



Chief Executive's Department
Civic Centre
HARTLEPOOL

30 November, 2015

Councillors Ainslie, C Akers-Belcher, S Akers-Belcher, Atkinson, Barclay, Beck, Belcher, Brash, Clark, Cook, Cranney, Fleet, Gibbon, Griffin, Hall, Hind, Jackson, James, Lauderdale, Lawton, Lindridge, Loynes, Martin-Wells, Dr. Morris, Richardson, Riddle, Robinson, Simmons, Sirs, Springer, Tempest, Thomas and Thompson

Madam or Sir,

You are hereby summoned to attend the COUNCIL meeting to be held on THURSDAY, 10 DECEMBER 2015 at 7.00 p.m. in the Civic Centre, Hartlepool to consider the subjects set out in the attached agenda.

Yours faithfully

G Alexander
Chief Executive

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COUNCIL AGENDA



Thursday 10 December 2015

at 7.00 pm

**in the Council Chamber,
Civic Centre, Hartlepool.**

- (1) To receive apologies from absent Members;
- (2) To receive any declarations of interest from Members;
- (3) To deal with any business required by statute to be done before any other business;
- (4) To approve the minutes of the last meeting of the Council held on 12 November 2015 as the correct record;
- (5) To answer questions from Members of the Council on the minutes of the last meeting of Council;
- (6) To deal with any business required by statute to be done;
- (7) To receive any announcements from the Chair, or the Head of Paid Service;
- (8) To dispose of business (if any) remaining from the last meeting and to receive the report of any Committee to which such business was referred for consideration;
 - (1) Minutes of the meetings held by the Cleveland Fire Authority on 24 July 2015 and the Police and Crime Panel 30 July 2015 and the draft minutes of the meeting of the Police and Crime Panel held on 21 September 2015.
- (9) To consider reports from the Council's Committees and to receive questions and answers on any of those reports;
 - (1) Gambling Act – Statement of Licensing Principles – *Licensing Committee*
 - (2) Licensing Act – Licensing Policy – *Licensing Committee*

- (10) To consider any other business specified in the summons to the meeting, and to receive questions and answers on any of those items;
- (11) To consider reports from the Policy Committees:
 - (a) proposals in relation to the Council's approved budget and policy framework;
 - 1. Medium Term Financial Strategy 2016/2017 to 2018/2019 – *Finance and Policy Committee*;
 - 2. Localised Council Tax Support Scheme 2016/17 – *Finance and Policy Committee*.
 - (b) proposals for departures from the approved budget and policy framework;
- (12) To consider motions in the order in which notice has been received; and
- (13) To receive the Chief Executive's report and to pass such resolutions thereon as may be deemed necessary;
- (14) To receive questions from and provide answers to the public in relation to matters of which notice has been given under Rule 11;
- (15) To answer questions of Members of the Council under Rule 12;
 - a) Questions to the Chairs about recent decisions of Council Committees and Forums without notice under Council Procedure Rule 12.1;
 - b) Questions on notice to the Chair of any Committee or Forum under Council Procedure Rule 12.2;
 - c) Questions on notice to the Council representatives on the Police and Crime Panel and Cleveland Fire Authority;
 - d) Minutes of the meetings held by the Cleveland Fire Authority and the Police and Crime Panel.



COUNCIL

MINUTES OF PROCEEDINGS

12 November 2015

The meeting commenced at 7.00 pm in the Civic Centre, Hartlepool

PRESENT:-

The Ceremonial Mayor (Councillor Fleet) presiding:

COUNCILLORS:

Ainslie	C Akers-Belcher	S Akers-Belcher
Barclay	Beck	Belcher
Brash	Clark	Cranney
Gibbon	Griffin	Hall
Hind	Jackson	James
Lauderdale	Lindridge	Martin-Wells
Richardson	Riddle	Simmons
Sirs	Springer	Tempest
Thomas	Thompson	

Officers: Gill Alexander, Chief Executive
Peter Devlin, Chief Solicitor
Andrew Atkin, Assistant Chief Executive
Chris Little, Chief Finance Officer
Sally Robinson, Director of Child and Adult Services
Denise Ogden, Director of Regeneration and Neighbourhoods
Louise Wallace, Director of Public Health
Steve Hilton, Public Relations Officer
Joan Stevens, Scrutiny Manager
Amanda Whitaker, David Cosgrove, Democratic Services Team

74. APOLOGIES FOR ABSENT MEMBERS

Councillors Atkinson, Cook, Lawton, Loynes, Dr Morris, Robinson

75. DECLARATIONS OF INTEREST FROM MEMBERS

The following Members declared a personal interest in agenda item 12 due to their membership of a trade union:-

Councillors Brash, Sirs, Ainslie, Tempest, Jackson, Thompson, James, Simmons (retired member), Richardson, C Akers-Belcher, S Akers-Belcher, Barclay, Clark, Thomas, Beck, Hall and Riddle.

Councillor Thompson declared a personal interest in agenda item 13 (c).

76. BUSINESS REQUIRED BY STATUTE TO BE DONE BEFORE ANY OTHER BUSINESS

None.

77. MINUTES OF PROCEEDINGS

The Minutes of Proceedings of the Council held on the 17 September 2015, having been laid before the Council.

RESOLVED - That the minutes be confirmed.

The minutes were thereupon signed by the Chairman.

78. QUESTIONS FROM MEMBERS OF THE COUNCIL ON THE MINUTES OF THE PREVIOUS MEETING OF THE COUNCIL

None.

79. BUSINESS REQUIRED BY STATUTE

None.

80. ANNOUNCEMENTS

The Ceremonial Mayor announced her Civic Carol Service was due to be held at St John Vianney Church on 7 December at 7 p.m. and advised that everyone was welcome to attend the event.

81. TO DISPOSE OF BUSINESS (IF ANY) REMAINING FROM THE LAST MEETING AND TO RECEIVE THE REPORT OF ANY COMMITTEE TO WHICH SUCH BUSINESS WAS REFERRED FOR CONSIDERATION.

None.

82. TO RECEIVE REPORTS FROM THE COUNCIL'S COMMITTEES

1. Tees Valley Devolution – Report of Finance and Policy Committee

The Finance and Policy Committee at its meeting on 6th November 2015 had considered proposals for a Devolution deal between Central Government and

the five Tees Valley Councils. The Committee report (together with appendices) was appended to the Council report.

Council received a comprehensive presentation by the Chair of Finance and Policy Committee which provided details of the Devolution deal and the background to the proposals. The approach, based around a transformational investment programme, had a number of themes as detailed in the presentation. It was highlighted that the deal included additional money and control over spending decisions currently made in Whitehall. The Chair of Finance and Policy Committee stressed that this was the devolution of powers from central government down to the Tees Valley and not the passing of powers up from this local authority. The presentation highlighted what was included in the Devolution deal and issues relating to governance arrangements. The presentation also indicated that a local referendum could not be held on the Devolution Deal and that any local poll could only be advisory.

The report of the Finance and Policy Committee reminded Members that in July 2015, the five Leaders/elected Mayor that comprise the Shadow Tees Valley Combined Authority, working together with business through the Local Enterprise Partnership (the LEP), had been invited by Government to submit proposals for a Devolution Deal for the Tees Valley. The devolution proposal was built on the City and Growth deals which had been agreed with Government to take economic growth to a new level. Members were advised that the devolution deal would bring £450m of additional money into the Tees Valley over the next 30 years and take identified decision-making powers away from Whitehall and into the area under local democratic control. The deal was focused on driving economic growth, accelerating delivery of the 25,000 new jobs as set out in the Strategic Economic Plan, and creating up to 14,000 additional new jobs. Final agreement depended on the support of each of the five local authorities (Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland, and Stockton). The appended report described what the deal would mean to the Tees Valley.

Following consideration of the report by the Finance and Policy Committee, a supplementary document was circulated which set out the recommendations which had been agreed by the Committee.

The following recommendations of the Committee were moved by Councillor C Akers-Belcher and seconded by Councillor Richardson:-

1. That the Devolution Deal be supported, subject to this Council's approval to and detailed involvement in the formulation of the constitution of the new Combined Authority.
2. That there is preservation of Hartlepool's investment in economic development because of this Council's proven track record in securing investment in Hartlepool.
3. That a robust communication strategy is developed prior to 1 April 2016 to articulate to Hartlepool residents that Hartlepool is not losing any decision making power but will be part of a new additional body

involved in decision making currently undertaken within central government.

During the debate following the presentation, views were expressed that the Tees Valley would have a stronger voice nationally through the Combined Authority. However, views were expressed also that the funding on offer had to be balanced against the reduction in funding which had occurred in previous years and continuing austerity cuts. There was concern that much was still unclear, such as the powers of the new elected Mayor and how the Combined Authority would be governed and held to account. It was suggested that it was key to ensure that Members from this Authority were involved in the drafting of the Combined Authority's constitution and it was proposed that this Council's involvement was conditional on that process.

A number of Members considered that becoming part of the Combined Authority was in direct opposition to the wishes of the people of Hartlepool who had rejected the elected Mayor model of governance in a referendum in 2012. Some Members considered that many of the other funding streams to be controlled by the new Combined Authority, and referred to by the Leader in his presentation, would continue in any event; though in response to a direct question, the Leader stated that that was not the indication given by central government representatives during the discussions on the devolution deal.

There was concern expressed at the lack of local consultation and reference to the decision that Durham County Council was to hold a local poll in relation to their devolution proposals.

Amendment moved by Councillor Brash and seconded by Councillor Springer:-

"That a local poll be conducted on Tees Valley Devolution proposals"

It was moved by Councillor Springer and seconded by Councillor Thompson:-

"That a recorded vote be taken."

It was moved that the vote be put.

In accordance with Council Procedure Rule 17.5 of the Constitution, a recorded vote was taken on the amendment:-

Those in favour:

Councillors Brash, Gibbon, Hind, Lauderdale, Martin-Wells, Riddle, Springer and Thompson.

Those against:

Councillors Ainslie, C Akers-Belcher, S Akers-Belcher, Barclay, Beck, Belcher, Clark, Cranney, Fleet, Griffin, Hall, Jackson, James, Lindridge, Richardson, Simmons, Sirs, Tempest and Thomas.

Those abstaining:

None.

The vote on the amendment was lost.

A further amendment was moved by Councillor Thompson and seconded by Councillor Brash:-

“That a decision on the devolution deal be deferred until the Constitution has been written.”

In accordance with Council Procedure Rule 17.5 of the Constitution, a recorded vote was taken on the amendment.

Those in favour:

Councillors Brash, Gibbon, Hind, Lauderdale, Riddle, Springer and Thompson

Those against:

Councillors Ainslie, C Akers-Belcher, S Akers-Belcher, Barclay, Beck, Belcher, Clark, Cranney, Fleet, Griffin, Hall, Jackson, James, Lindridge, Martin-Wells, Richardson, Simmons, Sirs, Tempest and Thomas.

Those abstaining:

None.

The vote on the amendment was lost

In accordance with Council Procedure Rule 17.5 of the Constitution, a recorded vote was taken on the substantive motion.

Those in favour:

Councillors Ainslie, C Akers-Belcher, S Akers-Belcher, Barclay, Beck, Belcher, Brash, Clark, Cranney, Fleet, Gibbon, Griffin, Hall, Hind, Jackson, James, Lauderdale, Lindridge, Martin-Wells, Richardson, Simmons, Sirs, Springer, Tempest and Thomas.

Those against:

Councillors Riddle and Thompson.

Those abstaining:

None.

The vote on the substantive motion was carried.

2. Seaton Carew Masterplan Update – Report of Finance and Policy Committee

The Chair of Finance and Policy Committee presented a report which sought approval of the capital budgets and funding for phases 1 and 2 of the Seaton Masterplan and indicative funding for phase 3. A report to Finance and Policy Committee on 21st September (appended to the Council report) updated Members on the progress of the Seaton Masterplan and the adoption of the Masterplan as a Supplementary Planning Document (SPD) by Council on 17th September 2015. As detailed in the Finance and Policy Committee report, the Council had previously approved outline budget proposals on 5th September, 2013. Since this time the project had been developed in further detail and a more accurate assessment of the costs had been made. The latest position was set out in the report to Council.

Members were advised that the project was broken down into three phases:

- Phase 1: Acquisition and Demolition of the Longscar Building to be replaced by the construction of a Market Square and events space/seating area.
- Phase 2: Public realm Improvements to the land to the North of the Longscar site.
- Phase 3: Public realm improvements to the land to the East of Seaton Carew Bus Station.

The costs for the individual phases were set out in a confidential appendix which contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (paragraph 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).

It was noted that the costs to undertake phase 1 and 2 works were to be funded from a combination of the receipt from sale of land at Elizabeth Way, the forecast receipt from the sale of Coronation Drive and the Seaside grant reserve. The actual capital receipt for Coronation Drive would be dependent on the valuation achieved following site investigation. In addition, the final costs for the demolition and acquisition of the Longscar were to be determined. If there were any savings achieved in relation the phases 1 and 2 details would be reported to Finance and Policy Committee then Council to enable Members to consider and approve options for using any uncommitted resources.

Phase 3 was a longer term aspiration to include public realm improvements on land to the rear of the bus station as identified in the appended Finance and Policy Committee Report. Costs would be funded from a combination of additional capital receipts arising from the sale of the development sites together with external funding, which could be secured.

Following presentation of the report, the Chair of Finance and Policy Committee responded to a Seaton Ward Councillor who sought assurance that the

community facilities in Seaton Carew would happen. The Chair of the Finance and Policy Committee stated that the Council is exploring the adoption of a model of Community Hubs and it was the Council's ambition to have such a hub in Seaton Carew but at this time there was some uncertainty due to budgetary constraints. Following a further question in relation to the spend of monies identified in the Masterplan, the Chair of the Finance and Policy Committee indicated that the monies identified in the Masterplan to be spent in Seaton Carew would be spent there.

Concerns were reiterated in relation to the composition of the Seaton Coastal Communities 'Team' and frustrations were expressed that Seaton Ward Councillors had been excluded from that membership.

The following recommendations were moved by Councillor C Akers-Belcher and seconded by Councillor Richardson:-

1. "That Council approve:-
 - a) The costed proposals for phases 1 and 2 detailed in Appendix 2 which contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (paragraph 3) information relating to the financial or business affairs of any particular person (including the authority holding that information.. The phases will be funded from the capital receipts generated from the disposal of residential development sites within the development agreement with Esh and the additional funding sources set out below.
 - b) The indicative costed proposals for phase 3 detailed in Appendix 2 which 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.. This phase to be funded from the capital receipts generated from the disposal of residential development sites within the development agreement with Esh and a further report to be submitted to full Council when the actual value of the capital receipt is known.
 - c) The allocation of the Seaside Grant Reserve to contribute towards the capital costs of the phase 1 works as set out in Confidential Appendix 2. 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.
2. That Council note that the £108,000 "Seaton Community Centre Management" Reserve will be held as an uncommitted reserve and the residual capital receipt from the sale of the former Seaton Nursery site of £11,000 will be held as an uncommitted capital receipts. These

resources to only be committed after a further report has been considered by this Committee and full Council.

The recommendations were agreed.

The Ceremonial Mayor advised that in the absence of dissent, the recommendations had been agreed unanimously.

3. Unauthorised Encampments Policy – Report of Neighbourhood Services Committee

A report was presented by the Chair of Neighbourhood Services Committee which advised Members that the Committee at a meeting held on 28 September 2015 had considered a report to update the unauthorised encampments policy and operational framework which was last updated in 2004. The new policy dealt with the unauthorised occupation (including by travellers) of any land forming part of the highway, land owned by the Council or any private land occupied without the consent of the owner. The report had considered the updated guidance issued by the department for Communities and Local Government in March 2015 and the new power to seize vehicles which were suspected of having been involved in an offence relating to the illegal deposit of waste.

It was proposed that the Council adopts the policy as appended to the report and continue with a policy of tolerance where encampments do not fall into any of the sections set out in sections A or B of the policy and that consideration is given to the matters set out in section C before making a decision to secure the removal of an encampment. It was considered to be important to deal with each encampment on an individual basis. Formal action would not always be necessary where acceptable departure dates could be agreed.

It was proposed that the lead role for enforcement of the policy be transferred from Housing Services to the Community Safety and Engagement team. The Community Safety and Engagement team would coordinate any action and depending upon the most appropriate powers to use, will liaise with other teams and organisations and, where the land occupied was in the ownership of the Council, with Estates and Regeneration and Legal Services. It was proposed that consideration be given to exercising the power to seize vehicles in encampments, where the vehicle was suspected of being involved in the commission of an offence relating to the illegal deposit of waste or other waste offences. The use of this power would be considered generally where such offences are committed and not just with respect to unauthorised encampments. It was proposed that internal procedures be developed and effective liaison developed between all relevant partners and agencies to ensure that unauthorised encampments are dealt with effectively having regard to the policy and taking into consideration the needs of the travellers.

The Committee had recommended the following:-

- (i) That the Council adopts the policy as attached in Appendix 2 and continues with a policy of tolerance where encampments do not fall into any of the sections set out in sections A or B of the policy and that consideration is the matters set out in section C before making a decision to secure the removal of an encampment.
- (ii) That the lead role for enforcement of the policy is transferred from Housing Services to the Community Safety and Engagement team. It is recommended that the Community Safety and Engagement team coordinates any action and depending upon the most appropriate powers to use, liaises with other teams and organisations and, where the land occupied is in the ownership of the Council, with Estates and Regeneration and Legal Services.
- (iii) That consideration be given to exercising the power to seize vehicles both in encampments and in general, where the vehicle is suspected of being involved in the commission of an offence relating to the illegal deposit of waste or other waste offences. The use of this power needs to be considered generally where such offences are committed and would not be used in isolation with respect to travellers.
- (iv) That internal procedure are developed and effective liaison developed between all relevant partners and agencies to ensure that unauthorised encampments are dealt with effectively having regard to, and taking into consideration, the needs of the travellers and others affected by the policy.

Following a vote, the Ceremonial Mayor advised that in the absence of dissent, the recommendations had been agreed unanimously.

