

NEIGHBOURHOOD SERVICES COMMITTEE AGENDA



Monday 7 September 2015

at 10.00 am

in Committee Room B, Civic Centre, Hartlepool

MEMBERS: NEIGHBOURHOOD SERVICES COMMITTEE

Councillors Ainslie, Barclay, Gibbon, Jackson, James, Loynes and Robinson

1. **APOLOGIES FOR ABSENCE**
2. **TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS**
3. **MINUTES**
 - 3.1 To receive the Minutes and Decision Record of the meeting held on 10 August 2015 (*previously circulated*)
4. **BUDGET AND POLICY FRAMEWORK ITEMS**
 - 4.1 Savings Programme 2016/17 – Neighbourhoods Division – *Director of Regeneration and Neighbourhoods*
5. **KEY DECISIONS**

No items.



6. **OTHER ITEMS REQUIRING DECISION**

No items.

7. **ITEMS FOR INFORMATION**

- 7.1 Strategic Financial Management Report – as at 30th June, 2015 –
Director of Regeneration and Neighbourhoods and Chief Finance Officer)

8. **ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT**

Date of next meeting – Monday 28 September 2014 at 10.00 am in Committee Room B, Civic Centre, Hartlepool



NEIGHBOURHOOD SERVICES COMMITTEE

7th September 2015



Report of: Director of Regeneration and Neighbourhoods

Subject: SAVINGS PROGRAMME 2016/17 –
NEIGHBOURHOODS DIVISION

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 2016/17 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 and reported to Finance and Policy Committee.

3.0 BACKGROUND

3.1 An initial update of the Medium Term Financial Strategy (MTFS) 2016/17 to 2018/19 was considered by the Finance and Policy Committee on 29th June 2015. This report highlighted the key issues impacting on the development of the budget for 2016/17 and future years, which reflects the following key issues:

- The scale of the Government grant cuts implemented over the lifetime of the previous Parliament. These reductions had a disproportionate impact on Council's serving more deprived communities and in 2015/16 the Council's Government grant was £30.4m less than it was in 2010/11, which is a reduction of 39%;
- Continuing significant Government grant cuts in 2016/17 and future years. It is currently forecast that further budget cuts of £14m will need to be made over the next three years, although the actual cuts may be higher if the actual Government grant cuts exceed current forecasts;

- 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 increase demand for children’s social care services;
- Continued restriction of Council Tax increases.

3.2 In addition, to the above financial challenges, a separate report was presented to the Finance and Policy Committee on 1st June 2015 to provide details of the outcome of the Power Station’s Rateable Value appeal. The Valuation Office Agency, the organisation responsible for determining Rateable Values, has determined to reduce the Power Station Rateable Value by 48%. As a result of this reduction the Council’s share of Business Rates income from the Power Station will reduce by £3.9m on a permanent basis. The Finance and Policy Committee will receive a further report on the strategy for addressing this issue. A meeting with the Local Government Minister has been requested to express the Council’s concern at the impact of this reduction and to seek Government support to manage this significant reduction in Business Rates income.

3.3 As part of the process for the budget for 2016/17 it has been agreed that individual Policy Committees will consider these savings proposals prior to consideration by the Finance and Policy Committee and then Council.

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

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

3.5 In line with the process adopted last year and to assist Members 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 Neighbourhoods Division is provided below.

3.5.1 **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.

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, Allotments, Civil and Environmental enforcement.

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

3.5.2 Facilities Management

Facilities Management 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.

3.5.3 Operations

The Operations section provides a 'one-stop-shop' for a range of front-line services which are delivered townwide. '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 Operations include:

- Waste Disposal
- Refuse and Recycling Collection
- Street Cleansing
- Grounds Maintenance
- Highways (Repair and Maintenance)
- Fleet Management
- Street Lighting
- Dog Warden Service

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 of litter.

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 the section, enabling the provision of a multi-agency approach to service delivery.

The Parks and Countryside Section is also encompassed within the Operations section and is responsible for the care, development and promotion of green spaces. These include the following

- Parks
- 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

Working from a bespoke new maintenance facility, Fleet Management plays a pivotal role in ensuring all Council vehicles are kept well maintained safe and reliable. This enables respective sections and departments to provide a seamless service to the residents of the town.

3.6 Service Users

3.6.1 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 colleges and schools via Service Level Agreements and contracts.

3.7 Engagement

3.7.1 Services provided include delivery to internal and educational 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.

3.7.2 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
- Service specific liaison groups

3.7.3 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.

