3	Capacity and resource building in the Voluntary and Community Sector (VCS)	£66,851	Contract	0	N/A
Category 4	The provision of town-wide specialist and support services	£150,000	Grants	75,000	Grants
Category 5	The provision of development / investment and emergency grants.	£31,693*	Grants	0	N/A
			Total	220,000	

*This was made up of the unallocated funding against the budget and reserves carried forward.

4.3 Property Management - £265K

Property costs associated with the review of Community Centres, Youth Centres, and the closure of Adult Services Warren Road and the Community Safety premises in York Road, The Willows and Aurora Court.

The teams responsible for managing property related issues provide a range of services. The cost of providing day to day management of Council Buildings e.g. annual valuations or other statutory functions are funded from the General Fund budget provided. Other work, including supporting Capital Projects etc, is fee earning and as such the cost of providing this support is recharged to the Capital Income received or the external customer. The savings proposal is to increase the income budget and transfer resources onto more fee earning projects.

There is sufficient external work to support this proposal however, as with any income budget; there is always a risk that income streams reduce in future years. Should this occur the Department would seek to identify alternative savings to offset any budget pressures that would result in this area.

4.4 Support Services - £115K

A review of the structures and service provision across the reconfigured department will result in change in demand from administrative and support services which will achieve savings in the region of £100 - £115K. This will involve the removal of vacant posts and potential redundancies, a reduction in

departmental management support budgets such as postage, general office consumables and training together with a contribution from salary turnover savings if the savings cannot be found from the support services alone.

4.5 **Community Safety - £50K**

The CCTV Community Monitoring services are currently undertaken by Housing Hartlepool under a partnership agreement with the two organisations.

Housing Hartlepool/Thirteen are relocating from Greenbank, Hartlepool to North Shore Stockton and Titan House, York Road. This has provided the Council with an opportunity to review the current provision.

Alternative service delivery options are being considered and it is envisaged a saving of circa £50k can be achieved. The review will look at procurement, maintenance and monitoring arrangements. A further report will be presented to Members in August / September 2014.

5. **OPTIONS ANALYSIS**

5.1 Various options have been explored across all of the relevant service areas, including the following: -

- Cessation of services within the department. Community safety is a key priority of the Council. The Council has a statutory duty to develop and co-ordinate a strategic plan with other 'responsible authorities' such as the Police to address crime, anti-social behaviour, substance misuse, and reoffending; to deliver an anti-social behaviour service in line with new legislation, and a general s17 obligation to embed community safety considerations across the Council.
- Reduction of staffing levels across Estates and Regeneration – this service area is under extreme pressure not only to manage the Council's estate but to deliver capital receipts contribution of £6.5 m towards the MTFS. Any reduction in the service area would be detrimental across the Council. In addition this service plays a key role in the delivery of the Hartlepool Regeneration Vision.
- Maintenance budgets generally were considered but there is a continuous pressure due to the condition of the current portfolio. This budget is reduced every time we dispose of a property.
- Options are being explored between with CEX department as to whether service development and performance management can be delivered in a different way.

6. **RISK IMPLICATIONS**

6.1 There are a number of risks implicit in the delivery of any package of savings and it is important to recognise these as part of any decision making. A

summary of the risks considered as part of the proposals has been identified below:

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

7. FINANCIAL CONSIDERATIONS

7.1 It has been highlighted in previous reports that failure to take savings identified as part of the savings programme will result in the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget.

7.2 The proposals outlined will deliver the following savings:-

Service	Proposed Savings
Community Pool	£110,000
Property Management	£265,000
Community Safety	£50,000
Support Services	£115,000
Total Proposed Savings	£540,000

7.3 The savings which have been identified include a number of staff changes including the potential for redundancy costs. The exact costs can't be determined until redeployment opportunities are fully explored and the relevant redundancy selection processes are undertaken. There are a number of voluntary redundancies also included in the proposals.

7.4 A fair percentage of the savings identified relate to property costs which are dependent upon the outcome of the branch library and community centre review.

8. EQUALITY AND DIVERSITY CONSIDERATIONS

8.1 For the majority of functions included within the savings proposal it is clear that there is no potential for discrimination or adverse impact on those within Protected Characteristic groups. All opportunities to promote Equality have

been taken and no further analysis or action is required. The changes to the Community Pool budgets and grants will impact particular groups that are supported by the VCS by way of reduce levels of service. To mitigate the impact officers will work with organisations affected to support them in seeking alternative solutions to sustain services and comprehensive equality Impacts Assessments have been completed for each category affected.

9. BACKGROUND PAPERS

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

- (i) Finance & Policy Report, Community Pool Allocation Programme, 18th October 2013.

10. RECOMMENDATIONS

10.1 That Members of the Committee note the content and formulate a response to be presented to Finance and Policy Committee 13th October 2014 as part of the Councils overall budget considerations for 2015/16.

11. CONTACT OFFICER

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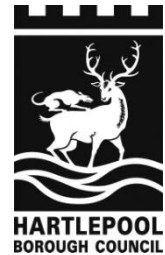
Department	Division	Section	Owner/Officer
Regeneration & Neighbourhoods			Denise Ogden
Function/ Service	<p>SAVINGS PROGRAMME 2015/16 – REGENERATION AND NEIGHBOURHOODS DEPARTMENT</p> <p>This Equality Impact Assessment aims to show that impact on equality has been assessed and considered as part of the Savings Programme process.</p> <p>As part of the 2015/16 Savings Programme, a number of service areas were identified where potential savings could be made, including:</p> <p>Community Pool</p> <p>Reduction in budget and grant contributions that support the Voluntary and Community Sector (VCS), including; grant reductions towards running the Hartlepool Credit Union, Cessation of grant and budgets for capacity and resource building in VCS and provision of development, investment and emergency grants.</p> <p>EIA's have been completed for each individual category affected by the proposals to assess the impact and feed into the decision making process. The changes that will impact particular groups that are supported by the VCS are in terms of service levels that will reduce as a result of reducing budgets and grants. To mitigate the impact officers will work with organisations affected to support them in seeking alternative solutions to sustain services.</p> <p>Property Management</p> <p>The savings proposal is to increase the income budget and transfer resources onto more fee earning projects. No Impact on Equality.</p> <p>Support Services</p> <p>Reconfiguration of structures and service provision. This will involve the removal of vacant posts and voluntary redundancies, a reduction in departmental management support budgets such as postage, general office consumables and training together with a contribution from salary turnover savings if the savings cannot be found from the support services alone. No impact on Equality, any changes that impact on staff will be in-line with HR Policy.</p> <p>Community Safety</p> <p>Review of CCTV Community Monitoring services. No impact on Equality.</p>		

Information Available	<p>Ways in which the service engages with communities, has helped to inform the proposals, including:</p> <ul style="list-style-type: none"> • Provision and support of Neighbourhood Forums which meet quarterly and facilitate feedback from the public on all Council services. • The Safer Hartlepool Partnerships Face the Public Event – a statutory event run on annual basis to gather feedback from residents, statutory agencies, voluntary and community groups, and the business sector on community safety priorities. These events inform the development of the Safer Hartlepool Partnerships annual Community Safety Plan. • Neighbourhood surveys such as those undertaken by the multi-agency Joint Action Groups in hotspot areas where there are high levels of crime and disorder to improve our conversation with the public and gather further intelligence on how services should be delivered in the local area. • Provision of a network of support for local resident groups where concerns and feedback on how Council Services are operating are channelled to the appropriate service for action. • Leading on engaging and supporting communities to exercise their rights under the Localism Act - the team is currently enabling 5 communities to develop Neighbourhood Plans for their local area, and is supporting the first community group wishing to register an asset of community value with a view to exercising their right to buy. • Local groups are supported with events that reach out to the broader community e.g. diversity event where hard to reach groups can come along and find out more about services and how they can influence services in the future. <p>Feedback from service users is obtained in a number of different ways and this is often determined by the type of service, the target audience, the way in which it is delivered. Examples include: -</p> <ul style="list-style-type: none"> • Satisfaction surveys and questionnaires • Regular progress and liaison meetings with users and providers • Neighbourhood forums • Ward Councillor feedback 	
Relevance <i>Strands are relevant to changes proposed within the Community Pool</i>	Age	X
	Disability	X
	Gender Re-assignment	X
	Race	X
	Religion	X
	Gender	X

	Sexual Orientation		x
	Marriage & Civil Partnership		
	Pregnancy & Maternity		
Information Gaps		No Gaps	
What is the Impact		<ul style="list-style-type: none"> Reduction of budgets, grants and cessation of funding will impact on the levels of service delivered which in-turn will impact on people who access support provided by the VCS. 	
Addressing the impact		<p>The outcome of the impact assessment may be one or more of the following four outcomes; You must clearly set out your justification for the outcome/s.</p> <p>1. No Impact- No Major Change (For the majority of functions included within the proposal) It is clear that there is no potential for discrimination or adverse impact on the above Protected Characteristics. All opportunities to promote Equality have been taken and no further analysis or action is required.</p>	
		<p>3. Adverse Impact but Continue - Reduction of budgets, grants and cessation of funding will impact on the levels of service delivered which in-turn will impact on people who access support provided by the VCS.</p>	
<p>Actions</p> <p>It will be useful to record and monitor any actions resulting from your assessment to ensure that they have had the intended effect and that the outcomes have been achieved.</p>			
Action identified	Responsible Officer	By When	How will this be evaluated?
Date sent to Equality Rep for publishing		00/00/00	
Date Published		00/00/00	
Date Assessment Carried out		00/00/00	

REGENERATION COMMITTEE

24th July 2014



Report of: Director of Public Health

Subject: SAVINGS PROGRAMME 2015/16 – PUBLIC HEALTH DEPARTMENT

1. TYPE OF DECISION/APPLICABLE CATEGORY

Budget and Policy Framework.

2. PURPOSE OF REPORT

- 2.1 The purpose of this report is to identify proposals for the delivery savings in relation to public health core revenue grant funded services for consideration as part of the 2015/16 budget process.

3. BACKGROUND

- 3.1 As part of the 2015/16 Savings Programme a number of service areas were identified where potential savings could be made. As part of the budget process 2015/16 it has been agreed that individual policy committees will consider savings proposals prior to consideration by Finance and Policy Committee and full Council.
- 3.2 There are two core revenue grant funded services in public health - Sport and Recreation and Public Protection. These services contribute to the Council's Strategic aims to protect and improve the health of the population.
- 3.3 Sport and Recreation services include:
- Mill House Leisure Centre
 - Brierton Community Sports Centre
 - Headland Sports Hall /Borough Hall
 - Summerhill Outdoor Centre and Country Park
 - Carlton Outdoor Education Centre (leased from Carlton Trustees)
 - Grayfields Pavilion and Recreation Ground

Within the service structure, there is also a Learn to Swim Team, GP Referral Team and Sport and Physical Activity Team. In addition, the

service also manages sports pitch bookings at all Council sites and has a strategic role around sports provision in general across the Borough and works in partnership with clubs, national governing bodies of sport and national agencies such as Sport England to ensure that the town has the relevant local offer. It is also responsible for delivery on regional and national priorities for sport.

3.4 Public Protection services are regulatory and statutory and include:

- Commercial services including environmental health, food inspections, water testing, animal welfare, health and safety.
- Environmental protection including noise, pollution, air quality and pest control
- Trading standards including weights and measures, licensing and retail inspections and product safety.

3.5 Users of Sport and Recreation services - The people who use the sport and recreation services are members of the public both in Hartlepool and out of area. Competitive sports and clubs participating in official leagues play at the sites as well general members of the public wishing to access the services to improve health and well being. National governing bodies of sport also use the sites to run club and coaching workshops. Other people may use the services for formal events or recreational activities such as those hosted at the Borough Hall.

3.6 Users of Public Protection services – There are a range of users of public protection services including the general public in relation to complaints and environmental issues. Other users of the service include businesses and people who are self employed.

3.7 As both Sport and Recreation and Public Protection are public facing front line services they engage with those who use the services on a regular basis. They do this through feedback questionnaires, satisfaction surveys, meeting users of the service directly to deal with any issues raised.

3.8 The Sport and Recreation Service budgets for 2014/15 are as follows:-

Gross budget £2.914m
Income Target £1.545m
Overall net budget (and cost to HBC) £1.369m
These figures include all centralised premises costs

The Public Protection service budgets are:

Environmental protection	£ 2,388
Consumer services	£ 576,270
Environmental standards	£ 182,175
Outdoor markets	£ (87,051)
Licensing Act 2003	£ (158,224)
Total	£ 515,558

- 3.9 The outputs and outcomes 2013/14 for the Sport are recreation Service are as follows in table below:

Leisure Centre attendances	351,483
Summerhill attendances	92,615
Attendance at sport & physical activity programmed sessions	30,780
Carlton residential attendances	2,146
Carlton day visits	1,251
GP Referral Programme – participants continuing with sport & physical activity 6 months after referral	79%
Primary School swimming – 25m attainment from HBC programme	49%
Number of volunteers actively engaged for one hour per week on sport & physical activity delivery	364
Level of external partnership funding attracted to deliver new initiatives/commissioned work in sport & physical activity	£734,968

The outputs and outcomes for the Public Protection Service are:

- 1671 programmed interventions including 100% of all food premises in accordance with risk rating & 100% of prescribed processes.
 - Outcome 97.7% food businesses broadly compliant.
 - 691 Smoke free visits
 - 647 Samples taken
 - 2375 service requests responded to
 - 1351 licenses processed
 - 85% customers satisfaction result up from 81% previous year.
- 3.10 The savings target for Public Health in 2015/16 is £150k but the proposals exceed this target by £17k and propose to achieve £167k.
- 3.11 The report identifies areas where savings might be achieved, the risks associated with achievement of savings and the financial considerations which have been taken into account in developing the proposals.

4. PROPOSALS [Updated to Reflect Regeneration Services Committee Decisions on 18th September 2014]

- 4.1 The savings target for Sport and Recreation for 2015/16 is £150,000. In addition to this, a further £37,500 of additional income needs to be achieved to allow for the 2.5% inflation uplift of income targets that is applied each year corporately. As a result, this report considers a strategy for achieving an overall savings target of £204,500 (of which £187,500 is from Sport & Recreation).
- 4.2 In addition, savings may need to be made to offset any income shortfall that there has been historically with the Borough Hall if the situation cannot be improved during the current financial year.
- 4.3 Officers have considered two alternatives to achieve the savings required, the first being to look at different management options available to the Council as an alternative to delivery “in-house” delivery and identify the potential benefits and savings that could be made.
- 4.4 The second option considered has been to assess whether the savings for 2015/16 can be achieved with the continuation of the existing in-house provision purely through internal improvements to service delivery resulting in additional income generation.
- 4.5 The following sections of this report therefore consider these two savings options.

5. OPTION A – CONSIDER ALTERNATIVE MANAGEMENT ARRANGEMENTS FOR THE DELIVERY OF SPORT AND RECREATION SERVICES TO ACHIEVE SAVINGS

- 5.1 As agreed by the Regeneration Services Committee at a meeting on May 8th 2014, Consultants were commissioned to undertake an assessment and appraisal of the Sport and Recreation service. This was to determine whether savings could be achieved through the alternative delivery models of:-
 - Continuing with in-house operated services;
 - Developing a locally established Trust for management and delivery of the services; or
 - Commissioning in an established Trust / Private Sector partner
- 5.2 The assessment work has now been completed by the Consultants and involved:-
 - a full operational review of the scope of the services;
 - a consideration of the potential management options open to the Council;
 - an evaluation of these options given the Council’s strategic and financial objectives;

- an evaluation of each of the options against the current in-house service delivery model; and
 - an assessment of potential revenue savings.
- 5.3 The Consultants report identifies potential savings opportunities in National Non Domestic Rates (NNDR), VAT and increased income generation and these have been reviewed to reflect local circumstances.
- 5.4 In relation to the NNDR saving identified, this is the gross saving to the service. However, owing to the impact of the Business Rates retention system, 50% of the gross saving will need to be earmarked to offset a corresponding reduction in the Council's share of retained Business Rates income.
- 5.5 The position in relation to VAT has also been assessed and a range of potential savings identified reflecting a more detailed assessment of potential VAT savings.
- 5.6 The Consultants assessment of the potential to increase income generation has also been examined. Given local circumstances again, this has been recalculated to better reflect these factors as well as the likelihood of additional income being achieved.
- 5.7 An assessment of the need for a Client function as well as a retained strategic core sport and physical activity function also needs to be allowed for and based on current service budgets (2014/15) the estimated cost of this is circa £250k per annum.
- 5.8 After reflecting all of these issues therefore, it is anticipated that this option provides a potential net saving to the Council of £114k to £194k.
- 5.9 If the Council ultimately decides to take this option and commission an alternative delivery partner, there would be a one-off cost element to consider as well. Taking into account other Local Authority experiences, a procurement process of this nature would normally take a minimum of 12 months and would need to be supported by additional external specialist support as well as a Project Manager. The cost of this is estimated to be in the region of £100k.
- 6. OPTION B – ACHIEVE SAVINGS THROUGH ADDITIONAL INCOME GENERATION BY THE EXISTING IN-HOUSE TEAM**
- 6.1 The Consultants highlighted the potential for the service to increase income and this was therefore explored as a second option to achieve the savings target for 2015/16 of £187,500. Given some contributory research work commissioned by ourselves that was carried out by an independent leisure database company utilising Mosaic, latent demand does appear to exist for gym/fitness use and swimming lessons thus there is the potential for

achieving additional income.

- 6.2 Members will already be aware that the service has an excellent track record of delivery and improved performance through previous reports presented to Regeneration Services Committee. Officers have therefore examined the option of achieving additional income and it is believed that the potential for this exists in the following key areas:-

Aquatics Programme - £40k

The additional income will be achieved through increased numbers as a result of a re-launched programme aided by a new web-based software package. This will significantly improve course management but more importantly, the ability to offer participants continuous enrolment and progression mid-course.

Fitness/Gym Membership - £100k

An option of monthly payments by direct debiting was introduced at the Leisure Centres at the beginning of 2014 and so far, with little promotion of this has proved successful with 264 participants already using this option. It is envisaged with further work therefore that the additional take-up can be achieved.

Fees and Charges Revamp - £38k

We have commenced benchmarking fees and charges and the work completed so far has revealed that our existing charges are low in comparison with regional and national averages. We are already required to achieve an additional 2.5% income uplift therefore will revise our current pricing structure, pricing policy and leisure card scheme (Active Card) to achieve this additional income.

Sponsorship - £10k

Work will be undertaken on securing sponsorship income for different areas across the services. This includes such things as providing advertising space within our facilities and on our vehicles (minibuses) to staff uniform.

- 6.3 The ability to income generate to the levels envisaged will be dependent upon our ability to become more commercially and sales orientated and to be able to generate business opportunities in order to increase market share.
- 6.4 External operators have “Head Offices” with dedicated specialist leisure staff in the areas of sales (and e-sales), sponsorship, branding, market research, marketing and promotion. Some additional capacity will therefore be provided to complete the required skill set and expertise of the in-house management team which will be time limited.
- 6.5 Income generation will also be dependent on providing technology improvements that will be required to make facilities and services more accessible, customer facing and in accordance to users wishes, for example, on-line bookings and payments.

- 6.6 This option therefore offers the delivery of the required savings of £187,500 for 2015/16 through increased income generation. However it is believed that the potential for further savings could be realised moving forwards (for example secondary spend through retail, café provision etc.) and into 2016/17. This will form part of an ongoing strategic review of services and facilities into the future.

7. FINANCIAL CONSIDERATIONS

- 7.1 In summary, the financial implications of Option A which is to commission an alternative delivery partner for the services are as follows:-

- Savings forecast of between £114k and £194k (net cost of client and retained functions) compared to savings target for 2015/16 of £187.5k.
- It is unlikely that this can be achieved in full during 2015/16 due to procurement timescales which are estimated to take a minimum of 12 months.
- The cost of procurement is estimated to be in the region of £100k as a one-off payment.
- All income risk would be transferred to the new delivery partner

- 7.2 The financial implications of Option B which is to continue with the Council delivery of services and achieve savings through increased income generation are as follows:-

- It is anticipated that the savings target of £187.5k can be achieved by increasing income.
- The Council will have more control over the delivery of the increased income which it is anticipated can be achieved for 2015/16.
- Financial risk regarding income generation remains with the Council.

- 7.3 It is noteworthy that despite having a larger budget than Public Protection, Sport and recreation is taking a disproportionate share of the £167,000 savings target in 2015/16. This has been discussed by the senior management team within the Public Health Department and it was felt that for 2015/16 this was a realistic split to propose to Members. However, given the financial pressures and reduced budgets in 2016/17 it is anticipated that Public Protection will bear a greater share of the Departmental savings target in this year, ideally developing proposals for Members consideration seeking to increase public protection income.

8. STAFF CONSIDERATIONS

- 8.1 To date, all staff have been kept informed via regular communication, briefings etc. of the work that has been ongoing over the past few months. We have also kept our Union colleagues advised.
- 8.2 Obviously under Option A, the vast majority of staff involved in the delivery of services would be transferred to a new management partner provider under the Transfer of Undertakings (Protection of Employment) Regulations

(TUPE) with terms and conditions of service and pension protected. Some staff however would be retained within the Council's employ to provide the client function as well as a strategic component of the Public Health Department.

- 8.3 Under Option B however, all staff would remain within the Council's employment.
- 8.4 Additional Proposal – Review of the Metrology Service. The staff implications of this proposal are unknown at this stage but will be identified as part of the service review. As Hartlepool Borough Council does not directly employ staff working in the metrology service then any staffing implications will fall to Middlesbrough Council as the host authority for this service.

9. Additional Proposal – Review of the Metrology and Testing Service.

- 9.1 The Metrology and Testing Service carries out a number of functions including:

- Maintaining statutory Local Standards of Mass and Length and calibrating the Working Standards used by staff in each local authority to carry out their statutory retail inspections. The service also carries out commercial calibration, predominantly for local business.
- Specialist inspectors from the service ensure that local industrial manufacturing processes operate within the statutory weights and measures requirements to ensure commodities such as petrol, diesel and domestic heating fuel are accurately measured when supplied to the public. The service also provides comprehensive sampling testing facilities to assist partner authorities in enforcing the Consumer Protection and Food legislation.

- 9.2 The proposal to review the Metrology Laboratory is fairly complex as it is to some extent interdependent on other local authorities. The Metrology and Testing Service is delivered through a joint arrangement led by Middlesbrough Council on behalf of the four contributing local authorities (Middlesbrough, Redcar and Cleveland, Stockton and Hartlepool). It was established at the time of the Local Government Reorganisation when it was agreed that it would be more efficient to provide the service across Councils rather than by individual Councils. The service was subject to a review in 2007.

- 9.3 Officers in Hartlepool Borough Council Public Protection Service propose that it is now timely to review whether this is still the case that the Metrology and Testing Service should continue to be provided across Councils. Officers recommend the service is reviewed as initial estimates by Hartlepool Officers is that there may be approximately £17,000 savings for Hartlepool if alternative options for providing the service are considered. The current contribution to the service from Hartlepool is £42,000 and so a £17,000 saving would not be insignificant.

- 9.4 The Directors of Place based services (for Hartlepool the Director of Regeneration and Neighbourhoods) across the four authorities have had initial discussions as to the value of reviewing the Metrology and Testing Service. They have concluded that given the pressure on all local authorities' budgets this is worthy of further exploration. The Directors of Place have commissioned a review. The review will consider the following:
- Alternative delivery models and their respective merits.
 - Impact of ceasing elements of the service or outsourcing non statutory elements of the service.
 - Feasibility and Implications if each local authority had their own in house service including the cost of the equipment.
 - Impact of any of the above options on other users of the service aside of local authorities and impact on consumers of service.
- 9.5 The outcome of the review is due to be presented to the Directors of Place later in the year and this will then be reported to Committee for a decision on the implications for Hartlepool and how the proposed savings of £17,000 are realised.
- 9.6 The risk of realising savings in 2015/16 in relation to the Metrology and Testing Service is the reliance on the other Local Authorities to ensure the review is undertaken efficiently. The savings in 2015/16 may only have a part year effect as the existing contract with Middlesbrough Council requires one year notice.

10. RISK IMPLICATIONS

- 10.1 As previously highlighted, if an alternative delivery partner was commissioned, all financial risks associated with income generation would transfer to the new operator. However, if the service remains in-house this obviously remains too.
- 10.2 The service is already required to generate income of £1.545m and this is closely monitored and managed throughout the year. Achieving the savings target by increasing the income by a further £187.5k will require even closer monitoring and management therefore to ensure the proposed new income streams are achieved and sustained.
- 10.3 Whilst the existing in-house operation is relatively successful and over the past has delivered consistently high levels of service, whilst the potential for additional income generation appears to be possible, there will be great pressure placed on all staff within the service to achieve this.
- 10.4 If the Council decided to pursue contract management, whilst the fixed subsidy payment would be known for the length of the contract, the flexibility of being able to renegotiate this if future savings were required may be limited. In the current financial climate, this is a significant risk for a non-statutory service.

- 10.5 There could also be a very real staff morale issue for the Council in trying to keep existing staff working to their full potential whilst any procurement of a different delivery partner was pursued (which could take as a minimum 12 months). This could have significant implications for the existing revenue performance required.
- 10.6 The Council continues to face a period of massive change and there is a risk that this uncertainty may not necessarily be a good basis for major change in the management of the services.

11. LEGAL CONSIDERATIONS

- 11.1 As highlighted in paragraph 8, TUPE will apply to existing staff if an alternative delivery partner was commissioned. This will need to be taken into account in any decision making process, contractual documentation and negotiations as part of the procurement process.

12. CONCLUSIONS

- 12.1 In conclusion, Officers have examined two options available to the Council to achieve a savings target of £187,500 with the Sport and Recreation service area for the financial year 2015/16.
- 12.2 Option A is for the Council to consider alternative management arrangements for the delivery of the services but as identified in paragraph 7.1:-
- The savings target would not be achieved in full during 2015/16 due to the timescales required for a procurement exercise.
 - There would be an additional budgetary pressure of approximately £100k to fund the procurement process.
 - There would be a lack of flexibility in the Council being able to find additional savings during the lifetime of the contract.
- 12.3 Option B is for the Council to continue delivering the services and based on our assessment, the savings target for 2015/16 can be achieved.
- 12.4 Our assessment therefore is that the service should be continued to be delivered by the Council as there appears to be no justifiable reason to consider alternatives at this present time.
- 12.5 This would demonstrate the Council's commitment to the staff working in this area and would serve as a further endorsement of their work where services continue to be delivered to a high standard.

13. RECOMMENDATIONS

- 13.1 Officers would recommend that Committee approves the adoption of Option B that is to continue with the existing in-house Council delivery of services.
- 13.2 Given that Committee approves adoption of Option B that Members of the Committee formulate a response on the savings to be achieved that will be presented to Finance and Policy Committee at a later date.
- 13.3 That Members of the Committee note the content of the report

14. REASONS FOR RECOMMENDATIONS

- 14.1 To ensure Members are fully aware of the proposed core revenue grant funded Public Health Department savings proposals.

15. BACKGROUND PAPERS

- 15.1 Regeneration Committee – Sport and Recreation Service – Options Appraisal Update – 8th May 2014.
- 15.2 Regeneration Committee – Sport and Recreation Service Options Appraisal Review – 18th September 2014

16. CONTACT OFFICER

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CHIEF EXECUTIVE'S DEPARTMENT

<div> Chief Executive (Dave Stubbs) </div>		
<div> Corporate Strategy (Andrew Atkin) </div>	<div> Legal (Peter Devlin) </div>	<div> Finance (Chris Little) </div>
<div> Policy / Performance . Partnerships Consultation Corporate Complaints ICT Public Relations Personal Assistants Departmental Administration function Workforce Development Human Resources - Business Partners & Teams Health, Safety & Wellbeing Organisational Development Customer Services/ Hartlepool Connect Registrars Equality / Diversity </div>	<div> Legal Elections Land Charges Member Services Scrutiny Democratic Services Monitoring Officer Monitoring Officer </div>	<div> Audit and Governance Accountancy Financial Management (Corporate) Benefits (inc fraud and control) and means tested services Revenues Collection Payments/ Payroll Insurances Social Fund S151 Officer </div>

CHILD & ADULT SERVICES DEPARTMENT

<div style="text-align: center; border: 1px solid black; padding: 5px;"> Director of Child & Adult Services (Gill Alexander) </div>		
Assistant Director Children's Services (Sally Robinson)	Assistant Director Education (Dean Jackson)	Assistant Director Adult Services (Jill Harrison)
Safeguarding, Assessment & Support Children looked after and leaving care Children with disabilities Fostering and adoption Safeguarding and Review/ Independent Reviewing Officers Local Safeguarding Children Board Children's Strategic Commissioning Youth Support Services Youth Offending Service Early Intervention and Prevention Services Principal Social Worker (Child and Adults) Workforce Development and Training Advice and Guidance Hub	School improvement monitoring, challenge and support Governor Support ICT in schools Priority Schools Building Programme Social and Educational Inclusion School Transformation Special Educational Needs Educational Psychology Early Years Foundation Stage School Data School Capital (in partnership with R&N) School Admissions and School Place Planning Departmental Administration	Strategic Commissioning Adult Care Management Teams <ul style="list-style-type: none"> • Older People • Learning Disabilities • Mental Health • Physical Disabilities • Sensory Loss Safeguarding Vulnerable Adults Occupational Therapy Early Intervention and Reablement Provider Services (Direct Care and Support & Day Services) Performance Management and Management Information Departmental Development and Complaints

REGENERATION AND NEIGHBOURHOODS DEPARTMENT

**Director of Regeneration and
Neighbourhoods**
(Denise Ogden)

Strategic Procurement
Reprographics / Support Services

**Assistant Director
(Regeneration)**
(Damien Wilson)

Planning Services
Building Control
Economic Regeneration
Housing Services
Strategic Asset Management including
Schools
Culture and Information
Adult Education

**Assistant Director
(Neighbourhoods)**
(Alastair Smith)

Technical Services
Waste & Environment
Parks and Countryside
Building Design & Construction
Community Safety & Engagement
Services Direct
Emergency Planning

PUBLIC HEALTH DEPARTMENT

Director of Public Health
Health Protection / Population healthcare /
Tees Valley Shared Service
(Louise Wallace)

Health Improvement	Commissioning & Clinical Quality	Drug & Alcohol Service Delivery	Public Protection	Sports and Recreation
Sexual health Children's public health Immunisations Screening Smoking / Tobacco Control/respiratory disease Obesity / physical activity/nutrition Cancer prevention & early intervention Drugs & Alcohol Accident prevention Workplace Health Improvement CVD primary prevention programme Public mental health/suicide prevention Public health and community safety (domestic violence) Oral Health Public health resource library and health Promotion	Public Health Contracts Clinical Governance Drug & Alcohol Commissioning Primary Care Commissioning Sexual Health Commissioning CJIT Commissioning Pharmacy Contracts Performance Monitoring	Criminal Justice Intervention Team Whitby Street Community Drug Centre Drug treatment services Alcohol treatment services National Drug/Alcohol Data Management and analysis Tier 4 service Delivery	Trading Standards Environmental Health – Commercial Services Environmental Health - Protection	Mill House LC Headland Sports Hall & Borough Hall Brierton Community Sports Centre Grayfields Summerhill & Outdoor Activities service Carlton Outdoor Education Centre Sport & Physical Activity Team Learn to Swim Team GP Referral Team Football Development Policy / Sports Strategy Sports facilities / Playing Field / Pitch development Public Health Grants / Community Activities Network School / Clubs Links Educational Visits Coach / Volunteer Development

FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2015/16 TO 2017/18

TABLE 1 - FORECAST CAPITAL RESOURCES

	Forecast Resources 2015/2016 (Provisional)				Forecast Resources 2016/2017 (Provisional)				Forecast Resources 2017/2018 (Provisional)			
	Prudential Borrowing	Other Capital Funding	Capital Grants	Total	Prudential Borrowing	Other Capital Funding	Capital Grants	Total	Prudential Borrowing	Other Capital Funding	Capital Grants	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Service Specific Capital Grants</u>												
Adult Social Services (Better Care Fund)	0	0	275	275	0	0	275	275	0	0	275	275
Devolved Formula Capital (Schools)*	0	0	178	178	0	0	147	147	0	0	147	147
Disabled Facilities Grant (Better Care Fund)	0	0	451	451	0	0	451	451	0	0	451	451
Local Transport Plan	0	0	1,556	1,556	0	0	1,556	1,556	0	0	1,556	1,556
Schools Capital Programme**	0	0	1,009	1,009	0	0	137	137	0	0	0	0
	0	0	3,469	3,469	0	0	2,566	2,566	0	0	2,429	2,429
<u>Departmental Prudential Borrowing - Funded from Specific Business Cases</u>												
Allotments (Table 2)	91	0	0	91	0	0	0	0	0	0	0	0
Empty Homes - Phase 2	70	0	0	70	0	0	0	0	0	0	0	0
Replacement Wheelie Bins	60	0	0	60	60	0	0	60	60	0	0	60
Vehicle Procurement (Table 3)	470	0	0	470	1,234	0	0	1,234	1,085	0	0	1,085
	691	0	0	691	1,294	0	0	1,294	1,145	0	0	1,145
<u>Useable Capital Receipts and RCCO</u>												
Schools Capital Programme (Dedicated Schools Grant)	0	628	0	628	0	628	0	628	0	628	0	628
	0	628	0	628	0	628	0	628	0	628	0	628
<u>Specifically Funded Schemes</u>												
Council Capital Fund (Table 4)	600	0	0	600	0	0	0	0	0	0	0	0
Depot Relocation***	2,685	1,065	0	3,750	0	0	0	0	0	0	0	0
	2,685	1,065	0	4,350	0	0	0	0	0	0	0	0
Total Forecast Resources	3,376	1,693	3,469	9,138	1,294	628	2,566	4,488	1,145	628	2,429	4,202

* Devolved Formula Capital allocation for Schools is an estimate based on pupil numbers as the Government has not announced the allocation.

** Schools Capital Programme includes an estimate of £878k Capital Maintenance Grant for 2015/16 as it has not been announced by the Government. This is an estimate based on the current level of funding. However it is expected that the funding allocation method will change in 2015/16 and therefore this level of funding cannot be guaranteed. In addition the Council has received a Basic Need funding allocation for 2015/16 and 2016/17, this is reflected in the above figures.

*** The cost of this scheme will be between £3.065m and £3.750m (including land purchase). The higher figure includes a contingency which it is recommended is included owing to the complexities and short time scale for designing and preparing the cost estimates for this scheme. Officers will work to limit costs to the lower figure. Funding of £3.750m has been identified for this project from a combination of the Regeneration and Neighbourhood Services 2014/15 outturn (£1.065m), Prudential Borrowing £2m (loan repayment costs to be funded from efficiency savings/increased income) and further Prudential Borrowing (£0.685m) to fund the contingency if this is needed.

TABLE 2 - ALLOTMENT CAPITAL WORKS PROGRAMME

Allotment Site	Works Required	2015/16 £'000
Burn Valley	Security Fencing	31
Nicolson Field	Security improvements	25
Stranton	Drainage works	35
Grand Total		91

This is phase 2 of the scheme approved by Council on 6th February 2014.

TABLE 3 - VEHICLE REPLACEMENT PROGRAMME 2015/16 TO 2017/18

Type	Quantity	Service Area	£'000
Gritter body	2	Highways	60
15,000kg Gulley Emptier	1	Highways	80
Ashphalt hot box	1	Highways	30
Trailer	1	Highways	5
7,500kg Box body	1	Waste Management	45
ROM Cylinder Grinder	1	Grounds Maintenance	30
Garage Plant & Equipment			70
Phasing Contingency (Note 1)			150
			470

TABLE 3(B) 2016/17 VEHICLE REPLACEMENT PROGRAMME

Type	Quantity	Service Area	£'000
Box Trailer	3	Cleansing	21
Sweeper	1	Cleansing	50
Small Precinct Sweeper	1	Cleansing	50
Ride on Mower	4	Horticulture	68
Trailer	1	Horticulture	5
16s Welfare Bus	5	Passenger Transport	325
26,000kg RCV	4	Waste Management	515
Garage Plant & Equipment			50
Phasing Contingency (note 1)			150
			1,234

TABLE 3(C) 2017/18 VEHICLE REPLACEMENT PROGRAMME

Type	Quantity	Service Area	£'000
Medium sweeper	1	Cleansing	110
Sweepers	8	Cleansing	536
4x4 pick up	1	Parks & Countryside	15
Medium Panel Van	1	Parks & Countryside	14
Large 360° excavator	1	Waste Management	160
Garage Plant & Equipment			100
Phasing Contingency (note 1)			150
			1,085

Note 1

The above replacement programme has been based on maximising the operational life of existing vehicles and the deferral of vehicle replacements where possible. This has significantly reduced the annual value of replacements. However in order to mitigate the risk that some vehicles may need to be replaced earlier than assumed for their extended life, a contingency has been added to allow for earlier replacements in cases where it becomes more cost effective to replace rather than repair.

TABLE 4 - COUNCIL CAPITAL FUND

Project	Description	Estimated Cost £'000
Aneurin Bevan House	Roof replacement.	111
Aneurin Bevan House	Accessibility works in compliance with Accessibility Code of Practice.	32
Borough Hall	Main hall lighting and wiring replacement.	40
Borough Hall	Structural works to external walls to ensure structural stability at this site.	27
Carlton Outdoor Centre	Replacement of hot water system installations.	13
CETL (Brierton)	Replacement of heating controls.	45
Hartlepool Art Gallery	Accessibility works in compliance with Accessibility Code of Practice.	40
Kitchen works	Three school kitchen replacements to ensure compliance with statutory obligations and operational requirements.	50
Mill House	Electrical distribution board replacement.	25
Mill House	Replacement Pool Covers - Energy efficiency.	20
Rossmere Youth Centre	Roof replacement.	117
Rossmere Youth Centre	Window Replacement.	33
Town Hall Theatre	Lighting and distribution board replacement.	25
Contingency	For any major capital works identified by our current round of conditions surveys.	22
		600

2015/16 FINANCIAL RISK MANAGEMENT**Risk Rating**

A simplified version of the Risk Assessment criteria used in the Council's Risk Management Strategy has been used to rank budget risks. This assessment rates risk using the convention of green/amber/red, as defined below, although different levels of risk within each category have not been defined. The risk assessment helps inform the Council's budget monitoring process as it identifies areas that need to be monitored more closely than other budgets. These procedures help ensure that departments can manage budgets and services within the overall departmental resource allocation and the Council's overall financial management framework, which enable departments to establish reserves for significant risks and to carry forward under and over spends between financial years.

The value of expenditure/income on individual areas, together with the percentage of the authority's net budget, are shown in the table below to highlight the potential impact on the Council's overall financial position.

Green - these are unlikely events which would have a low financial impact.

Amber - these are possible events which would have a noticeable financial impact.

Red - these are almost certain to occur and would have a very significant impact. Provision would need to be made for such events in the budgets.

CORPORATE RISKS

Financial Risk	Risk Rating	2015/16 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Pay	Amber	54,634	68%	The MTFS includes provision for a 2.2% pay award from 1st January 2015. There is likely to be downward pressure on this area, owing to the impact of the recession.
Higher costs of borrowing and/ or lower investment returns	Green	5,100	6%	This budget covers annual principal repayments and net interest on the Council's borrowings and investments. Interest payable on Council's borrowings or interest earned on investments could be higher or lower than forecast. The Treasury Management Strategy details how these risks will be managed and establishes an appropriate framework of controls for managing these risks. This strategy is based upon the CFO's assessment of future interest rates, which is itself supported by the detailed interest rate forecasts and market intelligence provided by the Council's Treasury Management Advisors. There is still a risk that LOBO loans maybe recalled. However, as interest rates on these loans are now higher than prevailing market rates this risk has reduced in the short term. In the medium term this risk will increase as interest rates rise and this may be affected by the increase in PWLB rates. The Council also has a Treasury Management Risk Reserve to the risk of interest rate increases. The unprecedented low levels of interest rates have resulted in a significant reduction in investment income this change has not had a significant impact on the MTFS as the MTFS takes a prudent approach and only includes investment income on an annual basis. The Council has netted down investments to mitigate counterparty risk and avoid interest costs in relation to long term borrowing.
Planned Maintenance Budget	Amber	215	0.3%	Much of the Council's building stock is in poor condition and the Corporate Risk Register identifies this as a "red" risk. From 2002/03 the Council provided 2.5% real term growth for this budget to start addressing these issues. It was recognised that this would not be sufficient and at some point significant resources would need to be allocated to address these issues. The Revenue Budget Strategy includes £0.6m provision to support Prudential Borrowing.
Schools Buy-Back Income	Amber	1,461	1.8%	Buy back income underpins a range of services provided by the Council. This income budget is reliant on the Schools continuing to buy back the services. This excludes the services provided by Neighbourhood Services trading operations.
Education Services Grant	Red	725	0.9%	The grant is distributed between LA's and Academies pro-rata to the number of pupils for whom each is responsible. As schools in Hartlepool convert to Academy status in the future then the funding for education services received by the LA will reduce which could impact on service delivery.
Failure to comply with relevant local authority financial legislation/regulations, NI and taxation regulations.	Amber	0	N/A	The Council will take appropriate steps to ensure it keeps up to date with changing legislation and regulations. There is nothing to indicate that the Council faces any specific material risk in these areas.

CHILD & ADULT SERVICES

Financial Risk	Risk Rating	2015/16 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Increased Demand for Looked After Children Placements	Red	5,200	6.5%	There is a national trend of increasing numbers and increased costs for the placement of children looked after. This particular area is highly volatile and potentially subject to unexpected increases in the numbers of children. This area includes foster placements, special guardianship, residence order and adoption allowances as well as residential placements.
Home to School Transport Costs	Amber	1,432	1.8%	The Department's home to school transport contracts are regularly reviewed to ensure competitive prices and best value. Provision of transport is determined by the HTS Transport policy but costs are directly influenced by the needs of pupils which vary from term to term. The highest area of spending relates to the requirement to transport special needs pupils which is demand led, invariably requires escorts and is difficult to control other than to ensure all individual arrangements are procured as economically as possible by the Integrated Transport Unit (ITU).
Dedicated Schools Grant - High Needs Block	Amber	9,510	11.9%	This funding has been cash limited at 2012/13 levels. Schools are required to fund the first £6k of costs from their own budget and post-16 funding for all high needs students aged 0-25 years. There is a risk that insufficient funding exists to meet the needs of all high needs pupils.
Dedicated Schools Grant - De-Delegated Services	Amber	595	0.7%	There are a number of services provided by the LA which are funded from retained DSG. The LA delegates this funding into school budgets and then requesting approval from Schools Forum to de-delegate these budgets back to the LA for all non-Academy schools. Academy schools retain this funding although they would have the opportunity to 'buy-back' these services from the LA. As schools in Hartlepool convert to Academy status in the future then there is the potential for funding to be reduced which could impact on service delivery.
Demographic changes in Older People	Red	10,100	12.6%	Increasing number of elderly people, high percentage of chronic health problems and market pressures on price. The individual nature of contribution towards social care provision is such that the financial circumstances of each individual can differ substantially. The level of the value of people's assets and savings can differ significantly and demographic changes can impact on levels of contribution. Increased pressure on intermediate care services and ensuring discharge from hospital is not delayed. Older people needs becoming more complex due to increased life expectancy
Demographic changes in Working Age Adults	Red	7,900	9.9%	Increasing numbers of people with learning disabilities surviving into adulthood with increasingly complex needs. High numbers of frail elderly carers requiring increased levels of support and increasing levels of early on-set dementia and old-age; expectations of improved quality of life. The individual nature of contribution towards social care provision is such that the financial circumstances of each individual can differ substantially. The level of the value of people's assets and savings can differ significantly and demographic changes can impact on levels of contribution. The changes reflect the increased demand from those moving from children's services through the transition process.
Non-achievement of income targets - CCG specific Income	Amber	-3,000	-3.8%	CCG (Clinical Commissioning Group) income is received to contribute to cover the costs of packages for individuals with social care needs, to contribute to specific services and most recently to invest in Social Care services that lead to a long term health benefit. Risks exist for joint packages whereby an individual's circumstances can change and the level at which the CCG are liable to contribute can decrease. Investment priorities can change year on year for CCG's and investment can reduce for certain services. Recent funding received is temporary in nature and therefore use to cover existing services can lead to a long term budget pressure.

REGENERATION & NEIGHBOURHOODS

Financial Risk	Risk Rating	2015/16 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Car Parking	Amber	1,460	1.8%	Budget forecasts are based on revised charges and actual income achieved in previous years. There is a risk that the planned level of income may not be achieved as car parking income is falling nationally. This risk has diminished after the car parking income budget was reduced by using £392k of permanent funding in 2012/13.
Fee Income - Planning & Building Control	Amber	720	0.9%	The fee income target must be achieved to fund part of the department's expenditure budget. This income cannot be controlled or easily estimated. Achieving the target depends on sufficient numbers/size of applications being received, national economic conditions such as interest rates being sufficiently favourable to encourage development and, in the case of Building Control, the section being able to successfully compete with the private sector. A specific reserve has been earmarked to address an anticipated shortfall in this income in 2013/14.
Highways Maintenance	Amber	1,500	1.9%	A lack of major investment from Central Government is leading to a deterioration in the network. This is a national position and funding is needed to raise conditions generally. Maintenance budgets are under pressure as a result and the position will be closely monitored each month. Conditions surveys will be used to support the Highways Five Year Maintenance Programme and Capital and Revenue budgets will be applied accordingly.
Non-achievement of income targets - Community Services	Amber	1,560	2.0%	The nature of Cultural Services budgets are such that the majority of income is generated through admissions/usage of the services on offer. If this usage falls below targets then income will be reduced. Budget Forecasts are based on revised charges and trends from previous years. The actual position against budget will be monitored closely throughout the year.
Trading Accounts	Amber	28,000	35.1%	The department has a wide range of trading operations which generate income by charging clients both internal and external to the Council. This includes services such as school catering, highways, building maintenance, garage, passenger transport as well as professional fees which funds the salaries of staff in property and engineering related services. This income is not certain and depends on local and national economic conditions and can be volatile in response to reductions in client budgets and the Councils capital programme.

PUBLIC HEALTH

Financial Risk	Risk Rating	2015/16 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Non-achievement of income targets - Markets and Licensing	Amber	450	0.6%	Budget forecasts are based on historical charges with inflation applied. There is an expectation that this level of income may not be achieved particularly the income in relation to Markets. A report has been presented to Committee highlighting this issue and the position will continue to be monitored throughout the year.
Non-achievement of income targets - Sport, Leisure and Recreation	Amber	1,570	2.0%	The nature of Sport, Leisure and Recreation budgets are such that the majority of income is generated through admissions/usage of the services on offer. If this usage falls below targets then income will be reduced. Budget Forecasts are based on revised charges and trends from previous years which indicate the budget should be achievable. Position will be monitored closely throughout the year.