4. Planning Obligations Supplementary Planning Document (SPD) – Report of Regeneration Services Committee

The Chair of Regeneration Services Committee reported that the Planning Obligations Supplementary Planning Document (SPD) had been considered and endorsed by the Committee at its meeting on 23rd October 2015. The Chair of Regeneration Services Committee highlighted that the SPD had been prepared in accordance with relevant national guidance set out in the National Planning Policy Framework (NPPF), Planning Practice Guidance and the Community Infrastructure Levy Regulations 2010 (as amended). It was noted that the SPD did not contain any policies; it acted as supplementary guidance to assist with the interpretation of planning obligation requirements. However, the levels and types of contributions required had been tested and proved to be viable and deliverable in most developments in the Borough over the past four years or so. The only exception was the level of affordable housing achieved. Since the publication of the 2012 Tees Valley Strategic Housing Market Assessment (SHMA), Hartlepool's affordable housing need had been identified as 27.5%, however, the amount achieved in most instances had been reduced through the viability process to ensure deliverability of schemes; the SPD was written in a way which allowed flexibility and where there were issues regarding

viability allowed for contributions to be reduced to ensure development was viable.

The Chair of Regeneration Services Committee stated that flexibility was an essential element of this Supplementary Planning Document and would be crucial to developer negotiations in the delivery of affordable housing, especially as the 2015 Hartlepool Strategic Housing Market Assessment demonstrated an increased affordable housing need of 144 affordable housing units per year. This represented an affordable need of 44% when considered against the overall annual target of 325 dwellings. It was recognised that 44% was not deliverable on sites within Hartlepool; therefore an assessment of development that had taken place over the last three years had been undertaken. The purpose of this assessment had been to look at site deliverability and set a deliverable affordable housing target for future development. The target had been established at 18%. The Chair of Regeneration Services Committee commended the Planning Obligations Supplementary Planning Document to Council.

A Member questioned the change in the target for affordable housing which had previously been on a sliding scale depending on the viability of a scheme. The Chair of Regeneration Services Committee indicated that that would still apply up to a maximum of 18%. Much would depend on what other contributions the developer was making. The Member accepted that 44% was an unachievable target but also considered that potentially allowing a zero contribution to affordable housing was unacceptable. The Member believed that the Council could achieve more than that and on the point of affordable housing alone, the SPD should not be accepted by Council.

The Leader of the Council stated that the SPD was underpinned by the viability of individual schemes. It was anticipated that there would be a range of contributions coming forward from developers. The government's focus was on deliverability of developers proposals. The Development Control Team were vociferous in seeking the greatest level of affordable housing from every housing development proposal that came forward but there may be situations where in order to allow development to proceed the Council may have to accept no contribution towards affordable housing.

The following recommendation was moved by Councillor Cranney and seconded by Councillor C Akers-Belcher:-

“That the Planning Obligations Supplementary Planning Document (SPD) be adopted”

The recommendation was approved by show of hands.

83. TO CONSIDER ANY OTHER BUSINESS SPECIFIED IN THE SUMMONS OF THE MEETING

None.

84. REPORT FROM THE POLICY COMMITTEES

- (a) Proposal in relation to the Council's budget and policy framework

None.

- (b) Proposal for Departure from the Budget and Policy Framework

1. Strategy for Using 2014/15 Outturn Resources Allocated by the Finance and Policy Committee – Report of Neighbourhood Services Committee.

The Chair of Neighbourhood Services Committee presented a report which sought Council approval of a strategy for using £196,000 of the 2014/15 outturn resources allocated by the Finance and Policy Committee. Details of the final uncommitted 2014/15 revenue outturn had been reported to the Finance Policy Committee on 29th June 2015. The Finance and Policy Committee had resolved that £196,000 of the outturn be allocated to support Members priorities relating to environmental improvements, including additional Enforcement Officers. A copy of the report to Neighbourhood Services Committee on 28th September was appended to the report for information.

Members were advised that it was proposed that £196,000 be allocated to support the priorities detailed in the table below:-

PROPOSED SPEND SUMMARY	£
Environmental Enforcement Officers	96,000
Grass Edging	32,500
Pavement/verge Improvements	27,500
Litter and dog bins	20,000
Benches	10,000
Shrubbery removal	10,000
TOTAL	196,000

The following recommendation was moved by Councillor James and seconded by Councillor Simmons:-

“That Council approve the use of the £196,000 uncommitted outturn to fund the proposals set out in the report”.

The recommendation was approved by show of hands.

85. MOTIONS ON NOTICE

It was reported that two Motions had been received as follows:-

1. “The Labour Group opposes the Trade Union Bill which will give central government wide ranging powers to impose changes on how

public authorities choose to work with unions to manage relations in the workplace. We oppose the key elements of the Bill which include:

- preventing public sector employers from running “check off” systems to deduct union subscriptions from the payroll;
- requiring all public sector employers to publish detailed annual reports recording how many union officials are employed by the authority, what proportion of the pay bill is allocated in total to union facilities and how much the public authority spends on specific union activities;
- controlling the amount of money each or any public authority can invest in collective bargaining and social partnership forums, on union health and safety reps and even union learning reps who work with employers to raise skills and training opportunities;
- revising contracts of employment and collective agreements which have been agreed by the public authority with their staff and unions;
- intervening to cap the amount of money each authority can spend on facility time.
- use of agency workers where a strike is in place,
- and the proposed picketing reforms

The Labour Group are surprised and disappointed that as a Local Authority we are to lose the autonomy to take our own decisions around these important areas for employee engagement, particularly given the government’s commitment to the so called localism agenda. We call on the government to think again on these plans and for this Council to signify its opposition to these changes.”

The Motion was moved by Councillor Clark and seconded by Councillor Richardson.

The mover and seconder of the Motion outlined the rationale for submission of the Motion and referred to the effect the Trade Union Bill would have in undermining constructive employment relations and civil liberties of trade union members.

The Motion was put and agreed by Council on a majority vote.

2. “This Council resolves:

- To write to the secretary of state for Communities & Local Government, our Local MP and MEPs raising our serious

concerns about the impact of TTIP* on Councils and the secrecy of the negotiating process
(*Transatlantic Trade and Investment Partnership)

- To write to the Local Government Association and National Association of Councillors to raise our serious concerns about the impact of TTIP on Councils and ask them to raise these with Government on our behalf
- To call for an impact assessment on the impact of TTIP on Councils
- To publicise Hartlepool Borough Council's concerns about TTIP; join with other Councils, which are opposed to TTIP across Europe and work with local campaigners to raise awareness about problems of TTIP
- To contact the Councils of municipalities twinned and previously twinned with Hartlepool Borough Council asking them to consider passing a similar motion on TTIP."

The Motion was moved by Councillor Thomas and seconded by Councillor Richardson.

The Motion was put and agreed by Council. The Ceremonial Mayor advised that in the absence of dissent, the motion had been agreed unanimously.

86. ARMED FORCES HOUSING PLEDGE

The Chief Executive reported that in 2012, Hartlepool Borough Council had welcomed the opportunity to sign the North East Armed Forces Community Charter, and established our own Armed Forces Community Covenant. Council had now been asked by Peter Walls, HRH The Prince of Wales' Ambassador for Responsible Business in the North East, to sign the Gentoo 'Armed Forces Housing Pledge'. In signing the Pledge, housing providers were being asked to commit to developing personal support packages to complement the housing offer and to actively engage in partnerships for the benefit of returning service personnel and veterans. The seven key principles of the Pledge were detailed in the report.

It was noted that this Council had already shown its commitment to the Armed Forces Community with the review of its Allocations Policy in 2012. The review resulted in the addition of preferences for Armed Forces Personnel, as detailed in an appendix to the report. In continuing to build upon this commitment it is recommended that Members support the signing of the Armed Forces Housing Pledge.

RESOLVED –That Hartlepool Borough Council become a signatory to the Armed Forces Housing Pledge.

87. SPECIAL URGENCY DECISIONS

Council was informed that two special urgency decisions had been taken in the period August - October 2015. The decisions were taken by the Finance and Policy Committee at its meeting on 21st September 2015 and were detailed in the report.

RESOLVED – That the report be noted.

88. EXPENDITURE RELEVANT TO MEMBERS' INTERESTS

The Chief Executive reported that further to requests by Members, information had been appended to the report which provided details of any contracts for works or services which were subject to the Council's tender process and awarded to a body/entity listed on the Member's Register of Interests during the previous 3 months. Details were provided of any payments made to a body/entity listed on the Member's Register of Interests during the last 3 months. The report did not include information on those bodies listed on Members' interests forms which either did not have a supplier number on Integra or which could not be identified on Integra given the information provided.

Councillor Clark expressed his gratitude to the Economic Development Team for their help and support to the staff made redundant at the Caparo works in the town. The Chief Executive responded that support to the staff, effected by the closure, would continue.

RESOLVED – That the report be noted.

89. PUBLIC QUESTION

1. Question from Mr Corbett to Chair of Finance and Policy Committee

"Considering the general detrimental long held opinions of many townspeople surrounding the benefits or lack off, that Hartlepool received whilst involved in the old Cleveland County Council & that only 1900 people out of a total population of almost 500,000 (which equates to 0.0025% of the population) replied to a questionnaire in the consultation exercise of the 5 local authorities.

With that in mind and that you were quoted on the 22nd of June 2012 as saying

"It is only right and proper that the people of Hartlepool are given the opportunity to indicate how they wish to be governed"

Will Hartlepool Borough Council in the interests of local democracy instigate a Local Poll on Hartlepool's future involvement in a Tees Valley Devolution Deal through a Combined Authority?"

The Chair of Finance and Policy Committee responded that a Local Poll would not be instigated.

90. QUESTIONS FROM MEMBERS OF THE COUNCIL

- a) Questions to the Chairs about recent decisions of Council Committees and Forums without notice under Council Procedure Rule 12.1

None

- b) Questions on notice to the Chair of any Committee or Forum under Council Procedure Rule 12.2

1. Question from Councillor Brash to Chair of Finance and Policy Committee

"Can the chair of finance and policy please re-state the reasons he gave for the withdrawing of the old local plan back in October 2013?"

The Chair of Finance and Policy Committee confirmed that the Council decision of October 2013 sets out the reasons the local plan was withdrawn as follows:-

"Recognising the concerns raised by local residents and other stakeholders this Council resolves under Section 22 (1) of the Planning and Compulsory Purchase Act, 2004 (as amended) to withdraw the submitted Local Plan (June 2012). The Council have sought through suggested modifications, additional appraisals and consultations and also through further hearing sessions to address concerns raised by the Planning Inspector during the course of the Public Examination into the Local Plan. However it is proposed that Council withdraws the Local Plan and that it proceeds immediately with further work to seek the adoption of a local plan that conforms to national planning policy guidance and fully meets the needs and aspirations of local residents and all interested parties in ensuring that development is sustainable. That Council recognises the foundation of emerging local plan policies in the submitted document and that further work be undertaken acknowledging those areas of the local plan that need to be reassessed and that in gathering further evidence on potential site allocations and planning policy the Council proceeds in line with its statement of Community Involvement and that a Local Plan would be anticipated to be adopted by 2015 for the benefit of the Borough."

Councillor Brash commented that three developments that had raised significant concerns with residents from the original Local Plan – the South West Extension, Tunstall Farm and Quarry farm – had all been agreed subsequently because a local plan had not been in place. The Chair was asked for information in relation to costs of appeals and it was questioned whether

given the comments made at the meeting, the Chair believed a mistake had been made withdrawing the Local Plan.

The Chair stated that his understanding was that Quarry Farm and Tunstall Farm would have gone ahead if the previous Plan had been adopted. The Chair advised that since the withdrawal of the Local Plan officers had been instructed to prepare a new Local Plan to replace the current 2006 Local Plan. Officers were currently preparing the comprehensive evidence base to justify the new Local Plan set against the continuing significant changes in Governmental planning policies, guidance and taking account of case law that emerges; ensuring any new Local Plan is justified and sound. An evidence base had been produced, much of which has necessitated significant public consultation. Further to this there had been changes to legislation and the National Planning Practice Guidance (NPPG) and policy specifically related to Gypsy and Travellers. Bearing this in mind it was anticipated that the 1st draft of new Local Plan would be available for public consultation in spring 2016 and subsequent to further public consultation the final Local Plan would be submitted to the Planning Inspector no later than February 2017. Referring to how the Council managed development and new applications; any planning applications received by the Council, previous to the Adoption of a new Local Plan, would be determined in accordance with up-to-date policies in the 2006 Local Plan and guidance set out in the National Planning Policy Framework (NPPF). The current resultant planning policy framework upon which new planning applications would be assessed and determined was set out in the "HBC Policy Framework (Nov 2014)" document which could be viewed on the Council's website.

The Chair of Finance and Policy Committee concluded that he continued to believe that withdrawing the previous draft plan was the right thing to do, for the reasons he had outlined previously.

2. Question from Councillor Brash to Chair of Neighbourhood Services Committee

"I read, with some disappointment, the decision of the neighbourhood services committee to continue the free-parking subsidy for elected members, following my motion to abolish it.

Noting the points raised by the committee and the report therein, I would like to propose an alternative suggestion to end this iniquitous and unfair practice, namely to abolish elected member parking provision in the underground car park of the civic centre altogether and instead allocate the spaces to our staff. This would operate as part of the current system, so there would be no additional cost, and actually net the council additional income. It would, crucially, free up much needed space under the civic, which is already at a premium according to the council's own report, and end the free-parking subsidy for councillors.

If we are to stand shoulder to shoulder with our staff then we actually need to do it, rather than just talk about it.

Will you agree to take this proposal to your committee for discussion and, if agreed, subsequently presenting it to council for agreement?"

The Ceremonial Mayor referred to Council Procedure Rule 10 and highlighted that the meeting was approaching 9.30 p.m. Council was requested to consider whether the meeting should be extended beyond 9.30 p.m.

It was agreed that the meeting should finish at 9.30 p.m.

The Chair of Neighbourhood Services Committee responded to the question by highlighting that the Neighbourhood Services Committee, at its meeting on 28 September, 2015 had considered the issue referred to it by Council. The decision of the Committee not to proceed with the introduction of charges for Councillors parking had been a unanimous decision. The Chair highlighted that the decision made by the Committee could have been questioned earlier in this meeting under agenda item 15(a). Therefore, the Chair advised that her response to the question was that she would not agree to the proposal being submitted to the Committee and requested that the Ceremonial Mayor not open for debate on the question and that Council move to a vote.

Councillor Brash advised of his reasons for not asking the question under agenda item 15(a). He stated that he continued to believe that it was unacceptable for Councillors to receive a benefit not available to staff and the proposal he had submitted had not been considered by the Neighbourhood Services Committee.

The Ceremonial Mayor highlighted that the meeting had lasted until 9.30 p.m. and that the remaining business would be considered at the next ordinary meeting of Council as follows:-

- c) Questions on notice to the Council representatives on the Police and Crime Panel and Cleveland Fire Authority
- d) Minutes of the meetings held by the Cleveland Fire Authority held on 24 July 2015 and the Police and Crime Panel held on 30 July 2015 and the draft minutes of the meeting of the Police and Crime Panel held on 21 September 2015.

The meeting concluded at 9.30 p.m.

CEREMONIAL MAYOR

CLEVELAND FIRE AUTHORITY

MINUTES OF ORDINARY MEETING

24 JULY 2015



- PRESENT:**
- CHAIR:-** Councillor Jan Brunton – Middlesbrough Council
HARTLEPOOL BOROUGH COUNCIL
 Cllrs Stephen Akers-Belcher, Rob Cook, Marjorie James, Ray Martin-Wells
MIDDLESBROUGH COUNCIL
 Cllrs Ronald Arundale, Shamal Biswas, Teresa Higgins, Naweed Hussain
REDCAR & CLEVELAND BOROUGH COUNCIL
 Cllrs Billy Ayre, Norah Cooney, Ray Goddard, Mary Lanigan, Bob Norton, Mary Owens
STOCKTON ON TEES BOROUGH COUNCIL
 Cllrs John Gardner, Paul Kirton, Jean O'Donnell, Stephen Parry, Mick Stoker, William Woodhead
AUTHORISED OFFICERS
 Chief Fire Officer, Director of Corporate Services, Legal Adviser and Monitoring Officer, Deputy Treasurer
BRIGADE OFFICERS
 Democratic & Administration Manager
- APOLOGIES FOR ABSENCE:**
- Councillor Tom Mawston – Middlesbrough Council
 Councillor Gillian Corr – Stockton Borough Council

12. DECLARATIONS OF MEMBERS INTEREST

Councillor Akers-Belcher declared a personal interest. Minute no. 16.1 refers.

13. MINUTES

RESOLVED – that the Minutes of the Cleveland Fire Authority Annual Meeting on 26 June 2015 be confirmed.

14. COMMUNICATIONS RECEIVED BY THE CHAIR

Department of Communities and Local Government - Spending Review
 Mhairi Aylott, Ministry of Justice - Victims Code Consultation
 Neil O'Connor - Trade Union Bill
 Clair Alcock - Local Pensions Board

RESOLVED – that the communications be noted.

15. REPORT OF THE CLERK TO THE AUTHORITY

15.1 Cleveland Fire Authority Governance Review

The Clerk summarised the background to the CFA Governance Review relating to OD2: Review Cleveland Fire Authority's Governance Arrangements which was established as a result of the Authority wanting to demonstrate leadership by remaining 'fit for purpose' with regard to its structure and work contributing to the overall Authority efficiency savings.

15.1 Cleveland Fire Authority Governance Review (continued)

She informed Members that at the Fire Authority meeting on 27 March 2015, Members resolved that the future governance framework of Cleveland Fire Authority be progressed as outlined at paragraph 3.6 of the report, with the number of elected members being reduced to 12 and the Authority underpinned by an Executive Committee and Audit and Governance Committee.

The Clerk reported that a 12 week consultation had taken place from 2 April to 26 June 2015 which included; Leaders of the Borough Councils in Teesside; Chief Executives of the Borough Councils in Teesside; Cleveland's Police and Crime Commissioner; Members of Parliament in Teesside; Chairs of Neighbouring Fire and Rescue Authorities (Durham and Darlington, Northumberland, Tyne and Wear and North Yorkshire). She informed Members that the outcomes of the consultation were outlined within the report at paragraph 5.1 and that Middlesbrough Council's response to the consultation had been tabled which stated that:

“At the Corporate Affairs & Audit Committee on 25 June 2015 it was resolved to support Option 5 and four year appointments to the Authority”. (16 members)

In light of the consultation, the Chair asked Members if they had any comments on the proposal at section 3.6 of the report.