3.8 Inputs

3.8.1 The current cost to the Council of the services delivered by the Neighbourhoods Division is as follows :

Service Area	2015/16 Net Budget (£'000)
Building Design and Construction	(290)
Community Safety and Engagement	1,095
Emergency Planning	60
Operations	15,100
Facilities Management	780
	16,745

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.

3.9 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.
- Operations

4.0 SAVINGS PROPOSALS

4.1 Consideration of Options

4.1.1 The Department is looking to generate additional income through land rental charges as part of future years savings programme and this includes income from a Wind Turbine site. Work is ongoing to secure an appropriate scheme however, it will take time for the necessary agreements to be considered and concluded and this is now not expected to be finalised in time to be included within the 2015/16 savings programme..

4.1.2 Therefore, for 2016/17 it is proposed to use £157k of departmental reserves to help meet the savings target and provide a longer lead in time to produce the income, effectively delaying these savings by one year.. In the event that this income is not achieved there will be an increase in the 2017/18 target and alternative savings will need to be identified. Other longer term options are also being reviewed including changes to operations to reduce vehicle running costs.

- 4.1.3 The reserve contribution will be funded from planning income in 2015/16 which will exceed the budget set for planning fees in year and this proposal will be included within the overall Medium Term Financial Strategy (MTFS).
- 4.1.4 The forecast planning income reflects the higher than normal level of large scale developments expected in year. This higher than normal planning activity is not sustainable in the long term given the financial cost associated with major developments. Further work is therefore required to consider the financial impact this higher than normal planning activity will have on planning fees in future years and this issue will need to be considered as part of the MTFS.
- 4.1.5 In addition to the savings specific to the Regeneration and Neighbourhood Services Committees, the following departmental savings are generic and contribute towards the overall departmental target:

- **Departmental Management of vacancies Target - £111k**

It is proposed to re-introduce a salary abatement target which will account for vacant posts and incremental drift across the department. This proposal will need to be closely monitored during the year and is only a short term proposal as when officers move through the pay grade towards the top of their pay scale the ability to contribute towards this target will reduce.

- **Support Services - £50k**

Administrative and support services which will achieve savings in the region of £50k. 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.

4.2 Neighbourhood Services Proposals

- 4.2.1 Within the overall Neighbourhood services division, the following savings have been made over the last four financial years:
- 2012/13 - £809,000
 - 2013/14 - £654,000
 - 2014/15 - £1,125,000
 - 2015/16 - £1,042,000
- 4.2.2 Reducing budgets by this level on an ongoing basis cannot be achieved without an impact on frontline 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.
- 4.2.3 The proposed contribution to the overall departmental savings from the Neighbourhood Services Division is £595k.

4.2.4 The savings proposals specific to the Neighbourhood Services Committee are as follows:-

4.2.1 Street Lighting (Maintenance Saving) - £180k

The Street Lighting LED replacement scheme will reduce energy consumption by 50%, generating annual savings of £400,000 p.a. This saving has been used to fund prudential borrowing charges to fund the replacement programme. By delivering the scheme in house it has been possible to complete the work significantly under budget. The savings achieved of almost £1.2m has meant it has been possible to enhance the scheme, using resources in place, and fund the replacement of all street lighting columns over 30 years at the same time. This will remove a considerable budget pressure the Council was facing over the next 10 years.

In addition to this the scheme will also result in a reduction in the level of ongoing maintenance after installation. All LED units are covered by a 20 year warranty and the planned maintenance requirements are therefore significantly reduced. This has enabled the current street lighting workforce to be reduced by voluntary redundancy and redeployment into the Highways team. This, along with a reduction in the vehicles required and spend on materials, will result in an annual saving of £180,000 per annum on the Street Lighting Budget.

4.2.2 Home to School Transport - £70k

The Budget for home to School Transport is needs driven and costs will vary depending on pupil demographics as well as route efficiencies. The budget is set to fund higher levels of need and based on current and recent levels of demand it is possible to reduce this budget in 16/17. With any demand led budget there is always a risk that demand will increase and costs will rise. Trends will be closely monitored and in the event that demand does exceed the budget provision in future years, alternative savings will be identified within the Department.

4.2.3 Concessionary Fares - £20k

The amount paid for concessionary fares will depend on a number of factors. The costs incurred by bus operators, the price of an adult fare, and the number of passengers travelling. In recent years above average inflation increases have been applied to this budget and, based on the actual costs incurred, this budget can be reduced by £20k in 2016/17. This is a volatile budget and costs will continue to be closely monitored on a regular basis.