SUMMARY OF KEY FINANCIAL ASSUMPTIONS UNDERPINNING THE BUDGET

Budget Assumption	Financial Standing and Management
The treatment of inflation and interest rates	<p>The proposed resource allocations for 2015/16 include 2.5% for anticipated general inflation on non pay expenditure and 2.2% for pay expenditure. In addition, where it is anticipated that costs will increase by more than inflation these issues have been specifically reflected in the pressures included within the budget requirement.</p> <p>Interest exposure is managed through the Treasury Management Strategy.</p>
The treatment of demand led pressures	Individual Policy Chairs and Directors are responsible for managing services within the limit of resource allocations and departmental Risk and Strategic Change Provisions. If these resources are inadequate the Council's Managed Under/Overspends Policy provides flexibility to manage the change over more than one financial year.
The treatment of planned efficiency savings/productivity gains	All Directors have a responsibility to deliver services within the approved resource allocations. Where departmental efficiencies are planned it is the individual Directors responsibility to ensure they are implemented. Any under achievement would be dealt with on a temporary basis through the managed overspend rules until a permanent efficiency is achieved. The main areas of efficiencies in 2015/16 are departmental savings. Work undertaken during 2014/15 to deliver these savings in advance makes the 2015/16 budget position more robust and sustainable.
The availability of other funding to deal with major contingencies and the adequacy of provisions	<p>The Council's approved Managed Underspend and Strategic Risk and Change initiatives are well understood and provide departments with financial flexibility to manage services more effectively. These arrangements help to avoid calls on the Council's corporate reserves.</p> <p>The Council's insurance arrangements are a balance between external insurance premiums and internal self insurance. The value of the Council's insurance fund has been assessed and is adequate to meet known reserves on outstanding claims.</p>
The strength of financial reporting arrangements and the Authority's track record of budget monitoring	The Council's financial reporting arrangements include the identification of forecast outturns for both revenue and capital areas. These arrangements ensure problems are identified and corrective action taken before the year end, either at departmental or corporate level. These arrangements have worked well and have enabled the Council to strengthen the Balance Sheet over the last few years.
Equal Pay / Equal Value Claims	<p>The Council has completed the detailed evaluation of all jobs and developed a new pay and grading structure, which was implemented with effect from 1st April 2007. The Council has completed Job Evaluation Appeals.</p> <p>The Council is also facing the risk of Equal Value Pay Claims. Accordingly, the Council has set up a Single Risk Reserve to fund such risks.</p>

BUDGET CONSULTATION MEETING WITH TRADE UNION REPRESENTATIVES - Minutes of Meeting held on 21 July 2014

Present: ***Hartlepool Borough Council Officers***
 Councillor Christopher Akers-Belcher, Leader of the Council
 Councillor Peter Jackson
 Councillor Chris Simmons
 Councillor Robbie Payne
 Dave Stubbs, Chief Executive
 Gill Alexander, Director (Child & Adult Services)
 Chris Little, Chief Finance Officer
 Andrew Atkin, Assistant Chief Executive
 Denise Ogden, Director of Regeneration and Neighbourhoods
 Louise Wallace, Assistant Director, Health Improvement

Trade Union Representatives

Edwin Jeffries
 Malcolm Sullivan
 Debbie Kenny

Apologies:

Councillor Carl Richardson
 Lesley Hamilton
 Steve Williams

Emma Armstrong, PA to CEMT (Minutes)

1.	Presentation
<p>Councillor Christopher Akers-Belcher welcomed the group and provided a brief update on</p> <ul style="list-style-type: none"> - Proposals for Living Wage in Hartlepool - Members Allowances 2014/15 - Family Poverty reserve / LCTS - Bringing forward budget timetable - Industrial Action. <p>Chris Little reported on Hartlepool's financial position for 2015/16 – 2018/19 and provided a brief summary of the MTFs Savings reports submitted to Finance & Policy Committee 30th June 2014.</p> <ul style="list-style-type: none"> • Final 2013/14 Outturn • 2015/16 Budget • 2015/16 Budget Timetable • 2016/17 and 2018/19 Financial outlook 	

Comments Made	Response
<p>The Trade Unions (TU) welcomed the early start of the budget process in July.</p> <p>TU recognised the difficulty and understand the position HBC face in relation to Council Tax. However have concerns in relation to Council Tax in the future.</p> <p>TU welcomed the Living Wage to Hartlepool and the continued assistance from HBC for the development of this.</p> <p>It was mentioned that it may be not just a one-off Industrial Action pay saving, as the action may continue until a compromise nationally is reached.</p> <p>TU noted the position Members have stated in relation to Members Allowances (allowances to only increase linked to pay awards for employees).</p>	<p>DS noted these responses and stated that HBC need to invest to enable growth for the town, even more so in the current difficult financial position at present.</p>
<p>TU acknowledged the need for growth within Hartlepool.</p>	<p>The Leader noted that it is an amalgamation of many projects needed to achieve the growth of the town.</p> <p>The Leader welcomed the TU to pose any queries to any of the Policy Chairs and welcomed any alternative suggestions.</p>
<p>TU raised the issue regarding skills of the workforce in the region / Hartlepool.</p>	<p>DO raised that the development of the whole town including transport links encourages people to come and live and work in Hartlepool and this work continues.</p>

BUDGET CONSULTATION MEETING WITH BUSINESS REPRESENTATIVES

**Minutes of Meeting held on 19 September 2014
at 3.30pm in the Leader's Office, Level 2, Civic Centre**

Present: ***Hartlepool Borough Council***
Councillor Carl Richardson (Chair)
Councillor Robbie Payne
Councillor Chris Simmons
Chris Little, Chief Finance Officer
Andrew Atkin, Assistant Chief Executive
Louise Wallace, Director of Public Health

Business Representatives

Peter Olson
Adrian Liddell
Andrew Steel

Apologies:

Councillor Christopher Akers-Belcher
Councillor Peter Jackson
Dave Stubbs, Chief Executive
Denise Ogden, Director of Regeneration and Neighbourhoods
Gill Alexander, Director Child and Adult Services
S Cavey

1.	Introduction and Presentation
<p>Councillor Richardson welcomed the group and highlighted key issues in relation to:</p> <ul style="list-style-type: none"> • The Living Wage proposals • Members Allowances • Family Poverty Reserve / Local Council Tax Support Service • Budget timetable and the continuation of a multi – year financial year <p>Chris Little provided a detailed presentation covering:</p> <ul style="list-style-type: none"> • Final 2013/14 Outturn • 2015/16 Budget and Budget Timetable • 2016/17 to 2018/19 Financial Outlook. <p>It was emphasised that 2015/16 was the second year of a two year Government Grant Settlement, therefore there are no significant changes from position reported in February 2014.</p>	

2.	Discussion and Questions
	<p>Representatives from the Business Sector made a number of observations on the financial position of the Council and officers responded to a range of questions. Key issues included:</p> <ul style="list-style-type: none"> • The increasing challenge of addressing the impact of Government Grant cuts and the impact on services, employees and the local economy. • Support for a 2015/16 Council tax freeze. • Support of the strategy to retain the lifeguard service and school crossing patrols and recognition of the difficult budget decisions to be made in 2016/17 and future years. <p>Councillor Richardson thanked the Business Sector representatives for their continued input. Mr Steel stated that it was helpful to have an understanding of the financial challenges facing the Council.</p>

BUDGET CONSULTATION MEETING WITH TRADE UNION REPRESENTATIVES - Minutes of Meeting held on 22 September 2014

Present: ***Hartlepool Borough Council Officers***
 Councillor Christopher Akers-Belcher, Leader of the Council
 Councillor Chris Simmons
 Councillor Robbie Payne
 Councillor Carl Richardson
 Dave Stubbs, Chief Executive
 Chris Little, Chief Finance Officer
 Denise Ogden, Director of Regeneration and Neighbourhoods
 Louise Wallace, Director of Public Health
 Gill Alexander, Director of Child & Adult Services

Trade Union Representatives

Edwin Jeffries
 Malcolm Sullivan
 Lesley Hamilton
 Steve Williams
 Tony Watson
 Gill McDade

Apologies:

Councillor Peter Jackson
 Andrew Atkin, Assistant Chief Executive
 Debbie Kenny

Emma Armstrong, PA to CEMT (Minutes)

1.	Presentation
<p>Chris Little provided a brief update following the presentation given to the Trade Union group on 21/07/14 (the first stage consultation meeting).</p> <p>He reported on Hartlepool's financial position for 2015/16 – 2018/19 and provided a brief summary of the Reserves Review and the updated MTFS Savings proposals submitted to Finance & Policy Committee 15th September 2014.</p>	

Comments Made	Response
<p>The Trade Unions queried “What representations to the MP have been made on the future budget positions, if it is a Labour victory in the next Election.”</p>	<p>Officers and Leader have regular meetings with the MP, however nothing has been specifically discussed.</p> <p>The CFO (with ANEC colleagues) has recently attended a meeting with the LGA/CIPFA Independent Commission to highlight the issues raised by HBC in relation to the budget.</p> <p>The Leader indicated that HBC still have the ambition to implement a local Living Wage, which will need funding.</p>
<p>The Trade Unions noted that other authorities must be envious of HBC and the current financial position, as HBC are managing / planning for this better than some neighbours</p>	<p>Officers noted this and Members raised that Trade Union attendance was welcomed at Policy Committee meetings to encourage knowledge and working together with TU's.</p>
<p>The Trade Union's welcomed continued liaison with CMT and members.</p> <p>The Trade Union's questioned the position of the Power Station extra shut down.</p>	<p>Officers commented that the full position is unknown at present, but some reserve is put aside to assist with this. Once more information is known this will be circulated.</p>

Impact Assessment Form

Department	Division	Section	Owner/Officer
CED	All	All	Andrew Atkin/Chris Little/Peter Devlin
Function/ Service	<p>Chief Executives Department – Budget Savings 2015/16</p> <p>The Chief Executives Department provides a range of services both to internal and external customers. The majority of services are delivered internally.</p> <p>External customers include residents of Hartlepool and other local organisations e.g. the Fire Authority and schools.</p> <p>Where services are delivered to residents they are available borough-wide and to all potential users (across the diverse groups). This includes services such as the Customer Service Centre, Revenues and Benefits, Elections & Electoral registration, Local land searches etc.</p> <p>Where necessary access to services is tailored to reflect the needs of diverse groups – this includes having accessible buildings for disabled people, translation services for those whose first language is not English, front line Customer Services staff trained in British Sign Language,</p> <p>The proposed budget savings within the Chief Executives Department are as follows and mean the scaling back of some activities:</p> <p>CED (0% staffing) –</p> <p>Cross-cutting issues (£50k) - Achieved through review of workloads to allow the absorption of public health work by existing staff allowing saving to be made on public health grant previously allocated for overheads. No direct impact on services to the public but this will impact on existing staff.</p> <p>Corporate Strategy (95% staffing) –</p> <p>Removal of vacant post / Changes in operations and management arrangements (£220k) – Achieved through ER/VR request, deletion of vacant posts and compulsory redundancy which will be delivered through restructure and scaling back of services in non-public facing areas. The installation of an automated telephone solution within the Customer Service Centre will ensure service targets are not compromised and customer enquiries continue to be handled in a timely manner.</p>		

	<p>Legal Services (100% staffing) –</p> <p>Staffing savings (£63k) – Achieved through ER/VR request with elements of work re-assigned within Division. Also, review of working arrangements with reduction of working hours following request from officers – change accommodated within respective roles without discernible impact on delivery of service. No direct impact on services to the public but will impact on existing staff.</p> <p>Corporate Finance (92% staffing) –</p> <p>Removal of vacant post / Changes in operations and management arrangements (£165k) – Achieved through staffing restructures and accepting ER/VR requests. No services to stop and the changes that will be implemented will be designed to avoid impacting on services. There is a risk that service standards (i.e. collection rates for Council Tax/Business rates and the processing time for benefit applications) will be harder to maintain, although this is not expected to have a major impact in 2015/16. There may be some impact on internal clients through changes to Central Finance but procedures are to be changed in order to mitigate against this. Extended processing times may delay the receipt of benefits for members of the public.</p> <p>Income (£15k) – Achieved through recovery of VAT on car mileage which is now possible due to improved IT systems making the process cost effective to implement.</p>																								
<p>Information Available</p>	<p>Information available that has been used to inform these proposed changes:</p> <ul style="list-style-type: none"> • Current structures and proposed structures. • Job descriptions • Job Evaluation 																								
<p>Relevance</p> <p><i>Identify which strands are relevant to the area you are reviewing or changing</i></p>	<table> <tr> <td>Age</td><td>X</td></tr> <tr> <td><i>The potential for longer processing times for benefit claims may impact on this group.</i></td><td></td></tr> <tr> <td>Disability</td><td>X</td></tr> <tr> <td><i>The potential for longer processing times for benefit claims may impact on this group.</i></td><td></td></tr> <tr> <td>Gender Re-assignment</td><td></td></tr> <tr> <td></td><td></td></tr> <tr> <td>Race</td><td></td></tr> <tr> <td></td><td></td></tr> <tr> <td>Religion</td><td></td></tr> <tr> <td></td><td></td></tr> <tr> <td>Gender</td><td></td></tr> <tr> <td></td><td></td></tr> </table>	Age	X	<i>The potential for longer processing times for benefit claims may impact on this group.</i>		Disability	X	<i>The potential for longer processing times for benefit claims may impact on this group.</i>		Gender Re-assignment				Race				Religion				Gender			
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Religion																									
Gender																									

	Sexual Orientation			
	Marriage & Civil Partnership			
	Pregnancy & Maternity			X
	<i>The potential for longer processing times for benefit claims may impact on this group.</i>			
Information Gaps	<i>None identified</i>			
What is the Impact	<p>Proposals will have a minimal impact on equality.</p> <p>Equality impacts on particular groups and staff have been considered as part of the Savings Programme proposals. Equality impacts are deemed to be minimal and options to mitigate, avoid or reduce the impact have been considered as part of the proposals, inc:</p> <ul style="list-style-type: none"> • Early Retirement/Voluntary Redundancy opportunities are in line with HR policy and staff have been appropriately advised and will be supported throughout the process; • There may be an impact on the length of time it takes to process benefit claims and although this will affect all claimants equally there are likely to be more claimants from the 3 groups identified above. Longer processing times may in turn may affect a tenants relationship with their landlord. 			
Addressing the impact	1. No Impact - No Major Change – <i>it is clear that there is no potential for discrimination or adverse impact on the above Protected Characteristics. All opportunities to promote Equality have been taken and no further analysis or action is required.</i>			
Action identified	Responsible Officer	By When	How will this be evaluated?	
Monitor processing times to consider impact on claimants.	John Morton	Dec 2015		
Date sent to Equality Rep for publishing				
Date Published				
Date Assessment Carried out				

Department	Division	Section	Owner/Officer
Regeneration & Neighbourhoods	Neighbourhoods		Denise Ogden /Alastair Smith
Function/ Service	<p>SAVINGS PROGRAMME 2015/16 NEIGHBOURHOODS DIVISION</p> <p>The overall savings figure is £2.420m for 2015/16. The scale of budget savings on service delivery now has reached a point where difficult decisions have to be considered.</p> <p>To achieve the departmental savings it has become apparent we will have to cut some services further and for some, consider cessation of service altogether. The best approach to selection of service reduction has been to list all non-statutory services and undertake a prioritisation exercise for cessation of same.</p> <p>The aim of this impact assessment is to ensure that any impact on equality is assessed and considered prior to decisions being made about the reduction of services.</p> <p>Non-statutory service areas that have absorbed budget cuts previously and that now need to be considered for full cessation of service delivery are as follows:-</p> <p>Road Safety – Removal of initiatives such as ‘bikeability’ and other educational programmes. To mitigate any impact these functions will be offered as a package to buy back</p> <p>Community Safety & Engagement – Transfer of operational services from Neighbourhood Management to Street Care enable the Community Development and Engagement Service to be reconfigured and reductions to the Community Pool will enable further reconfiguring of the level of service provided. (A separate EIA has been completed to address the changes to the Community Pool)</p> <p>Departmental Re-configuration – Merging of some functions elements between the Neighbourhoods division and the Regeneration division. No direct impact on Equality</p> <p>Parks & Countryside - Two ER/VR requests approved and one vacant post deleted from the structure. No direct impact on Equality.</p> <p>Building Cleaning - Realignment of budgets and services as buildings close and the acceptance of an early retirement / voluntary redundancy. No direct impact on Equality.</p> <p>School Catering – Increase the income budget – No direct impact on Equality.</p> <p>Street Care Operations - Reconfiguration of service and staffing – No direct impact on equality</p>		

	<p>Fleet – A new system has been introduced which has identified more efficient use of the Fleet.</p> <p>Waste & Environment - suspension of green waste collection during the winter period from November to March. Operational data tells us that very little green waste is deposited in the brown bins over this period which in turn suggests the operational element of this collection service and the associated costs are not best utilised in terms of effective deployment of the Department's resources. It has also been considered to replace this service with a paid for service, this has been assessed and dismissed due to the impact on elderly and disabled users of the service</p> <p>Cemeteries – Review of fee and charges to bring in-line with other providers.</p> <p>Emergency Planning - Reduction in the level of subsidy will be achieved by an inflation freeze on our contribution.</p>	
Information Available	<p>Information available that has been used to inform these proposed changes:</p> <ul style="list-style-type: none"> • Current structures and proposed structures. • Staffing profiles across all areas. • Established HR Procedures (Selection criteria is based on objective matters which are not related to any protected groups). • Job Descriptions. • Job evaluation process. • Information on service users <ul style="list-style-type: none"> - Satisfaction surveys and questionnaires - Regular progress and liaison meetings with users and providers - Neighbourhood forums - Ward Councillor feedback 	
Relevance <i>Identify which strands are relevant to the area you are reviewing or changing</i>	Age	x
	Disability	x
	Gender Re-assignment	
	Race	
	Religion	
	Gender	
	Sexual Orientation	
	Marriage & Civil Partnership	
	Pregnancy & Maternity	

Information Gaps	none	
What is the Impact	<p>Proposals have a minimal impact on equality and statutory services will not be affected.</p> <p>Equality impacts on particular groups and staff have been considered as part of the Savings Programme proposals. Equality impacts are deemed to be minimal and options to mitigate, avoid or reduce the impact have been considered as part of the proposals, inc:</p> <ul style="list-style-type: none"> • Early Retirement/Voluntary Redundancy opportunities are in line with HR policy and staff have been appropriately advised and will be supported throughout the process • Reconfiguration of services and merging of functions – No specific impact on people and communities identified. However it is noted that there will be increased pressure on staff to deliver services and potential reduced flexibility and effectiveness of service • Reduction in the Community Pool – Separate EIA completed • Reduction in Road Safety functions – The impact of withdrawing functions within the Road Safety Service have been mitigated by offering this service as a buyback package which will be promotes to schools, academies and other organisations. 	
Addressing the impact	<p><i>The outcome of the impact assessment may be one or more of the following four outcomes; You must clearly set out your justification for the outcome/s.</i></p> <p>1. No Impact- No Major Change – <i>For certain aspects of the savings programme it is clear that there is no potential for discrimination or adverse impact on the above Protected Characteristics. All opportunities to promote Equality have been taken and no further analysis or action is required.</i></p> <p>3. Adverse Impact but Continue – <i>Withdrawal of funding and reducing service functions have the potential to reduce the flexibility and effectiveness of the service</i></p>	
Actions		
<i>It will be useful to record and monitor any actions resulting from your assessment to ensure that they have had the intended effect and that the outcomes have been achieved.</i>		
Action identified	Responsible Officer	By When
Monitoring buy back levels and impact on the number of young people who can	P Watson Road Safety Team	
		How will this be evaluated? Increase in take up

access road safety initiatives.			
Date sent to Equality Rep for publishing			00/00/00
Date Published			00/00/00
Date Assessment Carried out			00/00/00

Department	Division	Section	Owner/Officer
<i>Regeneration & Neighbourhoods</i>			<i>Denise Ogden</i>
Function/ Service	<p>SAVINGS PROGRAMME 2015/16 – REGENERATION AND NEIGHBOURHOODS DEPARTMENT</p> <p>This Equality Impact Assessment aims to show that impact on equality has been assessed and considered as part of the Savings Programme process.</p> <p>As part of the 2015/16 Savings Programme, a number of service areas were identified where potential savings could be made, including:</p> <p>Community Pool</p> <p>Reduction in budget and grant contributions that support the Voluntary and Community Sector (VCS), including; grant reductions towards running the Hartlepool Credit Union, Cessation of grant and budgets for capacity and resource building in VCS and provision of development, investment and emergency grants.</p> <p>EIA's have been completed for each individual category affected by the proposals to assess the impact and feed into the decision making process. The changes that will impact particular groups that are supported by the VCS are in terms of service levels that will reduce as a result of reducing budgets and grants. To mitigate the impact officers will work with organisations affected to support them in seeking alternative solutions to sustain services.</p> <p>Property Management</p> <p>The savings proposal is to increase the income budget and transfer resources onto more fee earning projects. No Impact on Equality.</p> <p>Support Services</p> <p>Reconfiguration of structures and service provision. This will involve the removal of vacant posts and potential redundancies, a reduction in departmental management support budgets such as postage, general office consumables and training together with a contribution from salary turnover savings if the savings cannot be found from the support services alone. No impact on Equality, any changes that impact on staff will be in-line with HR Policy.</p> <p>Community Safety</p> <p>Review of CCTV Community Monitoring services. No impact on Equality.</p>		
Information	Ways in which the service engages with communities, has helped		

Available	<p>to inform the proposals, including:</p> <ul style="list-style-type: none"> • Provision and support of Neighbourhood Forums which meet quarterly and facilitate feedback from the public on all Council services. • The Safer Hartlepool Partnerships Face the Public Event – a statutory event run on annual basis to gather feedback from residents, statutory agencies, voluntary and community groups, and the business sector on community safety priorities. These events inform the development of the Safer Hartlepool Partnerships annual Community Safety Plan. • Neighbourhood surveys such as those undertaken by the multi-agency Joint Action Groups in hotspot areas where there are high levels of crime and disorder to improve our conversation with the public and gather further intelligence on how services should be delivered in the local area. • Provision of a network of support for local resident groups where concerns and feedback on how Council Services are operating are channelled to the appropriate service for action. • Leading on engaging and supporting communities to exercise their rights under the Localism Act - the team is currently enabling 5 communities to develop Neighbourhood Plans for their local area, and is supporting the first community group wishing to register an asset of community value with a view to exercising their right to buy. • Local groups are supported with events that reach out to the broader community e.g. diversity event where hard to reach groups can come along and find out more about services and how they can influence services in the future. <p>Feedback from service users is obtained in a number of different ways and this is often determined by the type of service, the target audience, the way in which it is delivered. Examples include: -</p> <ul style="list-style-type: none"> • Satisfaction surveys and questionnaires • Regular progress and liaison meetings with users and providers • Neighbourhood forums • Ward Councillor feedback 	
Relevance <i>Strands are relevant to changes proposed within the Community Pool</i>	Age	x
	Disability	x
	Gender Re-assignment	X
	Race	X
	Religion	X
	Gender	X
	Sexual Orientation	x

	Marriage & Civil Partnership			
	Pregnancy & Maternity			
Information Gaps	No Gaps			
What is the Impact	<ul style="list-style-type: none"> Reduction of budgets, grants and cessation of funding will impact on the levels of service delivered which in-turn will impact on people who access support provided by the VCS. 			
Addressing the impact	<p>The outcome of the impact assessment may be one or more of the following four outcomes; You must clearly set out your justification for the outcome/s.</p> <p>1. No Impact- No Major Change (For the majority of functions included within the proposal) It is clear that there is no potential for discrimination or adverse impact on the above Protected Characteristics. All opportunities to promote Equality have been taken and no further analysis or action is required.</p>			
	<p>3. Adverse Impact but Continue - Reduction of budgets, grants and cessation of funding will impact on the levels of service delivered which in-turn will impact on people who access support provided by the VCS.</p>			
Actions				
It will be useful to record and monitor any actions resulting from your assessment to ensure that they have had the intended effect and that the outcomes have been achieved.				
Action identified	Responsible Officer	By When	How will this be evaluated?	
Date sent to Equality Rep for publishing		00/00/00		
Date Published		00/00/00		
Date Assessment Carried out		00/00/00		

Department	Division	Section	Owner/Officer
<i>Regeneration & Neighbourhoods</i>	<i>Regeneration</i>		<i>Denise Ogden / Damien Wilson</i>
Function/ Service	<p>SAVINGS PROGRAMME 2015/16 REGENERATION DIVISION</p> <p>The aim of this impact assessment is to ensure that any potential impact on equality is assessed and considered prior to decisions being made that impact on people and services.</p> <p>The savings proposed can be bundled into four discrete packages as follows:-</p> <ul style="list-style-type: none"> • Divisional Management Structure • Cross Departmental Management Structure • Specific Operational Service Proposals <ul style="list-style-type: none"> - Economic Regeneration - Planning - Housing - Culture and Information <p>Divisional Management Structure</p> <p>A proposal to slim down the strategic management structure is being proposed, specifically the proposal is to merge the Building Control service into the Planning Service. There is no direct impact on Equality.</p> <p>Cross Departmental Management Structure</p> <p>Reconfiguration of two services, one within the Regeneration and one within the Neighbourhoods Division. This will result in a new service which combines elements from the Parks and Countryside Service along with elements from the Landscape and Conservation Service. There is no direct impact in Equality.</p> <p>Economic Regeneration</p> <p>Further reconfiguration of services related to marketing and the visitor economy. There is no direct impact on Equality.</p> <p>Planning</p> <p>The savings proposal includes a combination of efficiencies related to bringing various budgets together. There is no direct impact on equality.</p> <p>Housing</p> <p>Savings of approximately £85,000 are being proposed from Housing Services through a combination of bringing services back into the Council which were previously delivered externally via a management agreement. Further anticipated income streams from for example, the setting up of a Social Lettings Agency which</p>		

	<p>was agreed by Members at Finance and Policy Committee in June 2014.</p> <p>Culture & Information</p> <p>Savings proposal includes, restructure library management and operational structure; reduction of operational budgets; staffing reductions due to voluntary redundancy/early retirement; reduce library staff hours. The voluntary redundancy/early retirement opportunities are in line with HR policy and staff have been appropriately advised and will be supported throughout the process. No direct impact on Equality.</p> <p>With regard to proposed savings related to the library services, consideration had been given to the closure of all or some of the branch libraries and whilst this proposal has not been ruled out entirely, it has been deferred for consideration for 2016/17 on the basis that if it is to be considered, a full review of the branch libraries will need to be undertaken. This will look at closure, community asset transfer, alternative delivery models etc, and will require full community consultation in order to ensure the decision, if it is made, is not subject to legal challenge. A full Equality Impact Assessment will be completed at the appropriate time.</p>
<p>Information Available</p>	<p>The range of services considered as part of the savings programme are delivered across the whole of the Borough dealing with people across all age groups, however, within these functions there are many discreet services which have been tailored for particular user groups. Some examples are listed below for illustrative purposes and are by no means exhaustive. Feedback from these groups is used to inform the delivery of services.</p> <ul style="list-style-type: none"> • Going Forward project – 16 to 24 year olds (NEETS). • Family Wise – Supporting residents with multiple problems. • Selective Licensing – targeted towards areas of the town with a high proportion of private rented housing. • Housing Adaptations service – targeted towards people with disabilities. • Housing Advice – targeted towards people in need of housing or who are homeless or at risk of becoming homeless. • The Business Team – supports the business community from new start ups right through to large scale inward investors. • Adult Education – providing a wide range of services and learning opportunities to people aged over 16. • Planning One Stop Shop – providing comprehensive planning advice and guidance to residents, architects, consultants, developers and businesses. • Book Trust Programme – aimed at children from 9 months to 5 years.

	<ul style="list-style-type: none"> • Home Library Service – delivering books directly into the homes of library members who are in ill health or have mobility issues. • Arts for Team – programme using art as a mechanism to inspire, develop and train young people. • Museum of Hartlepool – 132,067 visitors 2014/14. • Learning: School Visits – 1146 facilitated school visits by people to the Museum and Art Gallery in 2013/14. <p>Engagement - Feedback from service users is obtained in a variety of different ways and this is often determined by the type of service, the target audience, the way in which services are delivered. Examples include:</p> <ul style="list-style-type: none"> • Updating of the Economic Regeneration Strategy involving consultation through the Economic Forum. • Hartlepool Vision launch and engagement in January 2014 involving over 150 businesses and a similar number of residents. • Following the launch of the Vision, the commencement of the Waterfront Masterplan process will see ongoing consultation over the next 6 – 9 months as the plan is developed. This will involve Members, the public, businesses and other interested groups. • Training and Employability Programmes – all trainees are regularly consulted for satisfaction ratings. • Housing Regeneration Carr and Hopps – regular one-to-one engagement with residents who remain in the area as the project moves forward. • Regular attendance at resident group meetings to discuss, for example, housing standards, Selective Licensing, Empty Homes etc. • Visitor surveys for specific events and festivals including, for example, Golf Week, to evaluate the success of the event and to learn from the experience. • Annual satisfaction survey for tenants at the Hartlepool Enterprise Centre. • Home Library User surveys – 394 in 2011. • Cathy Cassidy – Author Event evaluation - 378 responses – February 2014. • Local History lecture – 22 responses – March 2014. • Library Services Review – Mobile Survey evaluation – 154 responses – September 2013. 										
Relevance <i>Identify which strands are relevant to the area you are reviewing or changing</i>	<table> <tr> <td>Age</td><td></td></tr> <tr> <td>Disability</td><td></td></tr> <tr> <td>Gender Re-assignment</td><td></td></tr> <tr> <td>Race</td><td></td></tr> <tr> <td>Religion</td><td></td></tr> </table>	Age		Disability		Gender Re-assignment		Race		Religion	
Age											
Disability											
Gender Re-assignment											
Race											
Religion											

	Gender		
	Sexual Orientation		
	Marriage & Civil Partnership		
	Pregnancy & Maternity		
Information Gaps	<p><i>An Equality Impact Assessment is required for Housing to assess the impact of bringing services back into HBC.</i></p> <p><i>Future Impact Assessment will be required as part of decisions and planning around the future of the library service.</i></p>		
What is the Impact	<p>Equality Impacts on those groups with protected characteristics have been considered as part of the Savings Programme proposals. Impact are deemed to be minimal and options to mitigate, avoid or reduce impact have been considered as part of the proposal, inc:</p> <ul style="list-style-type: none"> Increased pressure on staff to deliver services and potential to reduce flexibility and effectiveness of services. Impact on the service users by weakening of the front line services in the case of Planning, Economic Regeneration, Housing and Culture and Information staffing reductions. Early Retirement/Voluntary Redundancy opportunities are in line with HR policy and staff have been advised appropriately. 		
Addressing the impact	<p><i>The outcome of the impact assessment may be one or more of the following four outcomes; You must clearly set out your justification for the outcome/s.</i></p> <p>1. No Impact- No Major Change - <i>It is clear that there is no potential for discrimination or adverse impact on the above Protected Characteristics. All opportunities to promote Equality have been taken and no further analysis or action is required.</i></p>		
Actions			
<p><i>It will be useful to record and monitor any actions resulting from your assessment to ensure that they have had the intended effect and that the outcomes have been achieved.</i></p>			
Action identified	Responsible Officer	By When	How will this be evaluated?
Monitoring the impact on protected groups of bringing housing services back in house	N Johnson		
Undertake EIA when considering	D Worthington		

library proposals for 2016/17			
Date sent to Equality Rep for publishing	00/00/00		
Date Published	00/00/00		
Date Assessment Carried out	00/00/00		

FINANCE AND POLICY COMMITTEE

24th November 2014



Report of: Director of Regeneration and Neighbourhoods

Subject: DISPOSAL OF SURPLUS ASSETS - FORMER SEATON CAREW NURSERY SCHOOL SITE

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Key Decision (test (i) Forward Plan Reference No.13/90).

2. PURPOSE OF REPORT

2.1 To seek Committee approval for the disposal of the Council owned land identified in the attached plan (**Appendix 1**). This land was the site of the former Seaton Carew Nursery.

3. BACKGROUND

3.1 Children's Services Committee in July 2013 agreed to consult on proposals to merge Seaton Carew Nursery and Holy Trinity Church of England Primary School from 1st September 2014, following the appropriate consultation. The report highlighted that despite the fact that a funding application had been submitted under the Priority Schools Building Programme for a new build at Holy Trinity, additional funding would still be needed to support the development of replacement Nursery provision on the Holy Trinity site.

3.2 A further report was taken to Children's Services Committee on the 3rd December 2013 outlining the results of the consultation exercise and Committee approved the proposal to close Seaton Carew Nursery School and support the proposal to extend the age range of Holy Trinity CE Voluntary aided Primary School from 4-11 year olds to 3-11 year olds.

3.3 A report to Finance and Policy Committee, 19th September 2013 recommended approval of funding for £159,291 for a 26 (Full Time Equivalent) nursery provision at Holy Trinity. The Committee agreed the recommendation to fund the scheme from a combination of the net additional capital receipt generated from the sale of the Nursery Site and a contribution from the 2013/14 forecast revenue outturn of £49,000.

- 3.4 The recommendations of Finance and Policy were subsequently agreed at Council on the 5th December.
- 3.5 This report will provide details of the land disposal and the value of the contribution available for the scheme at Holy Trinity School.

4. OPTIONS

- 4.1 Esh Homes Limited are developing land formerly owned by the Council that has been sold as part of the Seaton Carew Masterplan proposals. The land was sold in June 2014 and they have cleared the land and the construction phase of the housing development.
- 4.2 As detailed above the closure of the Seaton Nursery School has released a piece of land 1428 sqm in size. In order to facilitate the development of a replacement facility a capital receipt is required from the sale of the land. In planning terms the Nursery site is suitable for residential development as it is surrounded by existing residential development and is close to local amenities. Given the size of the plot only a limited number of housing units could be accommodated, based on average housing densities.
- 4.3 As a stand alone site developed independently it is physically constrained and development options are limited. Bordered by the new housing development site to the south and the existing housing at Brompton Walk, to the north, vehicular access would be very difficult to provide. If separate vehicular access could be introduced, this would absorb further space on the plot and reduce the land available for building plots. This would increase the costs of the scheme and would therefore reduce the potential capital receipt.
- 4.4 The alternative development scenario would be to negotiate an agreement with Esh, given the proximity to their existing site it would offer an opportunity to expand their existing development with very little impact on the layout of their site, which already has planning approval.
- 4.5 The inclusion of the nursery site into the wider development site would remove the need for a separate vehicular access arrangement to serve that part of the site. This would maximise the space for plots, reduce development costs and maximise the capital receipt, to support the new Nursery provision at Holy Trinity School.
- 4.6 On that basis negotiating a sale with Esh for the site would mean that the land would not be advertised externally and an offer would be made directly to the Council by Esh. In order to ensure value for money the agreement with Esh for the additional land is calculated on a pro-rata valuation, based on the capital receipt from the wider housing site. The disposal of that site was subject to an open market tender. The plot value achieved per unit on the main site has been applied to the additional land providing a valid reflection of market value. On this basis Heads of Terms have been drafted and are

included at **confidential Appendix 2 (This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**

- 4.7 Esh Homes Ltd are currently developing the adjacent residential site and as part of the disposal arrangements prior to the completion of the legal contract, the purchase arrangement includes their use of the Nursery property. Esh Homes Ltd have been granted a license for the use of the land/buildings for the purposes of welfare facilities/site office and compound for Esh Construction Ltd, during the construction phase. This has been done on the basis that if the site does not legally complete then a rent of £7,500 per annum would be payable, backdated to the start date of the license. If Committee approve the disposal and the contract is agreed then Esh construction will progress the site and when appropriate demolish and develop the Nursery site

5. RISK IMPLICATIONS

- 5.1 As the property is relatively small in size, limiting the number of residential units that can be provided on the site, this would restrict the interest in the site from a development perspective. In addition the lack of a dedicated access means that providing an access to such as small site would affect viability. As a stand alone site therefore it would be unattractive to the private sector, and as such is unlikely to realise any financial benefit to the Council or be put to any productive use. If the site therefore is not incorporated into a wider scheme then it is unlikely to be reused.

6. FINANCIAL CONSIDERATIONS

- 6.1 Given the particular circumstances of this proposed site, it is suggested that the Council deals with the developer adjacent to the site directly and the site is not offered on the open market. The offer made does represent a market value transaction, commensurate with the values achieved for residential development in the immediate area, including the adjacent site which was subject to an open market tender.

7. LEGAL CONSIDERATIONS

- 7.1 The Chief Solicitor has provided comments on the report and attached **confidential Appendix 2 (This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**

8. EQUALITY AND DIVERSITY CONSIDERATIONS

8.1 There are no equality and diversity considerations.

9. STAFF CONSIDERATIONS

9.1 There are no staff considerations.

10. ASSET MANAGEMENT CONSIDERATIONS

10.1 As agreed at Finance and Policy Committee (19th Sept 2013) and (Council in December 2013), the capital receipt from this sale will be used a contribution toward the replacement facilities at Holy Trinity Primary School.

11. SECTION 17 OF THE CRIME AND DISORDER ACT 1998

11.1 There are no section 17 implications to be considered as part of this report.

12. RECOMMENDATIONS

12.1 Committee are recommended to:

- i) Approve the disposal of the Nursery School site in accordance with the agreed terms.

13. REASONS FOR RECOMMENDATIONS

13.1 The disposal will represent a market value transaction for the Council and the capital receipt that will be generated from the sale will be maximised without the cost of advertising.

13.2 The sale represents the most effective way of delivering a capital receipt to support the provision of new nursery facilities in Seaton Carew.

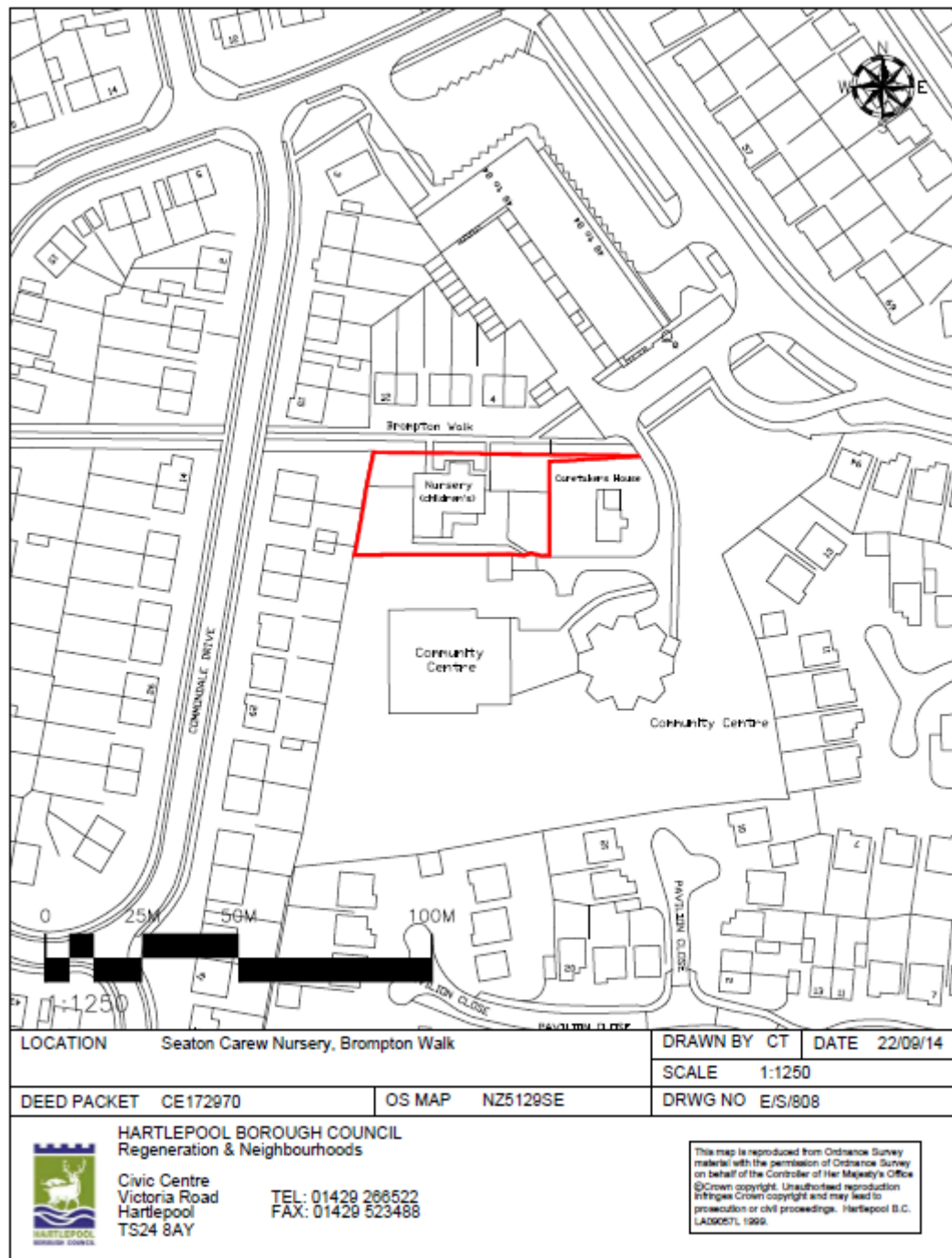
14. BACKGROUND PAPERS

14.1 Previous associated reports were presented to:

- i) Children and Adult Services Committee July 2103
- ii) Finance and Policy Committee September 2013
- iii) Children and Adult Services Committee December 2013
- iv) Council Meeting December 2013

15. CONTACT OFFICER

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FINANCE AND POLICY COMMITTEE

24th November 2014



Report of: Director of Regeneration and Neighbourhoods

Subject: **FUTURE LOCATION OF HARTLEPOOL
COMMUNITY MONITORING CENTRE**

1 TYPE OF DECISION / APPLICABLE CATEGORY

1.1 Key Decision test (i) and (ii) apply. Forward Plan Reference no. RN 18/14.

2 PURPOSE OF REPORT

2.1 To consider the future location of the Council's CCTV monitoring service.

3 BACKGROUND

3.1 The Council's Community Monitoring Centre is currently located at Housing Hartlepool's Greenbank building in the Stranton area of Hartlepool.

3.2 Following Housing Hartlepool's decision to move operations from their base at Greenbank to North Shore in Stockton, and the subsequent surrender of the Greenbank lease at the end of September 2014, it has become necessary for the Council and Housing Hartlepool to explore options in relation to where the Community Monitoring Centre could be located in the future.

3.3 The Community Monitoring Centre currently comprises the following discrete services delivered under Service Level Agreements between the Council and Housing Hartlepool:

- Assistive Technology/Telecare/Community Alarms
- Monitoring of the Council's public space CCTV system
- Council emergency call out and buildings monitoring

3.4 The Council's Adult Services Division is responsible for commissioning the Assistive Technology/Telecare/Community Alarms Service, and is currently reviewing this provision as part of the implementation of Hartlepool's Better Care Fund plan. The Better Care Fund is a pooled budget that will support the further integration of health and social care services, including bringing together single points of access in hours and developing an integrated out of hours service, using assistive technology and integrated care plans to provide

a more responsive service that supports people to live independently and aims to prevent unnecessary hospital admissions.

- 3.5 The Council's Neighbourhood Services Division is responsible for the CCTV service and the Council's emergency call out and buildings monitoring service. It is understood that the emergency call out and buildings monitoring function could be relocated quickly without disruption to the service. However due to the complex nature of the CCTV service, and the need to procure the technical services related to the CCTV elements of the community monitoring function, a decision will need to be made on the preferred location of the CCTV service no later than November 2014 to give sufficient lead-in time and avoid any disruption to the service as a result of relocation.
- 3.6 North Shore itself has been discounted as an option for the relocation of the CCTV Service due to the fact that these premises will not be ready until the summer of 2015, the lack of access to the CCTV service by local regulatory agencies, and additional costs that would be incurred over and above those outlined in relation to the options considered within this report.
- 3.7 The CCTV monitoring equipment within the Greenbank building, and the public space CCTV system is owned by Hartlepool Borough Council. Housing Hartlepool have historically provided the premises and monitoring function as part of a non-legally binding Partnership Agreement which enables both organisations to work together for mutual benefit.
- 3.8 Housing Hartlepool have vacated the building at Greenbank. As such the Council, supported by funding from Housing Hartlepool, has secured a license for a further six month period for that part of the Greenbank building which currently houses the Community Monitoring Centre.
- 3.9 This report provides an overview of potential options in relation to the physical relocation of the CCTV monitoring service and associated costs, together with options for re-modelling the service with a view to reducing the annual cost of the service to the Council to meet the 2015/16 savings target of £50k from the CCTV budget.
- 3.10 All costs within the report are indicative. But the costs relating to the relocation will involve a significant one off capital cost for all options considered.

4 SERVICE CONTEXT / CRITERIA FOR RELOCATION REVIEW

- 4.1 The current CCTV Strategy and Protocols (2012 – 2015) includes the following four objectives that provide a framework for delivering CCTV in Hartlepool within which any future options for the location of CCTV should be considered:
 - To support delivery of the Safer Hartlepool Partnership Community Safety Plan and its objectives by assisting in the prevention and detection of

crime anti-social behaviour and in promoting reassurance and confidence in Hartlepool.

- To ensure that Council CCTV systems are operated in accordance with regulatory requirements in a transparent and cost efficient manner, taking account of appropriate technological developments.
- To assist in the protection of Hartlepool Borough Council clients, staff and assets.
- To assist Hartlepool Borough Council, Cleveland Police and other statutory and Enforcement Agencies in carrying out their regulatory, investigatory and enforcement duties in Hartlepool.

5 CCTV RELOCATION OPTIONS

- 5.1 A number of locations have been investigated in relation to the relocation of the CCTV monitoring service. These include:

Titan House
 Wynyard House
 North Shore Stockton
 West View Office (Miers Avenue)
 Burbank Community House
 The Centre for Independent Living
 Carnegie Building
 Civic Centre
 Hartlepool Police Headquarters
 Stockton Borough Council Monitoring Centre
 Cleveland Fire Service Headquarters development at Queens Meadow

Some of these locations have been discounted because the costs associated with relocation would be prohibitive, and/or there would be insufficient lead-in time to ensure that there was no gap in service delivery following the need to vacate Greenbank within the terms of the current license. All locations for example would require the centralisation of fibre to the Civic Centre and from there the fibre network and duct system would need to be extended to the location in question. Taking Burbank Community House and / or the Fire Headquarters as an example the additional estimated cost would be a further £200k.

Discussions with the owners of Greenbank have also revealed that they would not want to extend the existing license agreement beyond the current period due to their intention to sell the property.

- 5.2 Following these extensive investigations into potential relocation options for the CCTV Monitoring Service, the following three locations have been identified as feasible locations for the CCTV monitoring service in the future:

- (a) Civic Centre (Ground Floor)
- (b) Hartlepool Police Station (Floor 4 - Avenue Road)
- (c) Stockton Borough Council Monitoring Centre

5.3 Being mindful of the CCTV objectives outlined in section 3 of this report, and the need to achieve efficiency savings as part of the Councils 2015/16 savings programme, each location has been considered against the following criteria:

- Timescale/disruption to service
- Sustainability of the location
- Compliance with regulatory requirements/security of the location
- Accessibility of service to regulatory agencies such as Police & Council
- Ability to respond to local priorities
- Ability to achieve efficiencies

5.4 Attached at **Appendix A** is a summary of each option assessed against the aforementioned criteria. The following provides an overview of the cost, benefits and risk associated with each of the options identified.

(a) Option 1 - The Civic Centre

This option would involve relocating the CCTV monitoring centre to the ground floor of the Civic Centre.

Total cost of option: £300k
Cost to Council: £300k

(costs are inclusive of centralisation of fibres, buildings electrical and security works, new CCTV control matrix, purchase and installation of new emergency generator)

Benefits of option: This option would provide a sustainable secure location for the monitoring centre, opportunities for the further integration and centralisation of Council Services, and easy access for the Police, Trading Standards, Licensing, Environmental Enforcement, Emergency Planning and the Council's emergency out of hours and buildings monitoring service.

Risk: The risk associated with this option is minor in that it would result in the possible disruption of the Planning Services section with the space identified currently being used as storage space for filing.

(b) Option 2 - Hartlepool Police Headquarters

This option would involve relocating the CCTV monitoring function to Hartlepool Police Station to the rear of the Civic Centre on Avenue Road.

Total cost of option: £284k

Cost to Council: £284k

(costs are inclusive of centralisation of fibres, building and electrical works, new CCTV control matrix, purchase and installation of new emergency generator)

Benefits of option: This would provide a secure location for the CCTV monitoring centre and would allow for easy and immediate access for police officers to access CCTV footage and carry out CCTV based operations.

Risk: Although early indications from the Police suggest that this option has relative sustainability with the Police indicating a life-span for Hartlepool Police station of at least 15 years within their existing asset management strategy, there is a risk that the long term management of the Police Property portfolio may alter based upon rationalisation of their estate on an annual basis in line with budget pressures and changes to other criminal justice services currently operating within the town eg courts services. Any such agreement would also be superseded by a regional Police Force merger.

There is also a risk with this option that the Police would become over reliant upon this service, and that it could be run to the detriment of other services with a regulatory function.

(c) Option 3 - Stockton Borough Council

This option would involve relocating the CCTV monitoring function to Stockton Borough Councils monitoring Centre in Stockton.

Total cost of option: £350K
Cost to Council: £250k

(costs are inclusive of centralisation of fibres to Civic Centre, digitisation of cameras and transmission of wireless/fibre connection to Stockton Monitoring Centre)

Benefits of option: This option would provide a sustainable and secure location from which HBCs CCTV monitoring function could be delivered and indicative costs suggest that it is the cheapest of the three options.

Risks: Relocation of the Councils CCTV monitoring centre to this location could result in a reduced quality of service due to poor signal transmission, with lack of control and access to viewing footage by local regulatory agencies, and immediacy of control and lack of knowledge of local priorities presenting additional risks.

Informal discussions with Stockton Borough Council also highlight that the costs associated with this option are dependent upon the Council signing up to a 10 year agreement with Stockton Borough Council to monitor HBCs cameras. If HBC were not prepared to enter into a 10 year agreement they would need to pay the overall costs associated with this option which would

result in this option being the most expensive of the three ie £350k rather than the £250k identified.

6 COUNCILS SAVING PROGRAMME 2015/2016

- 6.1 The Councils current Community Safety CCTV Service, including those monitoring Council buildings, has a total of 134 CCTV cameras which are currently monitored 99.5 hours a week. The current annual revenue cost to the Council of providing this service is **£200,000** broken down as follows:

Use	Cost
Staff monitoring	£120,000
Maintenance / running costs	£ 80,000
TOTAL	£200,000

- 6.2 The Council's public space CCTV system has many benefits to the residents, visitors and businesses of Hartlepool. It supports the work of enforcement and emergency services enabling prompt responses to incidents and providing accurate details of events as they unfold. As such CCTV provides an important tool in the prevention and detection of crime in Hartlepool, reassuring the local community, and assisting the Council to dispense with its section17 obligations. The wider benefits of the system include reduced public expenditure on the criminal justice system with the provision of evidence enabling the swift administration of justice through early guilty pleas where CCTV evidence exists.
- 6.3 During the last year the CCTV service has identified 197 crimes and a further 958 incidents of disorder and anti-social behaviour around Hartlepool. It has also been responsible for informing emergency / public services about 229 incidents they were not aware of, and assisted planned Council and Police operations on 15 occasions.

However the current CCTV monitoring hours and shift patterns have remained unchanged during the last 10 years and in 2013 crime pattern analysis was undertaken to explore whether or not any efficiencies could be made by targeting the CCTV monitoring resource during peak times when the majority of recorded incidents are taking place leading to a subsequent reduction in the number of monitoring hours.

- 6.4 Following this analysis the following options in relation to the delivery of the CCTV service are presented for consideration:

(a) Option one - retain current monitoring hours and arrangements of 99.5 hours per week

The service would be provided 7 days a week with monitoring hours totalling 99.5 on a weekly basis as follows:

Sunday to Wednesday two shifts each day 9am - 1.30pm, and 4.30pm - 9pm, (11 hours daily)

Thursday - Saturday an additional 10.30 pm - 4.30am shift. (18.5 hours daily)

(b) Option Two - reduce CCTV monitoring hours to 70 hours per week

The service would be provided 7 days a week with monitoring hours totalling 70 hours on a weekly basis as follows:

Monday - Sunday two shift patterns 9.30 am - 12.30pm and 9pm - 4am. (10 hours daily)

(c) Option Three - reduce CCTV monitoring hours to 63 hours per week

The service would be provided 7 days a week with monitoring hours totalling 63 hours on a weekly basis as follows:

Monday - Sunday 9.30am - 12.30pm and 10pm- 4pm (9 hours daily)

(d) Option Four - provide the Service 24/7

The service would be provided 24 hours a day 7 days a week.

(e) Option five – cessation of service

The service would cease and although no additional investment would be required, the Council will be required to continue to pay back £115k over the next 10 years which was borrowed as part of the wireless CCTV upgrade.

The cessation of the CCTV service at a time when Police resources and Council resources are being significantly reduced could result in increased levels of crime and disorder and risks to public safety.

Whilst recent analytical trends suggest that crime levels continue to decrease during 2013/14, reductions are much smaller than those experienced in previous years and crime rates in Hartlepool remain the second highest in the Cleveland area. 2013/14 also witnessed an increasing trend in relation to levels of anti-social behaviour.