Councillor Akers-Belcher moved that the Authority reduce their Membership to 16 with the new arrangements coming into force at the next Annual Meeting of the Authority (10 June 2016). The motion was seconded by Councillor James.

Councillor Lanigan reported that the Redcar & Cleveland Executive Scrutiny Committee had deemed 16 Fire Authority members 'adequate' but agreed this be deferred to June 2016. Councillor Lanigan said she personally felt that the level of efficiencies to be made by implement the new governance arrangements before this time was relatively small and her Loftus constituents felt it would be detrimental to the Fire Authority.

Councillor Martin-Wells supported Councillor Akers-Belcher's motion and sought clarity that the continued reviewing of governance arrangements would not include further reviewing the numbers. The Chairman confirmed that Members had agreed future Membership to be 16 and that would not be subject to change. Councillor Martin-Wells confirmed that the Conservative Group was supportive of maintaining the status quo until the next Annual Meeting in June 2016.

RESOLVED:-

- (i) That the outcomes from the consultation on the proposed future Cleveland Fire Authority as detailed in section 5 of the report were noted.
- (ii) That the implementation of the CFA proposals as detailed at paragraph 3.6 of the report be approved, with the exception of the number of elected members on the CFA which will now be 16.
- (iii) That the implementation of the new Fire Authority Structure and governance arrangements commence on 10 June 2016, in order to allow time to establish the associated governance arrangements.
- (iv) That the Fire Authority receive further reports where appropriate.

16. REPORTS OF THE CHIEF FIRE OFFICER
16.1 Annual Performance and Efficiency Report

The Chief Fire Officer (CFO) gave a presentation outlining the performance of the Brigade for the year ending 31 March 2015 and covered the following 8 key areas in detail:-

1. Strategic Goals & Aims – Performing Well
Safer Communities

- All fire fatalities 2014/15 – 2, decrease of 3 from 2013/14
- All Fire Injuries 2014/15 – 21, increase of 1 from 2013/14
- Accidental Dwelling Fires (ADFs)– 2014/15 – 170, increase of 26 from 2013/14
- ADFs have cost the economy of Cleveland £4.25m in 2014/15
- ADFs change by district compared to 2013/14 – Hartlepool - +13%, Stockton - 2%, Middlesbrough +51% and Redcar & Cleveland +18%
- Deliberate Fires – 2014/15 - 2,753, increase of 67 incidents from 2013/14
- Deliberate Fires have cost the economy of Cleveland £10.907m in 2014/15
- Deliberate Fires change by district compared to 2013/14 – Hartlepool +49%, Stockton +6%, Middlesbrough +3% and Redcar & Cleveland -14%

2. Annual Priorities – Performing Well

- Annual and Corporate Priorities – 21 complete, 2 on-going and 1 deferred

3. Key Service Standards – Performing Well

- Call Handling – target 98% of calls are answered and the appropriate response mobilised within 2 minutes – current performance 92%
- Response Standard – all benchmarks exceeded the 75% target

4. Operational Assurance – Performing Strongly

- Operational Assessment undertaken in 2014 by senior fire professionals and members from other authorities - 7 key areas were assessed and 4 were assessed as being advanced and 3 as established
- In 2014 the National Resilience Audit Team carried out an audit in 7 key areas which were split into 41 sub areas and the Brigade achieved 100% compliance

16.1 Annual Performance and Efficiency Report (continued)

5. Good Corporate Governance – Performing Strongly

- Mazars issued an unqualified opinion on the Authority's financial statements on 30 September 2014
- CLG have confirmed that Cleveland Fire Brigade complied with the national framework in term of the Annual Assurance Statement – 3 July 2014

6. Value for Money – Performing Strongly

- Mazars have concluded that Cleveland Fire Authority has proper arrangements in place to ensure financial resilience
- Mazars have concluded that Cleveland Fire Authority has proper arrangements in place to secure economy, efficiency and effectiveness
- The efficiency target for 2014/15 of £1,627,000 was achieved in full
- Staff sickness has increased by 6% in 2014/15 compared to 2013/14

7. Comparison against other Fire and Rescue Services – Performing adequately

- Out of 13 comparable indicators – 3 are in the top, 4 are in the second, 2 are in the third and 4 are in the bottom quartile

8. Customer Care – Performing Strongly

- Overall customer satisfaction rate for 2014/15 – 99%

The CFO confirmed that the overall performance for 2014/15 was assessed as **Good**.

Councillor Biswas noted that year-on-year deliberate fires continued to be a problem for the Brigade despite continued efforts to educate communities and asked where the Brigade was failing to get over the message that this was not acceptable.

The CFO confirmed that the Brigade was working with the University of Teesside to try to establish why the area's social profile produces such high levels of arson. He confirmed that the Summer Arson Campaign had been recently launched and diversionary activities had been programmed to take place. In addition, the Director of Community Protection was targeting arson and seeking community involvement to identify the perpetrators within their estates.

Councillor Ayre referred to the number of fires he had seen on Eston Hills over the past 18 years and questioned whether education was the answer or whether prosecutions would have a greater effect. Mr D Howe, the Fire Brigade's Union (FBU) Secretary confirmed that he had worked at Grangetown Fire Station for 17 years and in his experience education was the only answer. He reported that firefighters worked tirelessly to educate the children in schools in that area and highlighted the problems the police face in getting adequate resources to deal with arson issues around Eston Hills. He added that despite fire crews being equally thin on the ground they continue to go into schools to teach fire prevention. Councillor Ayre suggested resources be targeted towards teenagers rather than younger children.

Councillor Akers Belcher declared an interest (14:42pm) for his involvement in The Rifty voluntary youth project in Hartlepool and requested further scrutiny of the correlation between the reduction of diversionary activities and persistent problems with arson. He requested information relating to how often the MUGA is used and whether structures were in place to deal with diversionary activities.

16.1 Annual Performance and Efficiency Report continued

Councillor Higgins disagreed that education was vital in dealing with arson and instead suggested consequences by way of prosecutions was the key.

The CFO acknowledged the need for a balance between education and prosecution in tackling arson and confirmed that appliances were fitted out with CCTV to enable images to be given to the police to secure prosecutions. The CFO stressed that the Authority, along with all Borough councils, had faced the downsizing of the organisation and the cuts had dissipated the number of people on the street.

Councillor Woodhead reported a lack of respect and the need for stiffer penalties.

The Chairman put on record thanks on behalf of the Authority to all staff and firefighters and applauded them for the continued efforts working under difficult circumstances.

RESOLVED:-

- (i) That the information contained within the Annual Performance & Efficiency Report at Appendix 1, be noted.**
- (ii) That the issue of reduced diversionary activities and the continued problem with arson be scrutinised.**

16.2 Disclosure and Barring Policy and Procedure

The CFO updated Members on the arrangements in place for ensuring the Authority makes safe recruitment decisions to prevent unsuitable people from working with vulnerable adults and children. He reported that in 2012, the Disclosure and Barring Service (DBS) was established which merged the functions of the Criminal Records Bureau (CRB) and the Independent Safeguarding Authority (ISA). This became the Home Office agency committed to providing access to information about criminal convictions and other police records to help employers make informed decisions when recruiting staff. The CFO informed Members that the Brigade's Disclosure and Barring Policy & Procedure had been established in line with current legislation and good practice and both the FBU and UNISON had been consulted and raised no issues.

RESOLVED:-

- (i) That the Disclosure and Barring Policy, as outlined at Appendix 1, be approved.**
- (ii) That the Disclosure & Barring Procedure, as outlined at Appendix 2, be noted.**

16.3 Reservist Policy and Procedure

The CFO reported that the Brigade had established a Reservist Policy & Procedure to recognise the vital role of Britain's Reserve Forces and the valuable contribution that Reservists make to the defence of the country. He also acknowledged the need to ensure that the operations of the organisation are not adversely affected by Reservist activities and outlined the following legislation that exists to define the rights and liabilities of both parties:

- The Reserve Forces Act 1996
- The Reserve Forces (Safeguard of Employment) Act 1985

16.3 Reservist Policy and Procedure (continued)

The CFO noted that the FBU and UNISON have both been consulted with respect to the Reservist Policy and Procedure and no issues have been raised. Councillors Arundale and Biswas commended the Brigade for its commitment to supporting the Reserve Forces.

RESOLVED:-

- (i) That the Reservist Policy, as outlined at Appendix 1, be approved.
- (ii) That the Reservist Procedure, as outlined at Appendix 2, be noted.

16.4 Information Pack – July 2015

16.4.1 Fire & Rescue Service Monthly Bulletins

16.4.2 National Joint Circulars

RESOLVED - That the Information Pack be noted.

**COUNCILLOR JAN BRUNTON
CHAIR**

Cleveland Police and Crime Panel

A meeting of Cleveland Police and Crime Panel was held on Thursday, 30th July, 2015.

Present: Councillor Charles Rooney, Gwen Duncan, Councillor Norma Stephenson O.B.E, Councillor Matthew Vickers, Councillor David Wilburn, Councillor Jim Lindridge, Chu Chu Nwajiobi

Officers: David Bond, Julie Nixon, Graham Birtle, Michael Henderson (SBC)

Also in attendance: Barry Coppinger (Commissioner), Michael Porter, Simon Dennis (Commissioner's Office), Simon Nickless

Apologies: Councillor Jonathan Brash, Councillor Bob Norton, Councillor Chris Jones, Councillor Neil Bendelow, Councillor David Coupe, Councillor Bernie Taylor, Councillor Ken Dixon

**PCP
1/15** **Introductions**

Members and officers introduced themselves.

**PCP
2/15** **Appointment of Chairman 2015/2016**

RESOLVED that Councillor Norma Stephenson be appointed Chairman of the Panel for the Municipal Year 2015/2016

**PCP
3/15** **Evacuation Procedure/Mobile Phones**

The Chairman presented the Evacuation Procedures.

**PCP
4/15** **Declarations of Interest**

There were no declarations of interest.

**PCP
5/15** **Appointment of Non Political Independent Member**

RESOLVED that Chu Chu Nwajiobi be appointed as a Non Political Independent Member to the Panel until 6 December 2016.

**PCP
6/15** **Appointment of Vice - Chairman 2015/2016**

RESOLVED that Charles Rooney be appointed Vice Chairman of the Panel for the Municipal Year 2015/16.

**PCP
7/15** **Minutes of the meeting held on 3 February 2015**

The minutes of the meeting held on 3rd February 2015 were confirmed as a correct record.

**PCP
8/15** **Members' Questions to the Commissioner**

There were no Members' Questions submitted.

**PCP
9/15** **Commissioner's Police and Crime Plan**

Members were provided with a copy of the Commissioner's Police and Crime Plan 2015-2017.

The Panel had previously been consulted on the draft Plan and had provided feedback to the Commissioner at its meeting in February. Members had also had an opportunity to provide feedback at consultation events. In addition the Panel had provided the Commissioner with a Scrutiny Report into his priorities.

Members asked a number of questions about some of the detail in the Plan. These related to:

- Community Safety funding requests. The Commissioner explained that application forms were available on his web site. Initiatives did need to fit with one of his priorities and he tried to support local crime prevention schemes, where possible.
- Loss of some services e.g. mounted section. It was noted that a risk assessment approach was taken to this and keeping people safe was at the centre of any decisions.
- Restorative Justice - it was considered that this had been successful and was being rolled out in many different areas. It had reduced reoffending and really helped victims. It would continue to be evaluated and expanded if appropriate.
- Cyber Crime and links with schools - there was an engagement plan but it was difficult to engage with some of the academies. There was brief discussion on the Panel's previous scrutiny review on Work in Schools and it was agreed that this report should be distributed to the Panel.
- PCSOs reduction in Hartlepool. It was noted that Hartlepool had funded some PCSOs and when that funding ceased there had been a reduction in numbers. That said, the Force continued to assess risk in areas and moved resources accordingly. It was explained that the Commissioner continued to look to develop capacity via special constables, cadets and volunteers. The Commissioner explained that he would provide an update on this to a future meeting.

RESOLVED that the Plan be noted and an update on special constables, cadets, volunteers be provided to a future meeting.

**PCP
10/15** **Annual Report of Cleveland Police and Crime Commissioner**

Members were provided with the Commissioner's Annual Report 2014 - 2015.

The report provided details of work and progress within the Commissioner's 5 priority areas.

The Panel considered and noted the report. There was a request for access to the DVD referenced in the Diverting People from Offending Section and it was indicated that this could be made available.

RESOLVED that the Annual Report be noted.

PCP 11/15 Police and Crime Commissioner - Performance Outturn Update

Members considered a report that provided an update of performance scrutiny undertaken by the Police and Crime Commissioner for Cleveland to support the delivery of the priorities of the Police and Crime Plan for Q4 2014/15 (January - March 2015).

During consideration of the report there was discussion regarding the matters, summarised below:

- Working days lost due to sickness, Officers and Staff - It was explained that the Deputy Chief Constable and HR had undertaken a great deal of work in this area and were relentless in trying to improve figures. This work would continue. The Commissioner and Force looked at good practice nationally and sickness was performance managed with managers held to account. The physical and mental health of officers and staff was supported, including help for muscular skeletal problems and counselling. There was a recognition that performance in this area needed to be improved. It was agreed that long term sickness could skew figures and it would be interesting to see figures with long term sickness removed.

- Time of in lieu - it was noted that leave policy did not allow officers to take long periods of TOIL.

- there was a discussion on the increase in levels of crime since this time last year and differences in the rate of increase between the 4 local policing areas. It was queried why Hartlepool had seen a larger percentage increase than other areas. It was explained that changes to crime recording was a factor in the increase. In terms of Hartlepool it was suggested that, as it had had the lowest number of crimes out of the local policing areas, any increase in crime would appear disproportionate in percentage terms. It was anticipated that a new baseline for crime rates would be seen by September/October.

RESOLVED that the report be noted and discussion actioned where appropriate.

PCP 12/15 Decisions of the Police and Crime Commissioner

Members considered a report that provided an update in relation to the decisions made by the Police and Crime Commissioner between 1 January 2015 and 30 June 2015.

Members asked that the names of successful contractors be included in future reports.

RESOLVED that the report be noted and future reports include the name of successful contractors.

PCP 13/15 Programme of Engagement for the Police and Crime Commissioner

Members considered a report that provided a brief update in relation to meetings attended by the PCC from January to June 2015.

Specific reference was made to:

- the procurement of an information sharing database to enable easier exchange of information between agencies to reduce duplication of effort and maximise the use of resources.
- Cleveland Victim Services Directory, an online directory, commissioned by the Commissioner. A useful one stop shop for services.
- a Human Trafficking and Slavery training event, hosted by the Commissioner, for police officers and partnership agencies aimed at raising awareness of the signs of trafficking and slavery and equip professionals with the skills to identify victims and provide the knowledge of what mechanisms were available both to support victims and bring perpetrators to justice.

The Chair indicated to the Panel that there was an open invitation for any member(s) to attend the Commissioner's Audit Committee.

Members of the Panel were encouraged to register with Cleveland Connected.

RESOLVED that the report be noted.

PCP 14/15 Scrutiny Work Programme

Members received a report that provided details of the work undertaken for the Panel's Scrutiny Work Programme 2014/15 and arrangements for setting the programme for 2015/16.

It was explained that reviews relating to shared services and victims services had not been undertaken during 2014/15, as had been intended. Members noted that the Commissioner had undertaken a great deal of work in these areas and updates could be provided.

The Panel was asked to provide details of potential issues for inclusion in its Scrutiny Programme for 2015/16 by 1st September 2015. Consideration of the programme would be undertaken at the Panel's meeting 21st September 2015.

RESOLVED that the report be noted and Members provide potential issues for consideration in the Panel's 2015/216 Work Programme to the Chair or Head of Democratic Services by 1st September 2015.

PCP 15/15 Tone from the Top - Leadership, Ethics and Accountability

Members received a report that provided details of the outcome of the inquiry, by the Committee on Standards in Public Life (CSPL), into local policing

accountability.

The Panel report drew out, from the CSPL report, the recommendations of direct relevance to Police and Crime:

“9. Police and Crime Panels should review the PCC’s Annual Report in public session attended by the PCC as part of their annual scrutiny programme and make any recommendations as appropriate.

10. As a matter of good practice:-

- PCCs should publish a forward plan of decisions identifying the subject matter of the decision, why it is key, the meeting at which the decision is due to be taken, who will be consulted before the decision is taken and what reports/papers will be available for inspection; and
- Police and Crime Panels should produce a forward plan specifying, as appropriate, the information required from PCCs in order for them to carry out that work.

19. The Committee endorses the Home Affairs Committee’s recommendations that:-

- Police and Crime Panels inquire and report into the circumstances whenever a Chief Constable’s service is brought to an end irrespective of whether the schedule 8 scrutiny process is formally engaged.
- The Home Office bring forward proposals to extend the schedule 8 process to include scrutiny by the Police and Crime Panel where a commissioner chooses not to agree to an extension of the chief constable’s contract to bring it in line with the process for the removal of a chief constable.”

It was noted that the Commissioner’s Office would be providing a response to the CSPL and that the Commissioner could provide the Panel with an update on the work being undertaken to comply with the recommendations in the report.

RESOLVED that:

1. the report be noted.

2 a response, from the Panel, to the CSPL report, be provided by the Director of Law and Democracy, in consultation with the Chair.

**PCP
16/15**

Grant Expenditure

Members received a report detailing grant expenditure associated with the operation of the Panel during 2014/15.

RESOLVED that the report be noted.

**PCP
17/15 Forward Plan (including approval of schedule of meetings)**

The Panel considered a report that proposed dates of future meetings together with an indication of potential items for consideration.

It was explained that an induction training event was scheduled for 15th September 2015. Members of the Panel could invite other members from their authority and same political group to the training, who may need to act as substitute for them at a future meeting(s).

RESOLVED that the proposed dates and indicative business be agreed.

**PCP
18/15 Public Questions**

There were no public questions.

Cleveland Police and Crime Panel

A meeting of Cleveland Police and Crime Panel was held on Monday, 21st September, 2015.