4.2.4 Operations: - £215k

An increase in productivity achieved through route optimisation programmes and the reconfiguration of operational activities will result in a reduction in the number of vehicles which will also bring about a reduction in fuel costs.

The changes to working arrangements from an analysis of the scheduled work carried out in some areas, e.g. Grounds Maintenance and Street Cleansing, will result in efficiencies and work programme improvements and a further reduction in the number of seasonal and casual staff is possible.

Applications for Early Retirement/Voluntary Redundancies have been received and where accepted are currently being processed. It is anticipated these will be concluded by the end of the current financial year in readiness for the 2016/17 period.

Given that the Operations section is still very much in its infancy and is currently working to realise the full potential of multi-tasking/traversing and/or the income generation capabilities of the new depot, further savings at this stage would be difficult without compulsory redundancies.

4.2.5 Facilities Management - £60k

All services within Facilities Management have undergone efficiency reviews on a regular basis, and whilst savings have been found year on year, finding further efficiency savings is becoming increasingly difficult as pressure on the Trading Accounts to remain competitive and reduce prices is growing.

As Facilities Management is a 'Trading Account' making efficiencies as part of our contract offer to schools etc. would seriously affect our ability to sustain 'buy back' from those clients. Savings have been identified through reduction of overheads in both Building Cleaning and Catering budgets.

4.2.6 Community Safety and Engagement – 50K

Staff reduction has taken place through natural wastage via new job opportunities both internal and external which has given rise to the opportunity to consider the restructuring of the service.

The Community Pool budget no longer exists and the merger of Civic Lottery and Ward Member Budgets will enable savings to be created in this service area.

Some duties have already been reallocated to existing staff, and whilst the removal of the posts will put further pressure on the service, this seems the obvious way to make savings without the need for compulsory redundancies.

5.0 RISK IMPLICATIONS

5.1 Using reserves to contribute towards the savings target is not sustainable and only delays the savings until 2017/18. This has been implemented in the hope that additional income will be generated from schemes currently being developed e.g. Wind Turbines. There is a risk that this income will not be received and alternate savings will need to be identified in 2017/18.

5.2 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

5.3 There are risks associated with introducing a salary abatement target:

- limited number of vacancies during the year and/or vacancies are filled immediately
- incremental drift and vacancies have previously allowed some in year flexibility within departmental budgets, offsetting budget pressures elsewhere within the budget and meeting urgent need

6.0 FINANCIAL CONSIDERATIONS

6.1 The proposals deliver the following proposed savings:-

Service	Proposed Savings (£)
Departmental	
Management of Vacancies	£111,000
Support Services	£50,000
Use of Departmental Reserves	£157,000
Regeneration Committee	£268,000
Sub Total	£586,000
Neighbourhood Services	
Street Lighting Maintenance	£180,000

Home to School Transport	£70,000
Concessionary Fares	£20,000
Operations	£215,000
Facilities Management	£60,000
Community Safety and Engagement	£50,000
Total Neighbourhood Services	£595,000
Grand Total for Department	£1,181,000

7.0 RECOMMENDATIONS

- 7.1 That Members of the Committee note the content of the report and formulate a response to be presented to Finance and Policy Committee on 19th October 2015.

8.0 REASON FOR RECOMMENDATIONS

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

9.0 BACKGROUND PAPERS

- 9.1 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 - 29th June 2015

10.0 CONTACT OFFICERS

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Tel: 01429 523802
E-mail: Alastair.smith@hartlepool.gov.uk

Impact Assessment Form

Department	Division	Section	Owner/Officer
Regeneration and Neighbourhoods	Neighbourhoods		Denise Ogden/Alastair Smith
Service, policy, practice being reviewed/changed or planned	<ul style="list-style-type: none"> • Technical Services • Community Safety and Engagement • Operations • Facilities Management 		
Why are you making the change?	<ol style="list-style-type: none"> 1. Financial savings targets for 2016/17 set by the Council as a response to the Governments Public sector spending review. 2. Respond to changing service delivery expectations from communities and users. 3. To provide services in an efficient and responsive manner. 		
How might this impact (positively/negatively) on people who share protected characteristics?			
		<i>Please tick</i>	
		POSITIVELY	NEGATIVELY
Age			
<ul style="list-style-type: none"> • Concessionary Fares, Home to School Transport, Street Lighting (Maintenance Saving) Reduction in budget is not anticipated to affect the statutory duty placed upon the Authority • Community Safety and Engagement At present no significant negative impacts have been identified for users • Operations At present no significant negative impacts have been identified for users • Facilities Management At present no significant negative impacts have been identified for users 			
Disability			
<ul style="list-style-type: none"> • Concessionary Fares, Home to School Transport, Street Lighting (Maintenance Saving) Reduction in budget is not anticipated to affect the statutory duty placed upon the Authority • Community Safety and Engagement At present no significant negative impacts have been identified for users • Operations At present no significant negative impacts have been identified for users • Facilities Management At present no significant negative impacts have been identified for users 			
Gender Re-assignment			
<ul style="list-style-type: none"> • Concessionary Fares, Home to School Transport, Street Lighting (Maintenance Saving) Reduction in budget is not anticipated to affect the statutory duty placed upon the Authority • Community Safety and Engagement At present no significant negative impacts have been identified for users • Operations 			