Complete cessation of the service would mean that the Council is less able to comply with its section 17 Crime and Disorder obligations and less able to contribute to the objectives with the towns Community Safety Plan with removal impacting on the ability of the investigatory agencies to respond promptly to issues, and their ability to detect and prevent crime and anti-social behaviour and bring offenders to justice.

- 6.5 During investigations into relocation options the possibility of the Council delivering the CCTV service in-house was considered. The costs of delivering the options identified in this section of the report have been considered within

the context of the Council, Housing Hartlepool, or Stockton Borough Council running the service. The financial summary in relation to these options is attached at **Confidential Appendix B This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information)** which also includes a summary of the costs that would continue to be incurred should the decision be made to cease the service altogether.

- 6.6 Should the CCTV monitoring service be brought in-house it would be managed by the Councils Community Safety and Engagement Section who are currently responsible for overseeing and monitoring the CCTV Service Level Agreement with Housing Hartlepool; the repairs and maintenance contract associated with public space CCTV system; and the policies and procedures in relation to the use of CCTV including the gathering, storage and retrieval of information in line with data protection guidelines, legislation, British standards codes of practice.

Management of the service in-house will have the benefit of creating greater control and levels of consistency in service delivery, and will add value to other crime reduction and prevention services within the Councils Community Safety and Engagement section by improving responses to anti-social behaviour in neighbourhoods, enforcement action through the courts, and enhancing the ability to protect victims of crime and vulnerable localities.

In addition to the collaborative advantages offered if the CCTV service were to be located in the Civic Centre outlined in section 4 of this report, bringing the CCTV service in-house would also provide further opportunities for in-house delivery such as the Adult Services Community Monitoring Function, and the Housing Services emergency call out function.

The further potential development of income generation opportunities elsewhere in the public and the private sector could also help to sustain the CCTV and broader community safety and engagement service in the future.

7 FINANCIAL CONSIDERATIONS

- 7.1 The financial implications in relation to the future delivery of the CCTV service are set out in **Confidential Appendix B (This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information)** to this report. The financial comparison sets out the ongoing savings that can be achieved by each of the delivery options available. All options need to be considered within the context of the Councils saving programme and the need to meet the identified target of £50k in

relation to the CCTV budget. This summary shows that there are a number of options that would deliver the £50k ongoing savings required.

- 7.2 The one-off cost associated with relocating the service is estimated to be approximately £300,000 for all of the options identified. The option to relocate the service to Stockton Borough Councils monitoring Centre is estimated to have a cost to the Council of £250,000 however this requires the Council to enter into a 10 year agreement for the service.
- 7.3 Funding to cover the one-off costs has been identified on the basis that the maximum £300,000 may be required. £110,000 has previously been set aside to contribute towards the cost of replacing some of the equipment required, and the balance of £190,000 will be funded from the current year's departmental outturn, as reported to Finance and Policy Committee on the 18th August, 2014.

8 PROCUREMENT

- 8.1 Should the decision be made to continue with the CCTV service, there will be a need to procure the services related to the physical relocation of the CCTV monitoring centre. To ensure full compliance with the Council's procurement process and to avoid disruption to the existing service a decision will need to be made no later than September on the preferred option in relation to the future location of the monitoring service.
- 8.2 The existing CCTV monitoring function is delivered under a service level agreement with Housing Hartlepool. Should the decision be made not to deliver the service in-house, consideration will need to be given as to how the service is procured in the future ie whether this can continue under an existing partnering arrangement with Housing Hartlepool, or whether the Council's standard procurement process should apply.

9 RISK

- 9.1 Both Housing Hartlepool and Stockton Borough Council delivery options carry the benefit of being part of a well established and broader Community Monitoring Service. Bringing the service in-house could result in a service that is less resilient to competition and staffing issues such as sickness and holidays ultimately resulting in a poor quality service.
- 9.2 To mitigate against these risks care has been taken to ensure there is little financial risk in relation to the options presented – the 24/7 option which is the only option that is reliant upon income generation is based upon existing income streams with the potential for expansion in the future. It is also possible that the provision of a 24/7 service would create opportunities for further in-house collaborations and savings across the Council eg developments within the Housing Services function.

In developing the costs associated with bringing the CCTV service in-house care has also been taken to develop a staffing structure and shift rota that will as far as possible ensure appropriate staff sickness/holiday cover.

- 9.3 A number of the options include a reduction in the number of CCTV operational hours. A reduction in the level of CCTV service at a time when Police resources and Council resources are being significantly reduced could result in increased levels of crime and disorder and risks to public safety.

Whilst recent analytical trends suggest that crime levels continue to decrease during 2013/14, reductions are much smaller than those experienced in previous years and crime rates in Hartlepool remain the second highest in the Cleveland area. 2013/14 also witnessed an increasing trend in relation to levels of anti-social behaviour.

Reducing the number of hours when the CCTV service would be operational would impact on the ability of the investigatory agencies to respond promptly to issues, and their ability to detect and prevent crime and anti-social behaviour and bring offenders to justice (See also Section 17 considerations)

10 LEGAL IMPLICATIONS

- 10.1 The management and use of public space CCTV systems by public bodies is strictly regulated under national legislation and associated codes of practice which are incorporated into the Council's existing CCTV Policy and Procedures.
- 10.2 The options presented in this report in relation to the physical relocation of CCTV take into account any building modifications needed at each location to ensure full compliance with legislative frameworks.

11 EQUALITY AND DIVERSITY CONSIDERATIONS

- 11.1 An equality impact assessment will be undertaken.

12 STAFF CONSIDERATIONS

- 12.1 Should the CCTV monitoring service be delivered in-house it would be managed by the Council's Community Safety and Engagement Section who are currently responsible for overseeing and monitoring the CCTV Service Level Agreement with Housing Hartlepool; the repairs and maintenance contract associated with public space CCTV system; and the policies and procedures in relation to the use of CCTV including the gathering, storage and retrieval of information.
- 12.2 Finances in relation to staffing the CCTV monitoring function have been estimated based upon staff performing similar functions in other local authority

areas. However there is currently a lack of clarity around the current staffing levels and associated terms and conditions of employment of Housing Hartlepool's CCTV monitoring staff. As such TUPE implications are unknown.

- 12.3 Some of the options outlined in this report involve a complete cessation of the services or reduction in service level. Even if the service were to remain with Housing Hartlepool this could also impact on staffing levels and create redundancies within Housing Hartlepool's current staffing structure.

13 ASSET MANAGEMENT CONSIDERATIONS

- 13.1 The Council's CCTV system is subject to a 3 year planned maintenance programme aimed at reducing the amount of costly unplanned reactive maintenance and repairs for the community safety CCTV cameras.
- 13.2 The existing CCTV monitoring equipment is outdated and is reaching the end of its lifespan. The relocation of the CCTV monitoring equipment will result in the replacement of the existing control matrix which will enhance monitoring abilities in light of newer technologies and provide a more sustainable CCTV system into the future and allow for potential future expansion of the system to pursue possible income generation options.

14 SECTION 17

- 14.1 The Council's CCTV Service forms part of the Safer Hartlepool Partnership's broader strategy for reducing crime and disorder in Hartlepool which complements the work of the investigatory and regulatory agencies such as the Police and Council, and promotes confidence and reassurance amongst the community. A scaling back of the current level of service will inevitably impact on the ability of the Council and other agencies to respond to issues relating to crime and disorder and this will in turn place public safety at risk.

15 RECOMMENDATION

Member are asked to:

- 15.1 Approve the relocation of the Council's CCTV monitoring service to the Civic Centre which will require alternative space to be found for the planning services filing system.
- 15.2 Approve that the CCTV service is brought in house and operates on a 24/7 basis to secure a local sustainable CCTV service in the future.
- 15.3 Note that this option will achieve a general fund saving of £50,000 p.a and this has been reflected in the Regeneration and Neighbourhoods 2015/16 savings programme.

- 15.4 Note that the one-off cost associated with relocating the service will be funded from the existing capital budget of £110,000 and the £190,000 reserve created from the current year's departmental outturn, as reported to the Finance and Policy Committee on the 18th August, 2014.

16 REASONS FOR RECOMMENDATION

- 16.1 There is need to relocate the CCTV monitoring service as a result of Housing Hartlepool's decision to relocate their organisation headquarters to Stockton.
- 16.2 Whichever location is chosen for the CCTV monitoring centre there will be a need to centralise CCTV fibres and equipment into the Civic Centre at considerable cost. However the Civic Centre option also provides a sustainable secure location for the monitoring centre, with opportunities for the further integration and centralisation of Council Services, and the provision of easy access for the Police, and other Council services.
- 16.3 The option of providing a 24/7 CCTV monitoring service is the only option that will protect the existing CCTV service and enable the service to operate as a robust crime reduction and prevention tool that contributes to maintaining public safety. It is also the only option that would provide income generation opportunities, and enable other Council services to be provided in-house. The other three options would result in the need for other Council services to seek alternative providers to monitor the alarm systems on Council properties, out of hours emergency call out, and provide CCTV provision to the Longhill BID scheme.

17 CONTACT OFFICERS

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CCTV Relocation Options Table

Option	Timescale/disruption to service	Sustainability of location	Compliance with regulatory requirements/security of the location	Accessibility of the service to regulatory agencies such as the Police and Council	Ability to respond to local priorities	Ability to achieve efficiencies
Civic Centre	Timescale achievable but could result in disruption to Planning Services team due to the need to relocate filing system	Long term sustainability not envisaged to be a problem	Achievable with minor building and electrical works	Good access to police and other regulatory bodies and potential to further integrate Council Services	Would provide the ability to respond to local priorities and emerging patterns and trends	Offers the potential to bring the service in-house and achieve efficiencies
Police Station	Would be achievable within timescale and little disruption to service	Informal indication of a 15 year agreement to use the location for CCTV monitoring but rationalisation of police estate is a risk	Achievable with minor building /electrical works	Good Access for the Police	Would provide the ability to respond to local priorities and emerging patterns and trends	Offers the potential to bring the service in-house and achieve efficiencies
Stockton Borough Council	Would be achievable within timescale with little disruption to service – although achieving a signal may be a problem – quality of images may be an issue that would affect the quality and usefulness of the service	Long term sustainability not a problem – state of the art monitoring centre operating as a self-sustaining business venture	Existing monitoring centre fully compliant with regulatory requirements	Will not be as accessible by local agencies; will impede the ability to get an immediate response; and will need to set up a local viewing suite to examine footage	Lack of local geographical knowledge would be an issue, and would be competing with other local authority areas for the service eg emergency in Stockton – no camera monitoring in Hartlepool	This option does not provide the ability to deliver in-house but could result in annual efficiencies

FINANCE AND POLICY COMMITTEE

24th November 2014



Report of: Director of Regeneration and Neighbourhoods

Subject: **DISPOSAL OF SURPLUS ASSETS - SALE OF LAND - VISION RETAIL PARK**

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Key decision (test (i)). Forward Plan Reference RN 13/09.

2. PURPOSE OF REPORT

2.1 To seek approval for the sale of 0.67 acres of land adjacent to the Vision Retail Park (as shown hatched in **Appendix 1**).

3. BACKGROUND

- 3.1 The former Highlight Retail Park has been recently been sold to M7 a development company who are investing in excess of £2M to refurbish and re-model the retail park to a high standard in order to attract additional retailers to occupy the space.
- 3.2 As part of the investment proposals M7 have approached the Council to acquire additional land the majority of which currently forms part of a planting area adjacent to the road, however part of the additional land will enable the provision of an additional 600 sq m retail unit.
- 3.3 As part of the works it is also proposed that the road configuration will be altered to improve the flow of traffic/parking facilities adjacent to the units.
- 3.4 The developers have submitted a planning application for the works and approval has been granted.
- 3.5 The Estates & Regeneration Manager has considered the proposal and undertaken a valuation the details of which are set out in **Confidential Appendix 2 This information contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely**

(para. 3), information relating to the financial or business affairs of any particular person (including the authority holding that information. The developers however consider that their scheme would become unviable at this level and have requested that the Council dispose of the land at less than the Estates & Regeneration Manager considers is an appropriate level of value due to the regeneration benefits associated with the investment and improvement of the retail park as set out in paragraph 3.7.

- 3.6 As it is considered the offer submitted by M7 as set out in **CONFIDENTIAL APPENDIX 2 This information contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely (para. 3), information relating to the financial or business affairs of any particular person (including the authority holding that information** is below the full market value of the property, any sale on this basis would have to be undertaken as a sale at less than best value under the Local Government Act General Disposal Consent 2003. In August 2012 the Council adopted a protocol to be followed in cases of this nature. The protocol can be summarised as follows:

1. The matter to be referred initially to the relevant committee.
2. The report to Committee to include:
 - a. Valuation report and description provided by the Estates and Asset Manager
 - b. An assessment with supporting evidence provided by the department promoting the scheme of the financial and non-monetary benefits to the Council
 - c. Confirmation that the disposal contributes positively to an agreed Council priority and that it will not adversely affect a higher priority
 - d. A clear statement from the department promoting the scheme that the benefits the Borough or its residents will derive cannot be achieved unless the sale takes place at an under value, together with confirmation that no alternative means of funding is available.
 - e. An assessment of the impact of the proposal on achieving existing £6.5m capital receipts target by the Section 151 Officer
 - f. An assessment of the value of capital receipt which would be foregone.
 - g. A statement from the Council's Chief Solicitor as to whether he considers a disposal is capable of falling within the terms of the consent.

- h. Sufficient information to enable Members to come to a conclusion as to whether the disposal would be proper use of the consent, having regard to the Council's fiduciary duties to local people.
- i. An independent valuation where appropriate.
- j. A statement from the department promoting the scheme outlining whether the proposal is likely to infringe state aid regulations.

These matters are dealt with below.

3.7

1. This report is the referral to the relevant Committee.
2. Valuation Report: Included
 - a. In attached **CONFIDENTIAL APPENDIX 2 This information contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely (para. 3), information relating to the financial or business affairs of any particular person (including the authority holding that information.**
 - b. Assessment of benefits: The scheme will enable significant investment to upgrade and improve what is currently a largely vacant retail scheme in an extremely prominent location within the Marina which will increase the footfall and retail offer improving the attractiveness of the area, particularly in light of the decision of the National Museum of the Royal Navy to invest in an adjacent site.
 - c. Council Priorities: The Vision Retail Park forms part of the Regeneration master planning area which is a key priority for the Council to encourage greater footfall and improve the offer in terms of retail and tourist facilities.
 - d. The developers have taken a commercial decision to purchase and refurbish and improve the retail park. The demand for the existing units has been limited and therefore there is a need to alter the appearance and improve the configuration to make the park attractive to both retailers and the public. Based on their initial viability assessment they consider that the scheme is marginal and have approached the Council to seek assistance in relation to the disposal of land. As demand for the retail park has been limited significant investment is welcomed and the ability to assist M7 to improve the configuration of the park by the inclusion of additional marginal land would represent a contribution to the regeneration strategy. As a consequence of the

development there will be the creation of an additional 50 jobs, an increase in retail capacity and a major upgrading of the entire terrace frontage as well as landscaping improvements to the car parking area.

- e. Value of foregone receipt: The value of the foregone receipt is set out in attached **CONFIDENTIAL APPENDIX 2 This information contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely (para. 3), information relating to the financial or business affairs of any particular person (including the authority holding that information**
- f. The Chief Solicitor has advised that although a Local Authority can dispose of land 'in any manner they wish' this is constrained by Section 123 of the Local Government Act, 1972, wherein the consideration for any disposal should not be 'less than the best that can reasonably be obtained.' Where a Local Authority considers that a disposal should proceed at an 'under value' it needs to consider the requirements set out in Circular 06/03, which is for the most part is replicated in the Council's own protocol on such disposals (see paragraph 3.6 above). The Circular notes Government policy that Local Authorities should be able to dispose of surplus land 'wherever possible' but in the expectation that the sale of the land would be for the 'best consideration reasonably obtainable'. Equally it is recognised there may be circumstances which justify a sale at an undervalue. Primarily the Council would need to determine if such a sale at an undervalue would assist in securing the promotion or improvement of the economic, social or environmental wellbeing of its area. Hence there is a balancing exercise between a receipt of a reduced capital sum on any sale and the economic and other benefits that may flow from such a sale. Authorities are also reminded in the Circular that they must always 'remain aware of the need to fulfil their fiduciary duty in a way which is accountable to local people.
- g. Proper Use of Consent: The consent to dispose of property at less than best value would in this instance be given in order to support the provision of the Council's Regeneration Masterplan.
- h. An independent valuation is not thought necessary in this instance as a valuation report has been provided by the Estates & Regeneration Manager.
- i. The proposed sale does not infringe state aid regulations.

4. PROPOSALS

- 4.1 Subject to the Committee's views it is proposed to proceed with a sale on the terms outlined in **CONFIDENTIAL APPENDIX 2 This information contains exempt information under Schedule 12A Local Government Act 1972**

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

5. ASSET MANAGEMENT CONSIDERATIONS

- 5.1 The decision to adopt a commercial approach to asset management requires the Council to realise the full value of any properties or property rights that it disposes of.

6. FINANCIAL CONSIDERATIONS

- 6.1 The offer made is not considered to reflect fully the market value of the site in current market conditions.
- 6.2 As detailed in the **Confidential Appendix 2. This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (paragraph 3) information relating to the financial or business affairs of any particular person (including the authority holding that information.**

7. EQUALITY AND DIVERSITY CONSIDERATIONS

- 7.1 There are no equality or diversity implications.

8. RECOMMENDATIONS

- 8.1 Committee is recommended to consider approving the sale on the basis of the offer submitted in **Confidential Appendix 2 paragraph 10 This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (paragraph 3) information relating to the financial or business affairs of any particular person (including the authority holding that information.**

9. REASONS FOR RECOMMENDATIONS

- 9.1 Full consideration has been given to the offer and the regeneration benefits that will be generated as a consequence of the develop and it is considered that the importance of the scheme to the implementation of the masterplan proposals for the Historic Quay area and the Marina justifies the sale of land at less than market value.

10. BACKGROUND PAPERS

- 10.1 Finance and Corporate Services Portfolio Report and Decision Record of 12th December 2012.

11. CONTACT OFFICERS

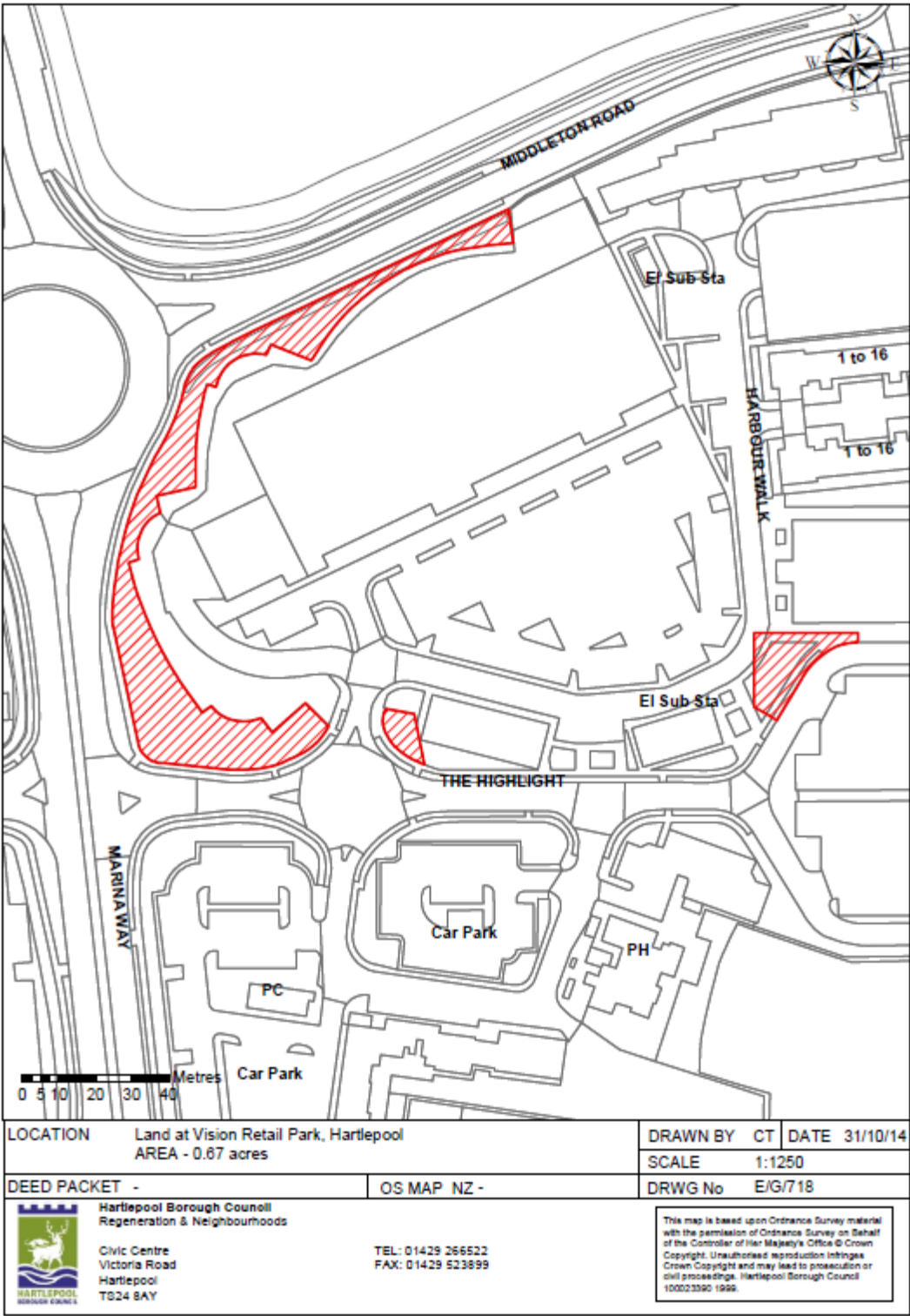
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APPENDIX 1



FINANCE AND POLICY COMMITTEE

24 November 2014



Report of: Chief Solicitor

Subject: REVIEW OF POLLING DISTRICTS, POLLING PLACES AND POLLING STATIONS

1. TYPE OF DECISION/APPLICABLE CATEGORY

Key Decision (test (ii) applies). Forward Plan Reference No: CE65/14

2. PURPOSE OF REPORT

- 2.1 The Committee previously received a report on the 18th August, 2014, with a request to consider and determine a timetable for this review and to authorise the Chief Solicitor to take necessary steps to implement the review and undertake appropriate consultations. A consultation process was undertaken from the 1st September through to the 31st October and the results of that consultation are outlined in the confines of this report as well as proposals emanating from the consultation exercise as outlined in **Appendix 1**. The Committee are requested to consider those proposals and to make recommendations to Council.

3. BACKGROUND

- 3.1 The Electoral Registration and Administration Act, 2013 revised the timing of compulsory reviews of UK Parliamentary Polling Districts and Polling Places. Whereas the Electoral Administration Act 2006 previously required that polling districts, polling places and polling stations be reviewed by the end of 2007 and at least every 4 years thereafter, the 2013 Act requires a compulsory review within a period of '16 months beginning with 1st October 2013 and the same period, beginning with 1st October of every 5th year after that.' As previously reported, this does not prohibit a Council from carrying out periodic reviews 'of some or all' of polling districts or places at other times.
- 3.2 The Council have under taken previous reviews in line with this earlier legislation in 2007 and 2011 and this present review requires completion by no later than 31st January, 2015. In addition to earlier reviews in 2007 and

2011, interim reviews also took place in 2009, 2010, 2012 and 2013 as the Council electrical scheme based on ‘thirds’ allows an element of feedback which can itself initiate incremental reviews taking place.

4. STATUTORY CRITERIA

- 4.1 Under the statutory requirements all electors should have reasonable facilities for voting as are practicable. Local Authorities are required to divide their area into polling districts for the purpose of Parliamentary elections and to designate polling places for these polling districts. A polling place within a polling district must be designated so that polling stations are accessible to all electors from across the polling district. Of note, although it is the local authority which determines the polling districts and polling places, the polling stations are chosen by the Returning Officer.
- 4.2 Through conduct of the statutory review local authorities must demonstrate that they have, as far as is practicable, met the statutory criteria set out below:
- i) seek to ensure that all the electors in the constituency have such reasonable facilities for voting as are practicable in the circumstances.
 - ii) seek 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.

5. CONSULTATION

- 5.1 The Committee previously determined the timetable for the consultation stage of this particular review and that commenced formally on the 1st September and concluded on the 31st October, 2014. As previously represented consultation invites comments on the proposals for polling districts and places. This entails two parts, as follows:
- a compulsory submission from the Acting Returning Officer of the Parliamentary constituency;
 - submissions from other persons and bodies. These can be referenced to the Acting Returning Officer proposed polling stations as well as the Authorities proposals on polling districts and polling places..
- 5.2 It is envisaged that the Authority should consult widely on a review and seek the views of interested groups. The outcome of this consultation exercise by way of responses received is outlined within **Appendix 2** to this report. The Committee will observe that a majority of responses indicate that there should be no change to current arrangements. It is noted that there is commentary that the review is ‘bureaucratic’ in nature and costs of such a review could be better expended in other areas of public service. While such comments are duly canvassed, this review of polling districts, polling places and polling stations is a statutory requirement and the Council have

accorded with that requirement and also with the applicable statutory criteria in undertaking this review.

6. PROPOSALS

6.1 A review document of polling districts, polling places and polling stations is outlined within **Appendix 1**. In particular, the following proposals are brought to the specific attention of the Committee;

i) Reconfiguration of Polling Districts KB and KD in the Victoria Ward.

A request was made for the reconfiguration of these polling districts. It was indicated that voting would be more accessible if electors could vote at the KB polling station located at the Supporters Club rather than the KD polling station located at Lynnfield School. The effect of such a change would involve the moving of the following streets/ electors from polling district KD namely;

- Welldeck Road
- Wilson Street
- Bright Street
- Welldeck Gardens
- Byron Street
- Cobden Street
- Roseberry Road
- Mulgrave Road

In total the potential movement of these streets / electors from polling district KD to KB would currently affect some 511 registered electors. Polling district KB has 1371 eligible and registered electors and through the proposed change would see an enlargement to this district to 1882. Conversely, polling district KD would be reduced in numbers from a figure of 1518 to 1007.

Appendix 3 illustrates the proposed reconfiguration.

ii) Polling District AE – Burn Valley Ward

A number of representations were received as to the suitability of the premises known as the 'Epilepsy Centre' for the purposes of an election. It has been suggested that a much more suitable and accessible venue would be the Oxford Road Baptist Church (which is directly opposite the Epilepsy Centre) which has previously been used as a polling station. Although these two venues are proximate to each other they are in different Wards. The provisions of the Representation of the People Act, 1983, provides that the polling place for any polling district '*shall be an area in that district, except where special circumstances make it desirable to designate an area wholly or partially outside the polling district....*' In this particular case, alternatives within this Ward have been explored and none are available or are otherwise suitable for use. The concerns expressed over the continued use of the 'Epilepsy Centre' are so tangible that it is considered, having looked at other

options, that this is a special circumstance justifying use of the Oxford Road premises. It has been confirmed through the Electoral Commission that such a situation does not prohibit the use of these alternative premises even if in a different Ward, if such special circumstances exist and the premises are suitable and accessible to electors.

iii) Polling District BD – De Brus Ward

The polling place and polling station at St Thomas Mores Parish Hall has been previously been considered as being acceptable. There has been speculation as to the continued use of such church premises in the future, but it is envisaged that these premises would be available for the combined elections in May 2015. Representations have suggested the use of alternative premises in the grounds of Hartlepool General Hospital. This would be reliant on the use of a portable unit and comments expressed above on the use of such units are equally applicable here. That being stated, the site at the Hospital is a more central location and would therefore be more accessible to electors. If such premises through a portable unit were to be used as a polling place/station then this would be subject to comments following the combined election to gauge its overall suitability. It is therefore recommended the use of the site at the Hartlepool General Hospital for the forthcoming elections but that this location is reviewed thereafter.

iv) Polling District CA – Fens and Rossmere

Although the polling station and polling place is considered to be generally suitable within polling district CA concerns have been expressed that this venue as a 'community pub' might not be conducive to the conduct of an election. This has been a venue deemed suitable in the past and there is also the potential for the use of a portable unit within the curtilage of these premises but the expense and nature of such portable accommodation does not obviously lend itself to the permanency of an established polling station and the cost of the use of a portable unit. Owing to its general accessibility it is envisaged that no change should be initiated, at the present time, in relation to this particular polling place/ station. It was also suggested the potential for a portable unit to serve as a polling station in the area known as Chichester Green. This was on the basis that the station at St Teresa's Church Hall or the Fens Primary School might be deemed to be inaccessible. Both the Fens Primary School and St Teresa's Church Hall are acceptable polling places / stations and for the reasons indicated above, it is not ideal to rely upon portable units, owing to their cost and the very nature of such units do lead to significant areas of complaint not only from electoral staff attending on the day but also from electors on issues of accessibility to such stations.

v) Miscellaneous.

The majority of polling places and stations are considered to be acceptable and 'no change' is recommended. There is the reliance on the use of portable units (District EE – Merlin Way/Lapwing Road and Polling District KB – Supporters Club Car Park) only where suitable, permanent stations are not otherwise available. These matters are kept under review and the use of more permanent venues whilst desirable cannot always be achieved.

7. EQUALITY AND DIVERSITY CONSIDERATIONS

An impact assessment has been undertaken in connection with this review.

8. SECTION 17 CRIME AND DISORDER ACT 1998 CONSIDERATIONS

There are no Section 17 implications.

9. RECOMMENDATION

- 9.1 That the Committee submit the proposals document to Council for approval in accordance with details provided at **Appendix 1**.

10. REASONS FOR RECOMMENDATION

- 10.1 In conducting this review, officers have had due regard to the applicable statutory criteria and have investigated alternative polling places and polling stations as raised within the consultation exercise. For the avoidance of any doubt, all representations have been duly considered and evaluated against that criteria and also the practical requirements to ensure accessibility and promoting and engaging public participation in the forthcoming elections. The proposals as outlined are therefore placed before the Committee for consideration and that proposals are submitted to Council for their formal approval.

11. CONTACT OFFICER

Peter Devlin
Chief Solicitor
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5.4 APPENDIX 1

POLLING DISTRICT	ELECTORATE (APPROX)	PROPOSED POLLING PLACE	EXISTING POLLING STATION	COMMENTS
AA	918	Eldon Grove Bowling Club	Eldon Grove Bowling Club	No Change – the polling station is considered to be acceptable
AB	1955	St. Matthews Community Centre	St. Matthews Community Centre	No Change – the polling station is considered to be acceptable
AC	1615	Walmsley Hall	Walmsley Hall	No Change – the polling station is considered to be acceptable
AD	857	Stranton Centre	Stranton Centre	No Change – the polling station is considered to be acceptable
AE	1035	Entrance Foyer, Oxford Road Baptist Church	Epilepsy Outlook, Oxford Road	Although outside of the Ward, this location is on the Ward boundary and offers the elector improved disabled access and provides polling station staff with suitable amenities.
BA	994	Barnard Grove Primary School	Barnard Grove Primary School	No Change – the polling station is considered to be acceptable
BB	2170	Northern Lights Academy	Northern Lights Academy	No Change – the polling station is considered to be acceptable
BC	1829	West View Community Centre, Miers Avenue	West View Community Centre, Miers Avenue	No Change – the polling station is considered to be acceptable
BD	924	Portable Unit on Hartlepool General Hospital site	St Thomas Mores Parish Hall	Although not ideal, the recommended polling place is through the use of a Portable Unit, it is considered that the more central location within the polling district will suit a greater number of electors.

5.4 APPENDIX 1

POLLING DISTRICT	ELECTORATE (APPROX)	PROPOSED POLLING PLACE	EXISTING POLLING STATION	COMMENTS
CA	1821	Polling District CA	The Mowbray Community Pub	The polling district has limited, suitable accommodation for polling purposes. The Mowbray Community Pub was introduced in 2014 and no significant problems were experienced. However, some concerns were expressed about the size of the polling station. Polling District CA identified to accommodate alternative venue, if one becomes available, including, although not ideal, the potential use of portable unit in Mowbray car park.
CB/CF	2352	Fens Primary School	Fens Primary School	No Change – the polling station is considered to be acceptable
CC	1114	St Teresa's Church Hall	St Teresa's Church Hall	No Change – the polling station is considered to be acceptable and a larger room has been identified for use.
CD	841	Rossmere/Ardrossan Community Building	Rossmere/Ardrossan Community Building	No Change – the polling station is considered to be acceptable
CE	1037	Rossmere Centre	Rossmere Centre	No Change – the polling station is considered to be acceptable
DA	1217	Browning Avenue Baptist Church	Browning Avenue Baptist Church	No Change – the polling station is considered to be acceptable
DB	1199	Kingsley Children's Centre	Kingsley Children's Centre	No Change – the polling station is considered to be acceptable
DC	1053	Inspirations Garden Centre	Stranton Garden Centre	No Change (except in name) – the polling station is considered to be acceptable
DD	2046	St Cuthbert's Primary School – Nursery	St Cuthbert's Primary School – Nursery	No Change – the polling station is considered to be acceptable
DE	1104	Belle Vue Community Centre	Belle Vue Community Centre	No Change – the polling station is considered to be acceptable

5.4 APPENDIX 1

POLLING DISTRICT	ELECTORATE (APPROX)	PROPOSED POLLING PLACE	EXISTING POLLING STATION	COMMENTS
EA	499	Hart Village Hall	Hart Village Hall	No Change – the polling station is considered to be acceptable
EB	1330	St Mark's Community Centre	St Mark's Community Centre	No Change – the polling station is considered to be acceptable
EC	1678	Bamburgh Court	Bamburgh Court	No Change – the polling station is considered to be acceptable
ED/EF	1935	Hartfields Manor	Hartfields Manor	No Change – the polling station is considered to be acceptable
EE	1275	Polling District EE	Portable Unit, Merlin Way/Lapwing Road	Currently, no suitable premises available in Polling District EE but a portable unit has been used and located at the junction of Merlin Way/Lapwing Road. This facility will remain in use until such time as a suitable, permanent polling station is available for use.
FA	1165	Phoenix Centre	Phoenix Centre	No Change – the polling station is considered to be acceptable
FB	1516	St Helen's Primary School	St Helen's Primary School	No Change – the polling station is considered to be acceptable
FC	1330	Borough Hall, Middlegate	Borough Hall, Middlegate	No Change – the polling station is considered to be acceptable and a larger room has been identified for use.
FD	897	Marketing Suite, Maritime Avenue	Marketing Suite, Maritime Avenue	No Change – the polling station is considered to be acceptable
FE	899	Burbank Community Centre	Burbank Community Centre	No Change – the polling station is considered to be acceptable
GA	1201	Throston Library	Throston Library	No Change – the polling station is considered to be acceptable
GB	1107	Throston Youth Project	Throston Youth Project	No Change – the polling station is considered to be acceptable
GC	694	Foundation Stage, Jesmond	Foundation Stage, Jesmond	No Change – the polling station is considered to be

5.4 APPENDIX 1

		Gardens Primary School	Gardens Primary School	acceptable
GD	1904	Chatham House	Chatham House	No Change, the polling station is considered to be acceptable
GE	1493	Wharton Annexe	Wharton Annexe	No Change – the polling station is considered to be acceptable

5.4 APPENDIX 1

POLLING DISTRICT	ELECTORATE (APPROX)	PROPOSED POLLING PLACE	EXISTING POLLING STATION	COMMENTS
HA	1536	Grange Primary School	Grange Primary School	No Change – the polling station is considered to be acceptable
HB	1367	Owton Manor Primary School	Owton Manor Primary School	No Change – the polling station is considered to be acceptable
HC	1064	Owton Manor Community Centre	Owton Manor Community Centre	No Change – the polling station is considered to be acceptable
HD	1665	St Columba Centre	St Columba Centre	No Change – the polling station is considered to be acceptable
HE	950	Masefield Road Centre	Masefield Road Centre	No Change – the polling station is considered to be acceptable
HF	838	Owton Manor Baptist Church	Owton Manor Baptist Church	No Change – the polling station is considered to be acceptable
IA	1024	Ward Jackson Bowls Pavilion	Ward Jackson Bowls Pavilion	No Change – the polling station is considered to be acceptable
IB	948	Cricket Club	Cricket Club	No Change – the polling station is considered to be acceptable
IC	2001	High Tunstall School	High Tunstall School	No Change – the polling station is considered to be acceptable
ID/II	242	Dalton Piercy Village Hall	Dalton Piercy Village Hall	No Change – the polling station is considered to be acceptable
IE	518	Elwick WI	Elwick WI	No Change – the polling station is considered to be acceptable
IF	314	Wynyard Woods Grange, Wynyard Woods	Wynyard Woods Grange, Wynyard Woods	No Change – the polling station is considered to be acceptable
IG/IH/IJ	886	Greatham Community Centre	Greatham Community Centre	No Change – the polling station is considered to be acceptable
JA	1892	The Schooner	The Schooner	No Change – the polling station is considered to be acceptable

5.4 APPENDIX 1

JB	1642	Seaton Library	Seaton Library	No Change – the polling station is considered to be acceptable
JC	1727	Seaton Rugby/Cricket Club	Seaton Rugby/Cricket Club	No Change – the polling station is considered to be acceptable
JD	879	Jutland Road Community Centre	Jutland Road Community Centre	No Change – the polling station is considered to be acceptable
JE	741	Golden Flatts Community Resource Building	Golden Flatts Community Resource Building	No Change – the polling station is considered to be acceptable

5.4 APPENDIX 1

POLLING DISTRICT	ELECTORATE (APPROX)	PROPOSED POLLING PLACE	EXISTING POLLING STATION	COMMENTS
KA	1327	St Luke's Church Hall	St Luke's Church Hall	No Change – the polling station is considered to be acceptable
KB	1882	Polling District KB	Portable Unit, Supporters Club Car Park	No Change – Currently, no suitable premises available in Polling District EE but a portable unit has been used and located in the Supporters Club Car Park. This facility will remain in use until such time as a suitable, permanent polling station is available for use.
KC	1127	Mill House Leisure Centre	Mill House Leisure Centre	No Change – the polling station is considered to be acceptable
KD	1007	Lynnfield Community & Learning Centre	Lynnfield Community & Learning Centre	No Change – the polling station is considered to be acceptable
KE	588	Central Library	Central Library	No Change – the polling station is considered to be acceptable

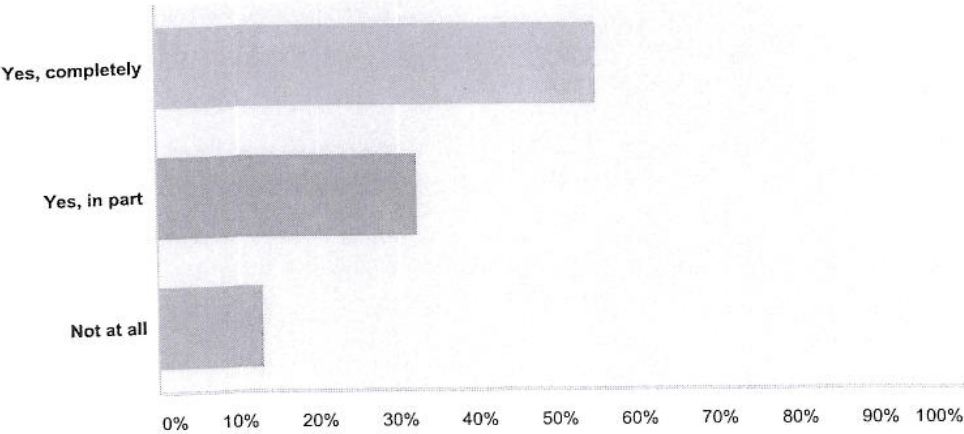
Q1 Please complete your details and respond to the questionnaire below:

Answered: 43 Skipped: 1

Answer Choices	Responses	
Name:	100.00%	43
Organisation:	18.60%	8
Address 1:	88.37%	38
Address 2:	16.28%	7
City/Town:	88.37%	38
State/Province:	0.00%	0
Postal Code:	90.70%	39
Country:	0.00%	0
Email Address:	0.00%	0
Phone Number:	0.00%	0

Q2 Do you agree with the proposals for the Polling District areas?

Answered: 31 Skipped: 13



Answer Choices	Responses	
Yes, completely	54.84%	17
Yes, in part	32.26%	10
Not at all	12.90%	4
Total		31

Review of Polling Districts, Polling Places & Polling Stations

Q3 If you do not agree completely, please explain why: (If your comments are about a particular ward, please tell us which one.)

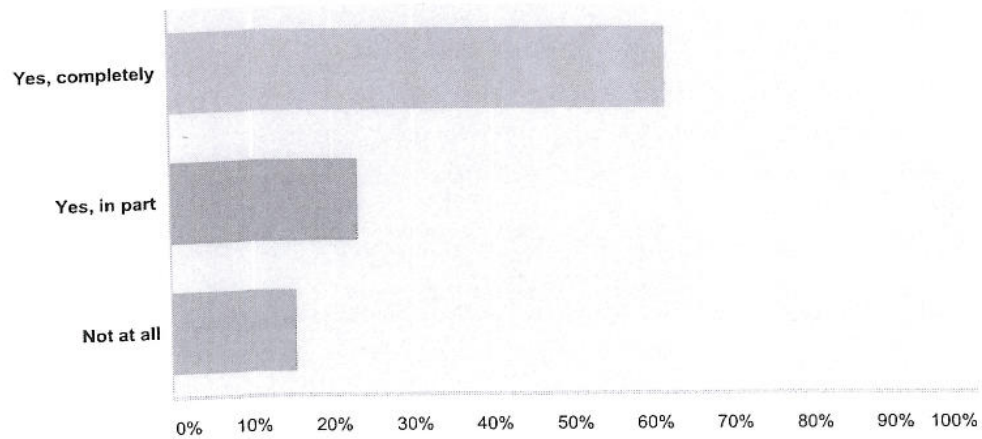
Answered: 4 Skipped: 40

#	Responses	Date
1	I live in the Burn Valley ward and there does not appear to be any change. Have I missed something?	10/21/2014 3:02 AM
2	Well, the Burn Valley ward (where I live) looks OK.	10/8/2014 6:50 AM
3	There is nothing wrong with the present system any money used to change to a new system would be better spent on the NHS And Keeping Hartlepool General Hospital open.	10/2/2014 11:49 AM
4	It is ridiculous changing the current wards money could be spent elsewhere instead of paper rehashing. People don't vote because they are apathetic not because the wards are wrong.	10/2/2014 9:36 AM

Review of Polling Districts, Polling Places & Polling Stations

Q4 Do you agree with the proposals for Polling Places?

Answered: 26 Skipped: 18



Answer Choices	Responses	
Yes, completely	61.54%	16
Yes, in part	23.08%	6
Not at all	15.38%	4
Total		26

Review of Polling Districts, Polling Places & Polling Stations

Q5 If you do not agree completely, please explain why: (If your comments are about a particular ward or polling place, please tell us which one.)

Answered: 5 Skipped: 39

#	Responses	Date
1	There appears to be no change in the Burn Valley ward	10/21/2014 3:05 AM
2	Well, the Burn Valley ward, where I live, looks OK.	10/8/2014 7:00 AM
3	Just trying to make more bureaucrats and spend more public money needlessly	10/3/2014 5:31 AM
4	again there is nothing wrong with the present system any moony earmarked for this wood be better spent on the NHS or improving Hartlepool's image	10/2/2014 11:51 AM
5	the headland document does not show the new proposed sites. Where are they?	10/2/2014 9:36 AM

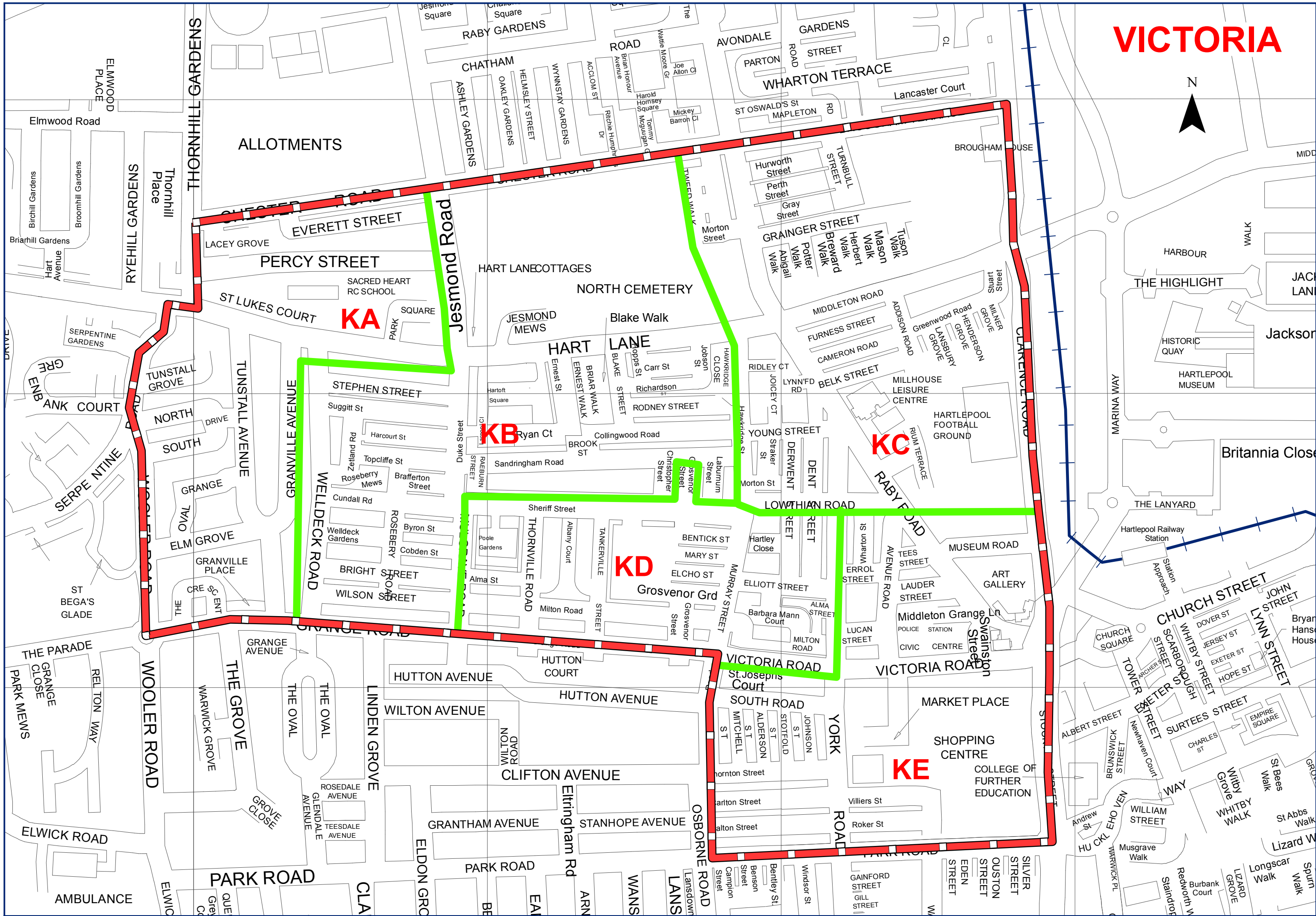
Review of Polling Districts, Polling Places & Polling Stations

Q6 Do you have any other comments that you would like to make about the review of polling districts, polling places and polling stations and the proposals?

Answered: 8 Skipped: 36

#	Responses	Date
1	No	10/13/2014 8:43 AM
2	no	10/6/2014 8:40 AM
3	waste of money like all reviews, someone organises a committee to look into something, they get paid and 99 times out of a 100 nothing worthwhile gets done	10/5/2014 2:52 PM
4	Ensure all are accessible.	10/3/2014 12:10 AM
5	Yes abandon this stupid idea and spend money where its needed	10/2/2014 11:53 AM
6	Everyone should be fined if they don't vote.	10/2/2014 9:37 AM
7	No	10/2/2014 9:20 AM
8	It appears to be a completely pointless consultation as there are few changes, none in my ward, and those that do change are for obvious reasons of access.	10/2/2014 4:02 AM

VICTORIA



FINANCE AND POLICY COMMITTEE

24th November 2014



Report of: Director of Regeneration and Neighbourhoods

Subject: DISPOSAL OF SURPLUS ASSETS - SEATON LANE SITES

1. TYPE OF DECISION/APPLICABLE CATEGORY

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

2. PURPOSE OF REPORT

2.1 To seek approval to the sale of 3 Council owned sites on Seaton Lane for the development of healthcare facilities.

3. BACKGROUND

3.1 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 shown highlighted on the plan at **Appendix 1** for the construction of general needs housing.

3.2 The sale of the land has failed to proceed as the successful tenderer significantly reduced their bid for the site subsequent to a full site investigation being undertaken.

3.3 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 is currently a shortage within the Borough.

3.4 The developer is interested in all three of the sites that were previously marketed and terms have been agreed as set out in **CONFIDENTIAL APPENDIX 2 (This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).** The terms

agreed reflect the headline tender figure submitted by the highest tenderer when the property was previously marketed but is reduced to reflect abnormal site conditions. The deductions accord with the parameters considered reasonable by the Council's engineers.

- 3.5 It is proposed to dispose of the sites subject to planning on the agreement that planning applications are submitted as a priority once Committee approval has been granted.
- 3.6 The developer has also agreed to undertake the demolition of the EDC building as a priority on the basis that should the sale fail to proceed then the Council will reimburse the costs of the demolition which will be subject to a competitive tender process. Demolition of the building will reduce the potential for vandalism and anti-social behaviour which is a major concern of the Head teacher of Golden Flatts school.

4. PROPOSALS

- 4.1 It is proposed to proceed with the disposal of the 3 sites subject to the terms as outlined in **CONFIDENTIAL APPENDIX 2 (This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).** The Estates & Regeneration Manager considers that the sale represents Market Value in accordance with the provisions of S123 Local Government Act 1972.