Present: Cllr Norma Stephenson(Chairman),

Cllr Neil Bendelow, Cllr David Coupe, Gwen Duncan, Cllr Chris Jones, Cllr Bob Norton, Cllr Charles Rooney, Cllr Bernie Taylor, Cllr Matthew Vickers, Cllr David Wilburn

Officers: Graham Birtle, Michael Henderson, Steve Hume and Margaret Waggott (SBC)

Also in attendance: Barry Coppinger (Commissioner), Michael Porter, Simon Dennis (Commissioner's Office), Iain Spittal (Cleveland Police)

Apologies: Cllr Jonathan Brash, Cllr Ken Dixon, Chu-Chu Nwajobi

1 Evacuation Procedure/Mobile Phones

The Chair highlighted the Evacuation Procedure.

2 Declarations of Interest

There were no declarations of interest.

3 Minutes of meeting held on 30th July 2015.

The minutes of the meeting held on 30th July 2015 were confirmed as a correct record.

4 Members' Questions to the Commissioner

There were no Members' Questions submitted, however, there was a request that a report on the estates strategy be presented to a future meeting. The Commissioner explained that he would arrange this.

RESOLVED that a report of the estates strategy be presented to a future meeting.

5 Performance Monitoring - Quarter 1 2015/2016

Members considered a report that provided an update of performance scrutiny undertaken by the Police and Crime Commissioner for Cleveland to support the delivery of the priorities of the Police and Crime Plan for Q1 2015/16 (April – June 2015).

The following summarises the Panel's consideration:

- there was discussion about the increased rates of crime, detailed in the report. Members were reminded that, in 2014, a HMIC inspection had highlighted that some crime recording processes had not been robust enough and the Force had undertaken a thorough review of procedures. There was a recognition that improvements in crime recording processes, following the review, had likely had an influence on increases in recorded crimes. It was noted that the Force was

committed to the accurate recording of crime going forward, as it relied on the accuracy of these figures to help it determine the deployment of its resources. It was envisaged that, after October, rates of crime would be more comparable because the significant changes to processes had been undertaken in October last year. Members noted that actual reported incidents showed a 3% increase and it was felt that this was a closer reflection of any increase in crime. There was a request that a briefing be organised for Panel members to discuss the crime figures in further detail. The Force and Commissioner agreed that this would be arranged.

- it was noted that Stockton had not seen as high a level of increase, in incidents of Anti Social Behaviour, as other local policing areas. It was noted that Stockton Borough Council had put substantial resources into dealing with ASB. Members were informed that Durham University had been reviewing ASB across the force area and had identified a range of good practice, which would be shared. It was agreed that the closer agencies worked together, the more impact could be achieved.

- it was queried what effect the Restorative Justice Programme was having on ASB and crime? The Commissioner explained that there had been over 1000 RJ interventions, over the last year. All activity was being monitored and an update report would be presented to a future Panel meeting.

- The Commissioner was asked how successful the victims' support directory had been in raising awareness? It was noted that the directory had been promoted widely and over 30 agencies were involved. A tendering process would begin shortly and an update would come to the Panel in due course.

- There was a request that the layout of the meeting room be reconsidered.

RESOLVED that:

1. the report be noted.
2. a briefing for members be arranged when issues relating to crime figures could be discussed.
3. the following reports be provided to future meetings of the Panel:
 - progress on the restorative justice programme.
 - an update about victims' support services.
4. consideration be given to the meeting room's layout, for future meetings.

6 Programme of Engagement

Members considered a report that provided a brief update in relation to meetings attended by the PCC, from July to September 2015.

The Chair explained that there was an open invitation for Panel members to attend and observe meetings of the Commissioner's Audit Committee and its next meeting was 24 September 2015. Panel members were requested to contact the Commissioner's Office if they intended being present.

RESOLVED that the report be noted.

7 Decisions of the Police and Crime Commissioner

Members considered a report that provided an update in relation to the decisions made by the Police and Crime Commissioner, between 1 July 2015 and 31 August 2015.

It was explained that an additional decision, relating to funding formula consultation.

RESOLVED that the report be noted.

8 Commissioner's Update

Members received information from the Commissioner on a number of issues:-

Special Constabulary, Cadets and Volunteers

Members received a brief update regarding the Special Constabulary, Police Volunteer Programme and Police Cadet Programme. It was explained that the Commissioner was holding a volunteer's fair on 2nd November. The fair had been very successful, in previous years, and had led people to be involved in volunteering activities of various kinds. Work was ongoing to better support volunteers and a progress report, on this, would be presented to the Panel.

There was a query about independent custody visitors and how their findings were reported back to the commissioner and how they were handled by the force. The Panel was informed that the Commissioner had a member of staff who worked with custody visitors and spent a lot of time supporting their role, including assisting production of reports. The Police considered the independent custody feedback to be very important and used it when reviewing and updating custody areas. It was agreed that the Commissioner's office would direct panel members to further information about the role of custody visitors.

National Police Air Service - NPAS

The Panel was provided with the NPAS Board's Annual report.

The Commissioner explained that six police and crime commissioners, six police chief constables, together with representatives from the home office, metropolitan police and other bodies sat on the NPAS Board. The Commissioner was the representative of the North East and Yorkshire. The total cost of air support prior to the establishment of NPAS was £71 million. Since its establishment the cost

had reduced to £36 million in 2014/15, of which Cleveland paid £1.2 million. Cleveland had paid a disproportionate amount, as it had previously had a helicopter, so initial charges to the force were higher than others because it was carrying higher overheads and higher costs. It had been successfully argued that this should not remain the case and Cleveland's contribution was likely to reduce. It was envisaged that overall costs for the service would continue to reduce.

The national service provided 24 hour coverage, with an assured 20 minute response time target, which was being met. The Force did not previously have a 24 hour, 7 days a week service. It was indicated that Cleveland Police could not, currently, operate an air support service unilaterally.

The Chair requested that Panel members be advised of any occasions when the Force requested the use of air support, but was refused, as this may be the subject of queries by the public.

The main reasons air cover would be deployed in the area would be if lives were at risk.

The Panel asked for some local operations and performance figures, with a comparison between pre and post NPAS. The Commissioner explained that he would provide such information, subject to its availability.

It was noted that fixed wing aircraft were being used, which were entirely suitable for some needs and cheaper and quieter than helicopters. Obviously some situations needed the unique features of a helicopter.

Members noted the age profile of pilots and the Commissioner indicated that he had intended raising issues related to this at the next Board meeting. Feedback would be provided to the Panel.

Consultation on funding formula and Commissioner's response

The Commissioner explained that he had submitted a response to the Government's consultation on reform of Police Funding arrangements in England and Wales. The Commissioner's response had been published on his website and the Panel had been signposted to it. The Commissioner provided a brief overview of its content. In the response he had highlighted concerns about the funding restraints and the impact on delivery of his Police and Crime Plan and particularly Neighbourhood Policing.

RESOLVED that:

1. the Commissioner provide more information about custody visitors.
2. the Commissioner provide information about NPAS call outs.
3. the Commissioner to provide localised, operational figures, subject to any reporting restrictions.

4. the Commissioner to provide feedback from the NPAS Board, following further consideration of pilot age profiles.

9 Scrutiny Work Programme 2015/2016

The Panel considered its work programme for 2015/16. The following topic areas were suggested:

Overall Budget
Victims' Support
Shared Services

RESOLVED that the above topics form the Panel's scrutiny work programme for 2015/16, with each review being undertaken by a task and finish group. Each group to comprise 1 elected member of the full Panel, from each of the constituent authorities and 1 non-political independent member (5 members in total).

10 Forward Plan

The Panel considered the current Forward Plan.

RESOLVED that the Forward Plan be agreed.

11 Public Questions

There were no public questions.



Report of: Licensing Committee

Subject: GAMBLING ACT – STATEMENT OF LICENSING PRINCIPLES

1. PURPOSE OF REPORT

- 1.1 To invite Council to consider the adoption of a Statement of Licensing Principles (a Licensing Policy) that details the principles the Council will apply when exercising its licensing functions under the Gambling Act 2005.
- 1.2 To invite Council to consider the passing of a 'No Casino' resolution.

2. BACKGROUND

- 2.1 The Gambling Act 2005 came into force in 2007 and transferred a range of licensing responsibilities from the Gaming Board and local Magistrates Courts to local authorities and the newly formed Gambling Commission.
- 2.2 Licensable activities that fall within local authority control include bingo halls, betting shops, amusement arcades and casinos.
- 2.3 The Gambling Act 2005 requires licensing authorities to publish, every three years, a statement of the principles that they propose to apply in exercising their functions under the Act.
- 2.4 Hartlepool's current Statement of Licensing Principles was published in January 2013 and, as such, a new Statement must be published no later than January 2016.
- 2.5 The current Statement (available as **Appendix 1**) meets the requirements of the Act's statutory guidance and follows closely a best practice Statement initially produced by the Local Authority Co-ordinating Body for Regulatory Services (LACORS).
- 2.6 As there have been no national or local developments that would necessitate a change to the current policy the Licensing Committee determined at its

meeting on 17th June 2015 that it would be appropriate for it to be retained for a further three years, subject to the result of consultation at a local and national level.

- 2.7 Consultation was carried out between July and October 2015 and four responses were received and subsequently considered by the Licensing Committee at its meeting on 4th November 2015.

2.8 Casinos

- 2.9 The Gambling Act also provides an opportunity for licensing authorities to adopt a resolution not to issue casino licences.

- 2.10 A 'No Casino' resolution was passed in 2007 and retained in 2010 and 2013 but the matter must be specifically reconsidered each time a new Statement of Licensing Principles is adopted.

- 2.11 The Licensing Committee determined at its meeting on 4th November 2015 that the draft Statement, including a 'No Casino' resolution, should be recommended to full Council for adoption.

3. PROPOSALS

- 3.1 The Licensing Committee has recommended the adoption of a Statement of Licensing Principles as detailed in **Appendix 1**.

- 3.2 The Licensing Committee has also recommended that the Statement contains a resolution not to issue casino licences. 'No Casino' resolutions are expressly permitted by virtue of s166 of the Gambling Act.

- 3.3 The Licensing Committee consider that a 'No Casino' resolution is appropriate as a casino may provide an environment that may harm vulnerable persons who may gamble beyond their means.

- 3.4 Formal adoption of the Statement of Licensing Principles and a 'No Casino' resolution are non-executive functions and approval by full Council is required.

4. RECOMMENDATIONS

- 4.1 That Council accept the Licensing Committee's recommendation and approve the adoption of the draft Statement of Licensing Principles as detailed in **Appendix 1** with effect from 4th January 2016.

- 4.2 That Council accept the Licensing Committee's recommendation and approve the adoption of a 'No Casino' resolution for the reasons detailed in paragraph 3.3 above.

5. BACKGROUND PAPERS

Licensing Committee Report and minutes 17th June 2015
Licensing Committee Report 4th November 2015

6. CONTACT OFFICER

Louise Wallace
Director of Public Health
Hartlepool Borough Council

Tel: 01429 284030
Louise.wallace@hartlepool.gov.uk

STATEMENT OF PRINCIPLES Gambling Act 2005 (Published XX January 2016)



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This Statement of Licensing Principles was approved by Hartlepool Borough Council on XXXXX.

All references to the Guidance refer to the Gambling Commission's Guidance to Licensing Authorities, 4th Edition, published September 2012.

PART A**1. The Licensing Objectives**

1.1 In exercising most of their functions under the Gambling Act 2005, licensing authorities must have regard to the licensing objectives as set out in section 1 of the Act. The licensing objectives are:

- Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime
- Ensuring that gambling is conducted in a fair and open way
- Protecting children and other vulnerable persons from being harmed or exploited by gambling

1.2 It should be noted that the Gambling Commission has stated: “The requirement in relation to children is explicitly to protect them from being harmed or exploited by gambling”.

1.3 This licensing authority is aware that, as per Section 153, in making decisions about premises licences and temporary use notices it should aim to permit the use of premises for gambling in so far as it thinks it:

- In accordance with any relevant code of practice issued by the Gambling Commission
- In accordance with any relevant guidance issued by the Gambling Commission
- Reasonably consistent with the licensing objectives and
- In accordance with the authority’s statement of licensing policy

2. Introduction

2.1 Hartlepool is situated on the North East coast of England. The Borough consists of the town of Hartlepool and a number of small outlying villages. The total area of the Borough is 9,390 hectares.

2.2 Hartlepool is a unitary authority, providing a full range of services. It adjoins Durham to the north, Sedgefield District Council to the west and Stockton on Tees Borough Council to the south. The residential population is 90,161 of which ethnic minorities comprise 1.2% (2001 census).

2.3 Licensing authorities are required by the Gambling Act 2005 to publish a statement of the principles which they propose to apply when exercising their functions. This statement must be published at least every three years. The statement must also be reviewed from “time to time” and any amended parts re-consulted upon. The statement must be then re-published.

2.4 Hartlepool Borough Council consulted widely on this statement before it was published. A list of those persons consulted is contained in Appendix I.

2.5 The Gambling Act requires that the following parties are consulted by licensing authorities:

- The Chief Officer of Police;

- One or more persons who appear to the authority to represent the interests of persons carrying on gambling businesses in the authority's area;
 - One or more persons who appear to the authority to represent the interests of persons who are likely to be affected by the exercise of the authority's functions under the Gambling Act 2005.
- 2.6 Our consultation took place between July and October 2015 and we followed the Code of Practice on Consultations published by HM Government in 2008 which is available at <http://www.bis.gov.uk/files/file47158.pdf>.
- 2.7 The policy was approved at a meeting of the Full Council on XXXXX and was published via our website on XXXXX. Hard copies of the policy are available on request from the address detailed below.
- 2.8 Should you have any comments as regards this policy statement, or the consultation process, please send them via e-mail or letter to the following contact:
- Trading Standards & Licensing Manager
Hartlepool Borough Council
Civic Centre
Victoria Road
Hartlepool
TS24 8AY
- e-mail: licensing@hartlepool.gov.uk
- 2.9 It should be noted that this statement of licensing principles will not override the right of any person to make an application (other than for a casino), make representations about an application, or apply for a review of a licence, as each will be considered on its own merits and according to the statutory requirements of the Gambling Act 2005.

3. Declaration

- 3.1 In producing the final statement, this licensing authority declares that it has had regard to the licensing objectives of the Gambling Act 2005, the Guidance to Licensing Authorities issued by the Gambling Commission, and any responses from those consulted on the statement.

4. Responsible Authorities

- 4.1 **The licensing authority is required by regulations to state the principles it will apply in exercising its powers under Section 157(h) of the Act to designate, in writing, a body which is competent to advise the authority about the protection of children from harm. The principles are:**
- the need for the body to be responsible for an area covering the whole of the licensing authority's area; and
 - the need for the body to be answerable to democratically elected persons, rather than any particular vested interest group.
- 4.2 Hartlepool Borough Council designates the Local Safeguarding Children Board for this purpose.

- 4.3 The contact details of all the Responsible Authorities under the Gambling Act 2005 are available via the Council's website at: www.hartlepool.gov.uk/licensing.

5. Interested parties

- 5.1 Interested parties can make representations about licence applications, or apply for a review of an existing licence. These parties are defined in the Gambling Act 2005 as follows:
- 5.2 "For the purposes of this Part a person is an interested party in relation to an application for or in respect of a premises licence if, in the opinion of the licensing authority which issues the licence or to which the applications is made, the person-
- a) lives sufficiently close to the premises to be likely to be affected by the authorised activities,
 - b) has business interests that might be affected by the authorised activities, or
 - c) represents persons who satisfy paragraph (a) or (b)"
- 5.3 The licensing authority is required by regulations to state the principles it will apply in exercising its powers under the Gambling Act 2005 to determine whether a person is an interested party. The principles are:
- 5.4 Each case will be decided upon its merits. This authority will not apply a rigid rule to its decision making. It will consider the examples of considerations provided in the Gambling Commission's Guidance to Licensing Authorities at 8.11 to 8.19. It will also consider the Gambling Commission's Guidance that "has business interests" should be given the widest possible interpretation and include partnerships, charities, faith groups and medical practices.
- 5.5 Interested parties can be persons who are democratically elected such as councillors and MP's. No specific evidence of being asked to represent an interested person will be required as long as the councillor / MP represents the ward likely to be affected. Likewise, parish councils likely to be affected will be considered to be interested parties. Other than these however, this authority will generally require written evidence that a person/body (e.g. an advocate / relative) 'represents' someone who either lives sufficiently close to the premises to be likely to be affected by the authorised activities and/or has business interests that might be affected by the authorised activities. A letter from one of these persons, requesting the representation is sufficient.
- 5.6 If individuals wish to approach councillors to ask them to represent their views then care should be taken that the councillors are not part of the Licensing Committee dealing with the licence application. If there are any doubts then please contact the licensing department at the Civic Centre, Hartlepool.

6. Exchange of Information

- 6.1 Licensing authorities are required to include in their statements the principles to be applied by the authority in exercising the functions under sections 29 and 30 of the Act with respect to the exchange of information between it and the Gambling Commission, and the functions under section 350 of the Act with the respect to the exchange of information between it and the other persons listed in Schedule 6 to the Act.

6.2 The principle that this licensing authority applies is that it will act in accordance with the provisions of the Gambling Act 2005 in its exchange of information which includes the provision that the Data Protection Act 1998 will not be contravened. The licensing authority will also have regard to any Guidance issued by the Gambling Commission on this matter, as well as any relevant regulations issued by the Secretary of State under the powers provided in the Gambling Act 2005.

6.3 Should any protocols be established as regards information exchange with other bodies then they will be made available.

7. Enforcement

7.1 Licensing authorities are required by regulation under the Gambling Act 2005 to state the principles to be applied by the authority in exercising the functions under Part 15 of the Act with respect to the inspection of premises; and the powers under section 346 of the Act to institute criminal proceedings in respect of the offences specified.

7.2 This licensing authority's principles are that:

7.3 It will be guided by the Gambling Commission's Guidance to Licensing Authorities and will endeavour to be:

- Proportionate: regulators should only intervene when necessary: remedies should be appropriate to the risk posed, and costs identified and minimised;
- Accountable: regulators must be able to justify decisions, and be subject to public scrutiny;
- Consistent: rules and standards must be joined up and implemented fairly;
- Transparent: regulators should be open, and keep regulations simple and user friendly; and
- Targeted: regulation should be focused on the problem, and minimise side effects.