<p>At present no significant negative impacts have been identified for users</p> <ul style="list-style-type: none"> • Facilities Management At present no significant negative impacts have been identified for users 		
Race		
<ul style="list-style-type: none"> • Concessionary Fares, Home to School Transport, Street Lighting (Maintenance Saving) Reduction in budget is not anticipated to affect the statutory duty placed upon the Authority • Community Safety and Engagement At present no significant negative impacts have been identified for users • Operations At present no significant negative impacts have been identified for users • Facilities Management At present no significant negative impacts have been identified for users 		
Religion		
<ul style="list-style-type: none"> • Concessionary Fares, Home to School Transport, Street Lighting (Maintenance Saving) Reduction in budget is not anticipated to affect the statutory duty placed upon the Authority • Community Safety and Engagement At present no significant negative impacts have been identified for users • Operations At present no significant negative impacts have been identified for users • Facilities Management At present no significant negative impacts have been identified for users 		
Gender		
<ul style="list-style-type: none"> • Concessionary Fares, Home to School Transport, Street Lighting (Maintenance Saving) Reduction in budget is not anticipated to affect the statutory duty placed upon the Authority • Community Safety and Engagement At present no significant negative impacts have been identified for users • Operations At present no significant negative impacts have been identified for users • Facilities Management At present no significant negative impacts have been identified for users 		
Sexual Orientation		
<ul style="list-style-type: none"> • Concessionary Fares, Home to School Transport, Street Lighting (Maintenance Saving) Reduction in budget is not anticipated to affect the statutory duty placed upon the Authority • Community Safety and Engagement At present no significant negative impacts have been identified for users • Operations At present no significant negative impacts have been identified for users • Facilities Management At present no significant negative impacts have been identified for users 		
Marriage & Civil Partnership		
<ul style="list-style-type: none"> • Concessionary Fares, Home to School Transport, Street Lighting (Maintenance Saving) Reduction in budget is not anticipated to affect the statutory duty placed upon the Authority • Community Safety and Engagement At present no significant negative impacts have been identified for users • Operations At present no significant negative impacts have been identified for users • Facilities Management At present no significant negative impacts have been identified for users 		

Pregnancy & Maternity	
<p>Has there been consultation /is consultation planned with people who will be affected by this policy? How has this affected your decision making?</p>	<ul style="list-style-type: none"> • Concessionary Fares, Home to School Transport, Street Lighting (Maintenance Saving) Reduction in budget is not anticipated to affect the statutory duty placed upon the Authority • Community Safety and Engagement At present no significant negative impacts have been identified for users • Operations At present no significant negative impacts have been identified for users • Facilities Management At present no significant negative impacts have been identified for users <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 <p>Concessionary Fares The amount paid for concessionary fares depends on a number of factors. The costs incurred by bus operators, the price of an adult fare, and the number of passengers travelling. In recent years above average inflation increases have been applied to this budget and, based on the actual costs incurred, this budget can be reduced by £20k in 16/17. This is a volatile budget and costs will continue to be closely monitored on a regular basis.</p> <p>Home to School Transport The Budget for home to School Transport is ‘needs driven’ and costs will vary depending on pupil demographics as well as route efficiencies. The budget is currently set to fund higher levels of need than is used and based on current and recent levels of demand it is possible to reduce this budget in 16/17. With any demand led budget there is always a risk that demand will increase and costs will rise. Trends will be closely monitored and in the event that demand does exceed the budget provision in future years, alternative savings will be identified within the Department.</p> <p>Street Lighting (Maintenance Saving) The original business case for this scheme recognised that in addition to the energy savings there is also a reduction in the level of ongoing maintenance after installation. All LED units are covered by a 20 year warranty and the planned maintenance requirements are therefore significantly reduced. This has enabled the current street lighting</p>