5. FINANCIAL/RISK CONSIDERATIONS

- 5.1 The report to Council on 6th February 2014 reminded Members that the Council has a capital receipts target of £6.5m to fund capital schemes which have already commenced. Achieving this target will be challenging in the current climate and needs careful management.
- 5.2 Although it is anticipated that the Capital Receipts target of £6.5m will be achieved the land sales will take longer than anticipated to achieve. This therefore increases the risk that there may be a shortfall in the level of receipts achieved and this will need to be funded from Prudential Borrowing
- 5.3 The proceeds of the sale of the EDC/PRU and the undeveloped Seaton Lane sites forms an important part of the Medium Term Financial Strategy in meeting the Capital Receipts target of £6.5m. To date the cumulative forecast receipt including the sale of the Seaton Lane site is £5.245M.
- 5.4 The undertaking to reimburse the developer for the costs of the demolition should the sale fail to conclude will reduce capital receipts available to achieve the required capital receipts target, therefore increasing the risk that

prudential borrowing will need to be used. However, at this stage this is anticipated to be a low risk as the proposed purchaser is committed to progressing the acquisition of this site.

6. ASSET MANAGEMENT CONSIDERATIONS

- 6.1 The attention of the Committee is drawn to the Asset Management element of the Medium Term Financial Strategy. The decision taken in January 2009 requires a commercial, proactive approach to be taken on Asset Management issues, the proceeds of this transaction being a contribution to the Medium Term Financial Strategy (MTFS).
- 6.2 The decision to adopt a commercial approach to asset management requires the Council to realise the full value of any properties or property rights that it disposes of.

7. RECOMMENDATIONS

- 7.1 Committee is recommended to approve the disposal of the sites subject to the terms as outlined in **CONFIDENTIAL APPENDIX 2 (This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information)** including approval to re-imburse the reasonable costs of the developer for the costs of the demolition should the sale not conclude.

8. REASONS FOR RECOMMENDATIONS

- 8.1 The sale of the sites forms an integral part of the MTFS.
- 8.2 The sale price reflects current market conditions and is considered by the Estates & Regeneration Manager to represent market value taking account of the abnormal ground conditions as identified in the submitted site investigation report submitted.
- 8.3 The proposed development will provide good quality modern residential care accommodation and will provide employment, currently estimated by the developer at 150 to 200 jobs (including part time).

9. BACKGROUND PAPERS

- 9.1 Finance & Policy Committee 18th October 2013 – Disposal of Surplus Assets – Capital Receipts Programme & Finance & Policy Committee 18th August 2014 – Disposal of Surplus Assets – Seaton Lane Sites.

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

- 10.1 The development of these sites is considered likely to contribute positively to a reduction in low level crime and anti social behaviour in the area.

11. EQUALITY AND DIVERSITY CONSIDERATIONS

- 11.1 There are no equality or diversity considerations in this instance.

12. STAFF CONSIDERATIONS

- 12.1 There are no staff considerations in this instance.

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FINANCE AND POLICY COMMITTEE

24th November 2014



Report of: Director of Regeneration and Neighbourhoods

Subject: RAIL DEVOLUTION & RAIL NORTH: INFLUENCING THE FUTURE OF NORTHERN AND TRANSPENNINE RAIL SERVICES

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Non-Key Decision.

2. PURPOSE OF REPORT

2.1 This report sets out the proposed governance arrangements for Rail North Ltd and the Association of Northern Transport Authorities, and seeks the approval of Members for the Council to become a member of both bodies.

3. BACKGROUND

3.1 Local passenger rail services in the North East are provided by two franchised rail operators, Northern Rail and TransPennine Express.

3.2 Northern Rail provides services across the whole of Northern England which includes all “local” services within the Tees Valley as well as links to the wider North East.

3.3 TransPennine Express offers one train per hour connecting Middlesbrough and Darlington with North West via Leeds and York.

3.4 These franchises are due to expire in February 2016. This imminent re-franchising creates a unique opportunity for Local Transport Authorities (hereafter LTAs) to take a positive role in shaping of the future pattern of local rail services across Northern England, in collaboration with the DfT. This would allow LTAs to influence the development of the franchises in a way that better reflects the evidenced economic needs of the North, and to secure stronger local democratic control of local rail services.

- 3.5 However, there are risks that reductions to the subsidies available for these services could present difficult issues for the region, and it will be important to secure a strong level of influence to mitigate these risks as far as possible.
- 3.6 This report provides an update on the progress made so far and highlights the next key steps to be taken to deliver greater control of these franchises to the North of England.

Rail Devolution and the Long Term Rail Strategy

- 3.7 In response to a Department for Transport (DfT) consultation on rail decentralisation in 2012, the 30 local transport authorities in the North of England, under the 'brand name' of Rail North, submitted a proposal to the Secretary of State for the full devolution of services operated by the Northern and TransPennine Express franchises, commencing from their renewal in February 2016.
- 3.8 The prime objective of the devolution proposal was to support the economic aspirations of the North of England by:
- delivering more rail capacity and greater rail connectivity,
 - improving the quality of railways with a better offer to passengers to encourage more growth, and;
 - to deliver a more efficient railway to secure greater value for money from the support from the public purse.
- 3.9 To underpin the proposition, Rail North commissioned, for the first time, the development of a Long Term Rail Strategy for the North of England. Whilst devolution primarily focuses on the Northern and TransPennine passenger rail franchises, the long term strategy covers all operators and freight.
- 3.10 A copy of the draft strategy can be found at www.railnorth.org/strategy. The strategy places economic growth at its heart and has the following priorities for enhancing rail across the north:
- Connectivity
 - Capacity
 - Coherence
 - Cost effectiveness
- 3.11 In November 2013, the Secretary of State responded that although he supported the principle of devolution, he wished to see a lower risk, more evolutionary approach with the establishment of a partnership structure between DfT and Rail North.
- 3.12 It was agreed that this approach would be based on Rail North Proposals, which include the draft Long Term Rail Strategy for the North of England, the devolution proposition and business case submitted to the Secretary of State, and the structure for decision-making in the North set out in that devolution proposition.

- 3.13 It was agreed that this approach would be based on Rail North Proposals, which include the draft Long Term Rail Strategy for the North of England, the devolution proposition and business case submitted to the Secretary of State, and the structure for decision-making in the North set out in that devolution proposition.
- 3.14 These principles were agreed at a meeting between the Secretary of State and the Rail North Leaders on 24 January 2014.
- 3.15 The shared objectives that underpin the partnership were also agreed in January and include:
- growing the railway to maximise the benefits of infrastructure investment and linking this to railway efficiencies;
 - having a platform for determining investment priorities within the Partnership;
 - risk and reward sharing between members of the partnership, including the potential for revenue or profit-sharing mechanisms that could allow reinvestment into rail services; and,
 - a partnership structure that allows the balance of risk to change over time.
- 3.16 The development of the DfT / Rail North partnership agreement is split into two distinct phases:
- partnership working between DfT and Rail North in advance of the award of the 2016 franchises during the design and procurement processes. During this period, Rail North and DfT will work jointly and collaboratively, although the Secretary of State is ultimately responsible for final decisions and letting the contracts; and
 - the development and creation of a formal integrated partnership structure, with substantial decision making authority, between Rail North and DfT, which it is intended should take on responsibilities for franchise management at the point at which the new franchise contracts come into force.
- 3.17 As part of the January 2014 agreement with the Secretary of State, the Rail North Leaders agreed to develop and formalise their decision making structures and in particular establish structures comprising a formal Leaders' Committee and a special purpose vehicle (probably a company limited by guarantee) called Rail North Ltd. These bodies would be the focus for overseeing local authority input into the design of the franchises, including the specification and commercial arrangements.
- 3.18 It was further agreed that the DfT and Rail North would jointly develop proposals for a single integrated partnership structure with substantial decision-making authority to manage the franchises.
- 3.19 In addition, the Leaders agreed to form a small sub-grouping, the 'Leaders Sub-Forum', to progress devolution work until the formal structures described above were established. It was agreed that this sub-forum should be constructed on a geographical basis, with a Leader representing Tees Valley being joined by ten other Leaders from the other Northern sub-regions.

Rail North Governance Proposition and Arrangements

- 3.20 Following the January 2014 agreement, governance structures have been developed for two bodies:
- An association of local transport authorities (LTAs) to be known as the Association of Rail North Partner Authorities (“the Association”) to be governed by a Leaders’ Committee consisting of one member from each of the 30 LTAs in the North.
 - Rail North Limited (RNL), a company limited by guarantee, whose membership is open to all members of the Association and whose Directors will be appointed by geographic sub-groups determined by the Association.
- 3.21 A detailed description of the governance arrangements is provided in **Appendix 1**. The proposed arrangements were endorsed by a Rail North Leaders’ Sub-Forum at the end of April 2014. Articles of Association have been circulated to legal officers.
- 3.22 The Council is being invited to enter into these arrangements and agree to become a member of both the Association and RNL. Subject to such agreement, the Tees Valley Local Authorities will be represented at the Leaders Committee of the Association by an elected member. This is currently provided by Darlington Borough Council
- 3.23 It is expected that the majority of Rail North’s decisions would be reached by consensus by the Board of RNL on a one member-one vote basis. However, in the event of any matter being put to a vote, likely for example to include matters of constitution, member authorities’ voting rights would be weighted according to passenger mileage within their authority, with a 75% share required for approval. The full breakdown of these weightings is included within **Appendix 1**. Under these values, the Tees Valley would receive 2.5% of the voting share, comparable to other authorities with a similar rail geography. However, Greater Manchester would currently hold an effective veto with over 25% of the voting share.
- 3.24 As noted in **Appendix 1**, these percentages are currently being reviewed as a result of feedback from workshop sessions held with Rail North partner officers and members during July.
- 3.25 It is desirable to ensure that all of the LTAs are involved in the governance arrangements as they evolve. The arrangements will need to be flexible as circumstances change and the precise nature of the partnership with DfT is agreed. At the commencement of these arrangements there will be minimal direct risk and cost associated with membership and any changes to that position would need to be agreed in accordance with the governance rules.
- 3.26 However, mechanisms will be written into the member’s agreement that would allow any authority to exit both RNL and the Association prior to 2016 should the on-going requirements of membership become unacceptable.

Development of a Partnership with the Department for Transport

- 3.27 In parallel, and in accordance with the agreements, Rail North Officers and DfT officials are currently engaged in detailed discussions in relation to the governance arrangements for the DfT/RNL partnership. It is intended that the partnership arrangements should cover two district roles:-
- Management of the 2016 Northern and Transpennine franchises with day to day management delegated to a joint executive team
 - Wider decision-making in relation to implementation of the principles and objectives of the partnership, particularly in respect of strategic planning and investment.
- 3.28 It is expected that Heads of Terms for the Partnership will be produced by the end of September 2014 for approval by the parties and a further report will be brought forward to the Leadership Board at that time.
- 3.29 Given the fact that there is to be a further report dealing with outstanding issues, Members may determine at this stage that it is appropriate to agree in principle to the Council becoming a member of the Association and RNL. Officers could be given delegated authority, after appropriate consultation, to make arrangements for the Council to be admitted to the Association and a member of the RNL.

Franchise Specification

- 3.30 Whilst the procurement of both the Northern and TransPennine Express franchises will be led by the DfT with ultimate responsibility resting with the Secretary of State, Rail North is working closely with DfT on the specification and procurement of the new franchises, with key Rail North aspirations including:
- Delivering a more customer facing service;
 - Improving performance including a more consistent delivery of peak capacity;
 - Supporting the delivery of new services;
 - Improving the quality and quantity of rolling stock; and
 - Improving station facilities.
- 3.31 Both DfT and Rail North have a shared objective to support economic growth. However, the DfT is placing significant emphasis on the affordability of the relatively high levels of subsidy for Northern and TransPennine (across both franchises, public subsidy amounts to around 50% of the costs). They are of the view that significant efficiencies will be needed if the growth is to be affordable and have suggested that, where there are aspirations for improved quality and extra services, these would need to be offset by “trade-offs”, which might comprise increased fares, reduced frequencies at low-footfall stations and reductions in the hours of opening at station ticket offices (although no outright line or station closures are contemplated).
- 3.32 These “trade-offs”, and questions around other areas of the specification, were posed in a public consultation which opened in July and closed on 18th

August. A joint Tees Valley response to these proposals, produced by Tees Valley Unlimited, was submitted. The response included an expression of the Tees Valley's aspirations for rail, as set out in the North East Rail Statement.

- 3.33 The consultation document recognises the distinct and largely self-contained rail network in the North East, and suggests that this may represent an opportunity to deliver real and meaningful local influence over rail services delivered in the area. The consultation suggests that DfT may ask bidders to set out plans for the establishment of a 'North East Business Unit' within the franchise.
- 3.34 Proposals for the establishment of a North East Business Unit continue to be developed working through ANEC and with partners in North Yorkshire and Cumbria. Officers will continue to work closely with DfT and Rail North to seek the inclusion of the North East Business Unit within the specification for the new Northern franchise.
- 3.35 Given the priority placed on improving the standards of rolling stock across the north, Rail North has commissioned a detailed package of work on alternative options for rolling stock financing and procurement. DfT have been supportive of this work as an alternative option for bidders to consider alongside the more traditional Rolling Stock Company model. Early indications are that the access to cheaper finance would considerably narrow the gap between the cost of older rolling stock and the cost of new or significantly refurbished stock.
- 3.36 There is, however, a risk to our aspirations for the new franchise. Building upon the previous McNulty Report (May 2011), which identified a 40% "efficiency gap" in the UK rail sector (benchmarked against European comparators) and sought a 30% reduction in unit costs by 2018-19, the Department for Transport is seeking efficiency savings in the cost of running the new franchises, especially with regard to Northern Rail, which has the highest subsidy per passenger mile of any franchise managed by the Rail Executive.
- 3.37 It is a significant possibility, therefore, that the DfT's affordability objectives for the franchise and the North East's aspirations do not align and that service enhancements may not be achieved – indeed, that even the current level of service, particularly for the Northern franchise, will not be maintained (although it is clearly stated in the consultation document that station closures are not being considered at this time). The Tees Valley response to the public consultation emphasised that both franchises play an important role in supporting economic growth throughout the area (together with the rest of the north of England). Increasing fares would worsen social exclusion and damage aspirations for passenger growth (whilst adding more cars to our roads), whilst staffing levels at Northern Rail stations in this area are already low and we do not wish to see them reduced further as part of curtailment of station ticket office opening hours.

- 3.38 The influence of a united Rail North may decrease these risks, and it will be important that the Tees Valley continues to be strongly represented to provide balance to the expression of the North's aspirations. By providing local knowledge during the development of the specification, greater alignment with the economic development aspirations of the North of England can be sought. However, despite the ultimate responsibility for procurement resting with the Secretary of State, there is a risk that Rail North partner authorities may be perceived to be jointly answerable should the specification not be aligned to aspirations.
- 3.39 Should the Council not formally join Rail North, it would still be able to lobby DfT directly during the procurement phase in an attempt to secure its aspirations. However, it would be further-removed from the process and may lose influence as a result. It would also not become party to any partnership established in accordance with paragraph 3.20 above, and may therefore lose the ability to influence the delivery and strategic direction of the franchises.
- 3.40 A shortlist of pre-qualified bidders was announced by DfT on 19th August. Abellio, Arriva and Govia have been shortlisted to bid for the Northern franchise, whereas First, Stagecoach and Keolis/Go-Ahead have been shortlisted for the TransPennine Express franchise. Each bidding organisation will be contacted at the appropriate time to discuss the Tees Valley's aspirations for the franchises.
- 3.41 If Members agrees to the Council becoming a member of the RNL and the Association of Rail North Partner Authorities and authorises Officers to take the necessary steps when appropriate for the Council to become a member of these bodies then appropriate steps will be taken to ensure that this happens as quickly as possible. Tees Valley representation will also be finalised.

4. RISK IMPLICATIONS

- 4.1 Paragraphs 3.37-3.40 articulate the risks of both approving the recommendations of this report, and of not doing so. The risk of becoming a member is mitigated to a certain extent by the exit mechanisms described in paragraph 3.26.

5. FINANCIAL CONSIDERATIONS

- 5.1 Financial contributions are yet to be finalised.

6. LEGAL CONSIDERATIONS

Association of Rail North Partner Authorities

- 6.1 If the Council is to become a member of the Association of Rail North Partner Authorities then it will be entitled to appoint the Thematic Lead for Transport to

the Leaders' Committee of the Association. The Leader's Committee governs the Association. It will also be permitted to appoint a substitute member to the Leaders' Committee. It has been agreed that this membership will be on a Tees Valley basis with current representation provided by Darlington Borough Council.

6.2 The purpose and objects of the Association are:-

- To promote and improve rail services in the Rail North Area
- To campaign for devolution of responsibility for passenger rail services currently operating as part of the Northern and TransPennine Express (TPE) Franchises from the Department for Transport to LTAs in the Rail North Area
- To improve political leadership and oversight of Rail North Limited (RNL).

6.3 The functions of the Association are:-

- To develop, approve and oversee the implementation of a long-term rail strategy; and
- To establish geographical sub-groups for the purpose of appointing Directors to the RNL's Board.

6.4 One of the proposed geographical sub-groups is the "Tees Valley" which covers the Borough.

6.5 The Leaders' Committee will meet at least twice a year. Decisions of the Leaders' Committee will if possible be reached by consensus. Where such agreement cannot be obtained there will be a simple show of hands unless a card vote is called for by the Chair of the Committee or at least 2 members of the Committee.

6.6 It is understood that there may be changes made to the percentage of votes granted to the Tees Valley and Finance and Policy Committee will be kept apprised of the situation when it becomes clearer in this regard.

6.7 The Association will appoint a Secretary who will be responsible for providing administrative support to the Association and will be responsible for preparing a budget to cover the expenditure of the Association. The expenditure of the Association will be met by the Member Authorities.

6.8 The Council could terminate its membership of the Association by giving at least 12 months written notice. Only at the expiry of that period would the Council cease to be a member.

Rail North Limited (RNL)

6.9 By becoming a member of the Association of Rail North Partner Authorities the Council will be entitled to membership of RNL.

6.10 RNL will be a private company limited by guarantee. Its objects will be to:-

- Promote and improve rail services in the Rail North Area;
 - Arrange for the carriage of passengers by railway between places in Great Britain;
 - Manage the performance of obligations under franchise agreements let by the Secretary of State in respect of carriage of passengers by railway; and
 - Support the delivery of the long term rail strategy of the Members.
- 6.11 RNL will have the powers set out in its Articles of Association that include the ability to buy, lease or otherwise acquire and deal with property, borrow and raise money, lend and advance money, enter into contracts and open and operate bank accounts.
- 6.12 Decisions taken by the Directors will be by way of a simple majority vote unless it relates to a matter that requires a unanimous vote.
- 6.13 Insofar as decisions taken by the members of RNL at general meetings are concerned, it is proposed that decisions will be by way of a “poll only” vote. The total number of votes capable of being cast by Members is 987.
- 6.14 There may be changes made to the proposed allocation of votes given to each member of RNL and Finance and Policy Committee will be kept appraised of any changes that there may be in this regard.
- 6.15 The Council can terminate membership of RNL by giving 7 days written notice to the Company. There may be cost implications to the Council if it decides to terminate its membership of the company. This particular issue is one of the areas requiring clarification and this should be provided following the Heads of Terms for the DFT/RNL Partnership discussion referred to in paragraph 4.2 above.
- 6.16 There are no legal impediments to the Council becoming a member of the Association and in turn a member of the RNL if Finance and Policy Committee considers it to be appropriate to do so.

7. EQUALITY AND DIVERSITY CONSIDERATIONS

- 7.1 This report is not subject to an Equality Impact Assessment because the Council and its partners in Rail North share common objectives. The Rail North Long Term Rail Strategy, if delivered, would improve connectivity and capacity on the North’s railways, providing communities with improved access to employment, education, healthcare and leisure facilities. It would also improve the accessibility of the rail network, building a more inclusive public transport network.

8. STAFF CONSIDERATIONS

- 8.1 There are no staffing implications.

9. ASSET MANAGEMENT CONSIDERATIONS

9.1 There are no Asset Management considerations.

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

10.1 There are no staffing implications.

11. RECOMMENDATIONS

11.1 Finance and Policy Committee are asked:

1. To note the proposed governance arrangements for Rail North Ltd (RNL) and the Association of Rail North Partner Authorities (“The Association”) and to agree in principle that the Council should become a member of both bodies. The Leader will sit as a representative on the Association.
2. To authorise the Director of Regeneration and Neighbourhoods in consultation with the Leader to make the appropriate arrangements to enable the Council to be admitted to membership, by entering into the RNL Members Agreement.
3. To note that a representative of the Tees Valley Local Authorities will be appointed to the Leaders’ Committee of the Association (currently known as the Leaders’ Sub-Committee).
4. To note that a further report will be presented to Finance and Policy Committee when the Heads of Terms for the DFT/RNL Partnership are finalised.

12. REASONS FOR RECOMMENDATIONS

12.1 The programme of rail devolution affects all Local Authorities across the north of England and engagement in the North East is under the ANEC architecture. The establishment of RNL and the Association presents an opportunity to influence the provision of rail services and associated infrastructure in the future.

13. BACKGROUND PAPERS

13.1 There are no background papers.

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Appendix 1**Proposed Rail North Governance Arrangements****1. THE LEADERS' COMMITTEE ("LC")****1.1 Establishment**

The LTAs covered by the Northern and TPE franchises will establish a local authority association formed under section 143 of the LGA 1972 ("LGA 1972"). It is expected that all relevant LTAs (currently 30) would be party to these arrangements. The Association (provisionally known as the Association of Rail North Partner Authorities) will be governed by a Leaders' Committee (LC).

Each LTA will appoint one elected member to the LC. This member would normally be its Leader / Mayor / Chair or its Lead Member for Transport. There will be provision for LTAs also to appoint a substitute member. The LC will elect a Chair and one or more Vice-Chairs.

1.2 Voting Arrangements

It is expected that most major decisions would be reached by consensus. However, where votes are taken, a system of weighted voting would apply based on metrics relating to rail usage on Northern and TE services to and from each LTA's area. The rationale for this is that it reflects the respective stake of each LTA area in the franchising. The apportionment of votes will be reviewed probably every 5 years to take account of changes in rail usage. Provisional weighted voting shares are set out in the Appendix to this report. These were based on passenger revenue in 2011/12 and are currently being updated.

1.3 Frequency of Meeting and Urgency

The LC will meet twice a year, although there would be provision for additional meetings to be called if demanded by a specified (significant) number of member LTAs.

1.4 Functions

The Association through the LC will have the following functions:

- to promote and improve rail services in the Rail North area
- to campaign for devolution of responsibility for the Northern and TPE franchises
- to develop and approve, and oversee the implementation of, a long-term Rail Strategy
- to establish geographical sub-groups as proved for below, whose functions would include the appointment of representatives on the RNL Board
- to provide political leadership and oversight of RNL

1.5 Sub Groups

The LC will establish a number of geographical sub-groups of LTAs whose composition will be decided by the LC and whose function would be to appoint a person to serve as a director of the Board of RNL. In determining the composition of the sub-groups, account will be taken of factors such as:

- local authority, LEP and LTB linkages;
- the geography of the rail network; and
- the need to ensure inclusivity and representation across the North.

The shadow LC has agreed initially to establish the following eleven sub groups:

- GMCA
- West Yorkshire (plus York)
- South Yorkshire
- Merseyside (including Halton)
- North East (Tyne and Wear, Durham and Northumberland)
- Lancashire and Cumbria (including Blackpool and Blackburn and Darwen)
- Tees Valley (Darlington, Hartlepool, Middlesborough, Redcar and Cleveland and Stockton-on-Tees)
- North Yorkshire
- The Humber (East Riding, Hull, North Lincs, North East Lincs)
- Cheshire and the Potteries (Cheshire East, Chester West and Chester, Warrington, Stoke, Staffordshire)
- East Midlands (Derby, Derbyshire, Nottingham, Nottinghamshire, and Lincolnshire)

It is expected that decisions on appointments by geographical sub-groups would be reached by consensus. However where votes are taken the same system of weighted voting would apply as on the Leaders' Committee.

1.6 Administrative support and Funding

The LC will appoint the Chief Executive of one of the LTAs as Secretary to be responsible for providing administrative support.

The minimal costs of the joint body will be apportioned between the partner TAs as agreed by them, probably on the basis of voting rights.

2. THE SPECIAL PURPOSE VEHICLE – RAIL NORTH LTD (RNL)**2.1 Establishment**

Members of the Association will establish the SPV as a company limited by guarantee called Rail North Ltd (RNL). The SPV will be established pursuant to the well-being power under sections 99 and 102A of the Local Transport Act 2008 and the functional power of competence under sections 11 and 13 of the Localism Act 2011 in the case of CAs / ITAs and the general power of the competence under section 1 of the Localism Act in the case of county and unitary councils.

The key decision-making bodies within the SPV will be the members of the company and the board of directors.

2.2 Board of Directors

Each of the geographical sub-groups established by the Leaders' Committee will appoint one member to the Board of RNL. Each sub-group will have the power also to appoint an alternative director. Voting on the board would be on the basis of one director, one vote although it is expected that most decisions would be taken by consensus. However, given the substantial variations in the proportions of rail usage between the various sub-groups approval of certain key matters (mainly relating to finance) would be reserved to the members of the company.

The Board would be supported in managing RNL by a dedicated Executive Team of officers of the Rail North partner authorities and the PTEs.

2.3 Members of RNL and Reserved Matters

All the members of the Association are eligible to become members of RNL. The voting entitlement of each member will be based on the voting power each member based on rail usage as set out in the Appendix. Decision on the reserved matters will require the approval of members holding collectively at least 75% of the weighted voting entitlement. The reserved matters will include:

- Any change to the articles of the company
- Any partnership / shareholders' agreement between RNL and the DfT and other major commercial agreements
- Approval of RNL's annual and medium-term business plan
- Expenditure above certain limits
- Borrowing and the giving of financial guarantees

2.4 Funding

Members would make an annual payment to cover the running costs of the Company to be apportioned in accordance with voting rights. Prior the commencement of the franchises in February 2016, this is likely to be a relatively nominal amount. Arrangements may need to be reviewed when the level of risk/expenditure to be borne by RNL under the partnership arrangement with DfT is established. However, in these circumstances, LTAs would have the opportunity to withdraw (or alter their status within RNL) before the franchise agreements are operative, if unwilling to accept risk or make increased payments.

2.5 Functions of RNL

The principal initial functions of RNL will include:

- To oversee local authority input into the design of the franchises including the specification and commercial arrangements
- To develop proposals with DfT for a single integrated partnership structure to assume responsibility for managing the franchises

3. DFT / RNL PARTNERSHIP

Rail North officers are engaging with DfT officials in relation to the governance arrangements for the DfT / RNL partnership. A paper with proposals will be brought forward for consultation in due course.

APPENDIX 1**Provisional Weighted Voting on Leaders' Committee and RNL members' meetings (based on percentage share of passenger revenue)****Analysis by Local Transport Authority**

Transport Authority	Weighted Voting Share %
Blackburn with Darwen Borough Council	0.9%
Blackpool Borough Council	1.7%
Cheshire East Council	1.6%
Cheshire West and Chester Council	0.6%
City of York Council	3.1%
Cumbria County Council	3.4%
Darlington Borough Council	0.6%
Derby City Council	0.1%
Derbyshire County Council	1.3%
East Riding of Yorkshire Council	1.6%
Greater Manchester Combined Authority	25.7%
Hartlepool Borough Council	0.3%
Hull City Council	1.7%
Lancashire County Council	6.4%
Lincolnshire County Council	0.5%
Liverpool City Region Combined Authority	6.2%
Middlesbrough Council	0.7%
North East Combined Authority	4.2%
North East Lincolnshire Council	0.4%
North Lincolnshire Council	0.4%
North Yorkshire County Council	4.1%
Nottingham City Council	0.6%
Nottinghamshire County Council	0.3%
Redcar and Cleveland Borough Council	0.4%
Sheffield City Region Combined Authority	6.5%
Staffordshire County Council	0.1%
Stockton-on-Tees Borough Council	0.5%
Stoke-on-Trent City Council	0.2%
Warrington Borough Council	1.1%
West Yorkshire Combined Authority	23.5%

Note: These percentages are being reviewed to take account of the most recent data

FINANCE AND POLICY COMMITTEE

24 November 2014



Report of: Assistant Chief Executive

Subject: QUARTER 2 – 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 September 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 – 6.6	Public Health Departmental Update
7.1 – 7.7	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 211 actions and 169 performance indicators to deliver and measure improvements across key priority areas (outcomes) identified in the Community Strategy and Council Plan.
- 4.2 Of the 169 indicators, 95 were for monitoring purposes only and a further 13 PIs are collected on an annual basis. Updates have been provided for 60 of the 61 targeted indicators, data is either currently not available for the remaining indicators. 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 September 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 September 2014, the position was a positive one, with: -
- 170 actions (80%) have been assessed as being on target to be achieved by their scheduled completion date;
 - 24 actions have been completed (11%)
 - 52 performance indicators (87%) have been assessed as being target achieved or on track to achieve on track to achieve their year end target;
 - 2 PI (3%) have been assessed as intervention required. These are highlighted later in report.

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

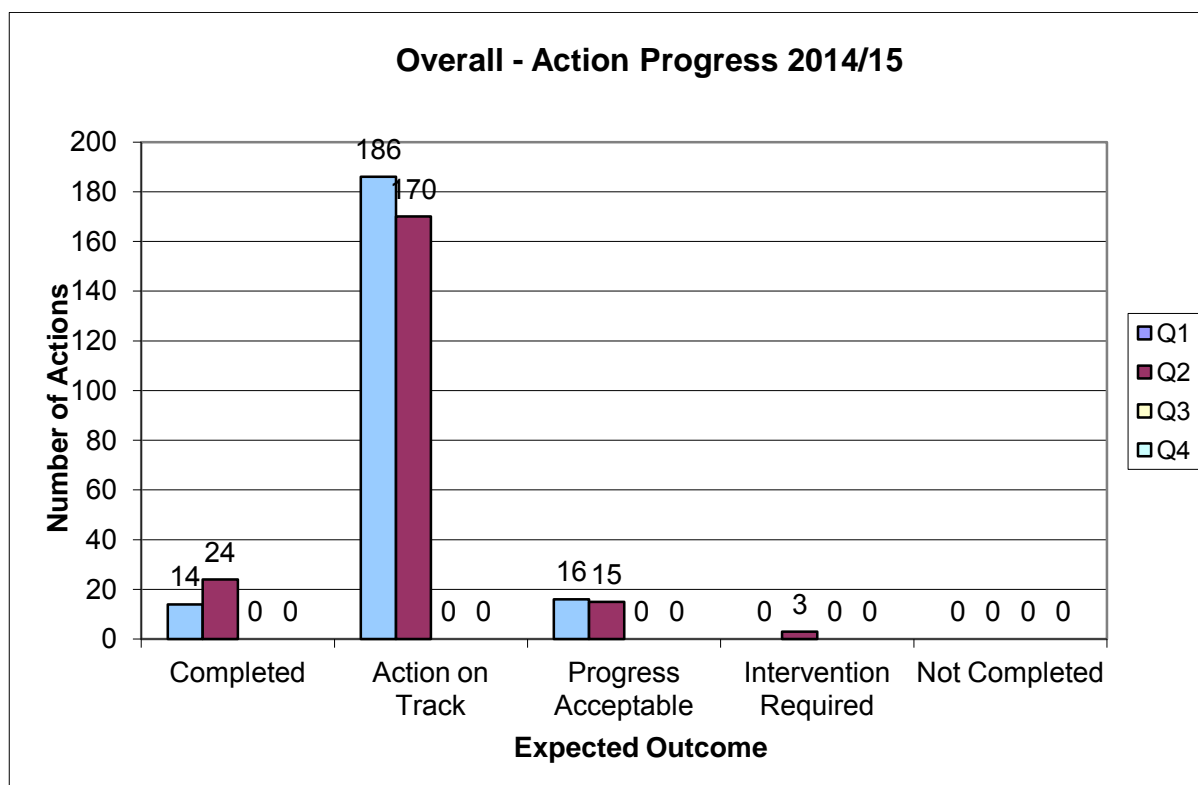
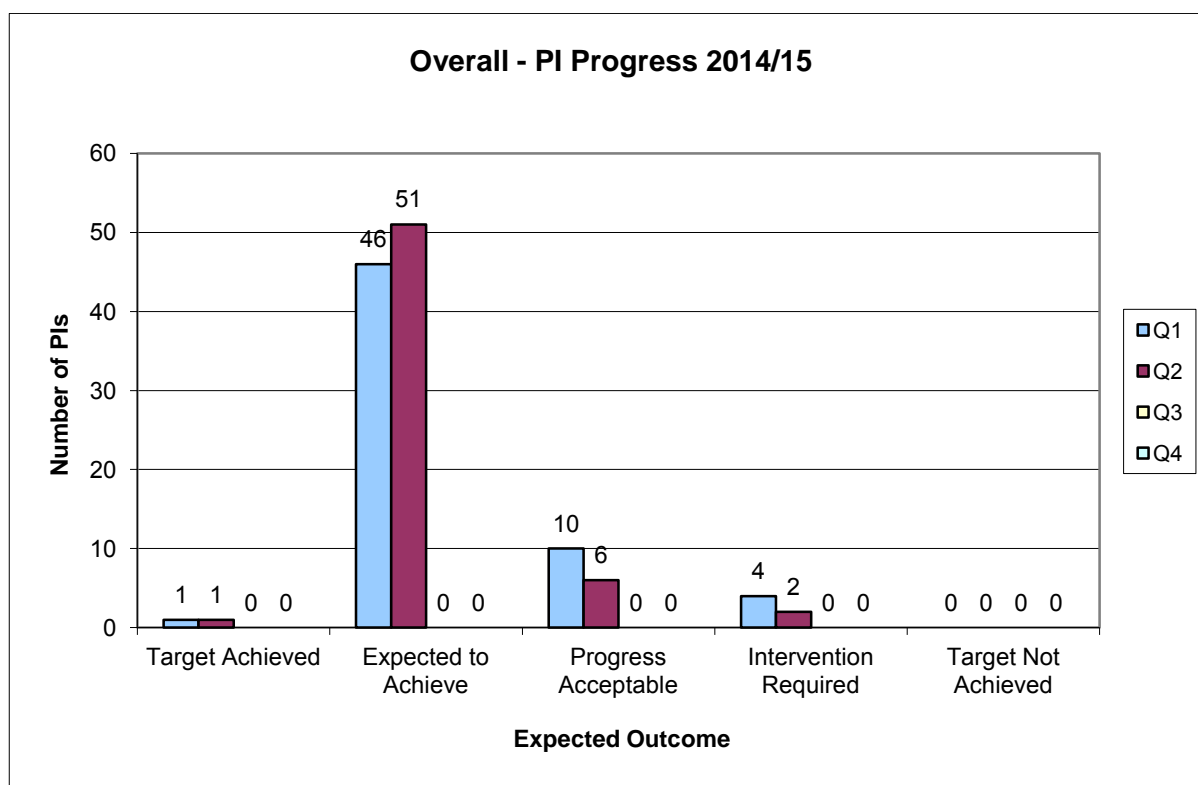


Chart 2: Council Plan PI Progress with quarterly outturns for period to 30 September 2014



- 4.6 91 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 21 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:
- 17 actions (81%) having been assessed as being on target to be achieved by their scheduled completion date;
 - 3 actions have been completed (14%)
 - The one remaining action has been flagged as making acceptable progress.

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

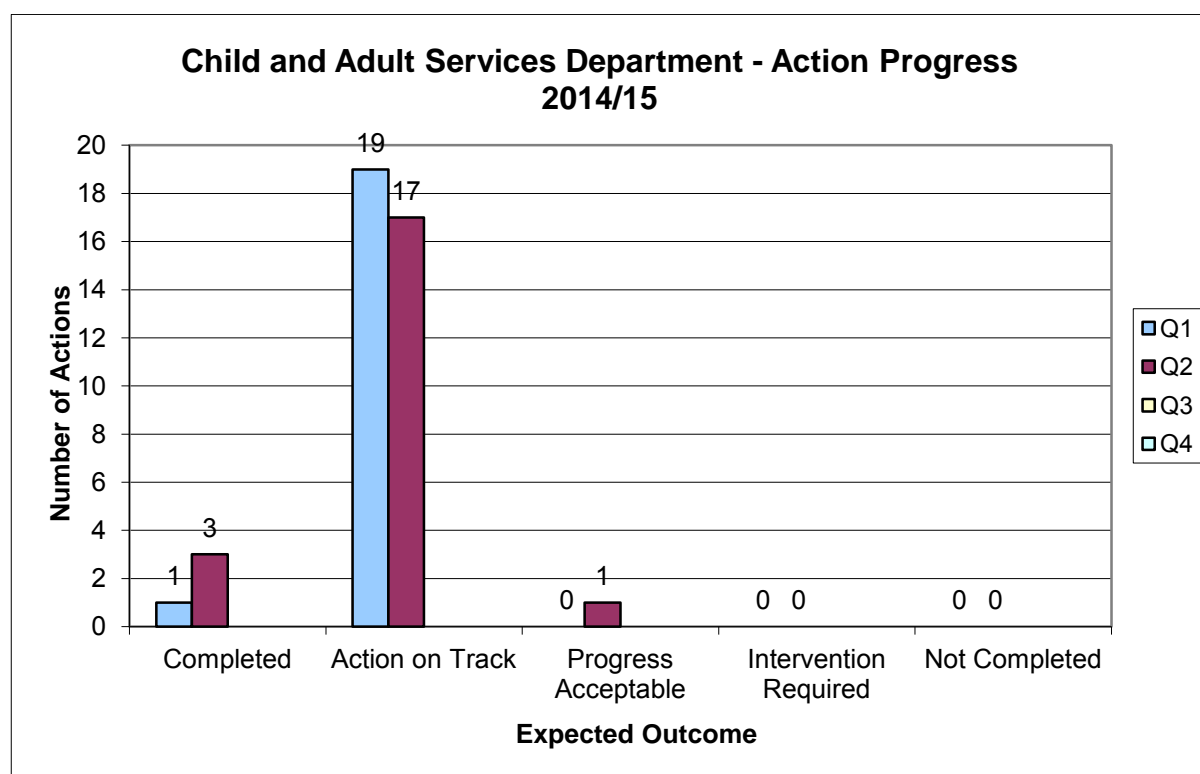
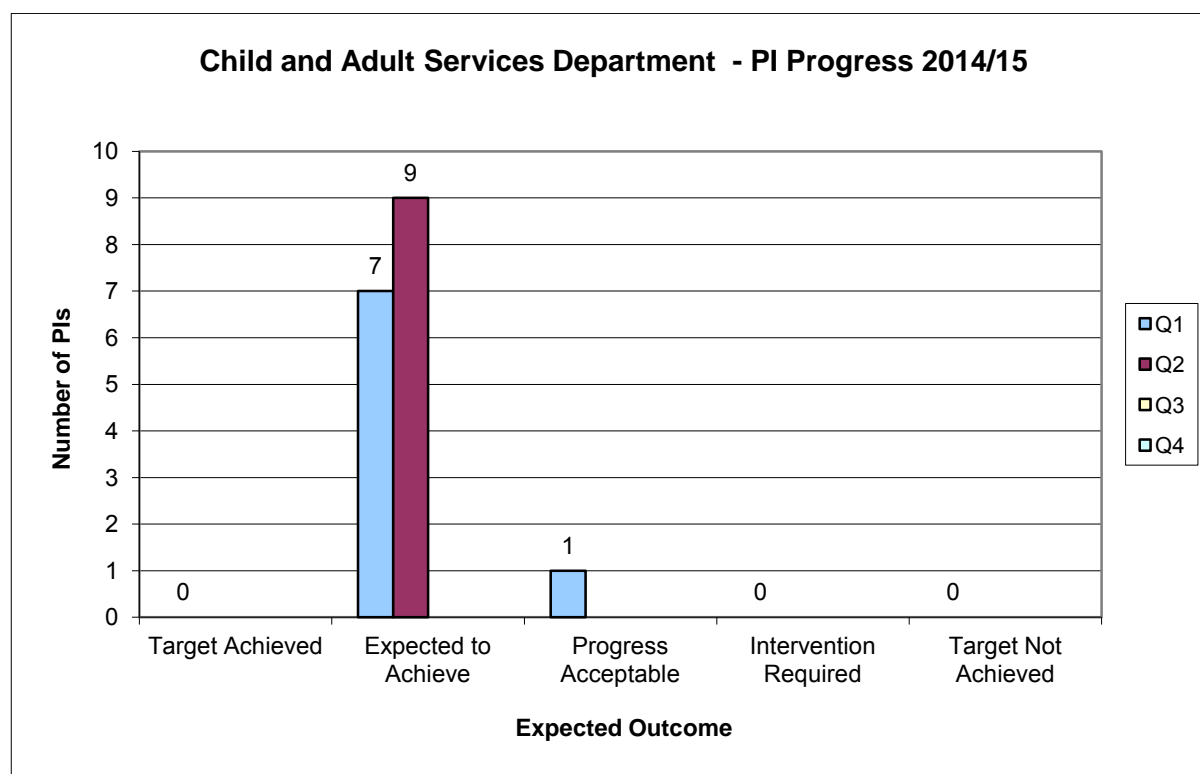
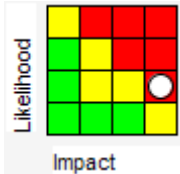
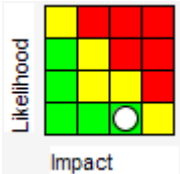


Chart 4: CAD Targeted Performance Indicators with quarterly outturns – Progress to 30 September 2014



- 5.4 Chart 4 summarises officers' assessments of the Performance Indicators that have targets **and** are measurable throughout the year. As at 30 September 2014, the position was a positive one, with:
- 9 indicators being assessed as on track to achieve target;
 - One indicator having been assessed as having made acceptable progress;
 - 7 Indicators are available on an annual basis.
- 5.5 There are 20 risks across 5 outcomes in the Council Plan 2014/15. The table below provides a summary of the risk whose ratings have changed over the last quarter.

Table 1: Changes in CAD Risks Q2 2014/15

Code	Title	Quarter 2 rating	Quarter 1 rating	Latest Note
CAD R060	Failure to work effectively with partners to deliver integrated health and social care services through the Better Care Fund. (Actively Managed)			The Better Care Fund aims to promote closer integration of health and social care through the use of pooled budgets to provide more joined up services, with additional funding available from 2015/16 to support this agenda. The Better Care Fund plan for Hartlepool has been developed in partnership with the CCG and local NHS providers and approved by the Health & Wellbeing Board. There are significant financial risks associated with implementation of the plan, and it is possible that key partners will not be able to work effectively to take implementation forward.

- 5.6 For the period up to 30 September 2014 the Child and Adult Services Department have identified the following:-
- Current indications, including reports from attached HMI, show that vulnerable schools are making steady progress towards becoming 'good'. The autumn 2014 and spring 2015 terms should see a great many of these schools receiving their next section 5 inspection. All are on track to achieve the target grade by the due date stipulated.
 - The financial implications of implementing the Care Act from April 2015 are still not fully understood and detailed Care Act guidance has only just been sent out to councils (23/10/14). A series of modelling tools have been used regionally and nationally to try and assess financial implications, but these are being further developed to provide a more accurate and robust picture
 - There are delays in developing detailed plans to implement Better Care Fund (BCF) proposals due to the national assurance work being undertaken and issues locally in accessing clinical audit data which will inform the development of a model for intermediate care

5.7 The following changes to PIs and risks have been identified in quarter 2:

- CSD P111 – Alternative Provision in Hartlepool is judged to be good or better by OFSTED
Indicator to be removed from plan due to timing of inspections. As there are only 2 provisions within the town and they have been inspected there will be no change to outturn this reporting year.
- NI 130 (ASCOF 1C-1) Social care clients receiving Self Directed Support
This is good performance, related to 2,005 people with a personal budget, and is on track to achieve or exceed the year end target of 90%.

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 49 actions and 47 performance indicators (11 Targeted and 32 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:

- 38 actions (78%) on track to be completed by their scheduled completion date;
- 5 actions (10%) have been completed
- 4 actions (8%) making acceptable progress
- With the 2 (4%) remaining actions having been completed

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

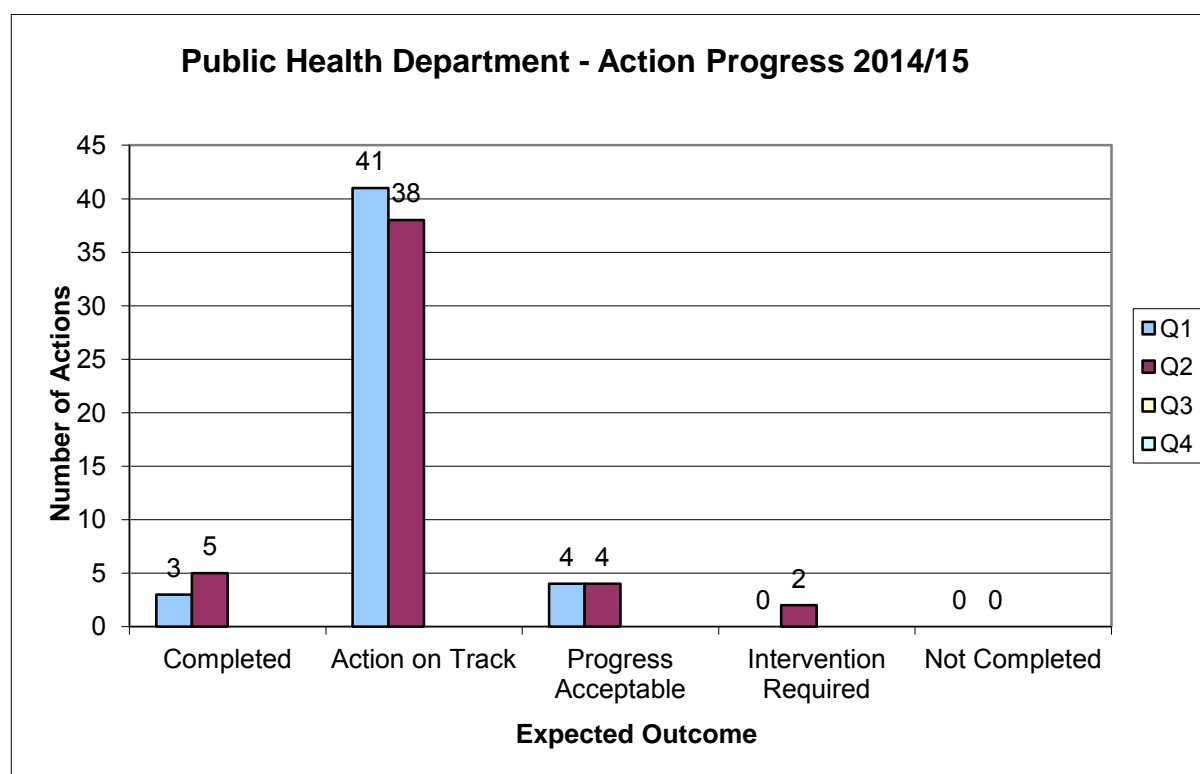


Table 2: PHD Action requiring intervention at 30 September 2014

Ref	Action	Due Date	Notes
PHD 14/15 HW22	Implement the revised Sports and Physical Activity strategy action plan	31 March 2015	This project has been delayed until the return of the officer after maternity leave in January
PHD 14/15 HW29	Develop on-line booking service	31 March 2015	This is being addressed through internal discussions with a view to progressing

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

- 2 indicators have being assessed as having made acceptable progress
- 1 indicator require intervention and 1 was on track
- A further 4 indicators (50%) having not provided any data at this time;

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

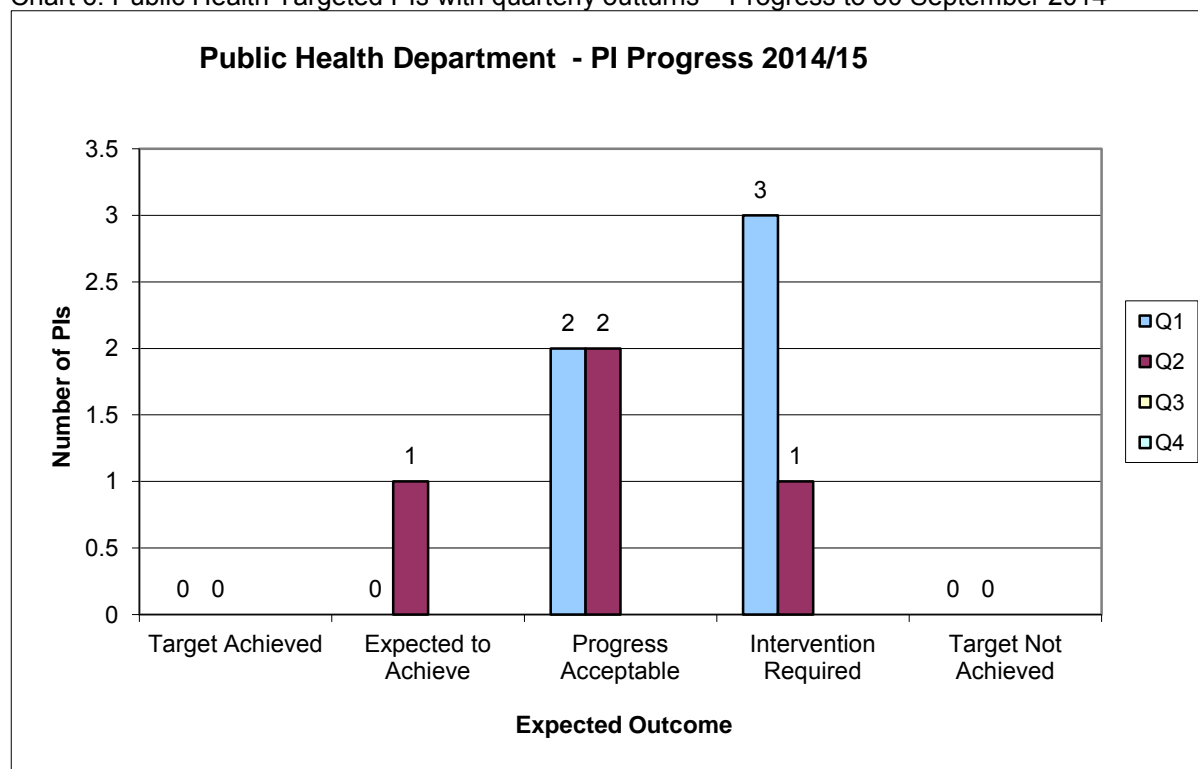


Table 3: PHD PIs Intervention Required

Ref	Indicator	Current Value	Target	Notes
NI 123	Stopping smoking – rate of self-reported 4 week smoking quitters per 100,000 population aged over 16	221	339	Most up to date data is Q1. 65% of target has been reached for Q1. This is in line with national, regional and local trends

6.5 There has been one increase in rating to a risk in Quarter 2 within the Public Health Department.

Table 4: Changes in PHD Risks Q2 2014/15

Code	Title	Q1 2013/14	Q2 2014/15	Latest Note
CAD R057	Impact of recruitment freeze, gaps in staffing caused by length of time taken in process and use of redeployed staff lacking appropriate skills and experience			

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

- Following a successful 6 week Dancercise programme at Grayfields Sports Pavilion Nouveau Dance and Fitness have placed a long term booking at the site with an average attendance of 12 per week.