7.4 As per the Gambling Commission's Guidance to Licensing Authorities this licensing authority will endeavour to avoid duplication with other regulatory regimes so far as possible.

7.5 This licensing authority has adopted and implemented a risk-based inspection programme, based on;

- The licensing objectives
- Relevant codes of practice
- Guidance issued by the Gambling Commission, in particular at Part 36
- The principles set out in this statement of licensing policy

7.6 The main enforcement and compliance role for this licensing authority in terms of the Gambling Act 2005 is to ensure compliance with the premises licences and other permissions which it authorises. The Gambling Commission is the enforcement body for the operating and personal licences. It is also worth noting that concerns about manufacture, supply or repair of gaming machines are not dealt with by the licensing authority but should be notified to the Gambling Commission.

7.7 This licensing authority also keeps itself informed of developments as regards the work of the Better Regulation Executive in its consideration of the regulatory functions of local authorities.

7.8 Bearing in mind the principle of transparency, this licensing authority's enforcement/compliance protocols/written agreements are available upon request to the licensing department, Hartlepool Borough Council, Civic Centre, Hartlepool, TS24 8AY. Our risk methodology is also available upon request.

8. Licensing authority functions

8.1 Licensing authorities are required under the Act to:

- Be responsible for the licensing of premises where gambling activities are to take place by issuing *Premises Licences*
- Issue *Provisional Statements*
- Regulate *members' clubs* and *miners' welfare institutes* who wish to undertake certain gaming activities via issuing Club Gaming Permits and/or Club Machine Permits
- Issue *Club Machine Permits* to *Commercial Clubs*
- Grant permits for the use of certain lower stake gaming machines at *unlicensed Family Entertainment Centres*
- Receive notifications from alcohol licensed premises (under the Licensing Act 2003) for the use of two or fewer gaming machines
- Issue *Licensed Premises Gaming Machine Permits* for premises licensed to sell/supply alcohol for consumption on the licensed premises, under the Licensing Act 2003, where there are more than two machines
- Register *small society lotteries* below prescribed thresholds
- Issue *Prize Gaming Permits*
- Receive and Endorse *Temporary Use Notices*
- Receive *Occasional Use Notices*
- Provide information to the Gambling Commission regarding details of licences issued (see section above on 'information exchange')
- Maintain registers of the permits and licences that are issued under these functions

8.2 It should be noted that licensing authorities are not to be involved in licensing remote gambling at all, which is regulated by the Gambling Commission via operating licences.

PART B
PREMISES LICENCES: CONSIDERATION OF APPLICATIONS

9. General Principles

9.1 Premises licences are subject to the requirements set out in the Gambling Act 2005 and regulations, as well as specific mandatory and default conditions which are detailed in regulations issued by the Secretary of State. Licensing authorities are able to exclude default conditions and also attach others, where it is believed to be appropriate.

9.2 (i) Decision-making

9.3 This licensing authority is aware that in making decisions about premises licences it should aim to permit the use of premises for gambling in so far as it thinks it:

- in accordance with any relevant code of practice issued by the Gambling Commission;
- in accordance with any relevant guidance issued by the Gambling Commission;
- reasonably consistent with the licensing objectives; and
- in accordance with the authority's statement of licensing policy.

9.4 It is appreciated that as per the Gambling Commission's Guidance to Licensing Authorities "moral objections to gambling are not a valid reason to reject applications for premises licences" (except as regards any 'no casino resolution' - see section on Casinos - page 12) and also that unmet demand is not a criterion for a licensing authority.

9.5 **Definition of "premises"** – In the Act, "premises" is defined as including "any place". Section 152 therefore prevents more than one premises licence applying to any place. But a single building could be subject to more than one premises licence, provided they are for different parts of the building and the different parts of the building can be reasonably regarded as being different premises. This approach has been taken to allow large, multiple unit premises such as a pleasure park, pier, track or shopping mall to obtain discrete premises licences, where appropriate safeguards are in place. However, licensing authorities should pay particular attention if there are issues about sub-divisions of a single building or plot and should ensure that mandatory conditions relating to access between premises are observed.

9.6 The Gambling Commission states in the third edition of its Guidance to Licensing Authorities that: "In most cases the expectation is that a single building / plot will be the subject of an application for a licence, for example, 32 High Street. But, that does not mean 32 High Street cannot be the subject of separate premises licences for the basement and ground floor, if they are configured acceptably. Whether different parts of a building can properly be regarded as being separate premises will depend on the circumstances. The location of the premises will clearly be an important consideration and the suitability of the division is likely to be a matter for discussion between the operator and the licensing officer. However, the Commission does not consider that areas of a building that are artificially or temporarily separated, for example by ropes or moveable partitions, can properly be regarded as different premises."

9.7 This licensing authority takes particular note of the Gambling Commission's Guidance to Licensing Authorities which states that: licensing authorities should take particular

care in considering applications for multiple licences for a building and those relating to a discrete part of a building used for other (non-gambling) purposes. In particular they should be aware of the following:

- The third licensing objective seeks to protect children from being harmed by gambling. In practice that means not only preventing them from taking part in gambling, but also preventing them from being in close proximity to gambling. Therefore premises should be configured so that children are not invited to participate in, have accidental access to or closely observe gambling where they are prohibited from participating.
- Entrances to and exits from parts of a building covered by one or more premises licences should be separate and identifiable so that the separation of different premises is not compromised and people do not “drift” into a gambling area. In this context it should normally be possible to access the premises without going through another licensed premises or premises with a permit.
- Customers should be able to participate in the activity names on the premises licence.

9.8 The Guidance also gives a list of factors which the licensing authority should be aware of, which may include:

- Do the premises have a separate registration for business rates
- Is the premises’ neighbouring premises owned by the same person or someone else?
- Can each of the premises be accessed from the street or a public passageway?
- Can the premises only be accessed from any other gambling premises?

9.9 This authority will consider these and other relevant factors in making its decision, depending on all the circumstances of the case.

9.10 **The Gambling Commission’s relevant access provisions for each premises type are reproduced below:**

9.11 **Casinos**

- The principal access entrance to the premises must be from a street (as defined at 7.23 of the Guidance)
- No entrance to a casino must be from premises that are used wholly or mainly by children and/or young persons
- No customer must be able to enter a casino directly from any other premises which holds a gambling premises licence

9.12 **Adult Gaming Centre**

- No customer must be able to access the premises directly from any other licensed gambling premises

9.13 **Betting Shops**

- Access must be from a street (as per para 7.23 Guidance to Licensing Authorities) or from another premises with a betting premises licence
- No direct access from a betting shop to another premises used for the retail sale of merchandise or services. In effect there cannot be an entrance to a betting shop

from a shop of any kind and you could not have a betting shop at the back of a café – the whole area would have to be licensed.

9.14 Tracks

- No customer should be able to access the premises directly from:
 - a casino
 - an adult gaming centre

9.15 Bingo Premises

- No customer must be able to access the premise directly from:
 - a casino
 - an adult gaming centre
 - a betting premises, other than a track

9.16 Family Entertainment Centre

- No customer must be able to access the premises directly from:
 - a casino
 - an adult gaming centre
 - a betting premises, other than a track

Part 7 of the Gambling Commission's Guidance to Licensing Authorities contains further guidance on this issue, which this authority will also take into account in its decision-making.

9.17 Premises “ready for gambling”

9.18 The Guidance states that a licence to use premises for gambling should only be issued in relation to premises that the licensing authority can be satisfied are going to be ready to be used for gambling in the reasonably near future, consistent with the scale of building or alterations required before the premises are brought into use.

9.19 If the construction of a premises is not yet complete, or if they need alteration, or if the applicant does not yet have a right to occupy them, then an application for a provisional statement should be made instead.

9.20 In deciding whether a premises licence can be granted where there are outstanding construction or alteration works at a premises, this authority will determine applications on their merits, applying a two stage consideration process:-

- First, whether the premises ought to be permitted to be used for gambling
- Second, whether appropriate conditions can be put in place to cater for the situation that the premises are not yet in the state in which they ought to be before gambling takes place.

9.21 Applicants should note that this authority is entitled to decide that it is appropriate to grant a licence subject to conditions, but it is not obliged to grant such a licence.

9.22 More detailed examples of the circumstances in which such a licence may be granted can be found at paragraphs 7.59-7.66 of the Guidance.

9.23 **Location** - This licensing authority is aware that demand issues cannot be considered with regard to the location of premises but that considerations in terms of the licensing objectives are relevant to its decision-making. As per the Gambling Commission's Guidance to Licensing Authorities, this authority will pay particular attention to the protection of children and vulnerable persons from being harmed or exploited by gambling, as well as issues of crime and disorder. Should any specific policy be decided upon as regards areas where gambling premises should not be located, this statement will be updated. It should be noted that any such policy does not preclude any application being made and each application will be decided on its merits, with the onus upon the applicant showing how potential concerns can be overcome.

9.24 **Planning** - The Gambling Commission Guidance to Licensing Authorities states:

7.59 – In determining applications the licensing authority has a duty to take into consideration all relevant matters and not to take into consideration any irrelevant matters, i.e. those not related to gambling and the licensing objectives. One example of an irrelevant matter would be the likelihood of the applicant obtaining planning permission or building regulations approval for their proposal.

9.25 This authority will not take into account irrelevant matters as per the above guidance. In addition this authority notes the following excerpt from the Guidance:

7.66 - When dealing with a premises licence application for finished buildings, the licensing authority should not take into account whether those buildings have or comply with the necessary planning or building consents. Those matters should be dealt with under relevant planning control and building regulation powers, and not form part of the consideration for the premises licence. Section 210 of the 2005 Act prevents licensing authorities taking into account the likelihood of the proposal by the applicant obtaining planning or building consent when considering a premises licence application. Equally the grant of a gambling premises licence does not prejudice or prevent any action that may be appropriate under the law relating to planning or building.

9.26 **Duplication with other regulatory regimes** - This licensing authority seeks to avoid any duplication with other statutory / regulatory systems where possible, including planning. This authority will not consider whether a licence application is likely to be awarded planning permission or building regulations approval, in its consideration of it. It will though, listen to, and consider carefully, any concerns about conditions which are not able to be met by licensees due to planning restrictions, should such a situation arise.

9.27 When dealing with a premises licence application for finished buildings, this authority will not take into account whether those buildings have to comply with the necessary planning or buildings consents. Fire or health and safety risks will not be taken into account, as these matters are dealt with under relevant planning control, buildings and other regulations and must not form part of the consideration for the premises licence.

9.28 **Licensing objectives** - Premises licences granted must be reasonably consistent with the licensing objectives. With regard to these objectives, this licensing authority has considered the Gambling Commission's Guidance to Licensing Authorities and some comments are made below.

9.29 **Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime** - This licensing authority is

aware that the Gambling Commission takes a leading role in preventing gambling from being a source of crime. The Gambling Commission's Guidance does however envisage that licensing authorities should pay attention to the proposed location of gambling premises in terms of this licensing objective. Thus, where an area has known high levels of organised crime this authority will consider carefully whether gambling premises are suitable to be located there and whether conditions may be suitable such as the provision of door supervisors. This licensing authority is aware of the distinction between disorder and nuisance and will consider factors (for example whether police assistance was required and how threatening the behaviour was to those who could see it) so as to make that distinction.

- 9.30 Ensuring that gambling is conducted in a fair and open way - **This licensing authority has noted that the Gambling Commission states that it generally does not expect licensing authorities to be concerned with ensuring that gambling is conducted in a fair and open way as this will be addressed via operating and personal licences.**
- 9.31 **Protecting children and other vulnerable persons from being harmed or exploited by gambling** - This licensing authority has noted the Gambling Commission's Guidance that this objective means preventing children from taking part in gambling (as well as restriction of advertising so that gambling products are not aimed at or are, particularly attractive to children). The licensing authority will therefore consider, as suggested in the Gambling Commission's Guidance, whether specific measures are required at particular premises, with regard to this licensing objective. Appropriate measures may include supervision of entrances / machines, segregation of areas etc.
- 9.32 This licensing authority is also aware of the Gambling Commission Codes of Practice as regards this licensing objective, in relation to specific premises.
- 9.33 As regards the term "vulnerable persons" it is noted that the Gambling Commission does not seek to offer a definition but states that "it will for regulatory purposes assume that this group includes people who gamble more than they want to; people who gamble beyond their means; and people who may not be able to make informed or balanced decisions about gambling due to a mental impairment, alcohol or drugs." This licensing authority will consider this licensing objective on a case by case basis.
- 9.34 **Conditions** - Any conditions attached to licences will be proportionate and will be:
- relevant to the need to make the proposed building suitable as a gambling facility;
 - directly related to the premises and the type of licence applied for;
 - fairly and reasonably related to the scale and type of premises; and
 - reasonable in all other respects.
- 9.35 Decisions upon individual conditions will be made on a case by case basis, although there will be a number of measures this licensing authority will consider utilising should there be a perceived need, such as the use of supervisors, appropriate signage for adult only areas etc. There are specific comments made in this regard under some of the licence types below. This licensing authority will also expect the licence applicant to offer his/her own suggestions as to way in which the licensing objectives can be met effectively.
- 9.36 This licensing authority will also consider specific measures which may be required for buildings which are subject to multiple premises licences. Such measures may include

the supervision of entrances; segregation of gambling from non-gambling areas frequented by children; and the supervision of gaming machines in non-adult gambling specific premises in order to pursue the licensing objectives. These matters are in accordance with the Gambling Commission's Guidance.

9.37 This authority will also ensure that where category C or above machines are on offer in premises to which children are admitted:

- all such machines are located in an area of the premises which is separated from the remainder of the premises by a physical barrier which is effective to prevent access other than through a designated entrance;
- only adults are admitted to the area where these machines are located;
- access to the area where the machines are located is supervised;
- the area where these machines are located is arranged so that it can be observed by the staff or the licence holder; and
- at the entrance to and inside any such areas there are prominently displayed notices indicating that access to the area is prohibited to persons under 18.

9.38 These considerations will apply to premises including buildings where multiple premises licences are applicable.

9.39 This licensing authority is aware that tracks may be subject to one or more than one premises licence, provided each licence relates to a specified area of the track. As per the Gambling Commission's Guidance, this licensing authority will consider the impact upon the third licensing objective and the need to ensure that entrances to each type of premises are distinct and that children are excluded from gambling areas where they are not permitted to enter.

9.40 It is noted that there are conditions which the licensing authority cannot attach to premises licences which are:

- any condition on the premises licence which makes it impossible to comply with an operating licence condition;
- conditions relating to gaming machine categories, numbers, or method of operation;
- conditions which provide that membership of a club or body be required (the Gambling Act 2005 specifically removes the membership requirement for casino and bingo clubs and this provision prevents it being reinstated; and
- conditions in relation to stakes, fees, winning or prizes.

9.41 **Door Supervisors** - The Gambling Commission advises in its Guidance to Licensing Authorities that if a licensing authority is concerned that a premises may attract disorder or be subject to attempts at unauthorised access (for example by children and young persons) then it may require that the entrances to the premises are controlled by a door supervisor, and is entitled to impose a premises licence to this effect.

9.42 Where it is decided that supervision of entrances/machines is appropriate for particular cases, a consideration of whether these need to be SIA licensed or not will be necessary. It will not be automatically assumed that they need to be licensed, as the statutory requirements for different types of premises vary (as per the Guidance, Part 33).

10. Adult Gaming Centres

10.1 This licensing authority will specifically have regard to the need to protect children and vulnerable persons from harm or being exploited by gambling and will expect the applicant to satisfy the authority that there will be sufficient measures to, for example, ensure that under 18 year olds do not have access to the premises.

10.2 This licensing authority may consider measures to meet the licensing objectives such as:

- Proof of age schemes
- CCTV
- Supervision of entrances / machine areas
- Physical separation of areas
- Location of entry
- Notices / signage
- Specific opening hours
- Self-exclusion schemes
- Provision of information leaflets / helpline numbers for organisations such as GamCare.

This list is not mandatory, nor exhaustive, and is merely indicative of example measures.

11. (Licensed) Family Entertainment Centres:

11.1 This licensing authority will specifically have regard to the need to protect children and vulnerable persons from harm or being exploited by gambling and will expect the applicant to satisfy the authority, for example, that there will be sufficient measures to ensure that under 18 year olds do not have access to the adult only gaming machine areas.

11.2 This licensing authority may consider measures to meet the licensing objectives such as:

- CCTV
- Supervision of entrances / machine areas
- Physical separation of areas
- Location of entry
- Notices / signage
- Specific opening hours
- Self-exclusion schemes
- Provision of information leaflets / helpline numbers for organisations such as GamCare.
- Measures / training for staff on how to deal with suspected truant school children on the premises

11.3 This list is not mandatory, nor exhaustive, and is merely indicative of example measures.

11.4 This licensing authority will, as per the Gambling Commission's guidance, refer to the Commission's website to see any conditions that apply to operating licences covering

the way in which the area containing the category C machines should be delineated. This licensing authority will also make itself aware of any mandatory or default conditions on these premises licences, when they have been published.

12. Casinos

- 12.1 This licensing authority has passed a 'no casino' resolution on the basis that whilst it recognises that gambling can be an enjoyable and harmless activity for many, it believes that a casino may provide an environment that may harm vulnerable persons who may gamble beyond their means.
- 12.2 Potential licence applicants should note that as a 'no-casino' resolution has been passed by this authority no applications for casino premises licences will be considered. Any applications received will be returned with a notification that a 'no-casino' resolution is in place.

13. Bingo premises

- 13.1 This licensing authority notes that the Gambling Commission's Guidance states:

18.4 Licensing authorities will need to satisfy themselves that bingo can be played in any bingo premises for which they issue a premises licence. This will be a relevant consideration where the operator of an existing bingo premises applies to vary their licence to exclude an area of the existing premises from its ambit and then applies for a new premises licence, or multiple licences, for that or those excluded areas.

- 13.2 This authority also notes the Guidance at paragraph 18.8 regarding the unusual circumstances in which the splitting of a pre-existing premises into two adjacent premises might be permitted, and in particular that it is not permissible to locate sixteen category B3 gaming machines in one of the resulting premises, as the gaming machine entitlement for that premises would be exceeded.