	<p>workforce to be reduced by voluntary redundancy and redeployment into the Highways team. These changes along with a reduction in the vehicles required and spend on materials, is predicted to produce an annual saving of £180,000 per annum on the Street Lighting Budget.</p> <p>Community Safety and Engagement Staff having recently left this service area the loss of the Community Pool and the merger of Ward Member Budgets and Civic Lottery, has enabled some duties to be reallocated within existing job profiles. Any future restructuring will be subject to consultation with staff concerned.</p> <p>Operations Savings are to be achieved through ER/VR’s resulting partly from the transition to a multi-disciplinary workforce, and attainment of further amalgamated service efficiencies. The savings are not anticipated to affect the statutory duties placed upon the Authority</p> <p>Facilities Management Consultation will take place between October-December 2015 with all relevant staff, once the areas of savings have been clearly identified.</p>
<p>As a result of your decision how can you mitigate negative/maximise positive outcomes and foster good relationships?</p>	<p>The proposals, as they stand, 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. • Staff in service like Facilities Management (e.g. cleaning) affected by service changes may also have options of workplace relocation. • Reconfiguration of services and merging of functions – No specific impact on users 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.
<p>Describe how you will address and monitor the impact</p>	<p>1. No Impact - No Major Change</p> <p>The proposed changes will have to be monitored by the appropriate managers and front line staff through existing methods of service appropriate information gathering:</p> <ul style="list-style-type: none"> - Satisfaction surveys and questionnaires - CRM data - Progress and liaison meetings with users and providers

	<ul style="list-style-type: none"> - Neighbourhood forums - Ward Councillor feedback <p>If necessary proposals will have to be brought forward to the appropriate management level to address any emerging concerns.</p> <p>Concessionary Fares The service is currently over funded and the reduction is not anticipated to affect the statutory duty placed upon the Authority.</p> <p>Home to School Transport The service is currently over funded and the reduction is not anticipated to affect the statutory duty placed upon the Authority</p> <p>Street Lighting (Maintenance Saving) The service is currently over funded and the reduction is not anticipated to affect the statutory duty placed upon the Authority</p> <p>Community Safety and Engagement At present no significant negative impacts have been identified for users.</p> <p>Operations At present no significant negative impacts have been identified for users.</p> <p>Facilities Management In both cleaning and catering Facilities Management will continue to monitor outcomes in line with the existing performance monitoring processes and consultation with those customers affected by a reduction service.</p>		
	2. Adjust/Change Policy		
	<i>Please Detail</i>		
	3. Adverse Impact but Continue as is		
	<i>Please Detail</i>		
4. Stop/Remove Policy/Proposal			
<i>Please Detail</i>			
Initial Assessment	07/08/15	Reviewed	12/08/2015
Completed	12/08/2015	Published	07/09/2015

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NEIGHBOURHOOD SERVICES COMMITTEE REPORT

7th September, 2015



Report of: Director of Regeneration and Neighbourhoods and Chief Finance Officer

Subject: STRATEGIC FINANCIAL MANAGEMENT REPORT – AS AT 30th JUNE, 2015

1. TYPE OF DECISION/APPLICABLE CATEGORY

For Information.

2. PURPOSE OF REPORT

- 2.1 The purpose of the report is to inform Members of the 2015/16 Forecast General Fund Outturn, 2015/16 Capital Programme Monitoring and provide details for the specific budget areas that this Committee is responsible for.

3. BACKGROUND AND FINANCIAL OUTLOOK

- 3.1 As detailed in the Medium Term Financial Strategy Report submitted to the Finance and Policy Committee on 29th June 2015 the Government will implement further cuts in funding for Councils in 2016/17 and future years. It is anticipated that these additional Government funding cuts will continue to have a disproportionate impact on Hartlepool, and other Councils, which are still more reliant on this funding and have higher levels of deprivation/demand for services. This position was reinforced in the Spending Review document published by the Government on 21st July 2015. Whilst this document did not provide any specific detail of the impact of the Spending Review on individual Government Departments, it did state that HM Treasury
- “is inviting government departments to set out plans for reductions to their Resources budgets. In line with the approach taken in 2010, the HM Treasury is asking departments to model two scenarios, of 25% and 40% savings in real terms, by 2019/20”.
- 3.2 The Spending Review document did not provide any detail of the phasing of the potential funding cuts over the next 4 years. On the basis of a 40% reduction being applied evenly across the next 4 years this equates to annual reductions of 10%, which is the current MTFs planning assumption, albeit that the MTFs only covers 3 financial years. However, if the Government cuts are front loaded

and/or have a greater disproportionate impact than in previous years the forecast 2016/17 budget deficit may increase.