- HBC continues to meet the criteria of the Continuing Excellence level of the North East Better Health at Work Award. HBC was recently awarded the inaugural Public Health Minister's award for excellence in workplace health, at a presentation ceremony in Central London which attracted national press coverage and recognition.
- The towns Annual Hartlepool Mail Sports Awards – The nomination for the Inspire Category - The councils GP Referral has been short listed for this award. This is testimony to how much local residents value the council's HELP/ GP Referral scheme.
- The Project Lead and Clinical Nurse for the British Heart Foundation Younger and Wiser Programme have both now left the project as they have found alternative posts as the Project is due to end on 31st March 2015 after 3 years. However, plans are in place to ensure resources and initiatives are in place to support the work and ensure some degree of sustainability
- Service review and the consultation of the commission services to ensure people maintain a healthy weight and a healthy life has been complete. The Healthy Weight Service update report was to be tabled to F&P Committee in October 2014. It was agreed to provide the future service in-house as opposed to an external procurement exercise. Notification to decommission the existing service provided by North Tees & Hartlepool Foundation Trust will be provided and potential TUPE of staff will be considered. A new delivery spec for the in-house service will be developed in keeping with existing timescales.

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 69 actions and 70 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 30 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:
- 5 actions (7%) have been completed and a further 62 (90%) assessed as being on track to be completed by the agreed date;
 - 1 action has been assessed as progress acceptable and one requires intervention;

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

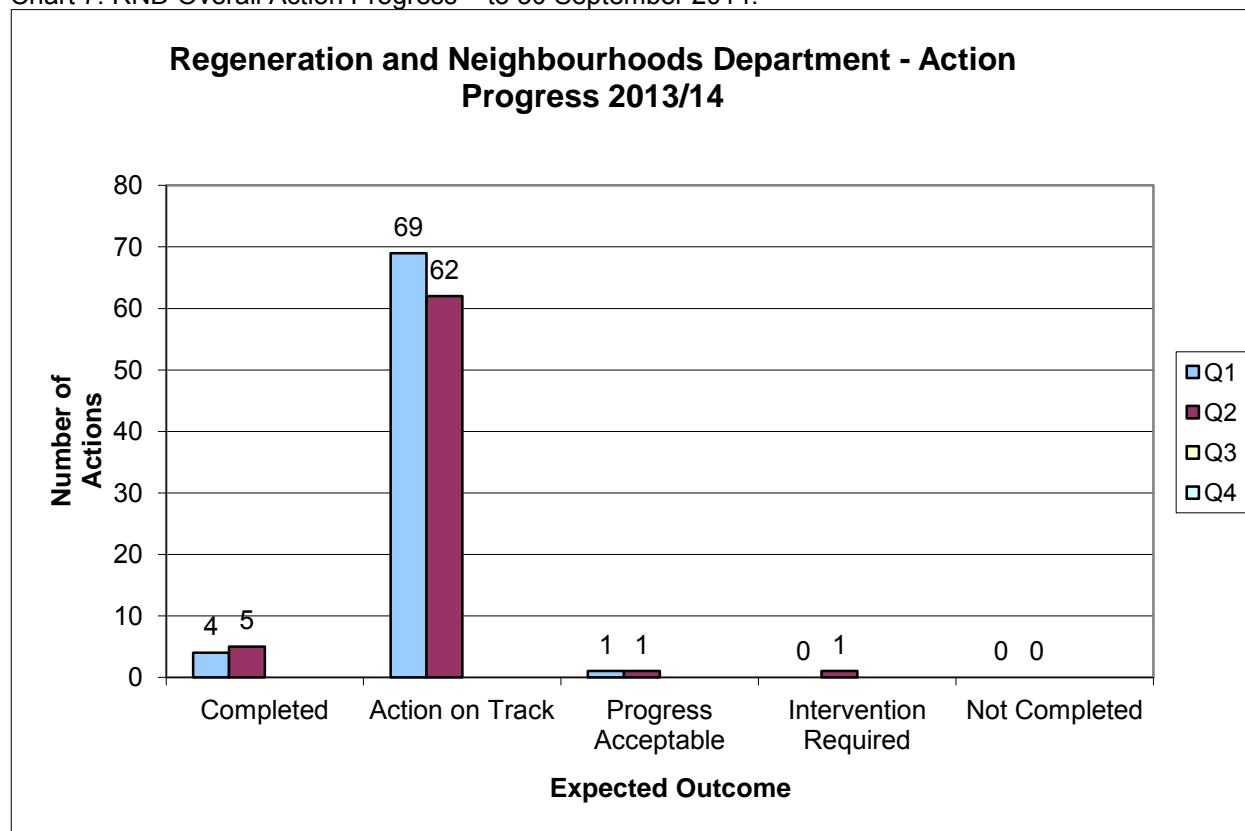
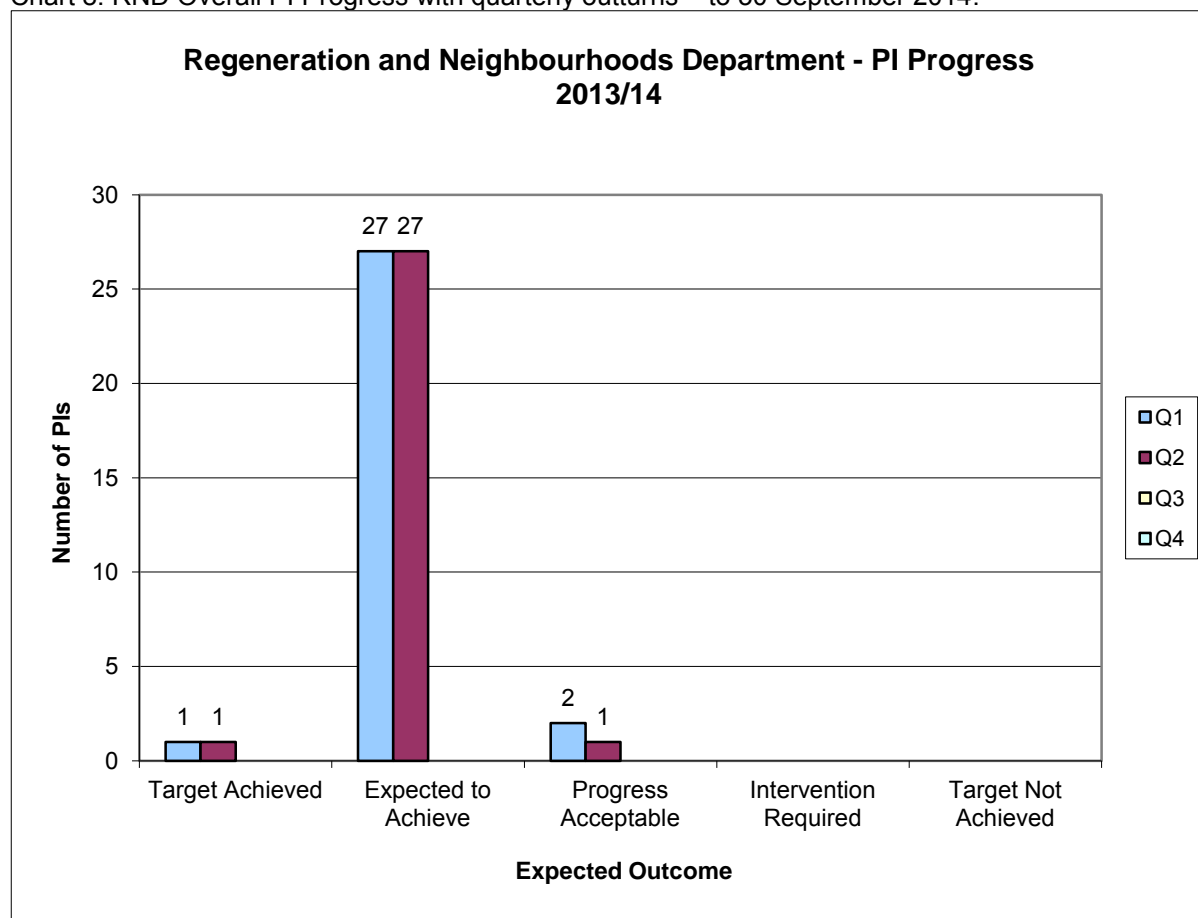


Table 5: RND Action requiring intervention at 30 September 2014

Ref	Action	Due Date	Notes
RND 14/15 EN15	Develop and implement a young driver training programme across the Tees Valley	31 Oct 2014	The young driver training scheme has been developed and will proceed subject to finance approval by the Cleveland Police & Crime Commissioner. A bid is to be prepared for the Strategic Road Safety Partnership to approve. It is therefore requested that target date for this action be revised to 31 March 15 .

- 7.4 Chart 8 summarises officers' assessments of the 29 performance indicators that have targets **and** are measurable throughout the year.

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



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

- 1 PI (3%) achieved target
- 27 indicators (93%) having been assessed as being on track to achieve target
- The final PI has been assessed as having made acceptable progress.

7.6 There are 30 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 2 2014/15 just one risk has changed its rating.

Table 6: Changes in RND Risks Q2 2014/15

Code	Title	Q1 2013/14	Q2 2014/15	Latest Note
RND R061	Inability to meet very high levels of local housing needs including affordable housing			A full review of this risk will be undertaken in March 15, as part of the housing strategy.

7.7 For the period up to 30 September 2014 the Regeneration and Neighbourhoods Department have identified the following achievements:

- Through the Hartlepool Youth Investment Programme (HYIP) the youth unemployment rate has reduced further to 8.2% in August 2014 which over two years is the biggest reduction in Great Britain. Since it started in September 2012 the project has supported 2,764 14 to 16 year olds to access vocational learning, 1,126 14 to 16 year olds to access work related learning and work experience, 733 young people at risk of becoming Not in Employment, Education or Training (NEET) to be supported through a mentoring and re-engagement scheme, 461 employers engaged and 137 young people supported into employment.
- After successfully having attained the RSPCA Stray Dog Footprint, Silver award in 2012 and 2013, the service has continue to grow and improve which has been reflected by being awarded the highest 'Gold' award in 2014. A mobile micro chipping clinic was held in Glamis walk and a total of 16 dogs were chipped. The dog foul pavement stencilling has proven to be very popular and is now at the request of members, being rolled out across the town, with particular focus on school routes and recreational areas.
- **Deliver the actions of the illegally grazed horse strategy 2013.** The majority of these actions have been completed and tethered horses are now only found on the Oaksway Industrial Estate (approximately 30 in number). Efforts continue to try and engage the owners of this land. The proposed grazing licence scheme for the land behind Tees Bay retail park was not adopted by the estates section. Hartlepool Borough Councils illegally grazed horse strategy has received national recognition and has been awarded the 'innovator award' in the RSPCA community animal welfare footprint awards 2014.
- The Queens Meadow Enterprise Zone is the most successful in the Tees Valley having attracted 10 projects so far, with an investment of £2m and creating around 140 jobs.

8 CHIEF EXECUTIVE'S DEPARTMENT UPDATE

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

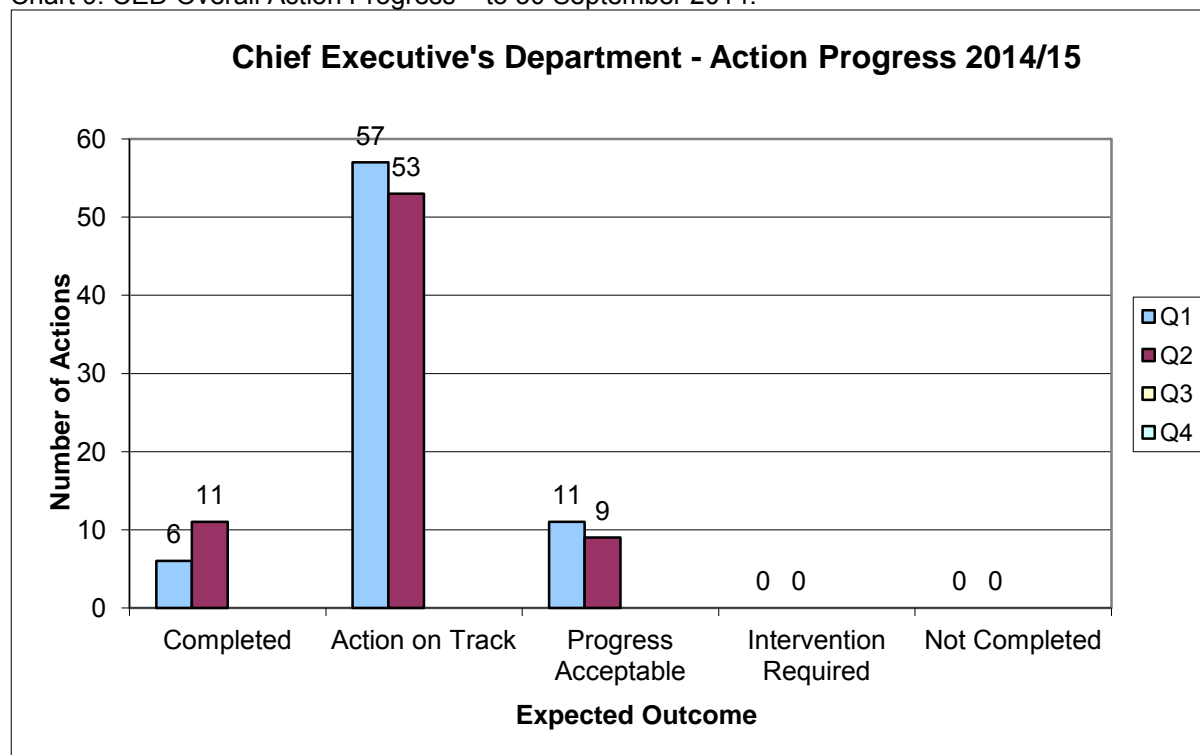
- Jobs and the Economy
- Organisational Development
- Health and Wellbeing
- Community Safety
- Strengthening Communities

8.2 The Chief Executive's Department has identified are 73 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:

- 65 Actions (88%) have already been completed or are on track to be completed by their agreed due date.
- 9 actions (12%) have been assessed as having made acceptable progress.

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



8.4 Chart 10 summarises officers' assessments of the 18 performance indicators that have targets **and** are measurable throughout the year. It can be seen that, as at 30 September 2014, the position was also positive, with:

- 14 indicators (77%) are expected to achieve target
- 3 (17%) 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 September 2014

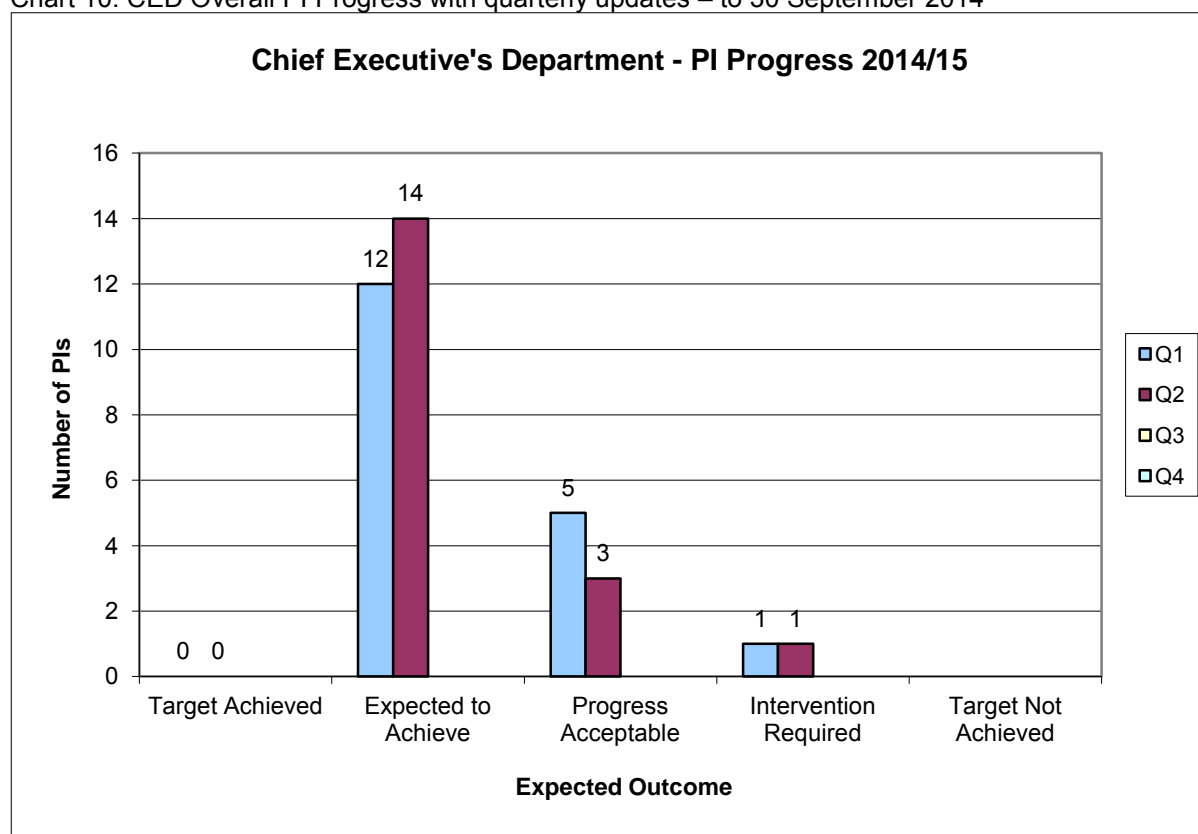


Table 7: CED PI requiring intervention at 30 September 2014

Ref	Indicator	Current Value	Target	Notes
CEDFI P030	Percentage of invoices paid to local businesses within 10 working days	67.07%	85%	First and second 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. The trend for this year shows a gradual improvement. In Q1 the average time period was 14.21 days, Q2 was 13.85 with Q3 to date running at 13.16 days.

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 two with just one risk rating being reduced:.

Table 8: Changes in CED Risks Q2 2014/15

Code	Title	Q1 2014/15	Q2 2014/15	Latest Note
CED R088	Future and Current Equal Pay Claims including settlement of, or adverse findings in ET of existing equal pay claims (Actively Managed)			On-going case for all Equal Pay claims. Risk assessed by terms and conditions arrangements reported to CMT for action.

8.6 There have been an number of achievements made in the Chief Executives Department in the second quarter of 2014/15

- The PR Team produced a 10 minute film for the Face the Public Safer Hartlepool Event
- E-recruitment Vacancy approval process is now operational and under initial evaluation
- The Constitution was reviewed at Council on 3rd April 2015 and a report suggesting minor revisions is to be presented to Council on 30h October 2014. Parts 3 and & have now been uploaded on the Council's website.
- The Council received good coverage of Hartlepool winning the Health Ministers inaugural award for promoting better workplace health practices

9. RECOMMENDATIONS

9.1 Finance and policy Committee is asked to: -

- note the current position with regard to performance.
- Agree to the revised date for:
 - RND 14/15 EN15 – Develop and implement a young driver training programme across the Tees Valley - revised to 31 March 2015
- Agree for the removal of:
 - CSD P111 – Alternative Provision in Hartlepool is judged to be good or better by OFSTED

10. REASONS FOR RECOMMENDATIONS

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

11. BACKGROUND PAPERS

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

12. CONTACT OFFICER

12.1 Kerry Trenchard
Strategy and Performance Officer
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E-mail: kerry.trenchard@hartlepool.gov.uk

FINANCE AND POLICY COMMITTEE

24 November 2014



Report of: Chief Executive

Subject: A COMBINED AUTHORITY FOR THE TEES VALLEY

1. TYPE OF DECISION/APPLICABLE CATEGORY

Non Key

2. PURPOSE OF REPORT

2.1. The purpose of the report is to:

- Highlight our ambition for establishing a Combined Authority for the Tees Valley to achieve our economic goals and to receive greater devolved powers
- Clarify what the Combined Authority would do
- Clarify its membership
- Clarify its relationship with the LEP
- Describe the scrutiny arrangements and how they would be funded
- Provide an update on timescales following a recent discussion with DCLG
- Set out plans for consulting on a Combined Authority
- Outline the decision-making process going forward

3. A Combined Authority to help us achieve our economic ambitions

3.1. A great strength of the area has been its ability to demonstrate its unity of purpose in securing a more prosperous economic future. The five local authorities of the Tees Valley, working together with business as the Local Enterprise Partnership (LEP), have firmly established the sub-region on the national stage. An obvious example of our unity is the Statement of Ambition with its clear explanation of the policies to be pursued in achieving sustainable prosperity.

3.2. Building on the strengths of our partnership, we are clear that new arrangements and powers would:

- Combine the strengths of our LEP with new powers afforded by a Combined Authority
- Be non-bureaucratic. A Combined Authority which operates as the LEP would achieve this

- Be cost-effective. Our analysis estimates that there is limited additional cost across the Tees Valley to deliver more effective decision-making and delivery of our strategy
 - Not re-create the former Cleveland County Council. A Combined Authority would not do this; it would assist decision-making on matters of jointly agreed priorities of economic development, skills and transport across the five Boroughs, and
 - Ensure we continue to work in harmony with business
- 3.3. The partnership currently in place is robust. It is a matter of great credit acknowledged by the Government, Business Representative Organisations such as Confederation of British Industries, Chamber of Commerce, Federation of Small Businesses, the Manufacturers' Organisation for Britain (EEF), and Institute of Directors and neighbouring areas that the grasping of opportunities to help implement our economic strategy has only been possible because of the area's local authorities' steadfast ability to work together and in concert with the private sector. There is a focussed and proactive approach to growth which is pursued at the sub-regional level. This approach has led to a successful Enterprise Zone and numerous Regional Growth Fund (RGF) awards for local companies.
- 3.4. The Authorities are hugely ambitious for the Tees Valley and our communities. Our existing governance arrangements have served us well but we are in a fast changing world and it is essential that we build on our success. Our economy can only grow if we all work together, and the speed at which change is occurring warrants an appraisal of options that will help us to strengthen decision-making and further develop our partnership. The reasons for this are:
- At a sub regional level we are securing more money to deliver our economic ambitions and we need to make sure we spend the money wisely, in line with our agreed priorities and to generate outcomes for our Boroughs and communities as quickly as possible
 - Authority's need to move fast in the modern world. Opportunities are presented to us which often require a fleet of foot approach so that we can compete effectively with other sub-regions for available resources
 - We need to offer our communities and businesses the certainty that comes with cementing our partnership and the consistency of approach that this will bring
 - We need proper scrutiny of what we do as a partnership in the spirit of openness, transparency and accountability
 - We need to continue to consider the views of business in a proper, democratically accountable governance structure.
- 3.5. Across the Tees Valley we want to be a big player, competing successfully alongside other, often much larger, sub-regions, both in the UK and internationally. We have always been ahead of our competition as illustrated by the establishment of our Enterprise Zone and RGF awards, for example. We have achieved this through being innovative, collaborative and creative. We must remain in the premier league, rather than risk lagging behind. We have a strong track-record of working together, recognised nationally, but we

now have an opportunity to cement our partnership through a Combined Authority and benefit from the security of approach this would bring for us and our partners.

- 3.6. Our partnership needs to be supported by specific powers (as may be secured through a Combined Authority) so that its decisions, made by democratically elected members alongside business representatives, are speedily made – once instead of five times - and implemented. This will allow us to respond rapidly to opportunities to secure further resources, and to provide certainty to our communities and businesses about our purpose.
- 3.7. The funds for which TVU is currently responsible will increase substantially in size with EU Structural Funds, Local Growth Fund, the schemes approved through the City Deal (e.g. the Business and Skills Hubs) and funds returning from the Enterprise Zones. Future governments may well channel further additional resources through Combined Authorities. We will need to ensure that the decision-making, accountability and claw-back in relation to these funds are effective, efficient and meet the requirements of funders.

4. Getting ready for greater devolved powers from Government

- 4.1. In the light of the Scottish referendum and commitment by all major political parties in the UK to greater devolution, the creation of a Combined Authority is our opportunity to seize the moment by having the right governance arrangements in place to make the case for and receive devolved powers and associated additional resources. It is right that we have been reviewing our own governance arrangements at the Tees Valley level and can position ourselves to maximise our involvement in shaping the devolution agenda.
- 4.2. Part of the rationale for the Combined Authority is to make decision-making more efficient by requiring just one decision instead of five locally, and this is rightly covered in appendix 1. The major prize, however, is the devolution of powers from Government and the opportunities afforded by reversing decades of centralisation in the UK.
- 4.3. As a Combined Authority, we would want to attain the same level of powers on transport as have been held by Integrated Transport Authorities (formerly Passenger Transport Authorities) which have been transferred to every one of the five newly created Combined Authorities in the North East, West Yorkshire, South Yorkshire, Greater Manchester and Merseyside. The Tees Valley is unique in that we do not have an Integrated Transport Authority. Attaining the same transport powers as other Combined Authorities would support our ambitions to accelerate economic growth, recognising the need to improve:
 - Connectivity within the Tees Valley, improving access to work, leisure etc.,
 - Connectivity between the Tees Valley and other regional and national centres to improve both mobility and our logistics industry, a key driver of economic growth, and

- Connectivity internationally, to scale up exports and inward investment

These ambitions cover road, rail, air and sea; for freight, passengers, commuters and visitors.

4.4. The main powers exercised by ITAs are

- Subsidising bus services which are not profitable to run but are considered socially necessary.
- Providing/maintaining bus stations and shelters and planning and funding new public transport facilities.
- Providing travel information about transport services.
- Funding/managing concessionary travel schemes for the elderly, disabled, students, etc. including free passes and "Dial-a-Ride" services.
- Potentially obtaining more powers over buses through Quality Contracts (QC) or Quality Partnerships.
- Certain powers over local train services including influencing setting of fares and timetables.
- Producing a Joint Local Transport Plan for the area.

4.5. In relation to economic development we would assume broad well-being powers to promote economic prosperity, have the power to accept devolved funding for economic development purposes and to manage significant investment in transport and economic infrastructure to boost economic growth.

4.6. The scope for devolution of greater powers in future is significant. Greater Manchester Combined Authority has developed a Framework for Planning Cooperation which is designed to take a collaborative approach to land use for housing and economic growth across its 10 local authority areas. This is one example.

4.7. The report 'Northern Futures' outlines some key asks, including devolved powers and resources to create competitive advantage with other regions nationally and internationally across key areas of energy, skills, international trade, transport and connectivity, resources, culture and tourism. The 'asks' range from rebalancing resource distribution to a more equitable share to support growth in northern regions, but devolved responsibilities around skills (to target STEM skills needs, for example), support for renewable energy, carbon capture and storage, and greater development of new and emerging markets / economies in support of international trade.

4.8. There has never been a better time to establish a Combined Authority.

5. What Would the Combined Authority do?

5.1. The principal functions of the Combined Authority would be to:-

- (i) Set the strategic economic vision, key priorities and outcomes for the Tees Valley area, in relation to:-
 - Economic Development;
 - Strategic Transport and Infrastructure
 - Employment and Skills
 - Business Investment
 - Low Carbon; and to
- (ii) Fulfil other duties and responsibilities including to:-
 - determine the use of funding received for joint purposes;
 - approve the commissioning of capital projects; and
 - consider funding agreements and joint venture arrangements

5.2. Appendix 1 shows the proposed Terms of Reference for the Combined Authority setting out a comprehensive list of its functions in relation to each of the functional areas in (i) above. It also sets out the decisions that the Combined Authority would take, alongside the decisions to be taken by the local authorities.

6. Who would be Members of the Combined Authority and how would Membership work?

- 6.1. The Combined Authority would consist of a representative Member appointed by each of the five Tees Valley Authorities, with the intention being that this would be either the Authority's Leader or directly elected Mayor, each with one vote. The term of office of each Member would be for one year. Each Leader / Elected Mayor could take responsibility for a specific portfolio within the Combined Authority's remit, working with the support of other Members through a designated Sub-Committee (see 5.7 below).
- 6.2. Each constituent Authority would nominate a specified Member (e.g. relevant Cabinet portfolio Member / Committee Chair) to be a substitute to attend meetings of the Combined Authority, when a representative Member is unable to attend, or at a time when there is a vacancy in respect of the Authority's representative Member.
- 6.3. A constituent Local Authority may terminate the appointment of its representative Member and nominated substitute at any time and may appoint others in place of those Members. A representative Member or nominated substitute may resign his/her membership of, or position on, the Combined Authority at any time by providing for the appropriate notice.
- 6.4. A representative Member or nominated Substitute would cease to be a representative Member or Substitute if they cease to be a Member of the constituent Council that appointed them. Appropriate notice would be given. As soon as practicable, the relevant Authority would arrange to appoint a new representative Member or nominated substitute.

- 6.5. Members on the Combined Authority could co-opt others (e.g. business representatives) in line with the current TVU Leadership Board.
- 6.6. The Chair and Vice-Chair would be appointed annually for a one year term by the Combined Authority from amongst the representative Members of the constituent Local Authorities and the positions would rotate between the constituent Councils each year.
- 6.7. Appendix 2 sets out some detail of the current TVU management and financial arrangements. It then goes on to set out the detailed proceedings of the Combined Authority.

7. What would be the Relationship with the LEP?

- 7.1. We want our Combined Authority to be as efficient and effective as possible. One means of achieving this is to make the business and meetings of both the LEP and the Combined Authority seamless. In other parts of the country where Combined Authorities have been set up, they continue to operate the LEP in a separate, if coordinated, cycle of meetings to the Combined Authority.
- 7.2. It would be necessary to ensure that meetings are chaired and managed appropriately. There is a requirement for LEPs to be chaired by someone from the private sector and constitutionally a Combined Authority should be chaired by an Elected Member. Local authorities are involved in, advise and are represented on the LEPs, usually through the Council Leader, and businesses can be involved in, advise and be represented on a Combined Authority. This model brings to decisions the expertise of business in the Tees Valley, and ensures through the Combined Authority that the local authorities are accountable for the money that is being spent. Business members would effectively be expert non-executive directors of the Combined Authority.
- 7.3. It would be possible to enhance governance arrangements by ensuring Leaders and the Elected Mayor, when not chairing the Combined Authority, each acts as a spokesperson for a specific theme in a similar way to the current arrangements with the LEP and with these roles each having a corresponding business “shadow”, maintaining and enhancing the strength of the current arrangements.
- 7.4. It is important as part of any future developments that the excellent delivery and working arrangements that we have currently (through our LEP) are preserved but that transparency and accountability of democratic decision-making is at its core.
- 7.5. To facilitate and provide for effective governance arrangements going forward LEP and Combined authority meetings would essentially be one meeting with a two-part agenda.

- 7.6. The LEP element of the meeting would be chaired by a representative of the Business Community (with a local authority Vice Chair who would be the Chair of the Combined Authority). Local authorities would continue to be involved in, advise and influence the business of the LEP, as now. This is not a decision making body as decisions would be taken by the Combined Authority.
- 7.7. The meeting would then seamlessly move to the business of the Combined Authority. For that aspect which is decision-making, the Chair would be a local authority elected member. The decisions would be taken by those representatives with voting rights, with others in attendance.
- 7.8. If the intention is that membership of the Combined Authority is afforded to all LEP members, then this would aid a seamless approach.

8. How would Scrutiny Arrangements work?

- 8.1. Part 6 of the Local Democracy, Economic Development and Construction Act 2009 states that every Combined Authority must put into place arrangements for the review and scrutiny of the discharge of its functions.
- 8.2. CLG has set out to all local authorities what it sees as good practice in relation to governance and scrutiny and this formed the basis of its recent consultation on Combined Authorities and Economic Prosperity Boards, to which the Tees Valley responded. CLG's proposal to amend the legislation is expected to be confirmed.
- 8.3. The proposed scrutiny arrangements for the Tees Valley Combined Authority are therefore based upon and incorporate the CLG guidance, plus items which have been included in the current Orders for the new Combined Authorities published by the Secretary of State.
- 8.4. It is proposed that there be a Scrutiny Panel of 3 Councillors from each of the Tees Valley constituent councils. This is consistent with a number of Combined Authorities already set up and would produce a sensible number of Councillors to be a Panel for the Tees Valley. Membership of the Scrutiny Panel must be politically proportionate.
- 8.5. The quorum of the Combined Authority Scrutiny Committee is proposed to be 7, which must include representatives of 3 out of the 5 Tees Valley Authorities. There could not be a minority of councils making recommendations on behalf of the majority.
- 8.6. Whilst it is anticipated that it would have the ability to 'call-in' decisions of the Combined Authority, the work programme of the Scrutiny Panel is intended to encompass upstream work: reviewing, informing and shaping policy and decisions and the direction of the Combined Authority. This would help to ensure that any decisions which are made by the Combined Authority are in line with its agreed policies. The Greater Manchester Scrutiny Panel is

deemed to be working well under this model with Members examining significant areas of policy in relation to the Combined Authority's business.

- 8.7. The support necessary to run the Combined Authority Scrutiny Committee arrangements (i.e. any necessary resources and staff) is intended to be provided by the Authority of the Chair, and is to rotate annually between the Tees Valley Authorities in the same way.
- 8.8. It is intended that by operating the support in this way that the Scrutiny arrangements can be run at little or no extra cost to the Combined Authority, with the support work being absorbed into the relevant Authority's day to day work. This is similar to the arrangement already in place at the Greater Manchester Combined Authority, where it is working effectively. The democratic services officers already in place at Manchester City Council run the scrutiny panel in practice, and have been able to absorb the extra work into their own department. West Yorkshire Combined Authority have also confirmed that there is to be no additional cost associated with their own scrutiny arrangements. As part of the development of the new arrangements further work will be undertaken to establish the support arrangements and model for scrutiny. More detail behind the scrutiny arrangements is set out in Appendix 3.

9. Update on the Timetable to becoming a Combined Authority

- 9.1. There are a number of stages to the process of becoming a Combined Authority as defined by Government, and this dictates, in part, the timescale for securing this status.
- 9.2. Following consideration of the matter by respective Cabinets / Finance and Policy Committees upon agreement we would move to the drawing up of what is known as our "scheme"; what the Combined Authority is, what its powers are intended to be, who is on it, how it would operate. The contents of this report would form the basis of the scheme. We would work closely with officials at the Department for Communities and Local Government to prepare this. Much of the detail within this report and its appendices would form the basis of our scheme. It is expected that we would have consulted locally on our scheme before submitting it to Government. In accordance with our own good practice as local authorities we would want to do this anyway. Outline plans for consultation are set out below.
- 9.3. The next stage involves Government engaging and consulting on our scheme. We will have consulted locally already, effectively warming up our partners, business and stakeholders to the benefits of our proposals. If Government concludes that our proposals are supported (including by our own local authorities) and meet statutory criteria of improving the efficiency and effectiveness of transport and economic development and delivering economic growth, then Government moves to stage 4.

- 9.4. The final stage involves the laying of an Order before both Houses of Parliament. Once approved by both Houses, the Order is made and then comes into force on a specified, pre-agreed date.
- 9.5. In broad terms, we are reporting to Cabinets / Finance and Policy committees in November / early December (this report is also going to other Councils comparable arrangements) to seek approval for our proposals and to progress to local consultation. It is anticipated that, subject to the outcome of consultation, we would be ready to submit the scheme to Government in February / March 2015. The General Election takes place in May 2015 and there will undoubtedly be a delay in proceedings within Government for several weeks afterwards. There is a need for the Order to be debated in both houses of Parliament so the most likely conclusion is that the earliest our Combined Authority could come into being is October 2015 or during the winter of 2015/16.. It may be desirable to consider our Combined Authority as operating in shadow form, through our LEP, ahead of its formal approval by Parliament. This would aid a seamless transition.

10. How would we Consult on our Proposals?

- 10.1. A detailed consultation plan has been developed and will be implemented subject to all five Cabinets' / Finance & Policy Committee's approvals. Considerable work has already been undertaken to inform key stakeholders about our ambitions and the rationale for a Combined Authority for the Tees Valley, but consultation will commence in earnest as soon as all five authorities have approved this report. Set out below is a summary of the approach to consultation.
- 10.2. There are a range of organisations, groups, individuals which form part of the proposed consultation arrangements.
- Association of North East Councils / North Yorkshire Councils
 - Businesses and Business Organisations
 - Colleges / Schools
 - Durham Tees Valley Airport
 - Government Departments and Agencies
 - Members of Parliament and House of Lords representatives
 - North Yorkshire LEP
 - Parish and Town Councils
 - Ports
 - Regional and Sub Regional Newspaper Editors
 - Residents
 - TVLEP / NE Combined Authority
 - Trade Unions
 - Universities
 - Other partners
- 10.3. The timescales have been predicated based on other elements already incorporated into the overall project plan. The consultation with those groups detailed above is to be arranged and delivered in December 2014 and January 2015.

- 10.4. For each of the target groups there are a range of potential options. Taking the examples cited from the NE Combined Authority, which was recommended to us by CLG, the proposal would be as follows:
- 10.5. (NB a number of these are essentially precursors to any communications strategy but are included here at this stage for completeness.)
- Key documents and FAQ and contact information for feedback on each LA website
 - Letter to key stakeholders inviting direct response to proposals
 - Key contacts for each key consultee for more detailed discussion for feedback if required
 - Online consultation with residents via each authority website

11. RECOMMENDATIONS

11.1. Members are recommended to:

- Endorse the progress being made towards the creation of a Combined Authority for the Tees Valley as set out in this report
- Request that appropriate consultation is carried out as outlined in the report
- Receive a further report to the five Borough Councils at the conclusion of the consultation prior to submission of a scheme to the Secretary of State.

12. BACKGROUND PAPERS

- Appendix 1 - Terms Of Reference And Proceedings Of The Proposed Combined Authority
- Appendix 2 - TVU, TVU Costs And Financial Arrangements
- Appendix 3 - Detail Of The Scrutiny Arrangements

13. CONTACT OFFICERS

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APPENDIX 1

TERMS OF REFERENCE AND PROCEEDINGS OF THE PROPOSED COMBINED AUTHORITY

Terms of Reference

The Combined Authority, and the Joint Committee before it should we need one, would have the following terms of reference and delegated powers:-

NB the Terms of Reference are still draft and subject to development and further consideration through the Working Group.

Economic Development

- Prepare, monitor and review the Tees Valley-level economic strategy (Statement of Ambition, Investment Plan, Business Plan, Action Plans etc) for approval by each of the Member Authorities
- Undertake economic assessment, research and provide an evidence base for economic strategy at the Tees Valley level and at the Borough level.
- Prepare and submit policy responses to consultations that impact on the economy of the Tees Valley
- Develop and manage interventions, projects and programmes which respond to the economic strategy of the Tees Valley
- Prepare and submit funding bids for interventions, projects and programmes which respond to economic strategy at a Tees Valley level.
- Be responsible for ensuring that core business advisory services are available to SMEs across the Tees Valley, with additional business support services being delivered, in consultation with the Local Authorities, to meet each Borough's individual sector priorities.

The Combined Authority would approve the Tees Valley-level economic strategy (comprising e.g. the Statement of Ambition, Investment Plan, Business Plan, Action Plans etc).

The constituent Local Authorities would, in the interests of each of their respective administrative areas, provide such input into the preparation of the economic strategy as may be required.

The Combined Authority would approve the submission of responses to consultations.

The constituent Local Authorities would provide such input as may be required to support such preparation and submission.

The Combined Authority would approve the submission of funding bids.

The Constituent Councils would provide any necessary support for the preparation of such bids.

The local authorities would continue to prepare and agree their own economic development and regeneration strategies and plans as they wish, for the delivery of locally elected members' ambitions. These plans and those of the Combined Authority should be consistent and mutually complementary

Employment and Skills

- Take a lead role in relation to Employment and Skills policy initiatives.
- Lead on activities to drive the TVU Employment Skills Advisory Group.
- Lead activities to develop the Tees Valley Employment, Learning and Skills Framework and encourage implementation across the five Local Authority areas.
- Influence high level content of the DWP Work Programme and FE provision.
- Develop links and Employment and Skills policy alignment with 14-19 activities.
- Influence DWP prime provider performance through attending regular reviews and ensuring that TVU priorities are fed through to delivery programmes, and on a borough level depending on need.
- Engage with DWP providers/employers on the ground to facilitate closer working between partners and create additional/sustainable job opportunities across the Tees Valley.
- Provide intelligence to providers (including primary and secondary schools) on future skills and labour market requirements, aligned to the growth plan whilst working with colleagues and other learning providers to develop a more labour market focus to their delivery, share emerging markets and skills sector knowledge
- Work with partners to join up the employer offer across Tees Valley and link with similar regional/local aims to provide dedicated access

points for employers (via websites and key contacts).

- Coordinated the production of Tees Valley materials and resources to support and develop aspirations and choice, working closely with all partners.
- Co-ordinate a sub-regional network of key partners/providers to manage co-ordinated employer support for multiple vacancies etc.
- Work with employers, Sector Skills Councils etc to develop/facilitate sector focussed training opportunities linked to areas of future growth in the labour market.
- Ensure that employment and worklessness initiatives are effectively targeted at those farthest from the labour market.

Ensures that local and national initiatives are coordinated into a coherent programme of support for young people, adult learners and employers

- Work with partners/key employers to develop more structured opportunities for unemployed people to access jobs.

Business Investment

- Undertake business engagement and support including SMEs in consultation with the Local Authorities.
- Develop and approve a strategy and action plans for work of Tees Valley level significance in relation to:
 - Investment by both UK and foreign owned companies
 - Relocation into the Tees Valley from another UK source
 - Investment for the first time by non-UK companies
 - Exporting by Tees Valley companies
 - Supply chain development
- Take responsibility for enquiry and client handling, liaising with clients and public and private sector partners across the Tees Valley; Site allocation, site briefs, identifying business synergies.
- Identify existing and emerging opportunities, defining marketing targets by industry sectors/sector analysis and developing strategy.
- Undertake marketing to attract Tees Valley level opportunities into the Tees Valley.

The Combined Authority would approve a Tees Valley wide strategy for business investment, inward relocation, exporting and supply

chain development.

The constituent Local Authorities would inform the development of the strategy, providing such input as may be appropriate or required in respect of their respective administrative areas.

Local authorities would continue to be able to provide their own levels of business investment and support, in relation to their own economic development and regeneration strategies and plans aligned with but mutually complementary to those of the Combined Authority.

Low Carbon

- Undertake project and financial management of studies linked to the Low Carbon Strategy.
- Liaise with Government departments and agencies to address barriers to investment.
- Coordinate consultation responses to a range of related consultations from Government, including National Planning Statements and energy policy, as well as EU legislation.
- Provide support to industry to develop low carbon infrastructure such as Carbon Capture and Storage, district heating, energy hubs, novel waste technologies and energy from waste plants.
- Assist in the preparation of funding bids for industry projects for national and European funds and the Green Investment Bank.
- Further developing relationships with NEPIC, CPI and other groups such as PICCSI and other relationships to assist in the delivery of key projects.
- Help to develop and articulate Tees Valley's offer as one of the largest integrated low carbon networks in Europe.
- Examine new delivery vehicles for the key projects.

Transport

The main powers exercised by ITAs are:

- a) Subsidising bus services which are not profitable to run but are considered socially necessary.
- b) Providing/maintaining bus stations and shelters and planning and funding new public transport facilities.
- c) Providing travel information about transport services.
- d) Funding/managing concessionary travel schemes for the elderly, disabled, students, etc. including free passes and "Dial-a-Ride"

- services.
- e) Potentially obtaining more powers over buses through Quality Contracts (QC) or Quality Partnerships.
 - f) Certain powers over local train services including influencing setting of fares and timetables.
 - g) Producing a Joint Local Transport Plan for the area.

The Tees Valley does not have an ITA, therefore specific functions for the Tees Valley Combined Authority would be:

- Develop and approve the Rail Strategy
- Develop and approve the Transport and Infrastructure Strategy including transport topics of significant importance e.g. Rail, Strategic road network and Airports.
- Manage and develop the successful on-going strategic relationship with the Highways Agency, and other Government departments and agencies (ie DfT, Network rail, rail franchise holders)
- Deliver modelling and analytical support for scheme and strategy schemes.
- Approve and submit bids for funding for Tees Valley level transport schemes.
- Develop, approve and implement in collaboration with the Local Authorities capital project procurement for transport schemes at a Tees Valley level.
- Represent those Authorities comprising the Combined Authority within regional, pan-northern and national fora lobbying for more investment in infrastructure

The Combined Authority would approve the Rail Strategy and the Transport and Infrastructure Strategy.

The constituent Local Authorities would provide such input and support as may be required.

The Combined Authority would approve and submit bids for transport scheme funding.

The constituent Local Authorities would provide support for and input to the development of such bids.

The Combined Authority would approve the procurement of Tees Valley level transport schemes.

The constituent Local Authorities would assist with the development

and implementation of such procurement.

Other Duties/Responsibilities

- Determine the use of money that comes to TVU for joint purposes, such as Growing Places Fund, DfT Major Schemes, and any Regional Growth Fund, ERDF, ESF etc coming to TVU collectively.
- Decide strategic enablement and investment from the monies generated from TVU activities such as recycling of business rates uplift funds generated by Enterprise Zones.
- Determine the use of money allocated to TVU, such as funding allocated to TVU by local authorities and other bodies.
- We should include the General Power of Competence as far as it relates to the delivery of the Combined Authority's functions.

The Combined Authority would approve the use of monies received for joint purposes.

The constituent Local Authorities would provide such support and advice as may be required.

The Combined Authority would approve strategic enablement and investment from funding generated by TVU activities.

The constituent Local Authorities would provide appropriate advice and support to ensure that the most advantageous strategic enablement and investment takes place.

The Combined Authority would approve the use of funds allocated to TVU.

The constituent Local Authorities would assist TVU to put such funds to the most appropriate use by providing such support and guidance as may be required or necessary.

Underpinning the powers of the Combined Authority (and those of the local authorities) would be the notion of subsidiarity: doing the right thing, in the right place, at the right level.

APPENDIX 2**TVU, TVU COSTS, FINANCIAL ARRANGEMENTS, EFFECTIVE COLLABORATION AND PROCEEDINGS OF THE COMBINED AUTHORITY****TVU**

TVU staff are employees of Stockton-on-Tees Borough Council (“SBC”) and would continue to be managed by the Managing Director and his management team.

For the purposes of the Combined Authority, the head of paid service would be known as the Chief Executive. The Chief Executive would continue to provide high level strategic direction for TVU, and would be accountable to the Combined Authority and LEP and work closely with the Local Authority Chief Executives and their Senior Officers.

TVU staff would provide all necessary professional expertise and support to enable the Combined Authority to discharge its functions; to advise the Combined Authority on matters within its terms of reference and to provide secretarial and administrative support to the Combined Authority.

TVU Costs

TVU costs are the costs of TVU/SBC employees, provisions, transport, supplies and service and support services.

Financial Arrangements

SBC would continue to be the accountable body for the Combined Authority as it is for TVU currently.

TVU costs and any costs related to the operation of the Combined Authority would be allocated to each Local Authority in the following agreed proportions:-

Darlington Borough Council	15.80%
Hartlepool Borough Council	14.67%
Middlesbrough Borough Council	20.89%
Redcar & Cleveland Borough Council	20.98%
Stockton-on-Tees Borough Council	27.66%

*(NB – taken from the 31 March 2011 Joint Agreement for the Governance of Tees Valley Unlimited)

The Local Authorities and Combined Authority would agree the TVU Costs and costs related to the operation of the Combined Authority prior to the 28

February of each year. There would be a timetable for discussion between the local authorities and the Combined Authority on budget requirements in advance of this date and it is intended that budget requirements would be considered on a three year rolling programme.

Each Local Authority's contributions (except for SBC) would be paid on the 1 April, July, October and January of each year.

The Combined Authority would be required to draw up its own financial regulations and standing orders. Like any organisation there are a number of financial practices that the Combined Authority would need to undertake such as the production of a medium term financial plan, audit, payroll, treasury management, etc. There are, however, a number of additional requirements a Combined Authority would need to undertake. These include, the production of a statement of accounts, the appointment of an independent external auditor, a separate bank account and separate government returns such as VAT.

It is proposed, to minimise costs and streamline the process, that financial support, including the Statutory Section 151 Officer role, would be provided by one of the constituent authorities. Financial procedures and practices would also follow those of the constituent authority.

The costs attributable to the Combined Authority in exercise of its functions relating to economic development, transport and skills including economic investment (such as the Growth Fund, EZ income and European Funding) (together with any start-up costs) would be apportioned between the constituent authorities as outlined under the arrangements above.

Based on the analysis undertaken to date, it is estimated that there will be minimal additional costs for each local authority in the running of the Combined Authority. There will, however, be some additional costs associated with the set up of the new body, such as Audit Fees, but these will be kept to a minimum.

If the Combined Authority has assets, we may need to consider the powers required for the Combined Authority to borrow against those assets.