18.7 Children and young people are allowed into bingo premises; however they are not permitted to participate in the bingo and if category B or C machines are made available for use these must be separated from areas where children and young people are allowed.

14. Betting premises

- 14.1 *Betting machines* - This licensing authority will, as per the Gambling Commission's Guidance, take into account the size of the premises, the number of counter positions available for person-to-person transactions, and the ability of staff to monitor the use of the machines by children and young persons (it is an offence for those under 18 to bet) or by vulnerable people, when considering the number/nature/circumstances of betting machines an operator wants to offer.

15. Travelling Fairs

- 15.1 This licensing authority is responsible for deciding whether, where category D machines and / or equal chance prize gaming without a permit is to be made available for use at travelling fairs, the statutory requirement that the facilities for gambling amount to no more than an ancillary amusement at the fair is met.

15.2 The licensing authority will also consider whether the applicant falls within the statutory definition of a travelling fair.

15.3 It is noted that the 27-day statutory maximum for the land being used as a fair applies on a per calendar year basis, and that it applies to the piece of land on which the fairs are held, regardless of whether it is the same or different travelling fairs occupying the land. This licensing authority will work with its neighbouring authorities to ensure that land which crosses our boundaries is monitored so that the statutory limits are not exceeded.

16. Provisional Statements

16.1 Developers may wish to apply to this authority for provisional statements before entering into a contract to buy or lease property or land to judge whether a development is worth taking forward in light of the need to obtain a premises licence. There is no need for the applicant to hold an operating licence in order to apply for a provisional statement.

16.2 S204 of the Gambling Act provides for a person to make an application to the licensing authority for a provisional statement in respect of premises that he or she:

- expects to be constructed;
- expects to be altered; or
- expects to acquire a right to occupy.

16.3 The process for considering an application for a provisional statement is the same as that for a premises licence application. The applicant is obliged to give notice of the application in the same way as applying for a premises licence. Responsible authorities and interested parties may make representations and there are rights of appeal.

16.4 In contrast to the premises licence application, the applicant does not have to hold or have applied for an operating licence from the Gambling Commission (except in the case of a track) and they do not have to have a right to occupy the premises in respect of which their provisional application is made.

16.5 The holder of a provisional statement may then apply for a premises licence once the premises are constructed, altered or acquired. The licensing authority will be constrained in the matters it can consider when determining the premises licence application, and in terms of representations about premises licence applications that follow the grant of a provisional statement, no further representations from relevant authorities or interested parties can be taken into account unless:

- they concern matters which could not have been addressed at the provisional statement stage, or
- they reflect a change in the applicant's circumstances.

16.6 In addition, the authority may refuse the premises licence (or grant it on terms different to those attached to the provisional statement) only by reference to matters:

- which could not have been raised by objectors at the provisional statement stage;
- which in the authority's opinion reflect a change in the operator's circumstances;
- or
- where the premises has not been constructed in accordance with the plan

submitted with the application. This must be a substantial change to the plan and this licensing authority notes that it can discuss any concerns it has with the applicant before making a decision.

17. Reviews:

- 17.1 Requests for a review of a premises licence can be made by interested parties or responsible authorities; however, it is for the licensing authority to decide whether the review is to be carried-out. This will be on the basis of whether the request for the review is relevant to the matters listed below;
- in accordance with any relevant Code of Practice issued by the Gambling Commission;
 - in accordance with any relevant guidance issued by the Gambling Commission;
 - reasonably consistent with the licensing objectives; and
 - in accordance with the authority's statement of principles.
- 17.2 The request for the review will also be subject to the consideration by the authority as to whether the request is frivolous, vexatious, or whether it will certainly not cause this authority to wish to alter/revoke/suspend the licence, or whether it is substantially the same as previous representations or requests for review.
- 17.3 The licensing authority can also initiate a review of a particular premises licence, or a particular class of premises licence on the basis of any reason which it thinks is appropriate.
- 17.4 Once a valid application for a review has been received by the licensing authority, representations can be made by responsible authorities and interested parties during a 28 day period. This period begins 7 days after the application was received by the licensing authority, who will publish notice of the application within 7 days of receipt.
- 17.5 The licensing authority must carry out the review as soon as possible after the 28 day period for making representations has passed.
- 17.6 The purpose of the review will be to determine whether the licensing authority should take any action in relation to the licence. If action is justified, the options open to the licensing authority are:-
- (a) add, remove or amend a licence condition imposed by the licensing authority;
 - (b) exclude a default condition imposed by the Secretary of State or Scottish Ministers (e.g. opening hours) or remove or amend such an exclusion;
 - (c) suspend the premises licence for a period not exceeding three months; and
 - (d) revoke the premises licence.
- 17.7 In determining what action, if any, should be taken following a review, the licensing authority must have regard to the principles set out in section 153 of the Act, as well as any relevant representations.
- 17.8 In particular, the licensing authority may also initiate a review of a premises licence on the grounds that a premises licence holder has not provided facilities for gambling at the premises. This is to prevent people from applying for licences in a speculative manner without intending to use them.

17.9 Once the review has been completed, the licensing authority must, as soon as possible, notify its decision to:

- the licence holder
- the applicant for review (if any)
- the Commission
- any person who made representations
- the chief officer of police or chief constable; and
- Her Majesty's Commissioners for Revenue and Customs

PART C
Permits / Temporary & Occasional Use Notice

18. Unlicensed Family Entertainment Centre gaming machine permits (Statement of Principles on Permits - Schedule 10 paragraph 7)

- 18.1 Where a premises does not hold a premises licence but wishes to provide gaming machines, it may apply to the licensing authority for this permit. It should be noted that the applicant must show that the premises will be wholly or mainly used for making gaming machines available for use (Section 238).
- 18.2 The Gambling Act 2005 states that a licensing authority may prepare a *statement of principles* that they propose to consider in determining the suitability of an applicant for a permit and in preparing this statement, and/or considering applications, it need not (but may) have regard to the licensing objectives and shall have regard to any relevant guidance issued by the Commission under section 25. The Gambling Commission's Guidance to Licensing Authorities also states: "In their three year licensing policy statement, licensing authorities may include a statement of principles that they propose to apply when exercising their functions in considering applications for permits...., licensing authorities will want to give weight to child protection issues." (24.6)
- 18.3 Guidance also states: "...An application for a permit may be granted only if the licensing authority is satisfied that the premises will be used as an unlicensed FEC, and if the chief officer of police has been consulted on the application....Licensing authorities might wish to consider asking applications to demonstrate:
- a full understanding of the maximum stakes and prizes of the gambling that is permissible in unlicensed FECs;
 - that the applicant has no relevant convictions (those that are set out in Schedule 7 of the Act; and
 - that staff are trained to have a full understanding of the maximum stakes and prizes. (24.7)
- 18.4 It should be noted that a licensing authority cannot attach conditions to this type of permit.
- 18.5 Statement of Principles This licensing authority will expect the applicant to show that there are policies and procedures in place to protect children from harm. Harm in this context is not limited to harm from gambling but includes wider child protection considerations. The efficiency of such policies and procedures will each be considered on their merits, however, they may include appropriate measures / training for staff as regards suspected truant school children on the premises, measures / training covering how staff would deal with unsupervised very young children being on the premises, or children causing perceived problems on / around the premises. This licensing authority will also expect, as per Gambling Commission Guidance, that applicants demonstrate a full understanding of the maximum stakes and prizes of the gambling that is permissible in unlicensed FECs; that the applicant has no relevant convictions (those that are set out in Schedule 7 of the Act); and that staff are trained to have a full understanding of the maximum stakes and prizes.

19. (Alcohol) Licensed premises gaming machine permits - (Schedule 13 paragraph 4(1)) - Automatic entitlement: 2 machines

19.1 There is provision in the Act for premises licensed to sell alcohol for consumption on the premises to automatically have 2 gaming machines, of categories C and/or D. The premises merely need to notify the licensing authority.

19.2 The licensing authority can remove the automatic authorisation in respect of any particular premises if:

- provision of the machines is not reasonably consistent with the pursuit of the licensing objectives;
- gaming has taken place on the premises that breaches a condition of section 282 of the Gambling Act (i.e. that written notice has been provided to the licensing authority, that a fee has been provided and that any relevant code of practice issued by the Gambling Commission about the location and operation of the machine has been complied with);
- the premises are mainly used for gaming; or
- an offence under the Gambling Act has been committed on the premises.

19.3 Permit: 3 or more machines

19.4 If a premises wishes to have more than 2 machines, then it needs to apply for a permit and the licensing authority must consider that application based upon the licensing objectives, any guidance issued by the Gambling Commission issued under Section 25 of the Gambling Act 2005, and “*such matters as they think relevant.*”

19.5 This licensing authority considers that “such matters” will be decided on a case by case basis but generally there will be regard to the need to protect children and vulnerable persons from harmed or being exploited by gambling and will expect the applicant to satisfy the authority that there will be sufficient measures to ensure that under 18 year olds do not have access to the adult only gaming machines. Measures which will satisfy the authority that there will be no access may include the adult machines being in sight of the bar, or in the sight of staff who will monitor that the machines are not being used by those under 18. Notices and signage may also be help. As regards the protection of vulnerable persons, applicants may wish to consider the provision of information leaflets / helpline numbers for organisations such as GamCare.

19.6 It is recognised that some alcohol licensed premises may apply for a premises licence for their non-alcohol licensed areas. Any such application would most likely need to be applied for, and dealt with as an Adult Gaming Centre premises licence.

19.7 It should be noted that the licensing authority can decide to grant the application with a smaller number of machines and/or a different category of machines than that applied for. Conditions (other than these) cannot be attached.

19.8 It should also be noted that the holder of a permit must comply with any Code of Practice issued by the Gambling Commission about the location and operation of the machine.

20. Prize Gaming Permits

- 20.1 The Gambling Act 2005 states that a licensing authority may “prepare a statement of principles that they propose to apply in exercising their functions under this Schedule” which “may, in particular, specify matters that the licensing authority proposes to consider in determining the suitability of the applicant for a permit”.
- 20.2 This licensing authority has prepared a Statement of Principles which is that the applicant should set out the types of gaming that he or she is intending to offer and that the applicant should be able to demonstrate:
- that they understand the limits to stakes and prizes that are set out in Regulations;
 - that the gaming offered is within the law
 - Clear policies that outline the steps to be taken to protect children from harm.
- 20.3 In making its decision on an application for this permit the licensing authority does not need to (but may) have regard to the licensing objectives but must have regard to any Gambling Commission guidance. (Gambling Act 2005, Schedule 14 paragraph 8(3)).
- 20.4 It should be noted that there are conditions in the Gambling Act 2005 by which the permit holder must comply, but that the licensing authority cannot attach conditions. The conditions in the Act are:
- the limits on participation fees, as set out in regulations, must be complied with;
 - all chances to participate in the gaming must be allocated on the premises on which the gaming is taking place and on one day; the game must be played and completed on the day the chances are allocated; and the result of the game must be made public in the premises on the day that it is played;
 - the prize for which the game is played must not exceed the amount set out in regulations (if a money prize), or the prescribed value (if non-monetary prize); and
 - participation in the gaming must not entitle the player to take part in any other gambling.

21. Club Gaming and Club Machines Permits

- 21.1 Members Clubs and Miners' welfare institutes (but not Commercial Clubs) may apply for a Club Gaming Permit or a Clubs Gaming machines permit. The Club Gaming Permit will enable the premises to provide gaming machines (3 machines of categories B, C or D), equal chance gaming and games of chance as set-out in forthcoming regulations. A Club Gaming machine permit will enable the premises to provide gaming machines (3 machines of categories B, C or D).
- 21.2 Gambling Commission Guidance states: "Members clubs must have at least 25 members and be established and conducted “wholly or mainly” for purposes other than gaming, unless the gaming is permitted by separate regulations. The Secretary of State has made regulation and these cover bridge and whist clubs, which replicates the position under the Gambling Act 1968. A members' club must be permanent in nature, not established to make commercial profit, and controlled by its members equally. Examples include working men's clubs, branches of Royal British Legion and clubs with political affiliations."

21.3 The Commission Guidance also notes that "licensing authorities may only refuse an application on the grounds that:

- (a) the applicant does not fulfil the requirements for a members' or commercial club or miners' welfare institute and therefore is not entitled to receive the type of permit for which it has applied;
- (b) the applicant's premises are used wholly or mainly by children and/or young persons;
- (c) an offence under the Act or a breach of a permit has been committed by the applicant while providing gaming facilities;
- (d) a permit held by the applicant has been cancelled in the previous ten years; or
- (e) an objection has been lodged by the Commission or the police.

21.4 There is also a 'fast-track' procedure available under the Act for premises which hold a Club Premises Certificate under the Licensing Act 2003 (Schedule 12 paragraph 10). As the Gambling Commission's Guidance to Licensing Authorities states: "Under the fast-track procedure there is no opportunity for objections to be made by the Commission or the police, and the ground upon which an authority can refuse a permit are reduced." and "The grounds on which an application under the process may be refused are:

- (a) that the club is established primarily for gaming, other than gaming prescribed under schedule 12;
- (b) that in addition to the prescribed gaming, the applicant provides facilities for other gaming; or
- (c) that a club gaming permit or club machine permit issued to the applicant in the last ten years has been cancelled."

21.5 There are statutory conditions on club gaming permits that no child uses a category B or C machine on the premises and that the holder complies with any relevant provision of a code of practice about the location and operation of gaming machines.

22. Temporary Use Notices

22.1 Temporary Use Notices allow the use of premises for gambling where there is no premises licence but where a gambling operator wishes to use the premises temporarily for providing facilities for gambling. Premises that might be suitable for a Temporary Use Notice, according the Gambling Commission, would include hotels, conference centres and sporting venues.

22.2 The licensing authority can only grant a Temporary Use Notice to a person or company holding a relevant operating licence, i.e. a non-remote casino operating licence.

22.3 The Secretary of State has the power to determine what form of gambling can be authorised by Temporary Use Notices, and at the time of writing this Statement the relevant regulations (SI no 3157: The Gambling Act 2005 (Temporary Use Notices) Regulations 2007) state that Temporary Use Notices can only be used to permit the provision of facilities or equal chance gaming, where the gaming is intended to produce a single winner, which in practice means poker tournaments.

22.4 There are a number of statutory limits as regards Temporary Use Notices. The meaning of "premises" in Part 8 of the Act is discussed in Part 7 of the Gambling

Commission Guidance to Licensing Authorities. As with "premises", the definition of "a set of premises" will be a question of fact in the particular circumstances of each notice that is given. In the Act "premises" is defined as including "any place".

22.5 In considering whether a place falls within the definition of "a set of premises", the licensing authority needs to look at, amongst other things, the ownership/occupation and control of the premises.

22.6 This licensing authority expects to object to notices where it appears that their effect would be to permit regular gambling in a place that could be described as one set of premises, as recommended in the Gambling Commission's Guidance to Licensing Authorities.

23. Occasional Use Notices:

23.1 The licensing authority has very little discretion as regards these notices aside from ensuring that the statutory limit of 8 days in a calendar year is not exceeded. This licensing authority will though consider the definition of a 'track' and whether the applicant is permitted to avail him/herself of the notice.

PART D**SUMMARY OF LICENSING AUTHORITY DELEGATIONS PERMITTED
UNDER THE GAMBLING ACT**

Matter to be dealt with	Full Council	Sub-Committee of Licensing Committee	Officers
Final approval of three year licensing policy	X		
Policy not to permit casinos	X		
Application for premises licence		Where representations have been received and not withdrawn	Where no representations received/representati ons have been withdrawn
Application for a variation to a licence		Where representations have been received and not withdrawn	Where no representations received/representati ons have been withdrawn
Application for a transfer of a licence		Where representations have been received from the Commission	Where no representations received from the Commission
Application for a provisional statement		Where representations have been received and not withdrawn	Where no representations received/representati ons have been withdrawn
Review of a premises licence		X	
Application for club gaming/club machine permits		Where objections have been made (and not withdrawn)	Where no objections made/objections have been withdrawn
Cancellation of club gaming/club machine permits		X	
Applications for other permits			X
Cancellation of licensed premises gaming machine permits			X
Consideration of temporary use notice			X
Decision to give a counter notice to a temporary use notice		X	

CONTACT DETAILS, ADVICE & GUIDANCE

Further details regarding the licensing application process, including application forms, can be obtained from:

The Licensing Team
Hartlepool Borough Council
Civic Centre
Victoria Road
Hartlepool
TS24 8AY

Tel No: 01429 523354
Fax No: 01429 523308
Email: licensing@hartlepool.gov.uk
Web Site: www.hartlepool.gov.uk/licensing

CONSULTATION

The following individuals/agencies and organisations were consulted about this Statement of Licensing Principles between June and August 2015: -

The Mayor of Hartlepool
Hartlepool Borough Council councillors
Parish Councils
Chief of Cleveland Police
Cleveland Fire Service
Hartlepool Borough Council Planning Department
Hartlepool Borough Council Trading Standards Service
Hartlepool Borough Council Environmental Health
HMRC
Hartlepool Borough Council Safeguarding Board
Gamblers Anonymous
GamCare
British Beer and Pub Association
Association of British Bookmakers
Bingo Association
Remote Gambling Association
Business in Sport & Leisure
Casino Operators Association
BACTA
British Holiday & Home Parks Association
British Race Courses Association Ltd
British Casino Association



Report of: Licensing Committee

Subject: LICENSING ACT – LICENSING POLICY

1. PURPOSE OF REPORT

- 1.1 To provide Members with an opportunity to consider the adoption of a revised Licensing Policy as required by the Licensing Act 2003.

2. BACKGROUND

- 2.1 Section 5 of the Licensing Act 2003 states that each licensing authority must determine and publish a licensing policy every five years.
- 2.2 The current licensing policy became effective as of 1st January 2011 and, as such, a new or revised policy must be published no later than 1st January 2016.
- 2.3 A licensing policy details how the licensing authority intends to discharge its licensing functions and also details how it expects licence holders to contribute towards the promotion of the Act's four licensing objectives which are: -
- Prevention of public nuisance
 - Public safety
 - Prevention of crime and disorder
 - Protection of children from harm
- 2.4 A licensing policy does not create new obligations for existing licence holders but can be referred to when considering new applications or variations to existing licences.
- 2.5 A draft new policy was presented to the Licensing Committee at its meeting on 17th June 2015 and approval was given for a consultation exercise to be undertaken. A copy of this draft policy is attached as **Appendix 1**.
- 2.6 A consultation document was widely circulated between July and September 2015 and no responses were received.