- 3.3 The Spending Review also included Government proposals for a 1% Public Sector Pay cap for 4 years from 2016/17 and the phased implementation of a National Living Wage. Further information is needed to assess the financial impact on the MTFs forecasts, although an initial analysis suggests these changes will result in an additional budget pressure in 2017/18 and beyond.
- 3.4 The Government has stated that the Spending Review outcome will be published on 25th November 2015. This means that the Local Government Funding announcement is unlikely to be made until late December 2015, which makes financial planning for 2016/17 extremely challenging.
- 3.5 In view of the ongoing financial challenges and risks detailed in the previous paragraphs the Corporate Management Team will continue to adopt robust budget management arrangements during 2015/16 and as detailed in section 5 an underspend is forecast. This position will need to be managed carefully over the remainder of the financial year, particularly over the winter period where some services face their highest demand and therefore cost of providing services.
- 3.6 A review of reserves will also be completed and reported to Finance and Policy Committee in October. This review is unlikely to provide the same benefits as in previous years as existing reserves are aligned to specific risks or supporting the MTFs and Local Council Tax Support scheme. However, it is good financial practice to review reserves on an annual basis, as this demonstrates the purposes each reserve is held for and when it is planned the resources will be used.
- 3.7 The Finance and Policy Committee has also received a report on the outcome of the Power Station Rateable Value appeal and the significant reduction in retained Business Income for the Council. This issue is still being progressed with the Department for Communities and Local Government and a further report will be presented to a future meeting of the Finance and Policy Committee when more information is available.
- 3.8 The overall Financial Management report to the Finance and Policy Committee recommended that one-off resources achieved from the 2015/16 forecast outturn (which for planning purposes it is assumed will be achieved) and the reserves review are earmarked to manage the risks referred to earlier in the report. This will enable a strategy for using these uncommitted one-off resources to be developed as part of the MTFs, which will ensure these resources are used to underpin the Council's financial position.

4. REPORTING ARRANGEMENTS 2015/16

- 4.1 The availability and reporting of accurate and up to date financial information is increasingly important as future budget cuts are implemented and one-off resources are used up.

- 4.2 The Finance and Policy 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 Finance and Policy Committee to approve a strategy for addressing the financial issues and challenges facing the Council.
- 4.3 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.

5. SUMMARY OF OVERALL COUNCIL FINANCIAL POSITION

- 5.1 As detailed earlier in the report an early assessment of the forecast 2015/16 outturn has been completed and this reflects action taken by the Corporate Management Team to achieve under spends to help address the significant financial challenges facing the Council over the next few years. Budget under spends are being achieved through a combination of robust management actions, including;
- holding posts vacant, which will help reduce the number of compulsory redundancies required to balance the 2016/17 budget;
 - achieving planned 2016/17 savings early; and
 - careful management of budgets to avoid expenditure where this does not have an adverse impact on services.
- 5.2 The latest report submitted to the Finance and Policy Committee on 28th August 2015 anticipated that there will be a forecast net under spend of between £669,000 and £889,000. The range reflects a small number of potential seasonal factors. As detailed in the report to Finance and Policy Committee it was recommended that the forecast net under spend is earmarked to help manage the financial risks referred to in section 3 and a strategy for using these one-off resources developed as part of the 2016/17 MTFS.

6. 2015/16 FORECAST GENERAL FUND OUTTURN – Neighbourhood Services Committee

- 6.1 The following table sets out the overall budget position for the Regeneration and Neighbourhood Services Department. Budgets are managed at a Departmental level and therefore a summary of the Departmental position is provided below broken down by Committee, together with a brief comment on the reasons for the forecast outturn.