Effective Collaboration

Although the Chief Executive of the Combined Authority would be accountable to that authority (through the Chair - a Leader or Elected Mayor), made up of its constituent members, it must be seen that in all purposes this is within an effective collaboration across all five of the Tees Valley 'family' of authorities, as it is now. The Chief Executive would work very closely with all the local authority Chief Executives (as now). S/he would be fully cognisant of the political drivers and strategic imperatives of the member authorities (and business community) as now. S/he would meet regularly with local authority Chief Executives, as now, to conduct LEP and Combined Authority business, ensuring all authorities are 'lined up', as now,

to facilitate a smooth approach to decision-making at the Combined Authority. It should be noted that the Combined Authority would be expecting this collaborative approach, so accountability of the Combined Authority Chief Executive through the Chair would also be, in effect, accountability to the wider family of Leaders and elected Mayor and their Chief Executives.

Proceedings of the Combined Authority

The Combined Authority would hold an Annual Meeting each year, and at least three other meetings during the year.

In the event of a casual vacancy occurring in the office of Chair or Vice Chair of either the Combined Authority the constituent Authority by whom the previous Chair or Vice Chair was nominated, would nominate a successor to hold office for the remainder of the term of office of the member in respect of whom the vacancy arose.

If both the Chair and Vice-Chair are absent from a meeting of the Combined Authority, one of the other representative Members would be appointed to preside over the meeting.

The Chair in consultation with the Vice-Chair, may call a meeting of the Combined Authority at any time and would call a meeting within seven working days if required by at least 3 of the representative Members.

The agenda for the Combined Authority meetings would be agreed in consultation with the Chair and Vice Chair.

A summons to attend a meeting, specifying the business proposed to be transacted at the meeting would be sent to each representative Member and a copy would also be sent to the Chief Executive of and two other officers specified by each constituent Authority.

Meetings would be held at such place and at such times as the Chair shall, in consultation with the Vice Chair determine.

Decision-making would be structured to ensure that issues of critical importance to the Boroughs, such as those which placed costs or risks on the Borough Councils, were taken only by Leaders and the elected Mayor. The Combined Authority would not have the power to incur expenditure on other authorities, nor would it have the power to place additional risks on other authorities over and above expenditure and risk that is a result of what is agreed by each authority and covered by the Combined Authority constitution, including the investment, business and financial plans (see below).

To retain unity of purpose across work done by local authorities individually and the work of the Combined Authority, joint decision-making on strategy and business planning would be put in place. For example, the constitution

of the Combined Authority would set out that decisions would be taken in accordance with the following framework agreed by the Combined Authority AND formally by each local authority individually:

- Statement of Ambition: the strategy in accordance with which TVU and the Combined Authority will work
- Investment Plan
- Annual rolling TVU / CA Medium-Term (3-4 year) Financial Plan, including local authority financial contributions
- Annual Business Plan

Beyond these, each matter arising at a meeting of the Combined Authority would be determined by a majority of the votes of the Members present and voting; each representative Member or substitute Member acting in that Member's place would have one vote and no Member would have a casting vote.

If a vote on any matter is tied, it would be deemed not to have been carried.

Three representative Members and/or nominated substitutes would represent a quorum.

Minutes of the proceedings of the Combined Authority would be taken and would be submitted to the next ordinary meeting (or Annual Meeting, as appropriate) for approval.

Copies of the minutes of the meetings would be provided for each of the Local Authorities within 7 working days of a meeting.

The Combined Authority may appoint such Committees or Sub-Committees (e.g. in connection with the EU Structural and Investment Fund), with such quorum of representative Members as may be determined.

The meetings of the Combined Authority's Committees, or any of its Sub-Committees, would be public meetings unless exempt or confidential information is to be discussed.

The Tees Valley LEP has already transferred Investment Panel part A meetings into the Tees Valley ESIFS Committee in 'shadow' form (October 2014) to comply with EU regulations. This is a sub-committee of Government (CLG) and its relationship with the LEP will simply transfer to become a relationship with the Combined Authority.

Duration, Variation and Termination

The Combined Authority would be established by the Secretary of State through a statutory order approved by resolution of each House of Parliament. It can only be abolished by order of the Secretary of State, and with the consent of a majority of the constituent Councils.

That consent would make appropriate provision for:-

- the redeployment, transfer or secondment and/or payment of the costs of redundancy, including pensions liabilities, of any employees who would no longer be required following termination/abolition.
- the closing of any related redundant accounts and the payment of any relevant outstanding costs.
- the sharing of any costs or other liabilities relating to the continued occupation and/or termination of occupation of any accommodation no longer required.
- the sharing of any costs or liabilities regarding any funding arrangements, other agreements or contracts.
- the disaggregation of any (non-personnel) assets (financial or otherwise), rights and liabilities.
- all of these costs or liabilities to be shared in the same proportions as the Local Authority contributions to the funding of TVU costs (the costs of employees, premises, transport, supplies and services and support services)

Withdrawal from the Combined Authority can only take place in accordance with the relevant legislative requirements.

A withdrawing Local Authority would have to make appropriate provision for:-

- the redeployment, transfer or secondment and/or payment of the costs of redundancy, including pension liabilities, of any employees who would no longer be required following the withdrawal of the relevant Council and for the relevant Council to be responsible for such costs.
- the payment by the relevant Council of its share of any accounts or outstanding costs.
- the sharing of any costs or other liabilities relating to the continued occupation and/or termination of occupation of any accommodation no longer required for the purposes of the arrangements.
- the sharing of any costs or liabilities regarding any funding arrangements, other agreements or contracts
- the disaggregation between the relevant Council and the other Councils of any assets (financial or otherwise), rights and liabilities at the time of the relevant Council's withdrawal, and assuming that the

relevant arrangement (Combined Authority) is to continue in operation.

- all of these costs or liabilities be shared in the same proportions as the Local Authority contributions previously referred to.

The disaggregation of any assets, rights and liabilities may, however be deferred by the remaining Councils to a future date which they determine, where they consider that the disaggregation would prejudice the operation of the relevant arrangements.

Where a Council has given notice of withdrawal and the remaining Councils consider that it would be more appropriate for the relevant arrangement as a whole to be terminated by mutual agreement, the relevant provisions about mutual agreement would apply

Dispute Resolution

Any dispute or question arising between the Local Authorities in relation to the arrangements for the operation of the Combined Authority would be referred for determination to an independent expert, in accordance with provisions regarding the experts appointment; timescale for making of a determination; opportunity for the parties to the dispute to make representations; expert's fees and expenses; costs; and the binding nature of the determination.

APPENDIX 3**DETAIL OF THE SCRUTINY ARRANGEMENTS**

The term of office for representatives is to be for one year from the date of the annual Council meeting. If a representative ceases to be a Councillor, or wishes to resign from the Scrutiny Panel, the relevant Council shall inform the Combined Authority secretariat and the replacement representative shall serve for the remainder of the original representative's term of office. This mirrors the arrangements in the South Tees Heath Scrutiny Committee.

The draft Scrutiny Protocol also provides that a Chair and Vice Chair (to come from different political groups) shall be elected annually, with the position to rotate between the Constituent Councils each year. Additionally, the Chair is required to be a member of the opposition.

The support necessary to run the Combined Authority Scrutiny Committee arrangements (i.e. any necessary resources and staff) is intended to be provided by the Authority of the Chair, and is to rotate annually between the Tees Valley Authorities in the same way.

It is intended that by operating the support in this way that the Scrutiny arrangements can be run at little or no extra cost to the Combined Authority, with the support work being absorbed into the relevant Authority's day to day work. This is similar to the arrangement already in place at the Greater Manchester Combined Authority, where it is working effectively. The democratic services officers already in place at Manchester City Council run the scrutiny panel in practice, and have been able to absorb the extra work into their own department. West Yorkshire Combined Authority have also verbally confirmed to us that there is to be no additional cost associated with their own scrutiny arrangements, as the work would be absorbed by existing staff, in their case staff at what used to be their Passenger Transport Executive

With regard to the call in procedure, Members of the Scrutiny Panel shall have the power to call in any decision by the Executive Board or of the Combined Authority.

5 Members of the Scrutiny Panel are required to object to a decision before a call-in can be implemented, and are to have a 5 day period following the publication of any decision to effect the call-in.

Manchester Scrutiny Panels work involves a high level overview of their own Combined Authority's growth or reform plans. Recent items from their 2013 and 2014 calendar include an overview of the Greater Manchester Growth and Reform Plan which proposes to eliminate the gap between public spending and tax generated in that region, and overview of various growth or reform projects relating to housing, worklessness, youth

unemployment and infrastructure. It is therefore anticipated that the Combined Authority's work programme would encompass reviews of the Combined Authority's policies and overview of any projects which the Combined Authority set up once in existence.

This approach would ensure a greater role for elected Members in the governance of the Combined Authority (when compared to current arrangements with TVU).

FINANCE AND POLICY COMMITTEE

24th November 2014



Report of: Corporate Management Team

Subject: STRATEGIC FINANCIAL MANAGEMENT REPORT -
AS AT 30th SEPTEMBER 2014

1. TYPE OF DECISION/APPLICABLE CATEGORY

Non Key Decision.

2. PURPOSE OF REPORT

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

- i) 2014/15 Forecast General Fund Outturn;
- ii) Corporate Income Collection Performance; and
- iii) 2014/15 Capital Programme Monitoring.

3. BACKGROUND AND REPORTING ARRANGEMENTS 2014/15

3.1 The availability and reporting of accurate and up to date financial information will become increasingly important as future budget cuts are implemented and one-off resources are used up.

3.2 This Committee will continue to receive regular reports which will provide a comprehensive analysis of departmental and corporate forecast outturns, including an explanation of the significant budget variances. This will enable the Committee to approve a strategy for addressing the financial issues and challenges facing the Council.

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

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

4. MTFS CONSIDERATIONS

4.1 This report provides an update on the outturn forecasts reported on 18th August, 2014 and the reserves review reported on 15th September, 2014. There is also an updated Medium Term Financial Strategy (MTFS) report elsewhere on the agenda which reflects:

- the recommendations previously approved by this Committee in relation to the one-off resources identified from the initial outturn forecast and the reserves review; and
- the impact of the updated outturn, as detailed in section 5 of this report, on the MTFS.

5. 2014/15 FORECAST GENERAL FUND OUTTURN (INCLUDING RESERVES REVIEW)

5.1 As reported previously the Corporate Management Team is again seeking to achieve underspends to help address the significant financial challenges facing the Council over the next few years. This strategy will 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. The Corporate Management Team will seek to achieve budget underspends through a combination of robust management actions, including;

- holding posts vacant, which will help reduce the number of compulsory redundancies required to balance the 2015/16 budget;
- achieving planned 2015/16 savings early; and
- careful management of budgets to avoid expenditure where this does not have an adverse impact on services.

5.2 An updated assessment of the forecast General Fund outturn has been prepared based on experience in previous years and actual income/expenditure at the 30th September 2014. These forecasts will be updated if circumstances change, particularly in relation to seasonal and demand led budgets. Details of the updated forecast outturn (including the outcome of the previously reported reserves review) are provided in Appendix A and summarised below:

	Worst Case £'000	Best Case £'000
Previously Reported	975	1,090
Latest Forecast	1,457	1,542

5.3 The above table indicates there is an increase in one-off funding available to support the MTFS after 2015/16 and therefore help manage the significant budget cuts required over the period 2016/17 to 2017/18. A recommended strategy for using this one off funding has been reflected in the updated MTFS report elsewhere on the agenda.

- 5.4 The key changes in the forecast outturn are highlighted in the following paragraphs.
- 5.5 **Departmental Budgets** – the latest forecast outturn is a managed underspend of between £1.527m and £2.047m, which is significantly higher than previously forecast. The increase in the forecast outturn includes £0.940m arising from the early achievement of planned 2015/16 savings where these measures can be implemented in the current year, without impacting on services. This includes savings on staffing budgets by holding posts vacant, which will help reduce the need to make compulsory redundancies. The key issues are summarised below:
- Chief Executive's Department – the updated outturn reflects the earlier achievement of 2015/16 savings and increased in-year underspends. The majority of this underspend is available for corporate commitments as detailed in Appendix A.
 - Child and Adult Services – increase in forecast outturn reflects advanced 2015/16 budget savings. It is recommended that these resources are earmarked within the Looked after Children Risk Reserve and High Needs Risk Reserve to manage potential increased costs in 2015/16. This will avoid unfunded budget pressures in 2015/16.
 - Regeneration and Neighbourhood Services - forecast increase in outturn reflects increased planning income, a managed underspend on the depot (deferred repairs expenditure) and an underspend on the Coastal Protection budget arising as a result of major capital investments. Proposals for using this increased underspend are detailed in paragraph 5.7.
- 5.6 Detailed financial information for individual departments by Committee, as well as the summarised position, is provided at Appendices B to F.
- 5.7 **Depot Relocation costs** – the proposal to relocate the depot will enable Hartlepool College of Art and Design to use this site for the construction of a new college. Work is currently being undertaken with the college to develop a detailed business case for this proposal. In relation to the depot relocation element of this proposal a detailed report is presented elsewhere on this agenda. The report details the benefits of moving the depot to enable a new college to be built on this site, the operational benefits of a relocated depot and the regeneration benefits in the area of the new depot. As part of this process the Director of Regeneration and Neighbourhood Services is seeking to achieve a significant underspend to contribute towards the capital costs of the depot relocation. If this project does not proceed then these resources will be uncommitted and a strategy for using these resources will need to be developed as part of the MTFS at a later stage.
- 5.8 **Corporate Budgets** – As reported previously the Council will benefit from temporary savings in interest costs by taking advantage of current interest rates structures. This position is not sustainable as interest rates are forecast to

increase during 2015/16. However, a permanent saving of £0.270m is anticipated and has been included in the 2015/16 budget proposals.

- 5.9 **Provision for Planning Appeal costs** – following recent Planning Committee decisions an assessment of potential costs arising from planning appeals has been made. Whilst, these costs are not certain to be incurred and are unlikely to be incurred in the current financial year, it is recommended that resources are earmarked as part of the 2014/15 outturn to avoid an unbudgeted cost in 2015/16. For planning purposes these costs are estimated between £0.14m and £0.24m.
- 5.10 **Changes to Core Revenue Grant** - The February 2014 MTFS report provided an assessment of the impact of changes in the Council's core Revenue Support Grant and the linkages to the impact of schools converting to academies. These changes retain funding which it was anticipated would be top sliced from the Core Revenue Grant allocation and **do not impact on the funding available for schools from the Dedicated Schools Grant**. The previous MTFS report advised Members that following clarification of the impact of this funding change the initial local planning assumption was too pessimistic. The impact has therefore been reviewed to assess the amount forecast to be received over two financial years (2013/14 and 2014/15) as follows:

	Academy conversion rate 2014/15 – 50%	Academy conversion rate 2014/15 – 75%	Academy conversion rate 2014/15 – 100%
Forecast one-off funding	3,600	3,160	2,720

As the position was uncertain it was recommended for planning purposes that the lower forecast should be used. On this basis the approved 2014/15 MTFS allocated £2.32m as a Budget Support Fund to support the revenue budget over the period 2014/15 to 2016/17 and £0.4m to support Regeneration Priorities.

- 5.11 This position has now been reviewed and Members are advised that actual position is £3.61m (slightly higher than the best case forecast of £3.6m). This amount is £0.890m higher than the amount committed as part of the February MTFS and this is reflected in the overall outturn forecast.
- 5.12 **Pay Budgets** – at a national level Employers are being consulted on a proposed formal pay offer covering 2014/15 and 2015/16 financial years. An initial assessment of the cost of the proposed pay award has been made. In the current year it is anticipated the cost of the pay award will be in line with the budget provision. There will be a small net saving on the pay budgets owing to the strike action, which is included within the forecast Department Budget outturns. In 2015/16 there will be a shortfall of approximately £0.1m as the impact of the proposed pay award slightly exceeds the forecast included in the 2015/16 budget. It is recommended that resources are carried forward from the 2014/15 outturn to fund the additional cost in 2015/16 and avoid having to identify additional budget cuts. From 2016/17 the additional ongoing cost will

need to be funded from the April 2016 pay award provision, or if this is not possible from the identification of further cuts.

- 5.13 The recommended reserves also included a proposal put forward by the Trade Unions to earmark the strike day saving of £40,000 to fund an extension of the existing Apprenticeship scheme.

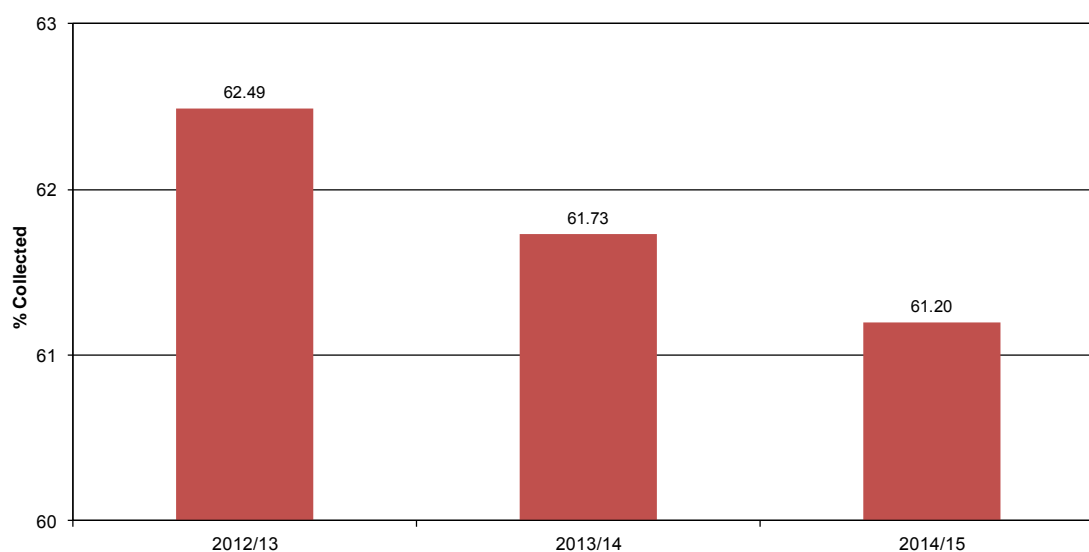
6. Corporate Income Collection Performance

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

6.2 Business Rates Income

- 6.3 The re-localisation of Business Rates is a significant additional financial risk for Local Authorities to manage - 50% of any shortfall arising from either non payment by businesses, or reductions arising from the Valuation Office re-assessing rateable values, falls on individual authorities. A 'safety net' system is in operation, although this only compensates authorities for any shortfalls above 7.5% of the safety net figure. Prior to 2013/14 any shortfall in Business Rates collected was funded at a national level from the overall Business Rates pool.
- 6.4 Collecting Business Rates has always been an important responsibility, and the Council collected 98.5% in 2013/14 (national average 97.25% for unitary and metropolitan councils). The changes associated with localisation of business rates make this an even more important issue for the Council.
- 6.5 In terms of the overall Business Rates collection rate, at the 30th September 2014 the Council had collected 61.20% of the 2014/15 liability, down slightly by 0.53% compared to the same period last year, as summarised in the graph overleaf. It is anticipated that the annual target of 98% collection will still be achieved.

Business Rates Collection Rates
September Collection Percentage 2012/13 to 2014/15

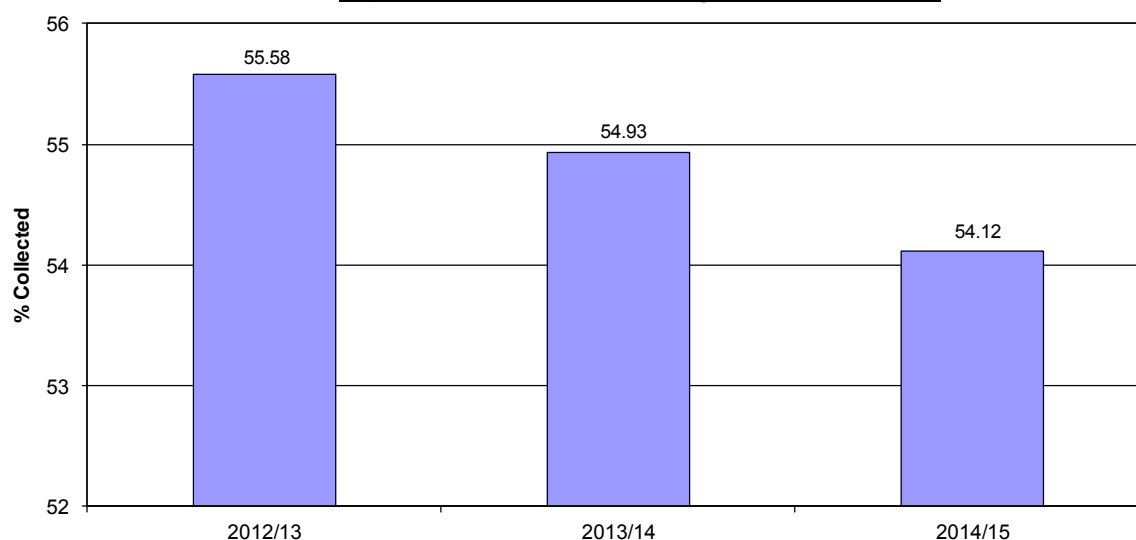


6.6 Council Tax

6.7 The Council collected 96.1% of Council Tax in 2013/14. It is anticipated that the 2014/15 annual target of 95% collection will be achieved.

6.8 The overall Council Tax collection rate at 30th September 2014 was 54.12% compared to 54.93% for the same period last year, down slightly by 0.81%, as summarised in the graph below. This position largely reflects the ongoing impact of the Local Council Tax Support (LCTS) Scheme.

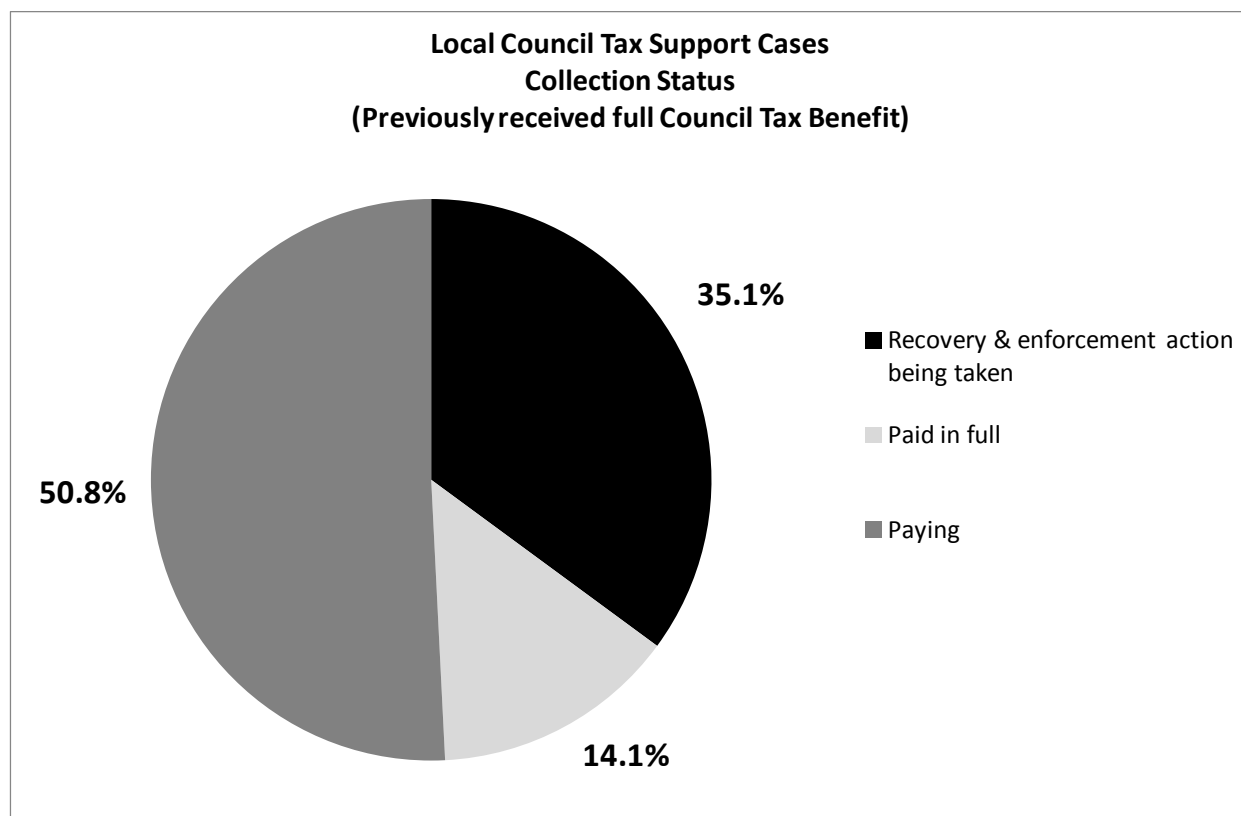
Council Tax Collection Rates
September Collection Percentage 2012/13 to 2014/15



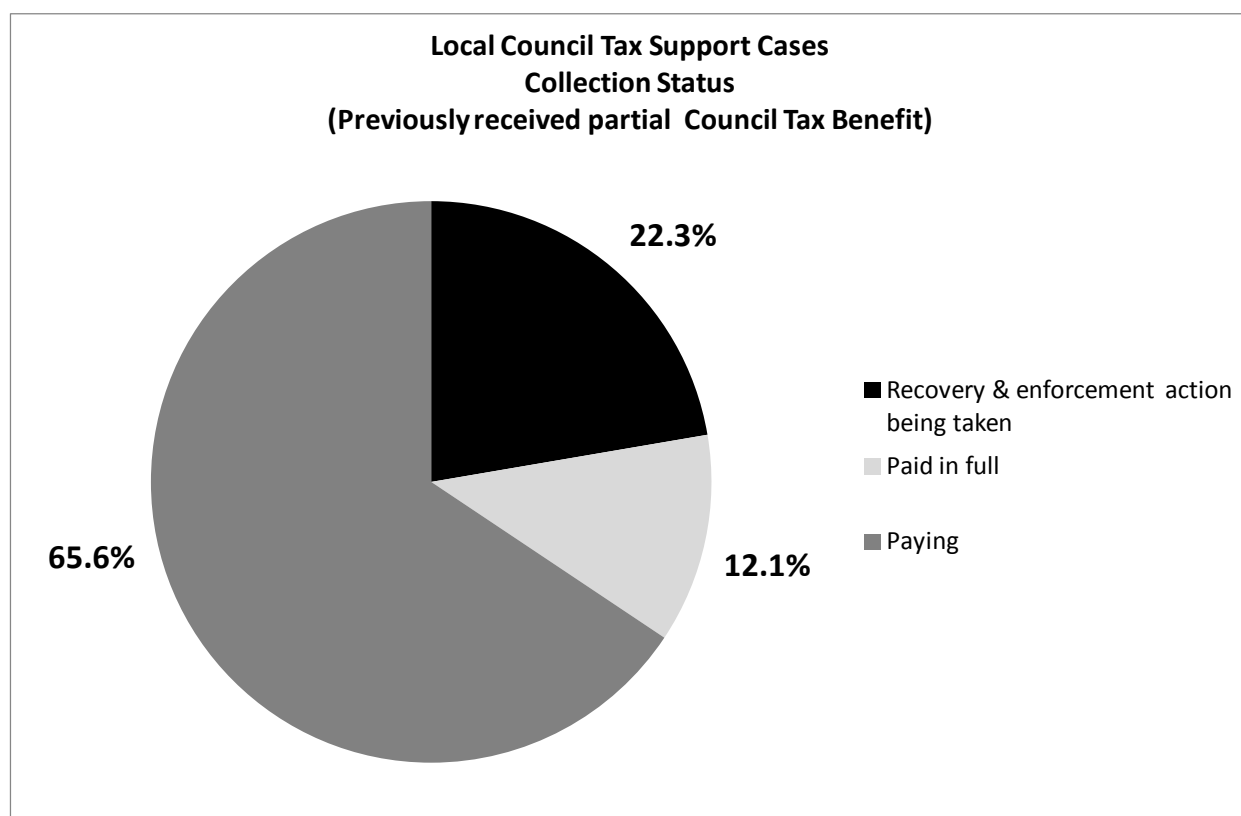
6.9 Of the 6,000 households affected by the Council's LCTS Scheme (that previously received full Council Tax Benefit), the chart overleaf shows that 14.1% have paid their 2014/15 Council Tax in full and about half of households

are paying regularly. This position reflects the Council's arrangements for making payment as convenient and flexible as possible.

- 6.10 Recovery action is progressing against the remaining households who have not made arrangements to pay, and about 1,630 summonses have already been issued.



- 6.11 Of the 2,485 working age households that were previously only entitled to partial Council Tax Benefit under the former system, the chart overleaf shows that about 77% of these households have either paid or are paying.
- 6.12 The chart shows 22% (547) of these households are currently the subject of standard recovery procedures, including court action.

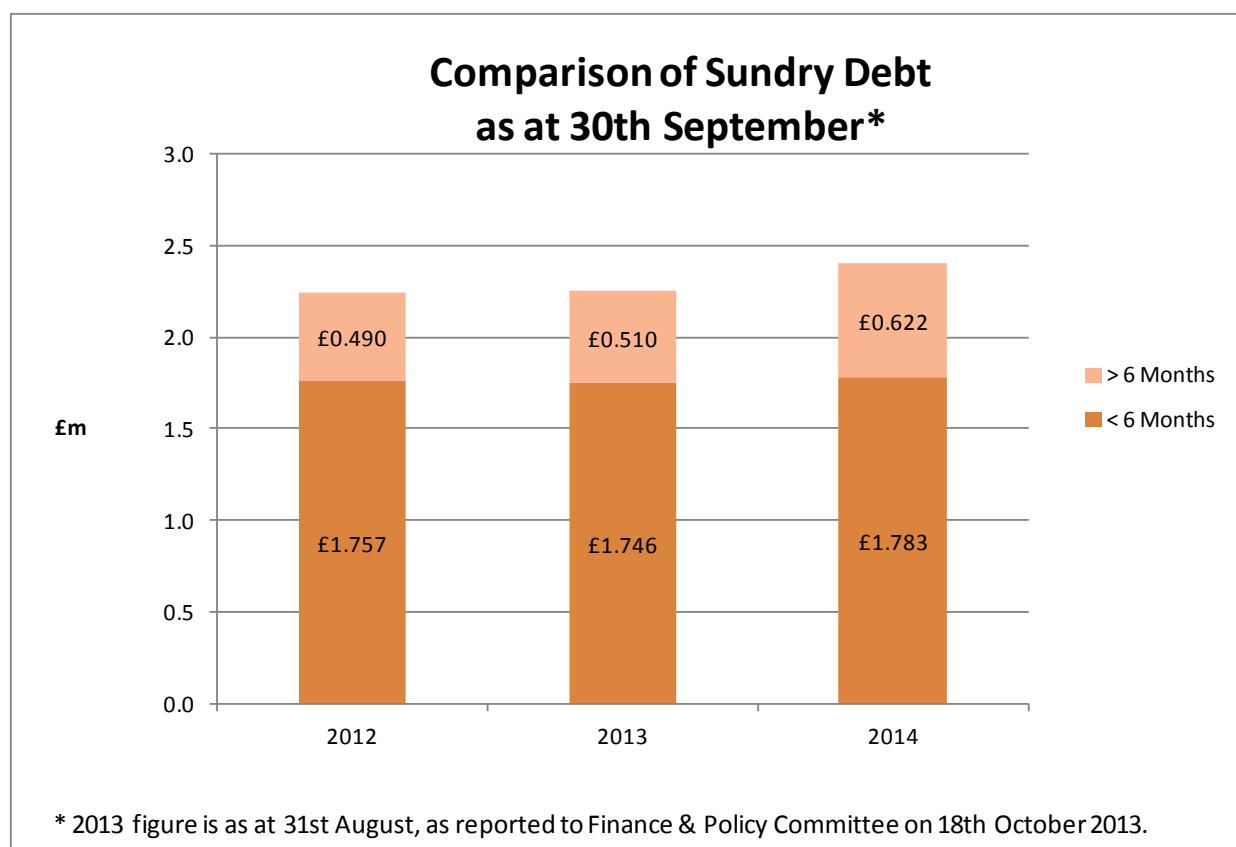


6.13 At the end of September collection of Council Tax from Local Council Tax Support (LCTS) households is within the financial planning parameters that underpin the 2014/15 LCTS scheme.

6.14 **Sundry Debts**

6.15 The Council also collects significant Sundry Debts income for the payment of services provided by the Council. In total £9.022m of sundry debts have been raised in the first six months of 2014/15. As at 30th September 2014, £7.239m (80.24%) of this amount had been collected.

6.16 Robust procedures for collecting the remaining outstanding debt are in place. The following graph shows the comparable positions at 30th September* for the last three years for long term debt and current debt which has been outstanding for less than six months.



- 6.17 Debtors totalled £2.405m as at 30th September 2014, of which £1.783m (74.14%) relates to current debts (less than 6 months old). The remaining debtors total £0.622m; of this amount, 98.94% is under recovery action and 1.06% is unrecoverable and is pending write off (£0.007m).

7. Progress in achieving the Capital Receipts Target

- 7.1 A comprehensive review of capital receipts has been undertaken and is included in the MTFS elsewhere on your agenda. Finance and Policy Committee will continue to be updated on the progress against the capital receipts target for the remainder of the year.

8. 2014/15 Capital Programme Monitoring

- 8.1 Capital Expenditure for all departments to the 30th September, 2014 is summarised in the table below.

Department	BUDGET		EXPENDITURE IN CURRENT YEAR				
	A	B	C	D	E	F	G
	2014/15 and Future Years Budget £'000	2014/15 Budget £'000	2014/15 Actual as at 30/09/2014 £'000	2014/15 Expenditure Remaining £'000	Expenditure Rephased into 2015/16 £'000	(C+D+E) 2014/15 Total Expenditure £'000	(F-B) 2014/15 Variance from Budget £'000
Chief Executive	173	173	30	143	0	173	0
Child & Adult Services	12,677	6,701	1,910	3,045	1,746	6,701	0
Corporate	1,696	1,696	313	1,180	190	1,683	(13)
Public Health	997	927	375	522	30	927	0
Regeneration & Neighbourhoods	40,173	19,152	4,160	14,747	627	19,145	(7)
Total Capital Expenditure	55,716	28,649	6,788	19,637	2,593	28,629	(20)

- 8.2 The table above shows the overall capital budget for 2014/15 and future years, and the capital budget specific to 2014/15.
- 8.3 Actual expenditure to 30th September 2014 was £6.788m, compared to a 2014/15 budget of £28.649m, leaving £19.637m to be spent in 2014/15. At this stage anticipated expenditure and resources of £2.593m will be re-phased into 2015/16.
- 8.4 The majority of expenditure rephased into 2015/16 relates to the Child & Adult Services department (£1.746m); £1.202m of this relates to schemes currently on hold pending the outcome of the Priority School Building Programme Phase 2.
- 8.5 Detailed financial information on the capital programme for individual Departments by Committee is provided in Appendices G to K.
- 8.6 Council Capital Fund (CCF) Unallocated £55k**
- 8.7 The CCF exists to fund local capital priorities which cannot be funded from external capital funding. An annual programme of work is approved as part of the overall MTFS by Council, which reflects the prioritisation of schemes.
- 8.8 Seaton Library roof is in a poor state of repair and is susceptible to leaks during heavy rain. A recent heavy downpour resulted in localised flooding. The roof requires replacement at a cost of £11k. It is therefore recommended that this is funded from the unallocated CCF which is earmarked to fund unforeseen risks.
- 8.9 The Grayfields Boiler Plant Renewal budget of £13k is no longer required. It is therefore recommended that this budget be transferred into the unallocated CCF, resulting in a balance of £57k.

9. CONCLUSIONS

- 9.1 As detailed in the MTFS report elsewhere on the agenda the Council will need to make significant additional budget cuts over the next 4 years (i.e. 2015/16 to 2018/19) and will continue to face significant financial risks, particularly in relation to Business Rates.
- 9.2 The MTFS report underlines the continued importance of having a multi-year approach to managing the Council's resources and financial risks. This approach includes achieving managed budget underspends in the current year and it is recommended that part of these resources are allocated to fund one-off risks, as detailed in Appendix A. It is also recommended within the separate MTFS report that the remaining uncommitted forecast outturn is allocated to support the General Fund budget over the period 2015/16 to 2018/19.
- 9.3 In relation to collection of Business Rates and Council Tax these issues are impacted by the significant changes implemented in April 2013 and the ongoing difficult economic climate. At the 30th September 2014 collection rates for the current year are slightly lower than the same period last year, as summarised

below. Robust recovery action will continue to be pursued over the remainder of the financial year to maximise in-year collection rates.

	30.09.12	30.09.13	30.09.14
Business Rates Collected	62.49%	61.73%	61.20%
Council Tax Collected	55.58%	54.93%	54.12%

10. RECOMMENDATIONS

10.1 It is recommended that Members:

- i) Note the report;
- ii) Note that forecast uncommitted resources of between £1.457m and £1.542m are anticipated from the 2014/15 outturn and proposals for using these resources to support the budget in 2015/16 and beyond are detailed in the MTFS report elsewhere on the agenda.
- iii) Approve the use of £11k unallocated CCF to replace Seaton Library roof, and the transfer of the Civic Centre Heating Works budget (£8k) into the unallocated CCF.

11. REASONS FOR RECOMMENDATIONS

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

12. BACKGROUND PAPERS

Medium Term Financial Strategy Report approved by Council on 4th February 2014.

Strategic Financial Management Report as at 30th June considered by the Finance and Policy Committee 18th August 2014.

Review of Reserves Report considered by the Finance and Policy Committee 15th September 2014.

13. CONTACT OFFICER

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APPENDIX A

Table 1 - Summary of Forecast Outturn 2014/15
(details provided in table 2)

Reported Previously			Latest Forecast	
Worst Case £'000	Best Case £'000		Worst Case £'000	Best Case £'000
(222)	(287)	Departmental Budgets	(1,527)	(2,047)
(540)	(590)	Corporate Budgets	(1,303)	(1,203)
0	0	Lower Core Grant reduction/Business Rates income	(1,420)	(1,420)
(1,870)	(1,870)	Reserves Review	(1,870)	(1,870)
(923)	(1,100)	Departmental Ring-fenced Grants	(1,465)	(1,695)
(240)	(240)	Departmental Business Case	(240)	(240)
(3,795)	(4,087)	Sub Total to be shown in Statement of Accounts	(7,825)	(8,475)
2,820	2,997	Recommended Reserves (details table 2)	6,368	6,933
(975)	(1,090)	Recommended 2017/18 Budget Support Fund Contribution	(1,457)	(1,542)

Table 2 - Detailed Forecast Outturn 2014/15

Reported Previously			Latest Forecast	
Worst Case £'000	Best Case £'000		Worst Case £'000	Best Case £'000
		Departmental Budgets		
(105)	(155)	Chief Executive's Dept	(290)	(290)
0	0	Child and Adult Services	(300)	(575)
98	98	Public Health General Fund	98	98
(215)	(230)	Regeneration and Neighbourhoods	(1,035)	(1,280)
(222)	(287)		(1,527)	(2,047)
(600)	(650)	Non Departmental issues		
		Corporate Budgets - This underspend mainly consists of reduced capital financing costs and lower employee pensions costs. These items have been included as permanent savings in the 2014/15 MTFS.	(1,070)	(1,070)
60	60	Property Running Costs	60	60
0	0	Local Council Tax Support Scheme (LCTS) - the pressure included in the 2014/15 budget to partly fund of the cost of the scheme will not be needed as the cost is forecast to be lower than initially anticipated. As detailed in the LCTS report elsewhere on the agenda it is recommended that this amount is carried forward to support the LCTS scheme in future years to reduce cuts in support for low income working age households.	(328)	(328)
0	0	Section 31 Grant - funding allocated to Councils to support increase Council Tax collection workloads/costs arising from implementation of Local Council Tax Support schemes. Strategy for using these resources approved by Finance and Policy Committee 15.09.14, alongside reserves review.	(105)	(105)
0	0	Provision for Planning appeal costs - estimated cost of potential costs if Planning appeals are successful.	140	240
(762)	(877)	Sub Total - General Fund	(2,830)	(3,250)
0	0	Lower Core Grant reduction - detailed explanation provided in section 5 of report.	(890)	(890)
0	0	Business Rates - Section 31 grants - this grant compensates the Council for reduced Business Rate income arising from Relief Schemes implemented by the Government, which could not be quantified when the 2014/15 budget was approved. Where this income will continue in 2015/16 it has been built into the MTFS.	(530)	(530)
(1,870)	(1,870)	Reserves Review - As reported to the Finance and Policy Committee this amount has been released following a review of existing reserves and financial risks. This amount is earmarked to avoid specific cuts in 2015/16, to provide funding for potential protection costs arising from the implement of Terms and Conditions savings and to support the MTFS.	(1,870)	(1,870)
		Departmental Ring fenced Grants		
(375)	(375)	Local Welfare Support Grant	(375)	(375)
(548)	(725)	Public Health	(720)	(950)
0	0	Troubled Families	(370)	(370)
		Departmental Business Case		
(240)	(240)	Social Housing	(240)	(240)
(3,795)	(4,087)	Sub Total to be shown in Statement of Accounts	(7,825)	(8,475)
2,820	2,997	Recommended Departmental reserves as detailed in Table 2	6,368	6,933
(975)	(1,090)	Recommended 2017/18 Budget Support Fund Contribution	(1,457)	(1,542)

APPENDIX A

**Table 3 - Contribution to Reserves (includes impact of Reserves Review reported 15.09.14)
(details provided in table 4)**

Reported Previously			Latest Forecast	
Worst Case	Best Case		Worst Case	Best Case
£'000	£'000		£'000	£'000
923	1,100	Ring-fenced Grant Reserves	1,465	1,695
240	240	Business Case Reserves	240	240
215	215	General Fund Budget Reserves	3,221	3,556
1,442	1,442	Reserves approved following Reserves Review as report to Finance and Policy Committee 15.09.14	1,442	1,442
2,820	2,997	TOTAL	6,368	6,933

APPENDIX A

Table 4 - Detailed Contributions to Reserves (includes impact of Reserves Review reported 15.09.14)

Reported Previously			Latest Forecast	
Worst Case	Best Case		Worst Case	Best Case
£'000	£'000		£'000	£'000
Ring-fenced Grant Reserves				
375	375	Children's - Local Welfare Support Grants This creation of this reserve was included in the MTFS and approved by full Council on 4th February 2014 to use the balance of grant funding and the existing reserve to continue provision through to 2017/18.	375	375
548	725	Public Health Ring-fenced Grant Reserve created in line with grant conditions for repayment or use as initially intended.	720	950
0	0	Troubled Families Grant Reserve created to continue services in 2015/16	370	370
Business Case Reserves				
240	240	Social Housing - Creation of Reserve Contribution to the Major Repairs Fund in line with the approved business model for the Empty Homes Project.	240	240
General Fund Budget Reserves				
190	190	CCTV Relocation Reserve One-off funding required to fund the relocation of the CCTV service following the closure of Greenbank as reported to the Finance and Policy on 18.08.14.	190	190
25	25	NEPO Rebates Reserve Reserve created to manage the risk that income from NEPO rebates will reduce in future years following the introduction of a new recharge methodology.	25	25
0	0	Depot Relocation Reserve created to part fund relocation of depot costs to enable Hartlepool College of Art and Design to build on this site.	1,065	1,065
0	0	Looked after Children Risk Reserve Reserve created to manage increased costs of Looked after Children and to avoid an in-year budget pressure in 2015/16, pending implementation a strategy to reduce costs	0	275
		High Needs Risk Reserve Reserves created to manage in-year risks of high educational needs placements exceeding base budget, which will avoid an in-year budget pressure in 2015/16.	300	300
0	0	Power Station As indicated in the updated MTFS report it is recommended that the reduction in Business Rates arising from the closure in 2014 and subsequent operation at reduced capacity is funded from the 2014/15 outturn. This will maintain the existing risk reserve which will be needed in 2015/16 to fund the continued impact of the power station operating at reduced capacity and this ongoing risk in future years.	840	900
0	0	2017/18 Local Council Tax Support Scheme Reserve Reserves created to reduce forecast 2017/18 LCTS cut of 35%	328	328
0	0	Section 31 (Local Council Tax Support Scheme) Reserve Part of grant (£55k) allocated to support Advice & Guidance contract in 2015/16 and balance (£50k) to provide increased Council recovery capacity for 18 months up to 31.03.16 to deal with LCTS impacts.	105	105
0	0	Health and Safety Reserve Reserve created to manage the risk that increased income from Health and Safety may reduce in future years if contracts not retained.	24	24
0	0	Hartlepool Connect Capital Reserve created to fund works to support online access in relation to Universal Credit and other new developments as part of the provision through the Contact Centre.	50	50
0	0	2015/16 Ward Member Budget Reserve Reserve created to provide Ward Member budget of £3,000 per Member in 2015/16.	99	99
0	0	2015/16 Community Centres Reserve Reserve created to retain Community Centres in 2015/16 to provide a longer lead time to develop alternative funding/ operational arrangements	30	30
0	0	2015/16 Pay Costs Reserve To fund impact of higher pay award than forecast.	100	100
0	0	2015/16 Jacksons Landing Reserve Provision to fund part year interest costs in 2015/16 of using Prudential Borrowing to repay interest free Growing Places loan if sale / redevelopment is not achieved by October 2014, when the interest free loan is repayable.	25	25
0	0	2015/16 Apprenticeship Reserve Reserve funded from Strike Day saving and proposal from Trade Unions to use these one off resources to continue the existing Apprenticeship scheme.	40	40
Reserves approved following Reserves Review as report to Finance and Policy Committee 15.09.14				
220	220	Support 2015/16 budget Reserve to offset clarification of Better Care funding regime	220	220
27	27	Support Free Swims 2014 Contingency provision pending receipt of Domes monies	27	27
445	445	Support 2015/16 budget Covers deferment of Advice and Guidance (£55k), School Crossing Patrols (£240k) and Lifeguard services proposed savings (£150k).	445	445
750	750	Protection Costs Reserve Provision to fund protection costs arising from implementation of changes to Terms and Conditions.	750	750
2,820	2,997	TOTAL	6,368	6,933

Budget	Description of Expenditure	September Projected Outturn Adverse/ (Favourable) Worst Case	September Projected Outturn Adverse/ (Favourable) Best Case	Comments
£'000		£'000	£'000	
30,494	Adult Committee - Core Services	76	(164)	The favourable variance mainly relates to underspends within various supplies and services budgets, increased grant income and incremental drift within pay budgets.
-	Adult Committee - Projected Deprivation of Liberty Safeguard (DoLS) Pressure	300	200	These are the unbudgeted costs of implementing the DoLS implications following the recent Supreme Court judgement.
-	Adult Committee - Use of Reserves to Partly Offset DoLS Pressure	(376)	(36)	The unbudgeted DoLS costs are forecast between £200k and £300k this financial year with Members approving a combination of departmental reserves and departmental outturn to fund these costs in 2014/15. This reflects the balance of the costs which are to be funded from departmental reserves.
30,494	Sub-Total Adult Committee	0	0	
19,683	Children's Committee	(1,045)	(1,320)	The favourable outturn variance relates to the underspend against the Local Welfare Support Grant. Council agreed as part of the MTFs approved on 4th February 2014 to transfer this to reserves to maintain the scheme until at least 2017/18.
50,177	Total Child & Adult	(1,045)	(1,320)	
2,698	Finance & Policy Committee	(135)	(250)	Includes a favourable variance of up to £200k on Logistics/Depot which reflects a managed underspend relating to deferred repairs expenditure and increased external income generation. A favourable variance on NEPO rebates is expected of £25k and it is proposed to create a reserve to fund potential volatility in this area owing to changes in the volume of goods purchased via NEPO contracts in future years.
3,683	Regeneration Committee - Core Services	(220)	(235)	Favourable variance includes a £160k favourable variance on Planning Income and a £50k underspend on the final account for CADCAM (Aurora Court).
0	Regeneration Committee - Social Housing	(240)	(240)	Favourable variance of £240k relates to the planned contribution to the Major Repairs Reserve on Social Housing as identified in the business case.
15,588	Neighbourhoods Committee	(680)	(795)	Adverse variance on Car Parking £105k including additional running costs £85k and a projected shortfall on income relating to the free car parking at Christmas initiative. Favourable variance of £100k on Passenger Transport relating to an underspend on demand led services and a surplus on Trading activities. Favourable variance of £125k relating S38 income which reflects an underspend in previous years on costs associated with Developments for schemes completed this year. Favourable variance on Fleet £300k which includes a significant element of one-off savings on borrowing costs as replacements are deferred, as well as permanent savings generated from efficiencies in vehicle usage overall. Favourable variance of £300k relating to an underspend on the Coastal protection budget as a result of ongoing major capital investments.
21,969	Total Regeneration & Neighbourhoods	(1,275)	(1,520)	
4,228	Finance & Policy Committee	(395)	(395)	This favourable variance is mainly owing to vacant posts which are being held in advance of 2015/16 savings.
4,228	Total Chief Executive	(395)	(395)	
613	Finance & Policy Committee	(720)	(950)	The expected favourable variance is a result of a proposed increase on the school nursing contract not expected to come into fruition and reduced placements within substance misuse. Substance misuse supports vulnerable individuals and it is difficult to accurately forecast placement costs. The range highlighted reflects this. Also included within this favourable variance is a contingency amount £345k set aside to fund any potential outbreak of communicable disease. Should this be required the corresponding contribution to reserves below would be reduced.
575	Regeneration Committee	98	98	The Public Health Grant is ring-fenced and any underspend will be transferred into a ringfenced reserve in line with the grant conditions. Please see creation of reserves section. The expected adverse variance relates to income pressures at the Borough Hall and Outdoor Markets as previously reported to Members.
1,188	Total Public Health	(622)	(852)	
77,562	Sub-Total Departmental Budgets	(3,337)	(4,087)	

Budget	Description of Expenditure	September Projected Outturn Adverse/ (Favourable) Worst Case	September Projected Outturn Adverse/ (Favourable) Best Case	Comments
£'000		£'000	£'000	
77,562	Sub-Total Brought Forward	(3,337)	(4,087)	
2,921	Property Running Costs	60	60	Worst case scenario reflects demand led and seasonal budget fluctuations.
7,222	Corporate Budgets	(2,818)	(2,818)	The favourable variance is owing to reduced capital financing costs.
10,143	Total Corporate	(2,758)	(2,758)	
87,705	Sub-Total Corporate & Departmental	(6,095)	(6,845)	
	Reserve Review	(1,870)	(1,870)	
	Provision for Planning Appeals	140	240	
	Reserves Already Approved - Ring-fenced Grants	375	375	
	Additional Recommended Reserves - Ring-fenced Grants	1,090	1,320	
	Additional Recommended Reserves - Business Cases	240	240	
	Additional Recommended Reserves - Core Budget	4,663	4,998	
87,705	Net uncommitted forecast outturn	(1,457)	(1,542)	