3. PROPOSALS

- 3.1 The proposed policy does not differ significantly from the policy that has been in place since 2003 and which, in general terms, follows national guidance.
- 3.2 There are however, three proposed amendments to the current policy which, whilst having no impact on existing licences, would be matters that new licence applicants would be required to take into consideration when making an application: -
- i. The introduction of an expectation that ‘vertical drinking establishments’ will use plastic glasses after midnight
 - ii. The recognition that there may be a link between cheap alcohol and incidents of alcohol related violence and, as such, licence applicants would be required to demonstrate a responsible approach to alcohol pricing
 - iii. An amendment to the ‘cumulative impact area’ which has been part of the Council’s licensing policy since 2004
- 3.3 Formal adoption of the licensing policy is a non-executive function and approval by full Council is required.

4. RECOMMENDATIONS

- 4.1 That Council accept the Licensing Committee’s recommendation and approve the adoption of the draft Licensing Policy as detailed in **Appendix 1** with effect from 4th January 2016.
- 4.2 That Council accept the Licensing Committee’s recommendation and approve the adoption of a new ‘cumulative impact area’ as detailed in the licensing policy.

5. BACKGROUND PAPERS

- 5.1 Licensing Committee report and Minutes – 17th June 2015
Licensing Committee report – 4th November 2015

6. CONTACT OFFICER

Louise Wallace
Director of Public Health
Hartlepool Borough Council

Tel: 01429 284030
Louise.wallace@hartlepool.gov.uk



HARTLEPOOL BOROUGH COUNCIL

STATEMENT OF LICENSING POLICY

2016

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APPENDIX ONE

APPENDIX TWO

1. INTRODUCTION

- 1.1 This policy statement is based on the provisions of the Licensing Act 2003 and has taken full account of the Guidance issued under section 182 of the Licensing Act 2003 by the Secretary of State for the Department of Culture, Media and Sport (DCMS).
- 1.2 This policy will apply for a period of five years from 1st January 2016. It will be kept under review and revised/amended if considered appropriate to support the licensing objectives. Any policy changes or revisions will be subject to consultation.

The Borough of Hartlepool

- 1.3 Hartlepool Borough Council, acting as the licensing authority for the Licensing Act, recognises the benefits to Hartlepool of a thriving service economy and wishes to promote, wherever possible, a town that meets and exceeds the requirements of its residents and visitors. However, the licensing authority recognises that certain types of licensed premises, particularly those offering alcohol and/or music, may have a detrimental impact on those who live nearby through the escape of noise or the actions of patrons both on and off the premises.
- 1.4 The licensing authority intends to seek a balance between the needs of residents and local businesses by using this Licensing Policy, and other strategies, to promote and encourage well-managed, neighbour friendly licensed premises that represent a positive addition to life in Hartlepool.

Legal Background to this Policy Statement

- 1.5 Hartlepool Borough Council, acting as the licensing authority, is able to grant or reject applications for the sale of alcohol, the provision of regulated entertainment or late night refreshment. Conditions designed to ensure safety, protect children from harm, prevent crime, disorder and public nuisance will be attached to licences where appropriate. However, the ability of licensing authorities to grant licences and attach conditions is limited by provisions in the Act, Regulations made under the Act and by guidance from the Secretary of State. The licensing authority must have regard to the guidance and will deviate only where there are justifiable reasons for doing so.
- 1.6 In formulating this policy document the licensing authority has had regard to the provisions of the European Convention on Human Rights, recognising that everyone has the right to respect for his/her home and private life and that every person is entitled to the peaceful enjoyment of his/her possessions (including a licence).

- 1.7 The Human Rights Act 1998 makes it unlawful for a public authority to act in a way which will be incompatible with a convention right. The licensing authority will endeavour to ensure that any licensing decision does not cause a breach of a convention right.
- 1.8 The licensing authority in taking into account the provisions of the Crime & Disorder Act 1998 will also have regard to the likely effect of the exercise of their functions on crime and order in their area and do all they can to prevent such crime and disorder.

2. PURPOSE AND SCOPE OF THE LICENSING POLICY

Purpose

- 2.1 The licensing policy has four main purposes:
- To reinforce to elected Members on the Licensing Committee, the boundaries and powers of the local authority, and to provide them with parameters under which to make their decisions.
 - To inform the licence applicants of the parameters under which the authority will make licence decisions, and therefore how a licensed premises is likely to be able to operate within the area. (Note however that each case will be examined on an individual basis.)
 - To inform residents and businesses of the parameters under which the authority will make licence decisions, and therefore how their needs will be addressed.
 - To support decisions made by the licensing authority when these decisions are challenged in a court of law.

Scope

- 2.2 The Act is concerned about the supply and sale of alcohol, the provision of certain entertainment and late night refreshment.
- 2.3 Activities that require a licence under the Licensing Act 2003 and covered by this policy include:
- Retail sale of alcohol
 - Supply of hot food or drink from a premises from 23.00 to 05.00 hours
 - Supply of alcohol or provision of regulated entertainment to club members or guests
 - Provision of entertainment listed below (known as regulated entertainment) to the public or section of the public or club members or with a view to profit:

- Performances of a play
- Exhibition of a film
- Indoor sporting events
- A boxing or wrestling entertainment
- Live music performances
- Playing of recorded music
- Dance performances
- Provision of facilities for making music
- Provision of dancing facilities

- 2.4 The scope of the policy covers new applications, renewals where appropriate, transfers and variations of licences and certificates including where applicable temporary events notices. It will also include review of licences and certificates which may lead to the revocation of a licence or certificate.

3. TYPES OF LICENCES

Personal Licences

- 3.1 A personal licence will be granted where an applicant:
- is aged 18 or over
 - possesses an accredited licensing qualification
 - has not forfeited a personal licence in the last 5 years
 - has not been convicted of a relevant offence
- 3.2 The licensing authority will, however, reject any application where the applicant fails to meet a), b) or c).
- 3.3 Where an applicant has an “unspent” relevant conviction, the police may oppose the application. If such an objection is lodged a licensing hearing will be held. Where no such application is received from the police, the licensing authority will grant the licence.
- 3.4 At a hearing the licensing authority will consider carefully whether the granting of a licence will be in keeping with the promotion of the crime and disorder objective. Considerations will include the seriousness and relevance of the conviction(s), the period that has elapsed since the offence(s) were committed and any mitigating circumstances. The licensing authority will only grant the application if it is satisfied that doing so will promote this objective.
- 3.5 Reason(s): Prevention of crime and disorder is both an objective of the Licensing Act 2003 and an important responsibility of the Council under the Crime and Disorder Act 1998. The holder of a personal licence should be a person who is not only properly qualified but a person who will assist the fight against crime. Granting a licence to a known criminal will, in many cases, undermine rather than promote the crime and disorder objective.

Premises Licences and Club Premises Certificates

- 3.6 An application for a premises licence or club premises certificate must consist of: -
- an application form, in the prescribed format, detailing the licensable activities and proposed operating hours
 - an operating schedule
 - a plan of the premises to which the application relates
 - the appropriate fee
- 3.7 If the licensable activities include the sale of alcohol a consent form from the individual agreeing to be the designated premises supervisor will also be required (not required for club premises certificates).
- 3.8 The application must be advertised in the prescribed manner.

4. LICENSING PRINCIPLES

General

- 4.1 In carrying out its licensing functions the authority will promote the licensing objectives set out in the Act. These are:
- the prevention of crime and disorder;
 - public safety;
 - the prevention of public nuisance; and
 - the protection of children from harm
- 4.2 To achieve these objectives the authority will use its full range of powers and consider all relevant responsibilities including its planning controls, transport controls and crime and disorder policies. The authority will enter into appropriate partnership arrangements, working closely with the police, the fire authority, local businesses, community representatives and local people in meeting these objectives.
- 4.3 In determining a licence application the overriding principle adopted by the licensing authority will be that each application will be determined on its individual merits.
- 4.4 The Act covers the licensing of individuals for the retail sale of alcohol (personal licences), the licensing of premises for the retail sale of alcohol, the provision of regulated entertainment or late night refreshment (premises licences), the supply of alcohol and/or the provision of regulated entertainment from certain clubs (club premises certificates) and the permitting of certain licensable activities on a temporary basis (temporary event notices).

- 4.5 In general a reference in this policy to a licence will include a club premises certificate.

Duplication

- 4.7 So far as possible, this Policy is not intended to duplicate existing legislation and regulatory regimes that are already placed on employers and operators, e.g. Health and Safety at Work etc. Act 1974. Conditions in respect of public safety will be attached to licences only if they are considered necessary for the promotion of the licensing objectives. However, it is likely that there may be duplication with regard to the imposition of some planning conditions.

Licence Conditions

- 4.8 Licensing is about regulating the carrying on of licensable activities on licensed premises, by qualifying clubs and at temporary events within the terms of the 2003 Act. Conditions attached to various authorisations will be focused on matters which are within the control of individual licensees and others granted relevant authorisations.

Conditions will be specifically tailored to the premises and activities to be undertaken, with a view to ensuring the licensing objectives are achieved.

- 4.9 Licensing law is not a mechanism for the general control of anti-social behaviour by individuals once they are away from licensed premises and therefore beyond the direct control of the individual, club or business holding the licence, certificate or authorisation concerned.
- 4.10 The licensing authority will not impose blanket standard conditions. Licence conditions will be tailored to the individual application to help promote the licensing objectives. Where appropriate, conditions from the DCMS standard “pool” of conditions will be used. Licence conditions will not be imposed where it is considered that other regulatory regimes provide sufficient protection to the public e.g. health and safety at work and fire safety legislation.
- 4.11 In the spirit of openness, transparency and reasonableness, licensing authority officers will seek to discuss proposed conditions in advance with the applicant and/or representative with the aim of achieving a mutually agreeable level of protection to the public and fulfilment of the licensing objectives.

Alcohol Harm Reduction

- 4.12 The licensing authority recognises that for most people alcohol represents an enjoyable addition to well-balanced social activities. However, there is increasing concern that for some people alcohol misuse is leading to self harm and social nuisance.
- 4.13 In determining licence applications, the licensing authority will have regard to the Government's Alcohol Harm Reduction Strategy and commends to all applicants the Portman Code of Practice on the Naming, Packaging and Promotion of Alcoholic Drinks. The Code seeks to ensure that drinks are packaged and promoted in a socially responsible manner and only to those who are 18 years old or older.

Protection of Children

- 4.14 Whilst the protection of children from harm is a primary licensing objective, the licensing authority will not normally impose conditions restricting or prohibiting the admission of children to licensed premises, believing this should remain a matter of discretion for the licence holder and has taken account of the view of DCMS that the use of licensed premises by children should be encouraged. However, conditions designed to protect children will be imposed where necessary.
- 4.15 The licensing authority will not impose any licence conditions requiring the admission of children to licensed premises.
- 4.16 Examples of premises where the introduction of additional controls are likely to be necessary are:
- Where entertainment or services of an adult or sexual nature are commonly provided.
 - Where there have been convictions of members of the current staff at the premises for serving alcohol to minors or premises with a reputation for underage drinking.
 - Where there is a known association with drug taking or dealing.
 - Where there is a strong element of gambling on the premises.
 - Where the supply of alcohol for consumption on the premises is the exclusive or primary purpose of the services provided at the premises.
 - Where entertaining or providing facilities for the entertainment of children is a significant part of the premises' operation.
- 4.17 In such circumstances, additional conditions may be imposed where considered necessary for the prevention of harm to children. These may include: -
- Limitations on the hours when children may be present
 - Age limitations
 - Limitations on the parts of premises to which children will be given access
 - Requirements for accompanying adults

- Full exclusion of people under 18 from the premises when any licensable activities are taking place
- 4.18 Where the exhibition of films is permitted, the licensing authority will impose a condition requiring the exhibition of films to be limited to only those age groups recommended by either the British Board of Film Classification or the licensing authority. For such films, licensees must indicate in their operating schedules how such action will be assured. Only in exceptional cases will variations of this general rule be granted by the licensing authority and then only with appropriate safeguards.
- 4.19 In relation to specialist Film Festivals where it is desired to show films not classified by the BBFC the Licensing authority will, provided adequate notice has been given, classify the films concerned. Information regarding such classifications will be available for inspection at the Civic Centre, Victoria Road, Hartlepool. To achieve consistency and the protection of children the licensing authority will use the guidelines published by the BBFC.
- 4.20 In connection with the protection of children from harm, the licensing authority will provide details of which body is responsible for such matters. Details of licence applications, where relevant, should be forwarded to this nominated body for examination.
- 4.21 Where there is provision of entertainment specifically for children (e.g. a children's disco) the licensing authority will require the presence of sufficient adults to control the entertainment and the access and egress of the children to ensure their safety.
- 4.22 Where it is the intention of the licensee to offer responsibility for the supervision of children as part of a licensable activity, the licensing authority may require licensees to take appropriate measures to ensure the suitability of employees for such purposes – this may involve employees providing a Criminal Records Bureau Disclosure. Even where not specifically required by the licensing authority, all licensees are encouraged to ensure that only suitable staff are allowed to work with children.

Designated Premises Supervisors

- 4.23 The sale and supply of alcohol, because of its impact on the wider community and on crime and anti-social behaviour, carries with it greater responsibility than that associated with the provision of regulated entertainment and late night refreshment.
- 4.24 Because of this the licensing authority expects that the designated premises supervisor (DPS) for a licensed premises will be able to demonstrate that they are in day to day control of the premises, playing an active role in its operation through a regular personal presence.

Licensing Hours

- 4.25 The licensing authority does not accept that longer opening hours have been a benefit to Hartlepool but rather that they place an undue and unnecessary strain on the local transport infrastructure, Accident & Emergency services and law enforcement agencies and creates a nuisance for those residents who are affected by the general operation of a premises or from revellers returning home during the early hours.

Shops, stores and supermarkets will in general be licensed to provide sales of alcohol for consumption off the premises at any time when the retail outlet is open for shopping but licences for before 9:00 a.m. or after 10:00 p.m. in residential areas will generally be refused. In addition, licence applications for the supply of alcohol for consumption on the premises for before 9:00 a.m. or after 11:30 p.m. in residential areas will generally be refused.

In non residential areas applications for licences to allow the sale of alcohol or the supply of late night refreshment beyond 2:00 a.m. will normally be refused subject to relevant representations being received.

- 4.26 Whilst zoning will not be adopted, the licensing authority will impose stricter conditions with regard to noise control in areas which have denser residential accommodation.

Live Music, Dancing & Theatre

- 4.27 The licensing authority recognises that traditional cultural activities such as music and dancing should be encouraged as part of a wider cultural strategy. Account should be taken of the need to encourage and promote entertainment such as live music, dancing and theatre for the wider cultural benefits of communities generally.
- 4.28 Only conditions considered necessary, proportionate and reasonable for the promotion of the licensing objectives will be attached to licences for activities of this nature. The authority will avoid measures that may deter live music, dancing and theatre by imposing unjustified indirect substantial costs. The licensing authority will closely monitor the impact of licensing on such activities and, where a negative impact can be identified, will re-visit the Licensing Policy with a view to investigating how the situation might be reversed.

Enforcement

- 4.29 Where necessary, enforcement action will be taken in accordance with the principles of the Regulators Code and the Council's Licensing Enforcement Policy.

- 4.30 In particular, regard will be had to the fundamental principles recommended by the Better Regulation Task Force for good enforcement:
- Targeting - i.e. focusing on activities that give rise to the most serious risks or where hazards are least well controlled.
 - Consistency - i.e. similar approaches in similar circumstances to achieve similar ends.
 - Transparency - i.e. helping duty holders to understand what is expected and distinguishing between statutory requirements and guidance.
 - Proportionality - i.e. action taken should be proportional to the risk presented.
- 4.31 The authority will establish protocols with the local police and the fire brigade on enforcement issues to avoid duplication and to provide for the most efficient deployment of council, police and fire officers in respect of inspection of licensed premises and the enforcement of licensing law.
- 4.32 Furthermore the policy of the Council will be a light touch inspection regime for well managed and maintained premises with a targeted and increased inspection and enforcement regime for “high-risk” premises and those suspected of not being operated within the terms and conditions of the licence.

Integration of Strategies and Other Policies

- 4.33 Hartlepool Borough Council fully recognises and endorses the value of good relations between persons of different racial groups. The licensing authority recognises the obligations placed upon it by the Equality Act 2010 and will ensure that this Policy promotes race equality and the elimination of unlawful discrimination.
- 4.34 The Council will integrate its various strategies to achieve consistency and transparency in the achievement of the licensing objectives.
- 4.35 Arrangements for reporting to local authority transport committees will be made to ensure transport strategies take account of the need to quickly disperse people from busy town centre areas to reduce the potential for nuisance and disturbance.
- 4.36 Arrangements will be made for the reporting of Hartlepool’s employment situation and the needs of the local tourist economy to the licensing committee to ensure that these issues are taken into account when licensing matters are being considered.
- 4.37 Licence conditions will reflect local crime prevention strategies and input from the Safer Hartlepool Partnership.

5. CONSIDERATIONS

General Requirements

- 5.1 The licensing authority will expect individual applicants to address the licensing objectives in their operating schedule, (as required under the Act). The operating schedule will have regard to the nature of the area where the premises are situated, the type of premises concerned, the licensable activities to be provided, the times during which it is proposed that relevant licensable activities are to take place and details of other times during which it is proposed that the premises are to be open to the public.
- 5.2 In many cases it may be helpful to all concerned for Council officers to discuss with applicants and/or their advisers a draft operating schedule before it is formally submitted, e.g. as happens with the existing One Stop Shop approach. This will help ensure it properly addresses all the issues of concern to the council. Where licensable activities include the supply of alcohol, specified information on the individual identified as premises supervisor shall be supplied as well as whether the supply of alcohol is proposed for consumption on and/or off the premises and operational procedures.