Budgets Managed by the Director of Regeneration and Neighbourhoods

Budget	Description of Expenditure	June Projected Outturn Adverse/ (Favourable) Worst Case	June Projected Outturn Adverse/ (Favourable) Best Case	Comments
£'000		£'000	£'000	
2,122	Finance & Policy Committee	0	0	This area includes many trading operations which at this stage are expected to be on budget at year end.
3,358	Regeneration Committee - Core Services	(85)	(85)	This variance includes a favourable variance on Planning Income £160k and a reserve is proposed below to help meet the departmental savings target in 2016/17. This is offset by an adverse variance reported on the Hartlepool Maritime Experience relating to a potential shortfall on admissions income.
0	Regeneration Committee - Social Housing	(140)	(140)	Favourable variance of £140k relates to the planned contribution to the Major Repairs Reserve on Social Housing as identified in the business case.
15,085	Neighbourhoods Committee	(75)	(75)	Favourable variance of £60k on Passenger Transport relating to an underspend on demand led services. A favourable variance of £35k on Grounds Maintenance relating to vacant posts. This is offset by an adverse variance on Waste relating to possible additional disposal costs which may be incurred this year.
20,565	Total Regeneration & Neighbourhoods	(300)	(300)	
Creation of Reserves				
0	Social Housing - Creation of Reserve	140	140	Contribution to the Major Repairs Fund in line with the approved business model for the Empty Homes Project.
0	Planning Reserve	160	160	Reserve created from additional income generated in 15/16 to help meet the departmental savings target in 2016/17.
0	Creation of Reserves Total	300	300	
20,565	Total Regeneration & Neighbourhood - Net of Reserves	0	0	

6.2 Further details of the specific budget areas this Committee is responsible for are provided in **Appendix A**.

7. CAPITAL MONITORING 2015/16

7.1 The 2015/16 MTFs set out planned capital expenditure for the period 2015/16 to 2016/17.

7.2 Expenditure against budget to the 30th June, 2015 for this Committee can be summarised in the following table and further details are provided in **Appendix B**.

Department	2015/16 Budget Including Future Years £'000	2015/16 Budget £'000	2015/16 Actual to 30/06/15 £'000	2015/16 Remaining Expenditure £'000	2015/16 Re-phased Expenditure £'000	2015/16 Variance from Budget Adverse/ (Favourable) £'000
Regeneration and Neighbourhoods	12,704	8,905	1,109	7,581	215	0

8. RECOMMENDATIONS

8.1 It is recommended that Members:-

- (i) note the report.

9. REASONS FOR RECOMMENDATIONS

9.1 To update the Members on the Committees forecast 2015/16 General Fund Revenue budget outturn and provide an update on the Capital Programme for 2015/16.

10. APPENDICES

Appendix A attached.
Appendix B attached.

11. BACKGROUND PAPERS

Medium Term Financial Strategy Report - Council 18th December 2014.
Medium Term Financial Strategy Report Update Report – Finance and Policy Committee 29th June 2015
Quarter 1 Strategic Financial Management Report – Finance and Policy Committee 28th August, 2015

12. CONTACT OFFICERS

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REVENUE FINANCIAL MONITORING REPORT FOR FINANCIAL YEAR 2015/16 as at 30th June, 2015

Approved 2015/2016 Budget £'000	Description of Service Area	JUNE		Director's Explanation of Variance
		Projected Outturn Variance - Adverse/ (Favourable) Worst Case £'000	Projected Outturn Variance - Adverse/ (Favourable) Best Case £'000	
Neighbourhoods Committee				
(105)	Cemetery and Crematoria	0	0	
203	Parks & Countryside	0	0	
29	Allotments	0	0	
(603)	Car Parking	0	0	
405	Engineering Services	0	0	
1,759	Grounds Maintenance	(35)	(35)	The favourable variance relates to an underspend resulting from vacant posts.
1,974	Highway Maintenance and Insurance	0	0	
(238)	Highways Trading	0	0	
487	Highways Traffic & Transport Management	0	0	
1,417	ITU Passenger Transport	(60)	(60)	The favourable variance relates to an underspend on the demand led service of Home to School Transport.
126	ITU Road Safety	0	0	
(51)	ITU Strategic Management	0	0	
(132)	ITU Vehicle Fleet	0	0	
(2)	NDORS (National Driver Offender Rehabilitation Scheme)	0	0	
1,245	Network Infrastructure	0	0	Underspends associated with Street Lighting e.g. Reduced energy costs will be transferred to capital to fund the LED replacement programme in accordance with the agreed business case for this scheme.
0	Section 38's	0	0	
0	Traffic Management	0	0	
2,393	Sustainable Transport	0	0	
1,669	Street Cleansing	0	0	
4,509	Waste & Environmental Services	20	20	The adverse variance relates to a additional costs associated with waste disposal which are expected to be incurred this year and the potential reduction in income from recycling. This is a volatile area which will continue to be closely monitored each month.
15,085	Neighbourhood Services Committee Total	(75)	(75)	

PLANNED USE OF RESERVES

The above figures include the 2015/2016 approved budget along with the planned use of Departmental Reserves created in previous years. The details below provide a breakdown of these reserves