REVENUE FINANCIAL MONITORING REPORT FOR FINANCIAL YEAR 2014/15 as at 30th September, 2014

Overview:

Approved 2014/2015 Budget	Description of Service Area	September		Director's Explanation of Variance
		Projected Outturn Variance - Adverse/ (Favourable) Worst Case	Projected Outturn Variance - Adverse/ (Favourable) Best Case	
£'000		£'000	£'000	
Adult Committee				
(65)	Carers & Assistive Technology	33	33	
3,901	Commissioning & Adults General	(263)	(284)	This relates to an element of Better Care Fund being transferred in 2014/15 and the one-off Care Act Implementation Grant of £125k being made available in year. This additional one off funding has resulted in underspends in year in areas that will contribute to 2015/16 savings. There are also underspends against various supplies and services budgets and some savings from vacant posts which either have been or are in the process of being filled.
1,263	Commissioning-Mental Health	(70)	(105)	The range shown depends on the impact on budgets following the cessation of a third-party contract and subsequent transfer of resources to Direct Payments.
9,892	Commissioning-Older People	453	303	The projected overspend relates to increased demand for services to support older people due to demographic pressures. The range reflects the volatility in this service area and the potential impact of winter on demand for services.
7,723	Commissioning-Working Age Adult	103	103	The projected overspend relates to increased demand for services to support adults with learning disabilities, including those moving from children's services through the transition process.
186	Complaints & Public Information	14	10	
1,144	Departmental Running Costs	(66)	(66)	
1,167	Direct Care & Support Team	(40)	(40)	
376	LD & Transition Social Work	(25)	(25)	
1,925	Locality & Safeguarding Teams	(70)	(70)	This mainly relates to incremental drift within pay budgets and some vacant hours which are currently being filled.
634	Mental Health Services	(51)	(51)	
969	OT & Disability Equipment	70	40	This relates to expenditure arising from increased demand for equipment from the Tees Community Equipment Service.
176	Workforce Planning & Dev	0	0	
1,203	Working Age Adult Day Services	(12)	(12)	
30,494	Sub Total	76	(164)	
0	Deprivation of Liberty Standards (DoLS) - Pressure	300	200	These are the unbudgeted costs of implementing the changes to Deprivation of Liberty Safeguards following the recent Supreme Court judgement.
0	Release of Departmental Reserve for DoLS	(376)	(36)	These unbudgeted costs are forecast between £200k and £300k this financial year with Members approving a combination of departmental reserves and departmental outturn to fund these costs in 2014/15. This reflects the balance of the costs which are to be funded from departmental reserves.
30,494	Adult Committee Sub Total	0	0	
Children's Committee				
12,025	Children & Families	(136)	(285)	Troubled Families is underspending against grant and it is proposed a reserve for this balance is created. Increasing demand and expenditure on means-tested allowances, direct payments and fostering allowances are offset only partly by expected savings within Care Proceedings court costs, Agency Residential and Adoption services arising from the use of the Adoption Reform Grant.
4,848	Early Intervention Services	(618)	(711)	The projected outturn variance reflects the Local Welfare Support Scheme as well as underspends arising from vacant posts and underspends against various supplies and services budgets, incorporating early achievement of 2015/16 savings. These underspends are partly offset by the delayed achievement of some staffing savings within the Youth Service element of this budget.
10	Information, Sharing & Assessment	(10)	(10)	Early achievement of 2015/16 savings.
(3)	Play & Care	26	26	
355	Youth Offending Service	(90)	(115)	The underspend reflects staff savings from some secondments to other grant-funded programmes within Children's Services and the range reflects uncertainty at this stage of the year about the level of remand placement costs.
407	Youth Service	0	0	
122	Access to Education	(20)	(49)	
761	Central Support Services	0	0	
533	Other School Related Expenditure	(9)	(9)	
350	Raising Educational Achievement	(85)	(85)	Service underspends have been achieved as a result of the Complex Needs Services review in advance of the delivery of the 2015/16 savings across Children & Education Services.
221	Special Educational Needs	(65)	(65)	
54	Strategic Management	(8)	(17)	
19,683	Sub Total	(1,015)	(1,320)	
0	Release of Looked After Children Reserve for Looked After Children pressure	(30)	0	The Looked After Children reserve will be used as the 'balancing' figure to fund the net overspend within Children's Services. This strategy should assist in retaining the Looked After Children reserve for a longer period to manage Looked After Children pressures in future years.
19,683	Children's Committee Sub Total	(1,045)	(1,320)	This mainly relates to the Local Welfare Support Scheme and Troubled Families for which a reserve has been approved/is requested.
50,177	Child and Adult Total - (before Creation of Reserves)	(1,045)	(1,320)	This mainly relates to the Local Welfare Support Scheme for which a reserve has been approved and the Troubled Families grant funded programme.
Creation of Reserves				
0	Children's - Local Welfare Support Grants	375	375	The creation of this reserve was included in the MTFs and agreed by full Council on 4th February 2014.
0	Children's - Transfer to LAC Reserve	0	275	Any overall underspend will be transferred to the existing LAC reserve to enable this reserve to continue to be used as a contingency/risk-reserve in future years.
0	Children's - High Needs Reserve	300	300	Funding to be transferred to a reserve to manage future year risks in High Needs spend.
0	Children's - Troubled Families Reserve	370	370	A reserve is proposed to be created for the balance of grant funding to enable this funding to be carried forward into 2015/16 and future years to support the continuation of this programme.
50,177	Child & Adult Total - Net of Reserves	0	0	

PLANNED USE OF RESERVES

The above figures include the 2014/2015 approved budget along with the planned use of Departmental Reserves created in previous years.
The details below provide a breakdown of these reserves

Approved 2014/2015 Budget £'000	Description of Service Area	Planned Usage 2014/2015 £'000	Variance Over/ (Under) £'000	Director's Explanation of Variance
Adult Committee				
90	Demographic Pressures	76	(14)	Based on the worst case scenario this is the value of the reserve that will be required to fund the net deficit within Adult Services which has mainly arisen from the pressure within older people's services. If the outturn position is better than this, the reserve may not be required in-year and will be retained as a contingency reserve to contribute towards these pressures in future years.
27	Supporting People	27	0	
6	Social Care Reform	6	0	
9	Reablement Funding	9	0	
125	Social Inclusion & Lifestyle pathways contract extension	190	65	Latest estimate based on need to extend some contracts for longer than expected while they are re-commissioned.
270	PCT Carers Funding	200	(70)	Balance of reserve to be retained to fund future years carers costs.
22	Community Pool 2014/15	22	22	
0	Deprivation of Liberty Safeguards (DoLS)	300	300	This is an unbudgeted pressure in 2014/15 (based on the worst case scenario) and will be funded where possible from the departmental outturn with the balance funded from departmental reserves.
0	Better Care Fund (BCF) Risk Reserve	19	19	This reserve is being used to fund a post ahead of it being mainstreamed as part of BCF in 15/16
549	Adult Committee Sub Total	849	322	
Children's Committee				
173	Schools Transformation Team	150	(23)	
10	Academy Risk Reserve	0	(10)	
18	Raising the Participation Age	18	0	
287	School Improvement	167	(120)	The Improvement Strategy was approved by Committee 8th July, £0.287m has been allocated over the next two financial years.
149	Adoption Reform Grant	125	0	
175	Children's Social Care & Early Intervention	167	(8)	
420	Looked After Children Reserve	30	(390)	This reflects latest (Worst Case) outturn projection for use of the LAC reserve to fund the net pressure within Children & Families.
1,232	Children's Committee Sub Total	657	(551)	

MEMO:-	Dedicated Schools Grant			
4,903	Early Years	(116)	(293)	Funding received in respect of raising the participation levels of 2 yr old provisions, is higher than the predicted actual levels of participation
8,232	High Needs	0	(111)	
54,655	Schools	2	(3)	

REVENUE FINANCIAL MONITORING REPORT FOR FINANCIAL YEAR 2014/15 as at 30th September, 2014

Approved 2014/2015 Budget	Description of Service Area	SEPTEMBER		Director's Explanation of Variance
		Projected Outturn Variance - Adverse/ (Favourable) Worst Case	Projected Outturn Variance - Adverse/ (Favourable) Best Case	
£'000		£'000	£'000	
Finance & Policy Committee				
0	Adult Education	0	0	
1,280	Community Safety & Engagement	(10)	(10)	Small favourable variance relating to additional grant income received in year.
755	Strategic Management, Admin & Service Development	0	0	
(98)	Logistics	(100)	(200)	A favourable variance is expected in this area relating to increased external income generation. The best case forecast assumes that costs associated with the depot and small plant store will be reduced in the current year until a decision is made on the relocation of the depot. Only essential maintenance and replacements will be carried out and a reserve is requested to contribute towards these costs as part of the depot relocation. In the event that the relocation does not go ahead this funding would be used to address the maintenance and equipment requirements in the new year.
48	Procurement and Reprographics	(25)	(25)	Underspend relating to NEPO rebate income. It is proposed to create a reserve to fund potential pressures in this area following changes to the refund methodology.
461	Estates & Asset Management	0	0	
(730)	Building Consultancy	0	0	
(1)	Facilities Management - Functions Catering	50	35	This adverse variance relates mainly to the functions element of the catering service where income is lower than expected in the current year.
111	Facilities Management - School Catering	0	0	
44	Facilities Management - Building Maintenance	(50)	(50)	The trading account is showing a surplus after the first six months of the year. This position reflects the additional work undertaken in year.
184	Facilities Management - Other	0	0	
644	Facilities Management - Building Cleaning	0	0	
2,698	Finance & Policy Committee Sub Total	(135)	(250)	
Regeneration Committee - Core Services				
22	Archaeology Services	0	0	
90	Community Centres	(5)	(5)	Variance relates to income generated which is slightly higher than predicted at this stage.
402	Cultural Services	10	(5)	An income risk reserve will be used to offset any shortfall on admissions income at the Hartlepool Maritime Experience. The worst case estimate reflects a possible shortfall on income associated with functions. A £10k favourable variance on Town Hall Theatre ticket income is also projected at this stage.
1,187	Libraries	(15)	(15)	Favourable variance relating to an underspend on supplies and services.
0	Renaissance in Regions	0	0	
(25)	Building Control	70	20	Projections reflect the volatile nature of external income in this area. Any variance is expected to be covered by the Income Shortfall Reserve in 2014/15 (see Reserves below).
0	Building Control - release of Corporate Income Shortfall Reserve as per the MTFS	(70)	(20)	Release of Reserve (see above).
380	Planning Services	(160)	(160)	The favourable variance relates to planning income generated from fees. Current income levels have exceeded the budget and the latest forecast is that this will result in a favourable variance of £160k at year end. No provision has been made here for the cost of outstanding appeals which is likely to be between £120k and 200k.
664	Housing Services	0	0	
85	CADCAM	(50)	(50)	The favourable variance reflects the final charge expected for Aurora Court. This saving is included in the Departments 15/16 savings programme.
843	Economic Regeneration	0	0	
35	Economic Regeneration - External Funding	0	0	
3,683	Regeneration Committee - Core Services Sub Total	(220)	(235)	
Regeneration Committee - Social Housing				
0	Social Housing	(240)	(240)	This variance will be transferred into the Major Repairs Reserve in line with the approved Business model for this scheme to fund the cost of future Repairs and Maintenance on the housing stock.
0	Regeneration Committee - Social Housing Sub Total	(240)	(240)	

REVENUE FINANCIAL MONITORING REPORT FOR FINANCIAL YEAR 2014/15 as at 30th September, 2014

Approved 2014/2015 Budget £'000	Description of Service Area	Projected Outturn Variance - Adverse/ (Favourable) Worst Case £'000	Projected Outturn Variance - Adverse/ (Favourable) Best Case £'000	Director's Explanation of Variance
Neighbourhood Committee				
(72)	Cemetery and Crematoria	0	0	
409	Parks & Countryside	0	0	
32	Allotments	0	0	
(627)	Car Parking	105	105	The variance relates to an overspend on the running costs associated with Car Parks. The cost of Rates and the Shopping Centre Service charge have both increased and work is ongoing to find savings to offset this pressure in 2015/16. The proposed scheme for free car parking at Christmas will result in a shortfall in income of approx £20k and this is reflected in the latest projections.
445	Engineering Services	(300)	(300)	This variance relates to an underspend on the Coastal protection budget as a result of ongoing major capital investments. Additional fee income has also been generated in relation to one-off schemes.
1,837	Grounds Maintenance	(10)	(10)	The favourable variance relates the part year affect of efficiencies achieved as part of the Street Care service review. Further savings have been included in the Departments 15/16 savings programme.
1,939	Highway Maintenance and Insurance	0	0	
(238)	Highways Trading	0	0	
510	Highways Traffic & Transport Management	0	0	
1,417	ITU Passenger Transport	(100)	(100)	The favourable variance relates to an underspend on the demand led service of Home to School Transport and a surplus generated on the Passenger Transport Trading Account.
213	ITU Road Safety	0	0	
(50)	ITU Strategic Management	50	50	The adverse variance relates to income targets set as part of the 14/15 savings programme that have not been achieved. Projects involve collaboration work around transport.
(33)	ITU Vehicle Fleet	(250)	(300)	A review of the vehicle replacement programme has identified that a number of vehicle replacements in the current year can be deferred. One-off savings on borrowing costs will result in a favourable variance in year. Permanent savings of £100k relating to efficiencies in vehicle usage overall can be achieved in this area and this saving is included in the Departments 15/16 savings programme. The best case estimate also reflects the suspension of equipment replacements in year until a decision is made on the possible Depot relocation.
(2)	NDORS (National Driver Offender Rehabilitation Scheme)	0	0	
1,215	Network Infrastructure	0	0	
0	Section 38's	(125)	(125)	The favourable variance relates to the balance remaining on S38 contributions received from developers. This income funds the cost of materials testing and professional advice necessary on all new developments, over the lifetime of the development. This is the balance available in 2014/15 after all known schemes have been adopted.
0	Traffic Management	0	0	
2,307	Sustainable Transport	(50)	(65)	The favourable variance is owing to a lower than anticipated increase in concessionary fares. This position assumes that there will not be any changes to the scheme for early morning journeys.
1,768	Street Cleansing	0	0	
4,518	Waste & Environmental Services	0	(50)	Best case estimate is based on the latest projections of waste disposal costs and recycling income. This is a volatile area and the position will be closely monitored each month.
15,588	Neighbourhood Committee Sub Total	(680)	(795)	
21,969	R & N Total before reserves	(1,275)	(1,520)	

Creation of Reserves

0	Social Housing - Creation of Reserve	240	240	Contribution to the Major Repairs Fund in line with the approved business model for the Empty Homes Project.
0	CCTV Relocation Reserve	190	190	One-off funding required to fund the relocation of the CCTV service following the closure of Greenbank as per the F&P Report 18.8.14.
0	NEPO Rebates Reserve	25	25	Reserve created to manage the risk that income from NEPO rebates will reduce in future years following the introduction of a new recharge methodology.
0	Depot Relocation Reserve	1,065	1,065	Reserve requested to support the cost associated with the relocation of the Lynn Street Depot subject to the approval of a suitable business case.
21,969	Regeneration and Neighbourhoods Total - Net of Reserves	245	0	

PLANNED USE OF RESERVES

The above figures include the 2014/2015 approved budget along with the planned use of Departmental Reserves created in previous years.
The details below provide a breakdown of these reserves

Approved 2014/2015 Budget £'000	Description of Service Area	Planned Usage 2014/2015 £'000	Variance Over/ (Under) £'000	Director's Explanation of Variance
Finance & Policy Committee				
40	Fleet	0	(40)	Reserve created to manage repairs and maintenance risks over years and the profile of costs incurred to date mean that this is not required in the current year.
34	Community Pool	21	(13)	This variance relates to the profile of expenditure over years.
30	Civic Lottery	30	0	
89	Community Safety	0	(89)	This variance relates to the profile of expenditure over years and additional grant income received in year which was not expected when the budget was set.
Regeneration Committee				
30	Digital City	30	0	
163	Seaside Grant	163	0	
0	Baden Street	19	19	This variance relates to the profile of expenditure over years.
0	High Street Innovation Fund	10	10	
19	Furniture	19	0	
22	Archaeology Projects	0	(22)	This reserve is to sustain Archaeology projects over years. This year the projects are fully funded therefore the reserve will be carried forward for 2015/16 onwards.
84	Selective Licensing/Housing	66	(18)	This variance relates to the profile of expenditure over years.
0	CADCAM	39	39	This variance relates to the profile of expenditure over years.
0	Housing Public Health	21	21	This reserve is grant carried forward and will be spent in 14/15 in line with the grant conditions.
65	Business Grants	65	0	
67	Economic Regeneration Schemes	67	0	
4	Ward Profiles/Rural Plan	4	0	
Neighbourhood Committee				
100	Engineering Services	0	(100)	This reserve was earmarked to manage the risk that income may reduce in this area in future years. In 2014/15 this area is continuing to achieve income in line with it's budget.
25	Bikeability	25	0	
772	Total	579	(193)	

REVENUE FINANCIAL MONITORING REPORT FOR FINANCIAL YEAR 2014/15 as at 30th September, 2014

Overview:

Approved 2014/2015 Budget	Description of Service Area	SEPTEMBER		Director's Explanation of Variance
		Projected Outturn Variance - Adverse/ (Favourable) Worst Case	Projected Outturn Variance - Adverse/ (Favourable) Best Case	
£'000		£'000	£'000	
Finance and Policy Committee				
(533)	Benefits	(45)	(45)	The favourable variance is owing to vacant posts and some additional grant monies.
(1,499)	Central Administration Recharges	0	0	
1,059	Corporate Finance	(25)	(25)	The favourable variance is owing to reduced working hours and vacant posts.
731	Corporate Strategy & Public Consultation	(35)	(35)	Reduced working hours and maternity leave, along with some supplies and services savings have resulted in a favourable variance.
0	Local Council Tax Support	(105)	(105)	This underspend in Local Council Tax Support funding was earmarked at Finance and Policy Committee 15th September 2014 to create a reserve to provide additional recovery capacity and to fund the Advice and Guidance Service in 2015-16.
32	Housing Benefits Subsidy	0	0	
				The Housing Benefit budget generates £47 million in subsidy. The outturn projection has been based on the Mid Year Review estimates to the DWP.
188	Democratic	(5)	(5)	The favourable variance is owing to reduced working hours.
97	Fraud	0	0	
961	Hartlepool Connect	(110)	(110)	The favourable variance is mainly owing to vacant posts. There is also a saving on Apprenticeship salaries within the Support Services Team.
526	Human Resources & Health and Safety	(55)	(55)	Additional income into the Health and Safety Section from Adult Education for additional services.
228	Internal Audit	(15)	(15)	The favourable variance is owing to reduced working hours and additional income from Academies.
466	Legal Services	10	10	The adverse variance is owing to a reduction in income from Land and Property Searches, offset by some staffing savings on maternity leave and reduced hours.
189	Municipal Elections and Registration of Electors	(20)	(20)	This area will underspend subject to no further elections in this financial year.
(76)	Other Office Services	40	40	The adverse variance is owing to ongoing shortfall on Land Charges income, this is owing to the number of companies using Environmental Information Regulations which is an ongoing trend.
81	Public Relations	0	0	
(102)	Registration Services	0	0	
842	Revenues	0	0	
(178)	Revenue & Benefits Central	(80)	(80)	Additional income from Court Costs has been offset by some additional Legal Fees incurred.
88	Scrutiny	0	0	
657	Shared Services	30	30	The adverse variance is owing to the need to cover current staff shortages from 2 long term sickness absences and 1 vacant post, together with an increase in workload, specifically pensions, payroll & recovery related work.
115	Support to Members	10	10	The adverse variance is owing to additional costs related to the Civic Honours Ceremony.
18	Training & Equality	0	0	
338	Corporate Management Running Expenses	10	10	
4,228	Finance and Policy Total (Before Creation of Reserves)	(395)	(395)	
Creation of Reserves				
0	Local Council Tax Support	105	105	Local Council Tax Support funding approved at Finance and Policy Committee 15th September 2014 to create a reserve to provide additional recovery capacity over an 18 month period in 2015-16 and to fund the Advice and Guidance Service in 2015-16.
0	Hartlepool Connect	50	50	A Revenue Contribution to Capital Outturn is proposed to be created from Hartlepool Connect outturn to fund a Civic Centre reception modernisation scheme.
0	Human Resources & Health and Safety	24	24	A Reserve is proposed to be created from Health and Safety additional income to fund a Senior Health and Safety Officer on a fixed term contract to partly deliver the project.
4,228	Chief Executives Total - Net of Reserves	(216)	(216)	

PLANNED USE OF RESERVES

The above figures include the 2014/2015 approved budget along with the planned use of Departmental Reserves created in previous years. The details below provide a breakdown of these reserves

Approved 2014/2015 Budget £'000	Description of Service Area	Planned Usage 2014/2015 £'000	Variance Over/ (Under) £'000	Director's Explanation of Variance
Finance and Policy Committee				
72	Corporate Strategy - ICT System Development	37	(35)	Transition cost in relation to technology to be split over two financial years.
6	Corporate Strategy - Performance Management	6	0	
8	Corporate Strategy - Corporate Consultation	0	(8)	
10	Contact Centre	0	(10)	
0	Registrars	21	21	Redecoration/chairs for Ceremony Room.
18	Resource Investment - HR	18	0	
0	Legal	36	36	This reserve is to fund temporary staffing arrangements.
0	Registration and Members	2	2	
28	Finance - IT Investment	20	(8)	
0	Finance - IT Investment Shared Services	30	30	This reserve is to fund system development work in Shared Services.
20	Finance R & B	10	(10)	
16	Finance - IT Developments R&B	16	0	
3	Finance R & B - FSM System	1	(2)	
20	Finance R & B - Benefits/Atlas	0	(20)	
10	Finance R & B - Corporate Booking System	10	0	
10	Finance R & B - Software Projects	10	0	
38	Corporate - Social Inclusion	0	(38)	
86	Chief Executive's Department Ring Fenced Grants	86	0	
345	Total	303	(42)	

REVENUE FINANCIAL MONITORING REPORT FOR FINANCIAL YEAR 2014/15 as at 30th September, 2014

Approved 2014/2015 Budget	Description of Service Area	SEPTEMBER		Director's Explanation of Variance
		Projected Outturn Variance - Adverse/ (Favourable) Worst Case	Projected Outturn Variance - Adverse/ (Favourable) Best Case	
£'000		£'000	£'000	
Finance and Policy Committee				
Public Health Grant				
806	Children's Public Health	(100)	(100)	School nursing service review underway. Risk share pressure across Stockton and Hartlepool of £100k expected to be negated by reduction in contract specification.
50	Health Protection	0	0	
1,338	Miscellaneous Public Health Services	(345)	(360)	Current expected outturn variance reflects a contingency element of grant unallocated to allow for potential communicable disease outbreak.
128	NHS Health Check Programme	0	(11)	
266	Obesity	(69)	(69)	Favourable variance relates to an underspend on Breastfeeding Support Costs.
170	Physical Activity	0	0	
816	Prescribing	0	(25)	Best case estimate based on Drugs and Dispensing estimates received from providers.
741	Public Health Advice	(39)	(39)	Favourable variance relates to a refund received in year.
722	Sexual Health	(71)	(87)	Favourable variance relates to a refund received in year.
496	Smoking & Tobacco	(66)	(66)	Favourable variance is based on the prescribing estimates received from the service provider.
2,953	Substance Misuse	(30)	(193)	The current expected underspend in this area relates mainly to a reduction in placements expected or completed. There is a small amount in relation to a staffing vacancy. The range of outturn expectations relate to the volatile and sometimes uncontrollable nature of expenditure on vulnerable adults supported by this area.
(8,486)	Public Health Grant	0	0	
0	Public Health Grant Subtotal	(720)	(950)	The Public Health Grant is ringfenced and any underspend will be transferred into a ringfenced reserve in line with the grant conditions - see below.
Public Health General Fund				
613	Consumer Services	0	0	
613	Public Health General Fund Subtotal	0	0	
613	Finance and Policy Sub Total	(720)	(950)	
Regeneration Committee				
Public Health General Fund				
2	Environmental Protection	0	0	
(87)	Environmental Standards	50	50	Expected outturn variance relates to income pressures on Outdoor Markets.
660	Sports & Recreation Facilities	48	48	Expected outturn variance mainly relates to income pressures at Borough Hall.
575	Public Health General Fund Subtotal	98	98	
575	Regeneration Sub Total	98	98	
1,188	Public Health Total - before Reserves	(622)	(852)	
Creation of Reserves				
Finance and Policy Committee				
0	Public Health Ringfenced Grant	720	950	The Public Health Grant is ringfenced and any underspend will be transferred into a ringfenced reserve in line with the grant conditions.
1,188	Public Health Total - Net of Reserves	98	98	

CAPITAL MONITORING REPORT PERIOD ENDING 30th SEPTEMBER 2014

Project Code	Scheme Title	BUDGET		EXPENDITURE IN CURRENT YEAR					Type of Financing	2014/15 COMMENTS
		A	B	C	D	E	F	G		
		2014/15 and Future Years Budget £'000	2014/15 Budget £'000	2014/15 Actual as at 30/09/14 £'000	2014/15 Expenditure Remaining £'000	Expenditure Rephased into 2015/16 £'000	(C+D+E) 2014/15 Total Expenditure £'000	(F-B) 2014/15 Variance from Budget £'000		
Finance & Policy Committee										
7623	Corporate IT Projects	20	20	0	20	0	20	0	MIX	
8143	New Burdens - Council Tax	10	10	0	10	0	10	0	MIX	
8157	Northgate - New Server	4	4	0	4	0	4	0	MIX	
8701	Registration Services Accommodation	70	70	30	40	0	70	0	RCCO	
	Corporate Projects	69	69	0	69	0	69	0	MIX	
Chief Executives Total		173	173	30	143	0	173	0		

Key

RCCO Revenue Contribution towards Capital

MIX Combination of Funding Types

UCPB Unsupported Corporate Prudential Borrowing

SCE Supported Capital Expenditure (Revenue)

GRANT Grant Funded

CAP REC Capital Receipt

UDPB Unsupported Departmental Prudential Borrowing

SPB Supported Prudential Borrowing

CAPITAL MONITORING REPORT PERIOD ENDING 30th SEPTEMBER 2014

Project Code	Scheme Title	BUDGET		EXPENDITURE IN CURRENT YEAR					Type of Financing	2014/15 COMMENTS
		2014/15 and Future Years Budget £'000	2014/15 Budget £'000	C 2014/15 Actual as at 30/09/14 £'000	D 2014/15 Expenditure Remaining £'000	E Expenditure Rephased into 2015/16 £'000	F (C+D+E) 2014/15 Total Expenditure £'000	G (F-B) 2014/15 Variance from Budget £'000		
Adult Committee										
7234	Chronically Sick and Disabled Persons Adaptations	320	55	0	55	0	55	0	MIX	Funding rephased to support future year's expenditure.
8075	Short Break Capital Grants Pool	21	21	0	21	0	21	0	MIX	
NEW	Centre for Independent Living - New Build	4,767	50	0	50	0	50	0	MIX	
	Adult Committee Sub Total	5,108	126	0	126	0	126	0		
Children's Committee										
7469	Children's Centre's Capital	41	41	0	41	0	41	0	MIX	
8282	Exmoor Grove Redevelopment / Change of Use	46	46	41	5	0	46	0	MIX	
8072	Integrated Children's Services Case Management Improvement	37	0	0	0	0	0	0	MIX	
8218	Youth Service Portable Multi-Use Games Area (Youth Capital Fund)	7	0	0	0	0	0	0	GRANT	
8695	Barnard Grove School - New School	95	95	0	95	0	95	0	MIX	
New	Barnard Grove School - Section 278 Works	36	36	0	36	0	36	0	GRANT	
8781	Brougham School - 2 year old Free Nursery Entitlement Capacity Building	38	38	10	28	0	38	0	GRANT	
8602	Clavering School - Fire Detection System	25	25	19	6	0	25	0	MIX	
8732	Clavering School - Roof Block A	84	84	9	75	0	84	0	MIX	
7384	Devolved Schools Capital	487	487	30	453	0	483	(4)	GRANT	Underspend represents the contribution to fund Rift House SEN Adaptations.
New	English Martyrs - Science Labs	325	325	0	0	325	325	0	RCCO	On hold pending Priority School Building Programme Phase 2.
8731	Golden Flatts School - Boiler Replacement and Condensation Mitigation Works	40	40	15	25	0	40	0	MIX	
8734	Golden Flatts School - Roofing Block A Replacement	65	65	58	7	0	65	0	MIX	
8730	Greatham School - Roof Replacement	94	94	55	39	0	94	0	MIX	
8729	Hart School - Roof Block A	8	8	2	6	0	8	0	MIX	
8716	High Tunstall School - Window Replacement Block A	156	156	2	0	154	156	0	MIX	On hold pending Priority School Building Programme Phase 2.
8718	High Tunstall School - Roofing - Block A (Phased)	65	65	9	0	56	65	0	MIX	On hold pending Priority School Building Programme Phase 2 but minor works were necessary and have been undertaken.
8719	High Tunstall School - Roofing - Block L	118	118	2	0	116	118	0	MIX	On hold pending Priority School Building Programme Phase 2.
8598	High Tunstall School - Heating Distribution - Block G	85	85	30	55	0	85	0	MIX	
8523	High Tunstall School - Heating Distribution - Block A	68	68	19	1	0	20	(48)	MIX	This scheme has been completed under budget as less work was required than originally anticipated. This underspend can be used to fund the additional works required on the Kingsley Rewire Scheme.
8718	High Tunstall School - Roofing - Block A	80	80	0	80	0	80	0	MIX	
8717	High Tunstall School - Electrical Distribution Replacement	34	34	4	9	21	34	0	GRANT	
New	Holy Trinity - Contribution to New School re Nursery Provision	160	160	0	160	0	160	0	MIX	The £160k contribution consists of £60k contribution from Council reserves and an anticipated capital receipt of £100k. In addition to this Holy Trinity School are also contributing £18k directly to the Education Funding Agency in relation to this project.
New	Holy Trinity - Section 278 Works	10	10	0	10	0	10	0	MIX	
8727	Kingsley School - Electrical Rewire	235	235	66	0	201	267	32	MIX	It is anticipated that the cost of this scheme will be higher than anticipated owing to the discovery of asbestos and increased costs in relation to electrical fittings. The additional costs can be funded from the underspend on the High Tunstall Heating Distribution scheme outlined above.
8459	Kingsley School - Replace and Upgrade Playground Surface	40	40	41	0	0	41	1	MIX	This slight overspend can be funded by favourable variances on other budgets.
8728	Lynnfield School - Window Replacement - Block A	54	54	6	56	0	62	8	RCCO	As a result of the discovery of asbestos, it is expected that this scheme will cost £8k more than originally anticipated. This can be funded from favourable variances on other budgets.
8782	Lynnfield School - 2 year old Free Nursery Entitlement Capacity Building	38	38	9	29	0	38	0	MIX	
7586	Purchase of Computer Equipment - City Learning Centre Standards Fund	4	4	0	0	4	4	0	GRANT	
8714	Rift House School - Roof Block A	213	213	27	186	0	213	0	RCCO	
8713	Rift House School - Special Education Needs Adaptations	20	20	24	0	0	24	4	MIX	The overspend relates to additional work to be funded by the school.
8720	Rift House School - Children's Centre Roof Replacement	51	51	6	45	0	51	0	MIX	
8601	Rossmere School - Toilet Replacement	30	30	22	8	0	30	0	MIX	
8692	Rossmere School - Forest Garden	345	345	0	330	15	345	0	MIX	
7421	School Travel Plans	23	23	0	23	0	23	0	GRANT	
7521	Schools General - 2 year old Free Nursery Entitlement Capacity Building	28	28	0	28	0	28	0	GRANT	
TBC	Schools General - Universal Free School Meals	160	160	16	144	0	160	0	RCCO	
8138	Schools General - Building Schools for the Future - ICT	2,414	1,464	994	470	0	1,464	0	GRANT	
8139	Schools General - Building Schools for the Future - ICT Infrastructure Costs	132	132	0	132	0	132	0	GRANT	
9004	Schools General - RCCO Unallocated	400	400	0	0	400	400	0	GRANT	
9004	Schools General - Funding Currently Unallocated	136	136	0	0	143	143	7	MIX	This reflects the net additional rephased expenditure as a result of underspends on other schemes.
9004	Schools General - Contingency	200	200	0	100	100	200	0	MIX	
9004	Schools General - Earmarked for Asbestos Surveys	60	60	0	0	60	60	0	RCCO	
8725	Throston School - Electrical Rewire Final Phase	73	73	75	14	0	89	16	RCCO	This overspend is a result of asbestos removal costs and can be funded from the underspend on the West Park Window Replacement Scheme.

CAPITAL MONITORING REPORT PERIOD ENDING 30th SEPTEMBER 2014

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8726	Throston School - Window Replacement - Block A	64	64	48	16	0	64	0	MIX	
8455	West Park School - Electrical Works inc Fire Detection System	92	92	39	53	0	92	0	MIX	
8526	West Park School - Heating / Hot & Cold Water Distribution	26	26	0	26	0	26	0	GRANT	
8593	West Park School - Window Replacement	9	9	8	1	0	9	0	MIX	
8723	West Park School - Window Replacement Final Phase	86	86	53	17	0	70	(16)	MIX	It is now anticipated that this scheme will be completed at a lower cost. This anticipated underspend can be used to fund the overspends on the Throston Window Replacement scheme.
8735	West Park School - Cloakroom/Wash Hand Basin Replacement	42	42	28	14	0	42	0	MIX	
8653	West View School - Early Years Foundation Stage improvements	184	184	22	11	151	184	0	MIX	Only works to canopy and external store are complete, the remainder of the scheme is on hold pending the PSBP 2 announcement.
8528	West View School - Roofing - (Various Phases)	142	142	83	59	0	142	0	MIX	
8724	West View School - Boiler Replacement Block A	64	64	38	26	0	64	0	MIX	
Children's Committee Sub Total		7,569	6,575	1,910	2,919	1,746	6,575	0		
Child & Adult Services Total		12,677	6,701	1,910	3,045	1,746	6,701	0		

Key

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

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

CAPITAL MONITORING REPORT PERIOD ENDING 30th SEPTEMBER 2014

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		2014/15 and Future Years Budget £'000	2014/15 Budget £'000	2014/15 Actual as at 30/09/14 £'000	2014/15 Expenditure Remaining £'000	Expenditure Rephased into 2015/16 £'000	(C+D+E) 2014/15 Total Expenditure £'000	(F-B) 2014/15 Variance from Budget £'000		
Finance & Policy Committee										
7036	Unallocated Council Capital Fund	55	55	0	55	0	55	0	UCPB	
7041	Corporate Planned Maintenance Unallocated	29	29	0	29	0	29	0	MIX	
7200	Civic Centre Refurbishment	244	244	12	232	0	244	0	MIX	
8142	West Park School Kitchen Upgrades	85	85	81	4	0	85	0	RCCO	
8142	Brougham School Kitchen Upgrades	85	85	66	19	0	85	0	RCCO	
8142	School Kitchen Upgrades	48	48	0	48	0	48	0	RCCO	
8171	Corporate Planned Maintenance - Footpath Repair - Grayfields	16	16	0	16	0	16	0	MIX	
8406	Throston Disability Discrimination Act - Toilets	1	1	0	1	0	1	0	UCPB	
8442	Disability Discrimination Act Works	37	37	0	37	0	37	0	MIX	
8551	Underground Car Park Electrical Works	31	31	0	31	0	31	0	RCCO	
8552	Multi Storey Car Park Electrical Works	17	17	17	0	0	17	0	RCCO	
8557	Historic Quay Replace Floor Track Lighting	31	31	16	15	0	31	0	RCCO	
8657	Brinkburn Youth Centre Boiler	5	5	0	5	0	5	0	RCCO	
8658	Historic Quay Office Suite Boiler	5	5	0	5	0	5	0	RCCO	
8684	Lynn Street Depot Fleet and Garage Roof	36	36	33	3	0	36	0	RCCO	
8685	Grayfields Boiler Plant Renewa;	13	13	0	0	0	0	(13)		
8687	Jacksons Landing	4	4	4	0	0	4	0	CAP REC	
8711	Carlton Centre Re-Roof Main Building	59	59	0	59	0	59	0	RCCO	
8780	Hart Boundary Wall - Phase 2	10	10	0	10	0	10	0	RCCO	
new	Indoor Bowls Centre Refurbishment	190	190	0	0	190	190	0	RCCO	
new	Asbestos Re-Surveys	50	50	0	50	0	50	0	RCCO	
new	Lynn Street Depot Replace Doors to Vehicle Shed	30	30	0	30	0	30	0	RCCO	
new	Christ Church Boiler Replacement	80	80	9	71	0	80	0	RCCO	
new	Exmoor Grove Disability Discrimination Act	10	10	0	10	0	10	0	RCCO	
new	Newburn Bridge Roofing and Door Replacement	30	30	0	30	0	30	0	RCCO	
new	Brougham Enterprise Centre Boiler Replacement	120	120	75	45	0	120	0	RCCO	
new	Brougham Enterprise Centre ICT System Replacement	70	70	0	70	0	70	0	RCCO	
new	Town Hall Theatre Stage Lighting Controls	50	50	0	50	0	50	0	RCCO	
new	Borough Hall - Kitchen Upgrade	50	50	0	50	0	50	0	RCCO	
new	Borough Hall - wet rot	5	5	0	5	0	5	0	RCCO	
new	Central Library - Roofing and Guttering	30	30	0	30	0	30	0	RCCO	
new	Central Library - External Redecoration	20	20	0	20	0	20	0	RCCO	
new	Borough Hall - External Redecoration	50	50	0	50	0	50	0	RCCO	
new	Town Hall - External Redecoration	30	30	0	30	0	30	0	RCCO	
new	Energy - Invest to Save	20	20	0	20	0	20	0	RCCO	
new	Asbestos Re-Surveys - Phase 2	50	50	0	50	0	50	0	RCCO	
Corporate Total		1,696	1,696	313	1,180	190	1,683	(13)		

Key

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

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

CAPITAL MONITORING REPORT PERIOD ENDING 30th SEPTEMBER 2014

Project Code	Scheme Title	BUDGET		EXPENDITURE IN CURRENT YEAR					Type of Financing	2014/15 COMMENTS
		A	B	C	D	E	F	G		
		2014/15 and Future Years Budget £'000	2014/15 Budget £'000	2014/15 Actual as at 30/09/14 £'000	2014/15 Expenditure Remaining £'000	Expenditure Rephased into 2015/16 £'000	(C+D+E) 2014/15 Total Expenditure £'000	(F-B) 2014/15 Variance from Budget £'000		
Finance & Policy Committee										
8284	Whitby Street Accommodation	2	2	0	2	0	2	0	GRANT	
8710	Drug & Alcohol Recovery Centre	200	200	0	200	0	200	0	GRANT	New scheme funded by Public Health England to improve drug and alcohol provision within Hartlepool.
	Finance & Policy Committee Sub Total	202	202	0	202	0	202	0		
Regeneration Committee										
8634/8689	Brierton Football Pitches	658	658	375	283	0	658	0	MIX	
8103	Swimming Scheme	61	61	0	31	30	61	0	MIX	
8408	Mill House - Equipment Purchase	6	6	0	6	0	6	0	MIX	
8409	Sport & Youth Improvements	70	0	0	0	0	0	0	MIX	
	Regeneration Committee Sub Total	795	725	375	320	30	725	0		
	Public Health Services Total	997	927	375	522	30	927	0		

Key

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

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

CAPITAL MONITORING REPORT PERIOD ENDING 30th SEPTEMBER 2014

Project Code	Scheme Title	BUDGET		EXPENDITURE IN CURRENT YEAR					Type of Financing	2014/15 COMMENTS
		A	B	C	D	E	F	G		
		2014/15 and Future Years Budget £'000	2014/15 Budget £'000	2014/15 Actual as at 30/09/14 £'000	2014/15 Expenditure Remaining £'000	Expenditure Rephased into 2015/16 £'000	(C+D+E) 2014/15 Total Expenditure £'000	(F-B) 2014/15 Variance from Budget £'000		
Finance & Policy Committee										
7466	DSO Vehicle Purchases	4,932	992	324	668	0	992	0	UDPB	A review of the vehicle replacement programme has identified opportunities for savings by maximising the economic life of existing vehicles. This has resulted in a rephased programme for vehicle renewals which have previously been approved and the budget has been restated to reflect these changes.
8306	School Catering Equipment	155	105	37	68	0	105	0	RCCO	The budget funds an ongoing programme of kitchen equipment replacement.
8425	PV Cells Installation (various buildings)	206	0	0	0	0	0	0	UDPB	As a result of government changes to Feed-in-Tariff (FIT) arrangements and subsidies, the remaining sites in the scheme has been put on hold in order to evaluate whether they are still viable.
Finance & Policy Committee Sub Total		5,293	1,097	361	736	0	1,097	0		
Regeneration Committee										
7218	Disabled Facility Grants	738	738	193	545	0	738	0	MIX	
7220	Private Sector Housing Grants	56	56	22	34	0	56	0	MIX	
7895	Industrial & Commercial Grants to Businesses	40	40	18	22	0	40	0	UCPB	
8106	Social Housing New Build - Residual Costs	7	7	0	0	0	0	(7)	UDPB	All liabilities in relation to the original project have now been expended and the favourable variance reduces the need for borrowing.
8123	Review of Strategy Study North Sands to Newburn Bridge	17	17	13	4	0	17	0	GRANT	
8155	Preventing Repossession	25	25	5	20	0	25	0	GRANT	The actual timing of expenditure is demand lead according to cases meeting the criteria.
8210	Key Vacant Buildings Grant Scheme	38	38	30	8	0	38	0	UCPB	
8326	Baden Street Project	77	77	0	77	0	77	0	MIX	
8444	Town Wall Strengthening	931	931	17	714	200	931	0	GRANT	It is expected that some of the expenditure on this scheme will be rephased into 2015/16.
8445	Seaton Carew Coast Protection	586	586	486	100	0	586	0	GRANT	
8446	Empty Property Purchasing Scheme	8,301	3,581	749	3,192	0	3,581	0	MIX	The total budget includes recently approved funding of £4.360m for Phase 2 which expected to be spent from next year and an additional £0.320m on the purchase of new build properties at Tanfield Road in the current year.
8578	South Management Unit Study	47	47	11	36	0	47	0	GRANT	
8580	Hartlepool Enterprise Centre Building Improvements	52	52	26	26	0	52	0	UCPB	
8589	Headland Structures Coastal Defence	40	40	17	23	0	40	0	GRANT	
8591	Coastal Management Strategy - Crimdon/Newburn Bridge	9,645	500	37	463	0	500	0	MIX	The total budget includes additional funding approved by Council on the 7th August of which £1.8m is funded by the Council and the remaining £7.845 from the Environment Agency and partners.
8709	WW1 Anniversary Memorial	61	61	3	58	0	61	0	MIX	
9008	Church Street - Hartlepool Vision	506	171	0	200	0	171	0	MIX	Includes an amount of £0.335m to support the cost of the depot relocation, subject to approval by Council as part of the MTFS for 15/16.
HMR	North Central Hartlepool Housing Regeneration	2,306	1,179	291	888	0	1,179	0	MIX	
7531	Adult Education Office Accommodation	17	0	0	0	0	0	0	GRANT	Budget to be used in 2015/16 to fund work as part of conditions of lease.
8429	Adult Education Office Replace IT	11	0	0	0	0	0	0	GRANT	As above
Regeneration Committee Sub Total		23,501	8,146	1,918	6,410	200	8,139	(7)		

CAPITAL MONITORING REPORT PERIOD ENDING 30th SEPTEMBER 2014

Project Code	Scheme Title	BUDGET		EXPENDITURE IN CURRENT YEAR					Type of Financing	2014/15 COMMENTS
		A	B	C	D	E	F	G		
		2014/15 and Future Years Budget £'000	2014/15 Budget £'000	2014/15 Actual as at 30/09/14 £'000	2014/15 Expenditure Remaining £'000	Expenditure Rephased into 2015/16 £'000	(C+D+E) 2014/15 Total Expenditure £'000	(F-B) 2014/15 Variance from Budget £'000		
Neighbourhoods Committee										
7272	Wheelie Bin Replacement Purchases	60	60	22	38	0	60	0	UDPB	
7375	Countryside Development Work	14	14	0	0	14	14	0	UDPB	
7382	Greatham Play Area Equipment	9	9	0	0	9	9	0	MIX	
7508	Anhydrite Mine	107	0	0	0	0	0	0	MIX	Funding is carried forward for future monitoring.
7530	Developers Contributions (Section 106)	260	97	0	97	0	97	0	GRANT	
7651	Burn Valley Beck/Parks & Open Spaces	40	40	0	40	0	40	0	MIX	
7821	Household Waste Recycling Centre Improvements	22	22	2	20	0	22	0	UDPB	
7878	Community Safety CCTV Upgrade	298	298	0	298	0	298	0	MIX	Includes £0.190m RCCO to fund the relocation of the CCTV Monitoring Centre by 31st March 2014.
7990	Bandstand Shutters	4	4	0	0	4	4	0	MIX	
8299/7110	Playgrounds	29	29	0	29	0	29	0	GRANT	
8394	Library Improvements	55	55	32	23	0	55	0	MIX	
8575	Padstow Close Flood Resilience Measures	9	9	9	0	0	9	0	GRANT	
8644	Road Safety Equipment	15	15	0	15	0	15	0	GRANT	
7084/8648	Safety Camera Partnership	24	24	0	24	0	24	0	GRANT	Ring-fenced partnership funding
8696	Street Lighting Replacement	4,980	3,780	137	3,643	0	3,780	0	GRANT	
8699	Oxford Road Play Area Refurbishment	36	36	36	0	0	36	0	GRANT	
8703	Morrison Hall Loan to NDC Trust	450	450	0	450	0	450	0	UDPB	
Various	Allotments Improvements	287	287	73	214	0	287	0	UDPB	Relates to various schemes, funded by allotment rents.
Various	Stranton Cremators and Tanfield	238	238	73	165	0	238	0	MIX	
LTP	Local Transport Plan - Highways Capital Maintenance Schemes	1,636	1,636	358	1,078	200	1,636	0	GRANT	Includes an amount for slippage as result of the time taken to complete schemes after consultation and Committee approvals.
TVBNI	Tees Valley Bus Network Improvement Schemes	1,685	1,685	472	1,013	200	1,685	0	GRANT	Includes an amount for slippage owing to the timing of expenditure as the Powlett Road scheme start date is in expected January 2015 and may complete in early 2015/16.
BRIE	Brierton Site Development	1,121	1,121	667	454	0	1,121	0	MIX	
Neighbourhoods Committee Sub Total		11,379	9,909	1,881	7,601	427	9,909	0		
Regeneration & Neighbourhoods Total		40,173	19,152	4,160	14,747	627	19,145	(7)		

Key

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

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

FINANCE AND POLICY COMMITTEE

24th November 2014



Report of: Director of Regeneration and Neighbourhoods

Subject: SECTION 106 AGREEMENTS REVIEW

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Non-Key Decision.

2. PURPOSE OF REPORT

2.1 To update the Finance and Policy Committee on the purpose and use of Section 106 Agreements and the management of financial resources secured by planning obligations under Section 106 of the Town and Country Planning Act 1990 (as amended).

3. BACKGROUND

3.1 Section 106 of the Town and Country Planning Act 1990 allows a Local Planning Authority to enter into a legally-binding agreement or planning obligation with a landowner, or persons who intend to develop that land, in association with the granting of planning permission. The applicant can also unilaterally offer such obligations. These planning obligations are intended to deliver or address matters that are necessary to make a development acceptable in planning terms. The planning obligation is a formal document, a deed, which states that it is an obligation for planning purposes, identifies the relevant land, the person entering the obligation and their interest and the relevant Local Authority that would enforce the obligation.

3.2 Section 106's can be used to regulate future development of the land, compensate the local community for any impact caused by a development and help shape the new development. The objective is to mitigate the effects caused by a development.

3.3 Planning Obligations may cover one or more of the following:

- restricting the use of the land or the way in which a development is to be carried out.
- requiring specific operations or activities to be carried out.
- requiring the land to be used in a specific way.
- requiring a sum or sums of money to be paid to the LPA for specified purposes.

3.4 Planning obligations can include:

- affordable housing provision/contribution.
- creation, maintenance and adoption of open spaces and recreational facilities.
- provision or adoption of new highways and public rights of way
- community facilities.
- travel plans.
- local employment and training strategies.
- Education.

3.5 Planning obligations are not inter-changeable and cannot be used if the spending:

- does not relate to the planning application.
- is not in accordance with the terms of the 106 legal agreement.
- relates to general council spending.
- is to resolve existing problems elsewhere on making good a pre-existing deficiency.
- relates to alternative works not specified in the agreement.

3.5.1 Where monies are paid to the Council to satisfy the terms of a planning obligation there is a requirement this be refunded in full, if not spent in accordance with the terms of the agreement. Increasingly, and in the current economic climate, developers are insisting on clauses being inserted into the agreements requiring the Council to provide evidence confirming how the monies paid have been spent. There is a danger the Council may have to refund contributions paid where the spending does not occur within the terms or timescale of the agreement.

3.6 Prior to the National Policy Framework (NPPF), Circular 05/2005 set out guidance on planning obligations. The circular (which was cancelled by the NPPF) was, in part, an attempt to draw out from a series of court decisions some policy tests intended to bring discipline to an area of planning practice that was the subject of some disquiet. There was a growing feeling that planning agreements were sometimes going far beyond what was needed to make a proposal acceptable. There was a sense that obligations were breaching the fundamental principle that planning permission may not be bought or sold. This was combined with a perception that some Local Planning Authorities were using obligations as a “backdoor” betterment tax on development proposals. The term “planning gain” was often used in this

context and came to be associated to some extent with the tendency to require or offer unwarranted benefits.