Approved 2015/2016 Budget £'000	Description of Service Area	Planned Usage 2015/2016 £'000	Variance Over/ (Under) £'000	Director's Explanation of Variance
Neighbourhoods Committee				
190	CCTV	190	0	
42	Environmental Apprentices	32	(10)	This variance relates to the profile of expenditure over years.
132	Ward Member Budgets	132	0	
0	Community Safety	20	20	This variance relates to the profile of expenditure over years.
364	Total	374	10	

NEIGHBOURHOOD SERVICES COMMITTEE

Project Code	Scheme Title	BUDGET		EXPENDITURE IN CURRENT YEAR					Type of Financing	2015/16 COMMENTS
		A 2015/16 and Future Years Budget £'000	B 2015/16 Budget £'000	C 2015/16 Actual as at 30/06/15 £'000	D 2015/16 Expenditure Remaining £'000	E Expenditure Rephased into 2016/17 £'000	F (C+D+E) 2015/16 Total Expenditure £'000	G (F-B) 2015/16 Variance from Budget £'000		
7272	Wheelie Bin Replacement Purchases	60	60	5	55	0	60	0	UDPB	Annual budget required to purchase replacement bins. The borrowing costs are offset by sales income.
7375	Countryside Development Work	14	14	0	14	0	14	0	RCCO	
7466	DSO Vehicle Purchases	4,738	1,179	48	1,131	0	1,179	0	UDPB	The current year budget shows vehicles profiled to be acquired in year. The Future Years budget includes rephased borrowing approvals for purchases which have been deferred in order to achieve savings. A review of vehicle usage is underway which may opportunities to further vehicle procurement savings.
7508	Anhydrite Mine	107	0	0	0	0	0	0	MIX	Funding is carried forward for future monitoring of the mine.
7878	Community Safety CCTV Upgrade/Relocation	409	309	0	309	0	309	0	MIX	This relocation of the CCTV Monitoring Centre was approved at F&P on 1st June, 2015. The budget has been profiled on the expectation that the works complete at the end of April 2016.
8827	S278 Persimmon Homes Link Road	600	600	211	389	0	600	0	GRANT	Costs are fully met by the Developer.
8828	Crematorium refurbishment	126	126	0	126	0	126	0	RCCO	The latest estimate of essential works required is £205,000, which requires further funding to be identified. A business case will be presented to members for consideration .
8829	Children's Cemetery Resurfacing	30	30	0	30	0	30	0	RCCO	This budget has been funded from the cemeteries maintenance budget to cover capital works which will help mitigate rising annual maintenance costs.
Allot	Allotments Improvements	342	342	0	342	0	342	0	UDPB	A revised plan will be proposed for this budget following a process of site investigations which could result in a revised profile with some of this budget being rephased into future years.
LTP	Local Transport Plan (LTP) - All Schemes	2,904	2,924	152	2,572	200	2,924	0	GRANT	Consist of various highways schemes. The rephased element reflects the need to carry forward funding as a result of unforeseen delays.
PLAY	Parks & Playgrounds	106	53	0	53	0	53	0	GRANT	This is a sinking fund for major works to ensure the safety of parks and playgrounds. Includes £5,000 transferred from Section 106 Funds.
7890	Middle Warren Play Area - Section 106	30	30	15	0	15	30	0	GRANT	This relates to Section 106 which was committed to this scheme in 2014/15.
S278	TESCO Development Funding	209	209	0	209	0	209	0	GRANT	Use of Developers funds for modifications to Burn Road (Tesco) Roundabout from the Stockton road approach this current financial year
SL	Street Lighting Replacement	2,358	2,358	233	2,125	0	2,358	0	MIX	Scheme progressing as planned.
ST	Stranton & Tanfield Development	62	62	0	62	0	62	0	MIX	Work is ongoing in relation to the car park and the settlement of final accounts in relation to the crematorium.
TVBNI	Tees Valley Bus Network Improvement Schemes	583	583	443	140	0	583	0	GRANT	This is the final year of the TVBNI programme and all remaining funds must be spent.
Waste	Waste Performance Efficiency	26	26	2	24	0	26	0	MIX	Budget represents balance remaining on grant funded scheme.
Neighbourhoods Committee Total		12,704	8,905	1,109	7,581	215	8,905	0		

Key

RCCO Revenue Contribution towards Capital
MIX Combination of Funding Types

GRANT
UDPB

Grant Funded
Unsupported Departmental Prudential Borrowing