- 3.6.1 The NPPF states that Local Planning Authorities should consider whether “otherwise unacceptable development could be made acceptable” by using planning obligations. Planning obligations should only be sought where they meet all of the following tests:

- i) The obligation is necessary to make development acceptable in planning terms
- ii) The obligation must be directly related to the development
- iii) The obligation must be fairly and reasonably related in scale and kind to the development.

Planning obligations should only be used where unacceptable impacts cannot be dealt with by a planning condition.

- 3.6.2 The NPPF also states that when seeking obligations or considering revisions to existing obligations, Local Planning Authorities should take account of changes in market conditions over time. The Local Planning Authority must be sufficiently flexible to prevent development being stalled. Clearly, an obligation that offers benefits simply to secure a favourable decision, or that goes beyond development plan policies or purely functional or commercial criteria related to the specific development will go beyond these three tests. Such obligations will therefore be vulnerable to criticism and legal challenge.

- 3.6.3 Section 122 of the Community Infrastructure Levy Regulations 2010 also specifies that an obligation must be:

- i) necessary to make the development acceptable in planning terms
- ii) directly related to the development
- iii) fairly and reasonably related in scale and kind to the development

These tests are therefore unambiguously part of the statutory framework, as well as being Ministerial guidance.

Discussions have been held regarding proposals to consult on the allocation and spending of 106 monies to provide improved Member involvement. A further report on the mechanics of this consultation will be presented shortly.

- 3.7 The Council relies on a saved policy from the 2006 Local Plan (GEP9) to secure contributions. This policy however has very little details and only identifies a number of types of contributions which can be asked for and does not cover affordable housing. As such Officers are relying on the Strategic Housing Market Assessment (SHMA) which identifies an undersupply as a reason to ask for this. A draft Planning Obligations Supplementary Planning Document (SPD) is currently being produced which gives details about the types and quantities of obligation which will be asked for and the reasons why they are needed. This has recently been consulted upon and changes will be made before moving it to adoption where it will

hold more weight in planning terms. The SPD relies on a number of pieces of evidence base (including the green infrastructure SPD, the Open Space Audit and Assessment, the Playing Pitch Strategy, Indoor Facilities Strategy etc) to highlight the necessity for those particular obligations – this is critical as all obligations must be necessary to make the development acceptable, directly related to the development and fairly and reasonably related in scale and kind to the development. It is vital that as a Council we are able to illustrate to developers that the planning obligations are being required in a manner which is evidence based and meets the tests set out above. When the particular obligations are requested it is done in liaison with the relevant divisions within the Council to ensure that the funding can be spent in an appropriate and timely manner.

- 3.8 Depending upon the specific S106 Legal Agreement with the developer, some may be in perpetuity, some may be controlled by a specific time period; for instance some may state that any monies need to be spent within a 5 year period. In most cases contributions are released from the developer depending upon specific triggers established in the agreement; for instance on the commencement of the development or perhaps later on the occupation of the 50th dwelling. Close and careful monitoring of the obligations is now even more critical given that the CIL Regulations stipulates that obligations can be grouped into pots of no more than 5 towards a piece of distinct infrastructure. The majority of 106 developer contributions are secured from major applications which are taken to Planning Committee for determination. The obligations to be secured along with the intended use are identified in the report presented to the Committee prior to determination.
- 3.9 An update on the current status detailing how much money is held in respect of each individual contribution, the schemes to be implemented and the balance held is contained in **Appendix A**.
- 3.10 Circular 05/2005: Planning Obligations (Para B50) advised Local Authorities to carefully monitor all legal agreements. Once planning obligations have been agreed, it is important that they are implemented or enforced in an efficient and transparent way, in order to ensure that contributions are spent on their intended purpose and that the associated development contributes to the sustainability of the area. This will require monitoring by Local Planning Authorities, which in turn may involve joint-working by different parts of the Authority.

- 3.11 The Planning Services Function have reviewed the way it monitors the S106 Legal Agreement monies spend progress. The review identified some issues with regard to the monitoring and implementation of the spend progress; changes have been made in order to create a robust monitoring protocol. Resulting from this review a database was set up by the Planning Services Monitoring Officer to record contributions paid via section 106 planning obligations. It is used to record each section 106 individually to include any payments received and their purpose together with the details of what the money was spent on and where.
- 3.12 The information used in this report is taken from the Council section 106 database. The database contains the financial details of all planning obligations and unilateral undertakings signed under section 106 of the Town and Country Planning Act 1990, as amended by the Planning and Compensation Act 1991. It is managed and updated by the Planning Services Monitoring Officer.
- 3.13 In addition to the new robust monitoring process an audit system, managed by the Planning Services Monitoring Officer, has also recently been implemented to ensure contributions spent comply with the legal requirement to be used for their intended purpose a copy of which is included in **Appendix B**. It is proposed to provide regular quarterly updates of the S106 Legal Agreement monies spend progress as part of the finance quarterly monitoring report produced by the CFO.

4. EQUALITY AND DIVERSITY CONSIDERATIONS

- 4.1 There are no equality or diversity implications.

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

- 5.1 There are no Section 17 Implications.

6. RECOMMENDATIONS

- 6.1 That the Finance and Policy Committee notes the content of the report.
- 6.2 To provide improved Member involvement Ward Members be consulted regarding the allocation and spending of 106 monies. (see section 3.6.3).

7. CONTACT OFFICER

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APPENDIX A

SECTION 106 DEVELOPERS CONTRIBUTIONS

CYCLEWAY CONTRIBUTION

DATE RECEIVED	PLANNING APPLICATION	DEVELOPER	APPLICATION SITE	AGREED USE	TIME LIMIT	AMOUNT RECEIVED	MONEY SPENT	BALANCE HELD
09/09/2010	H/2007/0262	Clevestone	Brenda Road	For the construction of a cycleway/walkway adjacent to the development site	5 years	£1500		£1500
13/10/2010	H/2007/0262	Clevestone	Brenda Road	-:-	-:-	£1500		£1500
14/12/2010	H/2007/0262	Clevestone	Brenda Road	-:-	-:-	£1500		£1500
16/03/2011	H/2007/0262	Clevestone	Brenda Road	-:-	-:-	£1500		£1500
12/05/2011	H/2007/0262	Clevestone	Brenda Road	-:-	-:-	£1500		£1500
14/09/2011	H/2007/0262	Clevestone	Brenda Road	-:-	-:-	£1250		£1250
							TOTAL	£8750

CYCLEWAY UPDATE

The developer contribution payable is totalling £9750.00. A further payment of £1000.00 is outstanding but has not yet been received (the developer has been advised of this) The 5 year time limit will commence from the date the final payment is received; the Council has not yet received the final payment..

APPENDIX A

SECTION 106 DEVELOPERS CONTRIBUTIONS

GREEN INFRASTRUCTURE CONTRIBUTIONS

DATE RECEIVED	APPLICATION NUMBER	DEVELOPER	APPLICATION SITE	AGREED USE	TIME LIMIT	AMOUNT RECEIVED	MONEY SPENT	BALANCE HELD
17/07/2009	H/2008/0645	Housing H/Pool	Chesterton Road	Seating in the Burn Valley Gardens to be installed following consultation with Ward Members	No time limit	£ 3750		£ 3750
06/08/2010	H/2009/0701	Housing H/Pool	Maxwell Court	Contribution towards a footpath/leisure route along western edge of town between Brierton Lane and Sappers Corner or Rossmere Park as funding becomes available.	No time limit	£ 950		£ 950
12/04/2013	H/2010/0543	Yuill	Cecil House	Rift House, Stranton Cemetery or Allotments.	5 years	£ 1250		£ 1250
15/04/2013	H/2012/0287	Housing H/Pool	Monmouth Grove	Path that leads from Thornhill Gardens to Jesmond Gardens down the south side of Grayfields	5 years	£ 5500		£ 5500
06/12/2013	H/2013/0218	CCAD	Crown House	Green infrastructure in the Church Square area to feed into the Church Street Masterplan	5 years	£14000		£14000
24/03/2014	H/2011/0119	Niramax	Mainsforth	Coastal footpath improvements between Newburn Bridge & Marina	10 years	£ 1300		£ 1300
							TOTAL HELD	£26750

APPENDIX A

SECTION 106 DEVELOPERS CONTRIBUTIONS

HOUSING CONTRIBUTIONS

DATE RECEIVED	PLANNING APPLICATION	DEVELOPER	APPLICATION SITE	AGREED USE	TIME LIMIT	AMOUNT RECEIVED	MONEY SPENT	BALANCE HELD
22/08/2006	H/2004/0312	Bett Homes	Owton Grange	Delivery of the Council's Housing Market Renewal Programme	No time limit	£ 40000		£ 40000
19/01/2007	H/2004/0769	Bett Homes	Owton Grange	As above	No time limit	£ 10900		£ 10900
19/01/2007	H/2004/1031	Bett Homes	Owton Grange	As above	No time limit	£ 2727		£ 2727
02/07/2007	H/2004/5440	Haslam Homes	Owton Grange Inglefied	As above	No time limit	£ 10908		£ 10908
10/08/2007	H/2004/0754	Brossley Homes	Lancaster Road	As above	No time limit	£ 32000		£ 32000
05/02/2009 05/08/2009	H/2005/5709	Bellway	Golden Flatts	As above	5 years	£ 95000 £ 71000	£50000 Headway env upgrade works £19865 Perth Street Application	£ 96135
24/12/2013	H/2011/049	Persimmon	Mayfair	Empty homes scheme	5 years	£ 80000		£ 80000
							TOTAL HELD	£ 272670

HOUSING UPDATE

£192,670 can be transferred into the HMR pot straight away. It will be spent in its entirety by the end of the financial year and will be spent on the delivery of the Carr/Hopps housing regeneration scheme. This includes acquisition of private properties, security ad costs associated with demolition.

APPENDIX A

SECTION 106 DEVELOPERS CONTRIBUTIONS

MAINTENANCE CONTRIBUTIONS

MAINTENANCE UPDATE

DATE RECEIVED	PLANNING APPLICATION	DEVELOPER	APPLICATION SITE	AGREED USE	TIME LIMIT	AMOUNT RECEIVED	MONEY SPENT	BALANCE HELD
15/03/2013	H/2006/0621	O'Brien's	Coronation Drive	Maintain land for a period of ten years from completion of development taking the form of 2 grass cuts each year.	No time limit	£3995	0	£3995

The development is almost complete; the contributions will then commence.

APPENDIX A

SECTION 106 DEVELOPERS CONTRIBUTIONS

PLAY FACILITIES CONTRIBUTIONS

DATE RECEIVED	PLANNING APPLICATION	DEVELOPER	APPLICATION SITE	AGREED USE	TIME LIMIT	AMOUNT RECEIVED	MONEY SPENT	BALANCE HELD
12/05/2013	H/2010/0543	Gleesons	Tanfield Road	New toddlers play area at Tanfield	5 years	£ 6250	Scheme to be delivered 2014-15	£ 6250
14/04/2013	H/2012/0287	Housing Hartlepool	Monmouth	Maintenance of Grayfields. Replacement of life-expired play equipment/surfacing North Site - Grayfields	5 years	£ 5500	0	£ 5500
25/02/2014	H/2013/0145	Vela	Henry Smiths	South side King Oswy Drive. Replacement of life-expired play equipment/surfacing North Site – King Oswy	5 years	£ 6250	0	£ 6250
24/03/2014	H/2011/0119	Niramax	Mainsforth Terrace	Maintenance of the play park Burbank towards play facility enhancement resulting from disturbance caused by MUGA being relocated on site	10 years	£ 6500	0	£ 6500
							TOTAL HELD	£24500

APPENDIX A

SECTION 106 DEVELOPERS CONTRIBUTIONS

PUBLIC ART CONTRIBUTIONS

DATE RECEIVED	PLANNING APPLICATION	DEVELOPER	APPLICATION SITE	AGREED USE	TIME LIMIT	AMOUNT RECEIVED	MONEY SPENT	BALANCE HELD
28/09/2006	H/2006/0169	Mandale	Former Baths site Coronation Drive	Sculpture at Seaton. Location and design to be agreed between the parties	No time limit	£ 10000	0	£ 10000
28/11/2012	H/2012/0524	Farmfoods	Pink Domino	Immediate vicinity of the site to contribute to the overall costs of the environmental improvements. Longer term there are proposals to improve the adjacent Catcote Road/Brierton Lane junction which will include subsequent environmental improvements. The contribution was sought to improve local green infrastructure which would be used for future improvements to this important transport corridor and the wider regeneration of the area.	No time limit	£ 5000	0	£ 5000
							TOTAL HELD	£15000

APPENDIX A

SECTION 106 DEVELOPERS CONTRIBUTIONS

SECURITY/MONITORING CONTRIBUTION

DATE RECEIVED	PLANNING APPLICATION	DEVELOPER	APPLICATION SITE	AGREED USE	TIME LIMIT	AMOUNT RECEIVED	MONEY SPENT	BALANCE HELD
12/06/2014	H/2012/0408	Persimmon	Middle Warren Neighbourhood Park	Monitoring and security of the Neighbourhood Park. Exact schemes are currently being designed by the Neighbourhood Security with the cost likely to be excess of the £25k. The £25k would contribute towards the overall scheme.	No time limit	£25000	0	£25000

APPENDIX A

SECTION 106 DEVELOPERS CONTRIBUTIONS

SPORTS CONTRIBUTION

DATE RECEIVED	PLANNING APPLICATION	DEVELOPER	APPLICATION SITE	AGREED USE	TIME LIMIT	AMOUNT RECEIVED	MONEY SPENT	BALANCE HELD
25/02/2014	H/2013/0145	Vela	Henry Smiths	Providing sports facilities in the vicinity of the site. Headland Sports Hall has been earmarked for the spend. Plans currently being explored.	5 years	£6250	0	£ 6250
12/06/2014	H/2012/0408	Persimmon	Middle Warren Neighbourhood Park	Ancillary equipment for Neighbourhood Park. Plans currently being explored.	No time limit	£41178	0	£41178
							TOTAL HELD	£47428

SECTION 106 EXPENDITURE MONITORING

APPLICATION NUMBER	
DEVELOPMENT	
AMOUNT RECEIVED	
DATE RECEIVED	
TIMESCALE FOR EXPENDITURE	
SCHEME TO BE IMPLEMENTED	

Part 1 (Funds will be transferred on completion and return)

ESTIMATED COST OF SCHEME	
BUDGET CODE FOR FUNDS TO BE ALLOCATED TO	
ANTICIPATED START DATE	
ANTICIPATED COMPLETION DATE	

To be returned to:
Monitoring Officer, Planning Services, Regeneration & Neighbourhoods, Civic Centre Level 1

APPLICATION NUMBER	
DEVELOPMENT	
AMOUNT RECEIVED	
DATE RECEIVED	
TIMESCALE FOR EXPENDITURE	
SCHEME TO BE IMPLEMENTED	

ACTUAL COST OF SCHEME	
ACTUAL START DATE	
ACTUAL COMPLETION DATE	
FUNDS EXPENDED WITHIN AGREED TIMESCALE AND FOR INTENDED SCHEME	YES/NO

[illegible]

SIGNATURE

EXPENDITURE BREAKDOWN COSTS (continued)

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14 11 24 6 5 RND Section 106 Agreements Report - includes Appendices 17

FINANCE AND POLICY COMMITTEE

24th November 2014



Report of: Director of Regeneration and Neighbourhoods

Subject: DELEGATED POWERS PROPERTY
TRANSACTIONS
QUARTERLY REPORT – 2014 (Q2)

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 For information purposes only.

2. PURPOSE OF REPORT

2.1 To inform the Committee of the recent minor property issues dealt with under delegated powers since the matters were last reported on 18th August 2014.

3. BACKGROUND

3.1 Under Part 3 of the Constitution (Responsibility for Functions) the Director of Regeneration and Neighbourhoods has delegated powers for a variety of transactions within a prescribed threshold which is currently £30,000 in capital value and £12,000 in rental value. The powers are to approve land and property disposals, leases, lettings, licences, wayleaves, easements, undertaking and concluding rent reviews, lease renewals and the release and amendments of restrictions, covenants and other land and property matters within the prescribed thresholds as approved by the Council. The current valuation thresholds were approved by Finance & Policy Committee on 26th July 2013.

3.2 This enables minor property transactions to be concluded efficiently and effectively.

3.3 This report is provided to Committee on a quarterly basis to up-date members of all the land and property transactions that are approved under the delegated powers procedure.

4. PROPOSALS

- 4.1 To date the delegation has been effective and a number of transactions have been progressed in accordance with delegated consent as summarised in **Confidential Appendix 1. This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely paragraph 3, information relating to the financial or business affairs of any particular person (including the authority holding that information).**

5. FINANCIAL AND RISK CONSIDERATIONS

- 5.1 Increased efficiency arising from a simplified approval process is reducing the time spent by the Estates and Regeneration Manager preparing reports in relation to minor transactions. The additional time will be spent facilitating the delivery of other key projects thereby reducing the overall costs of operating the section.
- 5.2 Any instances where the Director of Regeneration and Neighbourhoods deems there to be a risk in exercising the delegated power will be referred to Committee for decision.

6. LEGAL CONSIDERATIONS

- 6.1 Legal agreements are in place to safeguard the Council's interests.

7. EQUALITY AND DIVERSITY CONSIDERATIONS

- 7.1 There are no diversity and equality issues.

8. STAFF CONSIDERATIONS

- 8.1 There are no staffing considerations as part of this report.

9. ASSET MANAGEMENT CONSIDERATIONS

- 9.1 The attention of the Committee is drawn to the Asset Management element of the Medium Term Financial Strategy (MTFS). A previous decision requires a commercial, proactive approach to be taken on Asset Management issues, the proceeds of this transaction being a contribution to the Medium Term Financial Strategy (MTFS).
- 9.2 The decision to adopt a commercial approach to asset management requires the Council to realise the full value of any properties or property rights that it disposes of.

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

- 10.1 There are no Section 17 implications.

11. RECOMMENDATIONS

- 11.1 The Committee notes the report and the property issues dealt with under Delegated Powers.

12. REASONS FOR RECOMMENDATIONS

- 12.1 To provide information on the property issues dealt with under Delegated Powers.

13. BACKGROUND PAPERS

- 13.1 There are no background papers.

14. CONTACT OFFICER

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FINANCE AND POLICY COMMITTEE

24th November 2014



Report of: Director of Regeneration and Neighbourhoods

Subject: CORPORATE PROCUREMENT QUARTERLY
REPORT ON CONTRACTS

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 For information.

2. PURPOSE OF REPORT

2.1 To satisfy the requirements of the Council's Contract Procedure Rules with regard to the Finance & 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.

3. BACKGROUND

3.1 The Council's Contract Procedure Rules require that the following information be presented to the Finance & Policy Committee on a quarterly basis:

Section of Contract Procedure Rules		Information to be reported
Introduction	Para 8 iii & Para 8 vi	Outcome of contract letting procedures
Part G	Para 12 v	

Introduction Part B	Para 8 iii Para 3 v	Basis of award decision if not lowest/highest price payable/receivable
Introduction	Para 8 vi	Contract Name & Reference Number
Part G	Para 12 v	
Introduction	Para 8 vi	Description of Goods/Services being procured
Part G	Para 12 v	
Introduction	Para 8 vi	Department/Service area procuring the goods/services
Part G	Para 12 v	
Introduction	Para 8 vi	Prices (separate to Bidders details to preserve commercial confidentiality)
Part G	Para 12 v	
Part G	Para 12 v	Details of Bidders

- 3.2 In addition to tender related information, details of exemptions granted to the Contract Procedure Rules are also reportable quarterly.

4. INFORMATION FOR REVIEW

4.1 Tender information

The table at **Appendix A** details the required information for each procurement tender issued since the last quarterly report.

- 4.2 The Committee may within the Contract Procedure Rules request further information or seek further monitoring reports on selected contracts.

- 4.3 In addition the Audit and Governance Committee may request a contract to be monitored under their specific responsibilities relating to the scrutiny of contracts.

4.4 Exemption information

Appendix B provides details of the required information in relation to Contract Procedure Rules exemptions granted since the last Corporate Procurement Quarterly Report on Contracts.

- 4.5 The table at confidential **Appendix C** This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information). includes the commercial information in respect of the tenders received.

5. RECOMMENDATIONS

- 5.1 That the Committee note and comment on the contents of the report.
- 5.2. The Committee note that a review of the Council's Contract Procedure Rules will be undertaken once the detail of the new rules is released to consider whether any changes are required to ensure conformity.
- 5.3 That a report be considered by Finance and Policy Committee identifying these changes, should that be the case.

6. REASONS FOR RECOMMENDATIONS

- 6.1 The Committee is required to review the information supplied to ensure that monitoring in the award of contracts is carried out and evidenced.

8. BACKGROUND PAPERS

- 8.1 There are no background papers.

9. CONTACT OFFICER

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7.2 APPENDIX A

Tender Information

Date of Contract Award	Contract Name and Reference Number	Description of Goods / Services being procured	Department / Service area procuring the goods / services	Details of Bidders	Location of Bidder	Basis of award decision if not lowest/highest price payable / receivable	Outcome of contract letting procedures
12/8/14	Banking – CRN 723-14	Banking Services	Chief Executives	Lloyds Barclays	Newcastle Newcastle	Most economically advantageous tender	Lloyds
15/9/2014	Social Inclusion and Handy Person Service – 750-14	A service which provides information, advice and signposting to community activities and services and a handyperson service to provide practical support to promote prevention and early intervention through the provision of minor repairs and adaptations to enable people of all ages to continue to live in their own home.	Children & Adults – Commissioning Services	DISC Hartlepool Mind PH Support Service Wharton Trust WRVS	Durham Hartlepool Hartlepool Hartlepool Cardiff	Most economically advantageous tender	Hartlepool Mind
13/9/2014	Supported Accommodation for Alcohol Dependent Clients – 722A-14	Accommodation for Alcohol Dependent Clients in Hartlepool	Children & Adults – Commissioning Services	Sanctuary Supported Living	Worcestershire	Most economically advantageous tender	Sanctuary Supported Living

Procurements Exempted from Council Contract Procedure Rules

Dept	Service Unit	Company Name	Company Based at	Estimated Expenditure	Description	Approval
R&N	Public Protection	Phoenix Security	Newcastle	£10,000.00 per annum	Taxi Marshalling Service. HBC to provide this service as the Police no longer can guarantee this service will be provided.	30.06.2014
C&A	Public Health	NEMS Market Research	Billingham	£5,999	Smoking cessation services in Hartlepool and Stockton BC. Stockton BC has already selected a provider and has suggested we join forces, with the scope of the research work being expanded to cover Stockton and Hartlepool. This basically requires HBC to provide a £6k contribution towards the costs of the research phase.	18.07.2014
R&N	Building Design & Construction	Photocast products	Liverpool	£12,000 Approximately	Supplier of bronze panel artwork for the WW1 100th anniversary ceremony. Only Supplier who can provide this product within the agreed time restraints	08.09.2014
CEX	Finance	Coactiva	Leeds	£6,500	Coactiva is unique in providing council officer access to data that is ordinarily restricted to parties within the financial services industry.	12.09.2014
C&A	Commissioned Services Team	CarePlus Solutions CIC	Middlesbrough	£10,585	Specialist Training for services for vulnerable people	17.09.2014
R&N	Adult Education	New Generation Training and Consultancy	Wigan	£20,000	Specialist Training Provided by this Company	12.09.2014

Extensions to existing Contracts

Dept	Service Unit	Company Name	Description	Approval	Contract Extension Start	Contract Extension End	Estimated Expenditure
NIL RETURN							

FINANCE AND POLICY COMMITTEE

24th November 2014



Report of: Director of Regeneration and Neighbourhoods

Subject: UPDATE ON PUBLIC SECTOR PROCUREMENT REFORMS

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 For Information.

2. PURPOSE OF REPORT

2.1 To update the Finance & Policy Committee on forthcoming changes to the UK's Public Procurement Rules.

3. BACKGROUND

3.1 The Committee has previously been advised of forthcoming changes to the EU procurement directives which will be enacted in the UK by the Public Contracts Regulations 2015.

3.2 The UK Government has taken the opportunity presented by the major changes to EU Public Procurement to add additional requirements into the UK's new Public Contracts Regulations.

3.3 These additional requirements have been developed by the Government from recommendations made in Lord Young's 2013 report entitled 'Growing Your Business' and will be included in the forthcoming update of the Public Contracts Regulations.

4. INFORMATION FOR REVIEW

4.1 There are three key changes to procurement practices which will come into effect from early 2015. These are detailed below:

1. Pre-Qualification Questionnaires

Lord Young's report concluded that the supplier base felt that Pre-Qualification Questionnaires are overly bureaucratic and contain excessive or irrelevant requirements. Evidence from the Cabinet Office's Mystery Shopper scheme indicated that this is the number one concern for small and medium enterprises.

As a result of this conclusion, the following requirement will form part of the forthcoming Public Contracts Regulations:

Use of Pre-Qualification Questionnaires will be prohibited for procurements under the European Union threshold for supplies and services, which is currently £172,514. For procurements above this threshold, a single standardised Pre-Qualification Questionnaire for the public sector will be available. PAS 91 must continue to be used exclusively for construction procurements.

2. Better access to bid opportunities

A new, improved Contracts Finder web site, where all public sector contract opportunities will be easily accessible to suppliers, will be launched.

Contracting authorities will be required to ensure that any opportunity is published on Contracts Finder (in addition to any other portal or website it may use). Once a contract is in place, they will also need to publish details of who has won the contract including whether the winning supplier is a small business or voluntary sector organisation. The threshold for publishing is £25,000 but if contracting authorities have standing orders above this value, they are not required to advertise contracts below that threshold although they can choose to do so. This means that informal methods of tendering (e.g. three quotes) without an advert are still available below standing order limits (or £25,000).

3. Prompt payment

The report also highlighted that prompt payment is critical to the cash flow of many smaller suppliers and failure to pay on time can lead to serious problems, ultimately putting their ability to continue trading at stake.

New legislation will require all contracting authorities to pay valid invoices within 30 days and to ensure that these terms are replicated down the supply chain via a contract condition. Contracting authorities will also be required to annually publish statistics relating to invoices which are paid late with their first tier suppliers.

- 4.2 Information on these changes released by the Department for Communities and Local Government advises that these three measures are designed to ensure that there is a single market approach across the public sector so that suppliers, especially smaller businesses and voluntary, community and social enterprises, know what information they will be expected to provide

and what conditions they will have to meet. DCLG believe this will help ensure that best value for money is obtained through the optimum level of competition, whilst supporting local businesses and giving them opportunities to grow.

4.3 **Next steps**

The Government has recently published a consultation paper on the detailed regulations which underpin these measures, as part of the consultation on the new European Union Procurement directive, and ideas and views were invited before the closing date of 17 October.

The majority of Local Authorities in the region, and NEPO, have responded to this consultation paper. The Hartlepool Borough Council response highlighted the following issue in relation to these proposals:

Prohibition of PQQ for below threshold requirements:

Whilst on the face of it, it is a good idea to remove bureaucracy from the procurement process, there is a danger that abolishing the PQQ for below-threshold procurements will increase the burden on SMEs, as they will be required to spend time and effort preparing full tender submissions for contracts they may have a reduced chance of winning.

A more productive approach may be to allow the use of a PQQ document but to legislate on the permissible content.

4.4 **Hartlepool Borough Council's current position in relation to these amendments**

The Council continuously strives to improve its procurement processes and as a result there is minimal activity required to meet the requirements of this forthcoming legislation.

1. Pre-Qualification Questionnaires

The Council makes use of pre-qualification questionnaires where it is believed they are appropriate, e.g. where there is a likelihood of significant interest in a contract opportunity. The rationale behind this is that use of a PQQ allows the Council to shortlist interested parties and thereby reduce the number of tenders received and requiring evaluation.

If the abolishment of the PQQ is enacted, there is a danger that the Council will have a much greater number of tenders to evaluate and the knock-on effect is that a greater number of fully developed tender proposals will be rejected. This could be considered more wasteful of bidding companies' time and resources than having a, relatively quick to complete, PQQ document rejected.

2. Better access to bid opportunities

The forthcoming requirement indicates that all opportunities over £25,000 must be advertised on the Contracts Finder system, however it goes on to say that if contracting authorities have standing orders above this value, they are not required to advertise contracts below that threshold, although they can choose to do so.

In terms of this Council, this will mean that we will not have to advertise any opportunities with a value below £60,000 on the Contracts Finder system.

3. Prompt payment

The Council's standard terms and conditions of contract for Goods and Services have been amended to include a requirement for prompt payment of subcontractors by main contractors so we are compliant with this requirement when it is implemented.

5. RECOMMENDATIONS

- 5.1 That the Committee note and comment on the contents of the report.

6. BACKGROUND PAPERS

- 6.1 DCLG Letter to Leaders of Local Authorities & Chairmen of Fire and Rescue Authorities dated 10 October 2014.
- 6.2 'Growing Your Business' report by Lord Young (May 2013)

7. CONTACT OFFICER

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FINANCE AND POLICY COMMITTEE

24th November 2014



Report of: Assistant Chief Executive

Subject: EMPLOYEE SICKNESS ABSENCE 2nd 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 second quarter of 2014/15.

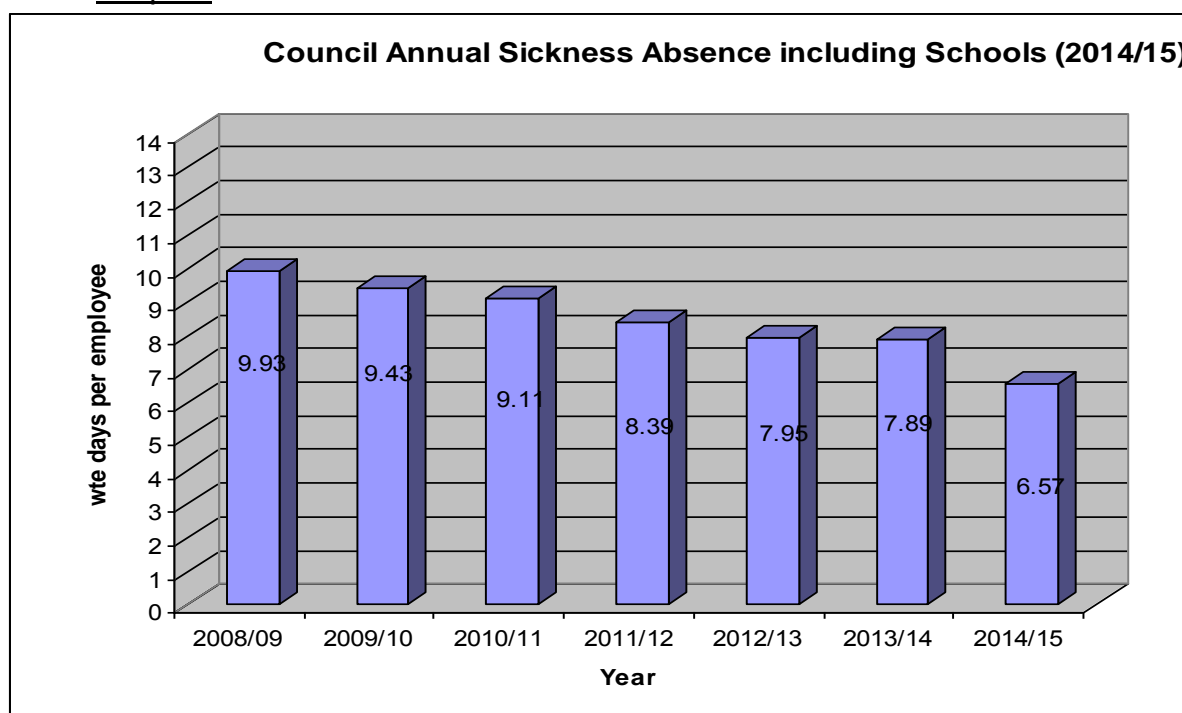
3. BACKGROUND

- 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 2nd 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 2nd quarter shows the Council's at 6.57 days per wte per employee per annum as illustrated in Graph 1 below (this was 6.89 at the end of Quarter 1). 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.

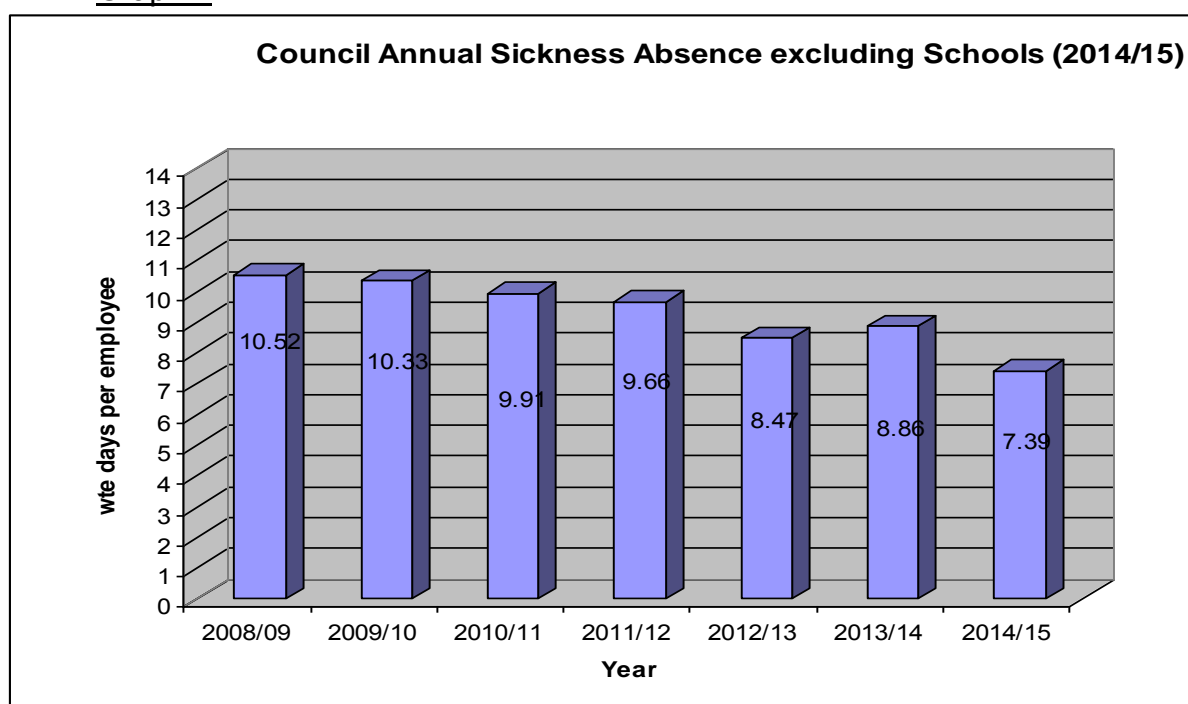
Graph 1



4.2 THE COUNCIL'S PERFORMANCE EXCLUDING SCHOOLS UP TO THE 2nd QUARTER OF 2014/15

The actual sickness rate at the end of the 2nd quarter without schools data shows the Council's performance is 7.39 wte per employee per annum against a target of 8.90 wte, as illustrated in Graph 2 below (this was 7.25 at the end of Quarter 1).

Graph 2

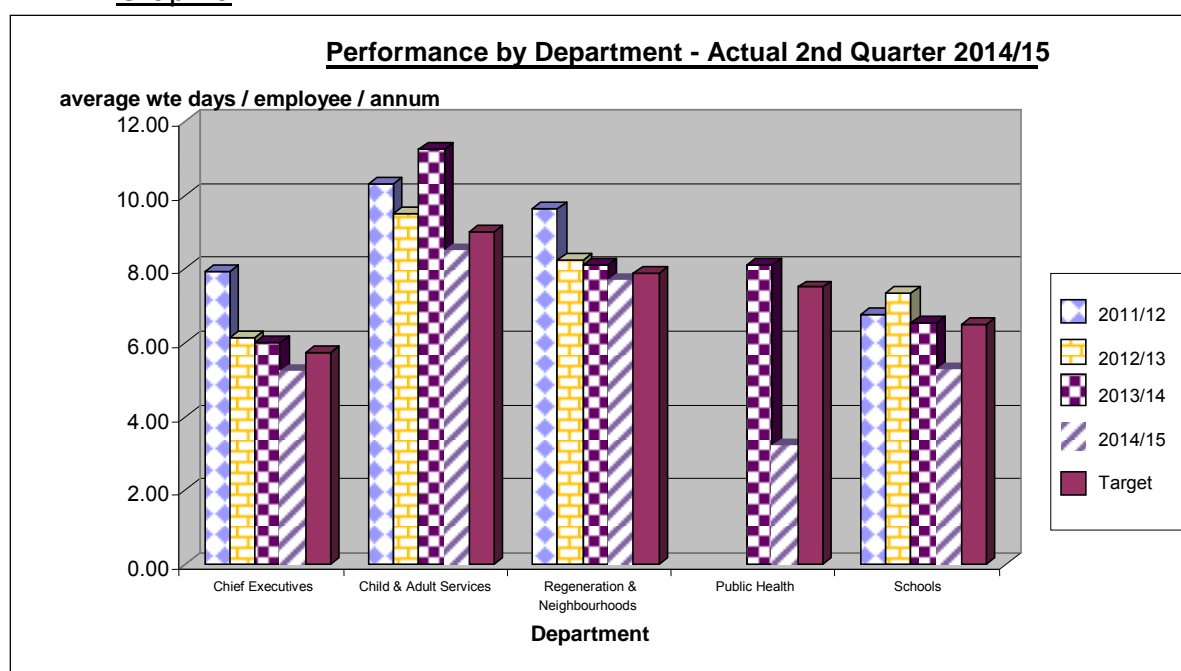


4.3 ACTUAL PERFORMANCE BY DEPARTMENT AND SCHOOLS

Graph 3 below illustrates the actual performance for each Department and Schools as at 30th September 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.

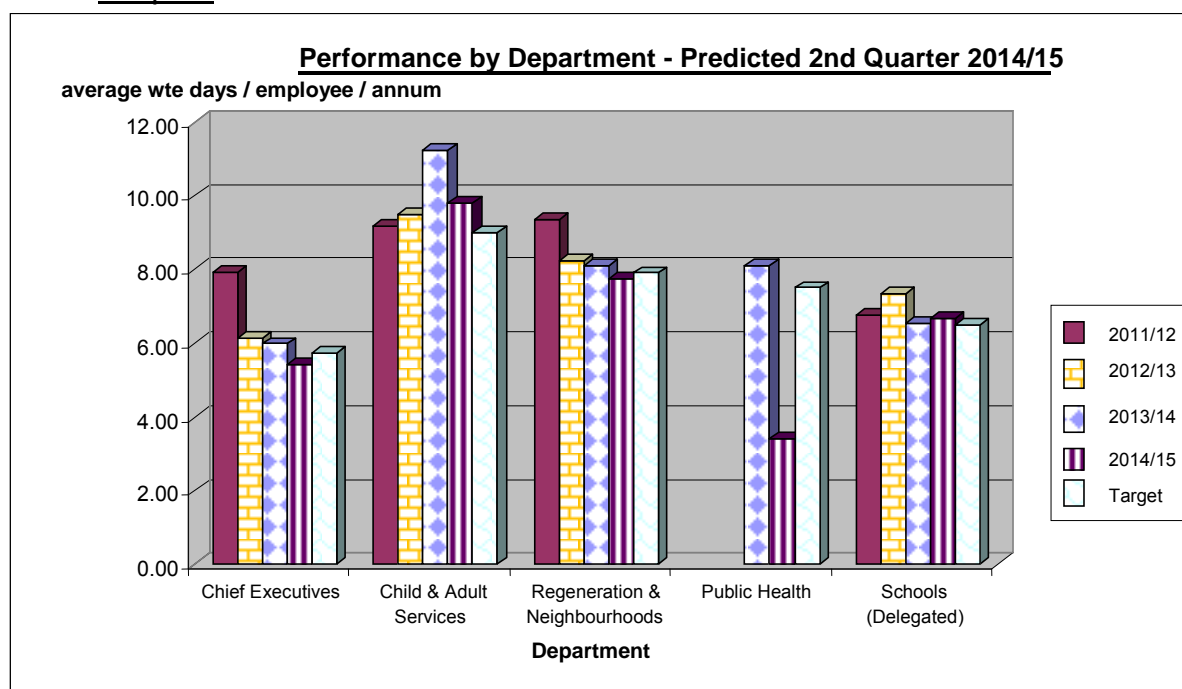
The graph identifies that there is an overall downward trend in sickness absence rates across all Departments compared with the last three years. It shows the Council is under target at this stage of the year and will strive to remain under target over the reporting year.

Graph 3



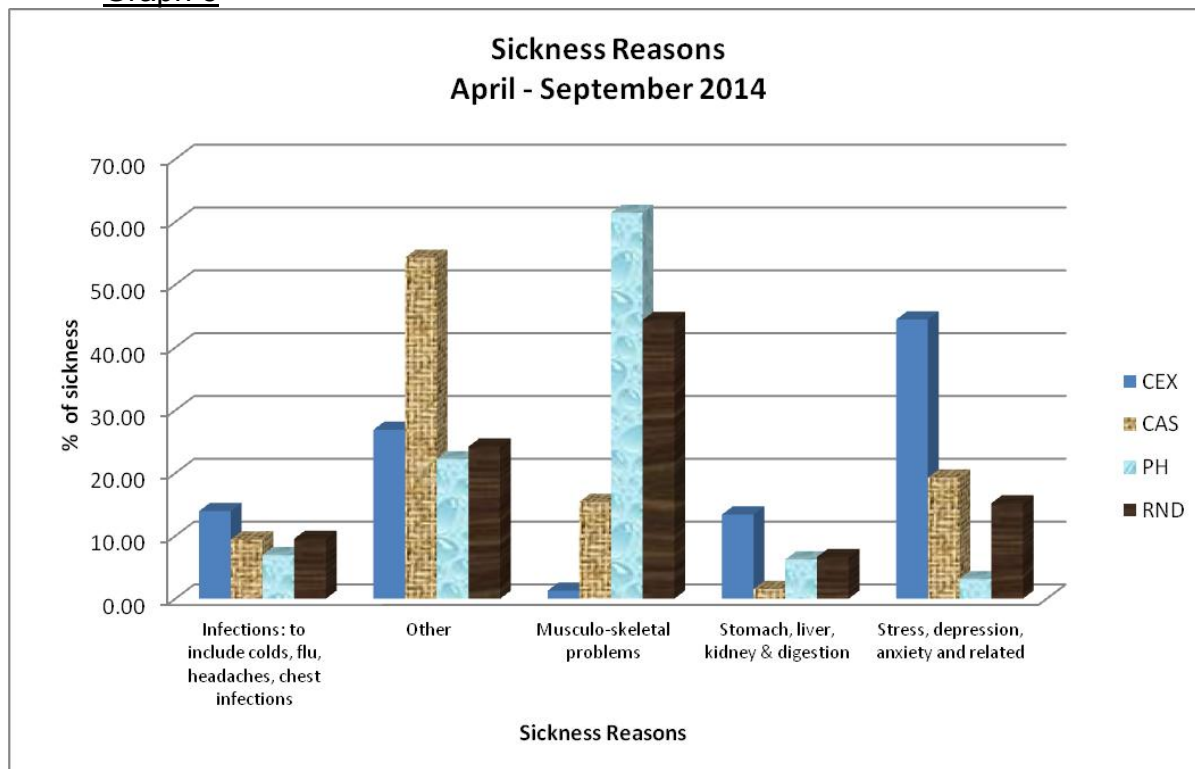
4.4 PREDICTED PERFORMANCE BY DEPARTMENT AND SCHOOLS

Graph 4 below identifies the end of year predicted figures (forecast for the annual year 2014/15) for each Department and Schools as at 30th September 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, although the predicted rate is declining due to the lower actual levels of sickness absence so far this year.

Graph 4

4.5 REASONS FOR SICKNESS

Graph 5 below identifies the rates for the top 5 reasons for sickness for each Department and Schools. (The key legend aligns with the Departments information from left to right in each block).

Graph 5

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 60% and Regeneration and Neighbourhoods having 44.38% of the departmental actual sickness absence rates attributable 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 44.45% of departmental actual sickness absence rates attributable to this. Unfortunately the data does not differentiate between work and domestic stress, but we know the majority of stress is personal and not work related. As a Council we have a number of pro active strategies available to manage stress / mental illness, for example, referrals to Counseling via Hartlepool MIND and stress risk assessments for when an employee identifies that they are suffering from work related stress.

For Child & Adult Services 54.3% of absences are recorded as 'other'. A solution to this issue is ongoing.

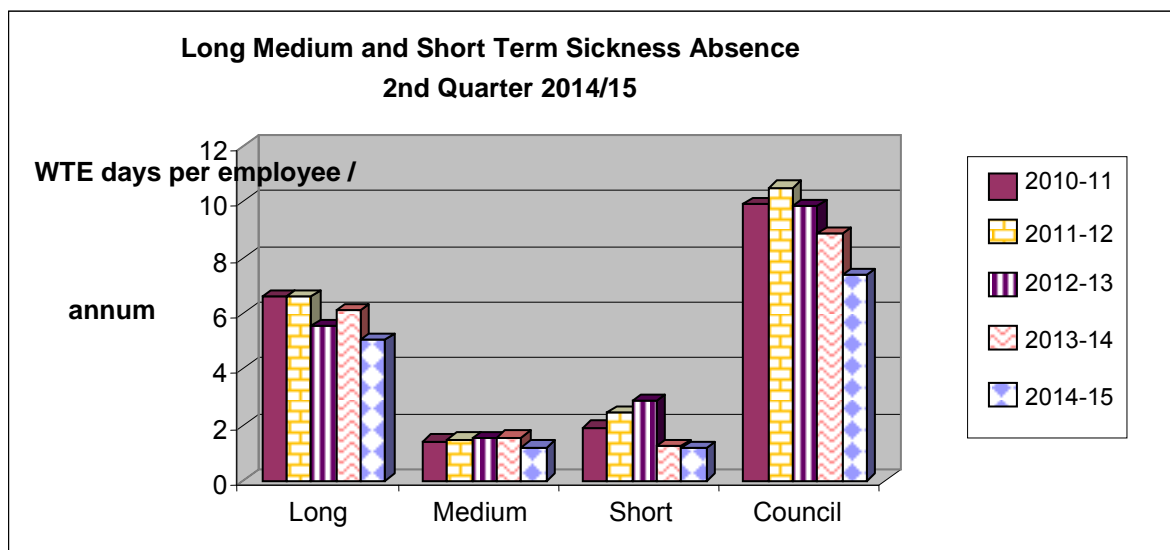
4.6 LONG, MEDIUM AND SHORT TERM SICKNESS ABSENCE ANALYSIS

Graph 6 below shows a breakdown of long, medium and short term sickness absence in the Council for the past 3 years and up to 30th September 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.

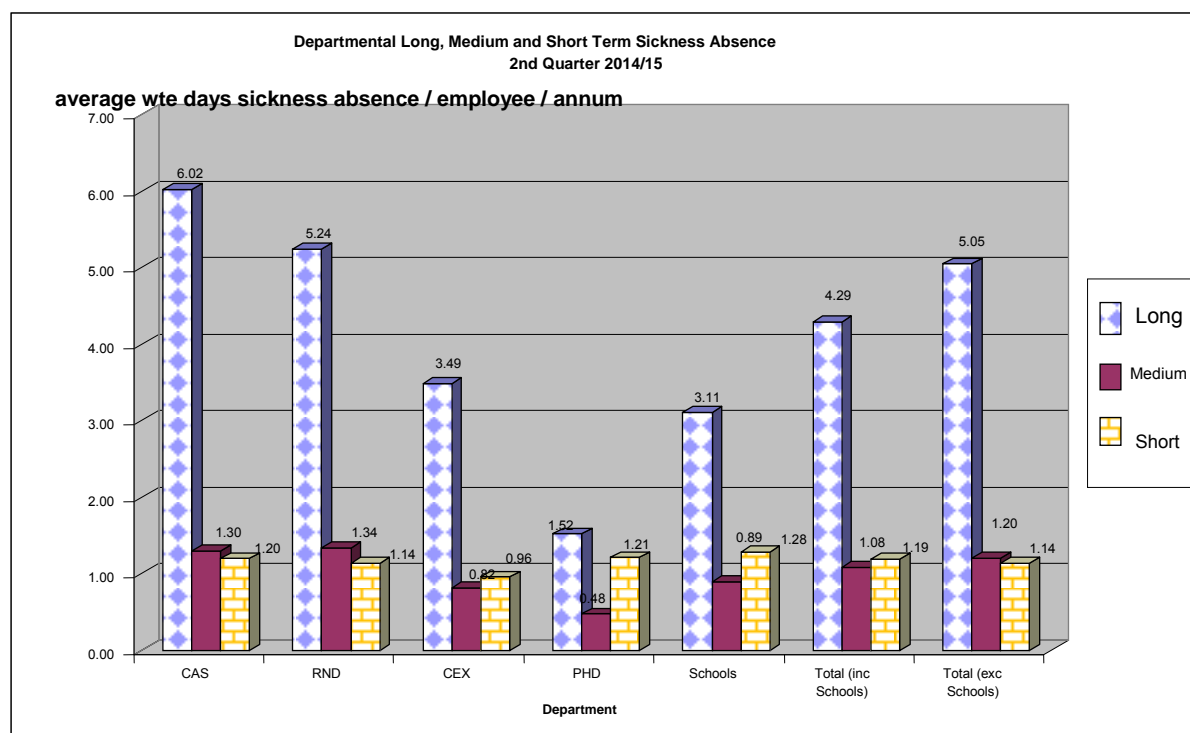
Graph 6 Council Long Medium and Short Terms Sickness 2nd Quarter Analysis 2014/15

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



As we can see from the information in Graph 7 below, 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.

Graph 7: Departmental Long, Medium and Short Term Sickness 2014/15 (April to September 2014 figures)



5. RECOMMENDATIONS

- 5.1 That employee sickness absence rates for the 2nd 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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