Nuisance

- 5.3 The licensing authority will expect the operating schedule to clearly demonstrate actions intended to ensure the operation will be “neighbour friendly”. In particular, the applicant shall propose adequate practical steps to prevent disturbance to local residents.
- 5.4 The licensing authority does not accept that longer opening hours have been a benefit to Hartlepool but rather that they place an undue and unnecessary strain on the local transport infrastructure, Accident & Emergency services and law enforcement agencies and creates a nuisance for those residents who are affected by the general operation of a premises or from revellers returning home during the early hours.
- 5.5 Shops, stores and supermarkets will in general be licensed to provide sales of alcohol for consumption off the premises at any time when the retail outlet is open for shopping but licences for before 9:00 a.m. or after 10:00 p.m. in residential areas will generally be refused. In addition, licence applications for the supply of alcohol for consumption on the premises for before 9:00 a.m. or after 11:30 p.m. in residential areas will generally be refused.
- 5.6 In non residential areas applications for licences to allow the sale of alcohol or the supply of late night refreshment beyond 2:00 a.m. will normally be refused subject to relevant representations being received.

- 5.7 In relation to noise from within the building the licensing authority will expect the applicant to have carried out acoustic tests to ascertain whether there is sound leakage. This noise could relate not only to entertainment but also from air handling equipment or patrons. The licensing authority will expect potential noise breakout to have been addressed in practical ways such as:
- Keeping doors and windows closed and providing suitable mechanical ventilation
 - Reducing sound levels and installing a suitable noise limiting device, calibrated and set at a limit approved by Council officers, to prevent sound exceeding an appropriate level
 - Installing soundproofing measures to control noise breakout and vibration to a level acceptable to the Council.
- 5.8 The licensing authority will expect venues that attract queues to formulate a scheme to avoid disturbance to nearby residents. In some cases this may be achieved by simply ensuring that the direction of the queue is away from residential accommodation.
- 5.9 However, possible excessive noise generated by customers and/or disorder requires more rigorous action. It is important that queues formed later in the evening or in early morning are adequately supervised to keep noise/disorder to a minimum. Such action can also help stop drug dealing during the queuing process but the prime purpose will be to prevent noise and disturbance. Door supervisors will generally be expected to carry out this role, but they must be adequately trained and given clear instructions as to their duties and responsibilities – where necessary they should be adequately supervised by a suitably nominated person or persons.
- 5.10 In terms of patrons leaving the premises, particularly late at night or early in the morning, the licensing authority will expect the applicant to indicate in their operating schedule that consideration has been given to, and included where appropriate, such practical steps as:
- Erecting prominent notices at the exits to premises asking customers to leave quietly and not to slam car doors, etc
 - At appropriate times making announcements to the same effect.
 - Instructing door staff to ask customers leaving the premises to leave the area quietly
 - Reducing the volume of music towards closing time and where appropriate playing quieter, more soothing music.
 - The availability of licensed taxis or private hire vehicles to take patrons from the premises
 - In appropriate cases door supervisors or a premises manager patrolling nearby streets periodically to assess for themselves whether there is a noise or disorder problem and how best to deal with it
 - Banning from the premises people who regularly leave in a noisy fashion.
 - Increasing outside lighting levels

- Where there is a private forecourt, yard, etc, preventing patrons from using it for eating and drinking etc after a certain time. Planning conditions are usually imposed to restrict use after 8.00 pm or at sunset where adjacent to residential properties.
- 5.11 Reason(s): It is extremely irritating to residents disturbed by the sound of music escaping from licensed premises. Noise breakout may preclude the grant of a licence or if one has already been granted, for it to be reviewed with a view to possible revocation. It may also lead to a noise abatement notice being issued under the Environmental Protection Act. Responsible applicants and licensees will be expected to avoid the need for such action and promote the licensing objective of preventing public nuisance.
- 5.12 There can be little doubt that a well-managed licensed venue can benefit the local community. However, there is clearly a risk of local residents being disturbed particularly if the venue is open late at night. People leaving the premises, particularly late at night or in the early hours of the morning, can be a significant problem. Customers may be less inhibited about their behaviour and may be unaware of the noise they are creating.
- 5.13 A responsible applicant or licensee will wish to further the licensing objective of preventing public nuisance by introducing practical measures such as those referred to above to prevent such nuisance.

Prevention of Crime and Disorder

- 5.14 The licensing authority does not accept that longer opening hours have been a benefit to Hartlepool but rather that they place an undue and unnecessary strain on the local transport infrastructure, Accident & Emergency services and law enforcement agencies and creates a nuisance for those residents who are affected by the general operation of a premises or from revellers returning home during the early hours.

Shops, stores and supermarkets will in general be licensed to provide sales of alcohol for consumption off the premises at any time when the retail outlet is open for shopping but licences for before 9:00 a.m. or after 10:00 p.m. in residential areas will generally be refused. In addition, licence applications for the supply of alcohol for consumption on the premises for before 9:00 a.m. or after 11:30 p.m. in residential areas will generally be refused.

In non residential areas applications for licences to allow the sale of alcohol or the supply of late night refreshment beyond 2:00 a.m. will normally be refused subject to relevant representations being received.

- 5.15 The licensing authority will expect an applicant to indicate in their operating schedule the steps proposed to prevent crime and disorder such as:
- Use of CCTV both within and outside the premises
 - Procedures to prevent the supply of alcohol to those already drunk
 - Metal detection and search facilities

- Procedures for risk assessing promotions and events such as “happy hours” for the potential to cause crime and disorder, and plans for minimising such risks
 - Measures to prevent the use or supply of illegal drugs
 - Employment of licensed door supervisors and other appropriately trained staff
 - Participation in an appropriate scheme designed to ensure effective liaison with the local community
- 5.16 Reason(s): Prevention of crime is both an objective of the Licensing Act 2003 and an important responsibility of the Council under the Crime and Disorder Act 1998. It is important, therefore, that the applicant is able to demonstrate to the licensing authority the practical steps that will be taken to further this objective.
- 5.17 Premises that are supplying alcohol for consumption on the premises after midnight and whose operation, at that time, is primarily or significantly of the ‘vertical drinking’ format, shall provide all drinks in plastic glasses.
- 5.18 Reason: Standard drinking glasses are made of annealed glass that, when broken, can create long shards which can be used as a stabbing weapon. Toughened glass will shatter completely when broken but, due to its manufacturing process, is extremely hard and may cause blunt force injuries if thrown or used as a weapon.
- 5.19 Rigid or flexible plastic glasses will not shatter when broken and will not cause blunt force injuries. As such, the licensing authority believes such a condition is a reasonable and proportionate requirement that will prevent those serious injuries that occur when drinking glasses are used as weapons.

Construction/Maintenance and Safety

- 5.20 The licensing authority will expect licensed premises to meet all legal safety requirements, but in addition wishes to promote the highest possible standards of safety for patrons and others who may be affected by a licensed premises. It will expect the applicant to have addressed the requirements of Health and Safety at Work and Fire Safety legislation and, where appropriate, other technical standards that may be appropriate for the premises concerned.
- 5.21 The licensing authority will also expect the operating schedule to detail how the premises will be properly managed and maintained to ensure public safety at all times.
- 5.22 The licensing authority expects licensed premises to be a safe environment and applicants will be expected to consider how customers can be kept safe from foreseeable risks.

- 5.23 For those premises that operate 'vertical drinking' applicants will be expected to consider the introduction of plastic drinking glasses after midnight.
- 5.24 Reason: There are many incidents of people being seriously injured when a glass, or bottle, has been used as a weapon on licensed premises. Whilst the use of toughened glass can prevent a glass being broken and used as a stabbing weapon, the toughening process makes it extremely hard and, if thrown, it can still cause serious blunt force injuries. Plastic glasses will not pose any stabbing or blunt force injury risks.

Pricing of Alcohol

- 5.25 The Licensing Authority will encourage all licensed premises to apply a minimum price of 50p per unit of alcohol to all products sold under their premises licence. (The unit pricing will be reviewed in line with national Guidance.)
- 5.26 Where licensed premises are found to be selling alcohol below this price, and problems associated with that premises are in breach of the licensing objectives, a responsible authority or interested party may bring a review. Following the review, the Licensing Committee may impose a condition in relation to the pricing of alcohol, in order to uphold the licensing objectives.
- 5.27 The Licensing Authority will expect applicants to demonstrate in their operating schedule how the pricing of alcohol products on sale in their premises will not negatively impact on the licensing objectives.
- 5.28 **Reason:** The licensing authority believes the price of a product influences its demand and, where alcohol is sold cheaply, consumers may be encouraged to buy, and consume, more of it.
- 5.29 The expectation that licensees will not sell alcohol below the stated minimum unit price does not create a legally binding obligation but it does place a duty on licensees to take into account the price of the alcohol they sell and the effect that price may have on levels of alcohol consumption.
- 5.30 If a licence is reviewed and the Licensing Authority believes that one or more of the licensing objectives has been undermined because of the price that alcohol has been sold at, it may impose a condition on the licence to prevent irresponsible pricing in future.

Access for Persons with Disabilities

- 5.31 All premises are expected to provide adequate facilities and access for people with disabilities. The needs of disabled people must therefore be addressed in the operating schedule.

- 5.32 Reason(s): Wherever practicable, persons with disabilities should not be treated in a less advantageous way. In addition, responsibilities under the Disability Discrimination Act 1995 will need to be considered and adequate facilities provided in premises where necessary.

Publicity

- 5.33 All those affected by an application should be made aware of its existence and of the opportunity to make representations. In an attempt to ensure this is achieved, applications for a premises licence will be advertised in accordance with statutory requirements.
- 5.34 Reason(s): The grant of a licence can have a significant impact on the lives or businesses of those living or working in the vicinity of premises for which a licence is sought. Therefore, all those likely to be affected by an application have the right to be made aware of it and of the opportunity to make representations.

Other Policies, Objectives and Guidance

- 5.35 Applicants for licences will be expected to have taken into account relevant strategies and policies such as the local crime prevention strategies, planning and transportation policies, tourism and cultural strategies in determining their operating schedules.
- 5.36 In addition to the above, applicants will also be expected to address the impact of their premises on the local community and demonstrate that matters such as the prevention and clearance of litter and other waste materials arising from the use of their premises have been considered.

Planning

- 5.37 Premises for which a licence is required must have a suitable, appropriate authorised use under planning legislation.
- 5.38 The licensing authority will not normally entertain an application for a licence unless the applicant can demonstrate that the premises have either an appropriate (in terms of the activity and hours sought) planning consent, or an appropriate certificate of lawful use or development. Exceptions may be made where the applicant can demonstrate compelling reasons why the application should not be refused and the planning status of the premises has not yet been finalised.
- 5.39 Reason(s): Licensing applications should not be a re-run of the planning application and should not cut across decisions taken by the local authority Planning Committee or following appeals against decisions taken by that committee. Proper integration will be assured by the Licensing Committees,

where appropriate, by providing regular reports to the Planning Committee on the situation regarding licensed premises in the area, including the general impact of alcohol related crime and disorder. This will enable the Planning Committee to have regard to such matters when taking its decisions and avoid any unnecessary overlap.

- 5.40 There is effective consultation between licensing and planning authorities with regard to their respective applications. It is important that there is consistency of approach.

Drug Awareness

- 5.41 The licensing authority recognises that drug use by young people in a club environment is not something that is relevant to all licensed premises. However, it is recognised that special conditions may need to be imposed on certain venues where drug use is, or has been, taking place in order to reduce the sale and consumption of drugs and to create a safer environment for those who may have taken them. Such conditions, if imposed, will take account of those issues discussed in the 'Safer Clubbing Guide' issued by the Home Office. Advice will be taken from the Police and the local drugs action team before any action is taken under this paragraph.
- 5.42 The licensing authority will expect licensees of venues to take all reasonable steps to prevent the entry of drugs into their premises, to take appropriate steps to prevent drugs changing hands within the premises and to otherwise adopt precautionary measures to address the consequences of drug misuse.
- 5.43 In particular the licensing authority will expect licensees of such venues to be familiar with the contents of Chapter 4 (drug awareness) of the British Institute of Inn-keeping Awarding Body (BIAB) Level 2 National Certificate for Entertainment Licensees and to be following the recommendations of that handbook.
- 5.44 It is hoped that licensees will follow these recommendations on a voluntary basis as failure to do so could lead to the licence being reviewed with the possibility of revocation. In appropriate cases the licensing authority will consider imposing licence conditions to address these recommendations.
- 5.45 Reason: The purpose of this policy is to further the crime prevention objective and to ensure public safety by preventing a tragic loss of life caused by drug abuse, overheating and other factors.

Door Supervisors

- 5.46 Whenever any persons are employed at licensed premises to carry out any regulated security activity, all such persons must be licensed with the Security Industry Authority.

- 5.47 The licensing authority may consider that certain premises require stricter supervision for the purpose of promoting the reduction of crime and disorder or other licensing objectives. In such cases, the licensing authority may impose a condition that licensed door supervisors must be employed at the premises either at all times or at such times as certain licensable activities are being carried out.
- 5.48 Reason: Door supervisors, and others placed in a similar position, are often those first called upon to respond to issues of safety and disorder on licensed premises. The licensing authority intends to ensure that such people are equipped with the skills necessary for the discharge of this important role.

6. SPECIAL POLICY

6.1 Cumulative Impact

- 6.2 'Need' which concerns the commercial demand for another premises such as a pub, restaurant or hotel, is not a matter for a licensing authority in discharging its licensing functions or for its statement of licensing policy. However, the cumulative impact of licensed premises on the promotion of the licensing objectives is a proper matter for a licensing authority and its licensing committee to consider.
- 6.3 In determining an application the licensing authority will take into account, in the interests of public safety and the avoidance of nuisance, the cumulative effect that the existence of a saturation of premises in one area may have. A saturation of licensed premises can attract customers to the area that has an impact on the surrounding area beyond the control of individual licence holders. In this respect, the DCMS advocates consideration of a Cumulative Impact Policy to respond to the unique circumstances that can be caused by a concentration of licensed premises.

6.4 The Adoption of a Cumulative Impact Policy

- 6.5 The licensing authority has carefully considered the issues of alcohol related crime, disorder and nuisance in Hartlepool and is committed to working with licensees, responsible authorities and residents to reduce these incidents wherever possible. This licensing policy indicates a number of ways in which relevant bodies can work together to promote a safe and 'neighbour friendly' night time economy.
- 6.6 The licensing authority does recognise however, that there may be instances where problems of crime, disorder and nuisance do not arise because of the failings of one particular premises but rather are caused by the cumulative effect of a number of licensed premises operating within a small area.
- 6.7 Guidance published by the Secretary of State for Culture, Media and Sport allows licensing authorities to consider the issue of 'cumulative impact' and,

where appropriate, to introduce a Cumulative Impact Policy to control such matters.

- 6.8 A Cumulative Impact Policy creates a rebuttable presumption that applications for new premises licences, club premises certificates or material variations will normally be refused, if relevant representations are received.
- 6.9 Such a presumption would only apply if one or more responsible authorities or interested parties made relevant representations to the licensing authority regarding a new application.
- 6.10 Applications for premises licences or club certificates for premises situated within the identified Cumulative Impact Policy area will be required to demonstrate in their operating schedules how the operation of their business will not add to the cumulative impact already being experienced in this area.
- 6.11 In all circumstances the licensing authority will consider each application on its own merits and such a policy should not be considered as absolute. A Cumulative Impact Policy will not be used to control general opening hours in a particular area.
- 6.12 For the authority to introduce a Cumulative Impact Policy for any area, the following steps will be considered:-
 - Identification of serious and chronic concerns from a responsible authority or representatives of residents about crime and disorder or nuisance taking account of the Crime & Disorder Act 1998.
 - Assessment of the causes.
 - Consideration of whether it can be demonstrated that crime and disorder and nuisance is arising and is caused by the customers of licensed premises, and if so identifying the area from which problems are arising and the boundaries of that area.
- 6.13 Following the receipt of evidence of crime, disorder and nuisance from Cleveland Police the licensing authority has chosen to adopt a Cumulative Impact Policy to ensure the promotion of the licensing objectives in a specific designated area.
- 6.14 The area to which the Cumulative Impact Policy applies can be found detailed in Appendix One.
- 6.15 The Cumulative Impact Policy shall only apply to the operation of premises between midnight and 5:00 a.m. each day.
- 6.16 The authority believes that there is sufficient relevant evidence to support the adoption of a Cumulative Impact Policy that is both appropriate and proportionate for the promotion of the licensing objectives in the area concerned.

6.17 This Cumulative Impact Policy must not be regarded as absolute and the licensing authority will consider every licence application on its own merits.

6.18 The licensing authority will regularly review the effect of this Cumulative Impact Policy and will amend or remove it where considered necessary.

6.19 Anyone considering making an application for either a premises licence or a club premises certificate for a premises situated within the area identified in Appendix One is advised to contact the Licensing Team at Hartlepool Borough Council for advice before making an application.

6.20 **Additional Measures to Tackle Cumulative Effect**

6.21 The licensing authority recognises that, in addition to the adoption of a Cumulative Impact Policy there are a number of other mechanisms for addressing anti-social behaviour and nuisance once customers are away from the vicinity of licensed premises. These include:

- Planning Controls
- Positive measures to create a safe and clean town centre environment in partnerships with local businesses, transport operators and other departments of the local authority.
- Powers of local authorities to designate parts of the local authority areas as places where alcohol may not be consumed publicly.
- Police enforcement of the normal law concerning disorder and antisocial behaviour, including the issuing of fixed penalty notices and Directions to Leave.
- The prosecution of any personal licence holder or member of staff at such premises who is selling alcohol to people who are drunk.
- The confiscation of alcohol from adults and children in designated areas.
- Police powers to close down instantly for up to 24 hours any licensed premises or temporary event on grounds of disorder, the likelihood of disorder or excessive noise emanating from the premises.
- The power of the Police, other responsible authorities or a local resident or business to seek a review of the licence or certificate in question.

6.22 The authority supports and encourages the implementation of all such measures to help reduce anti-social and nuisance behaviour.

7. **ADMINISTRATION, EXERCISE & DELEGATION OF FUNCTIONS**

7.1 The licensing authority has delegated its decision-making functions to the Licensing Committee, Sub-Committees and officers in accordance with the guidance issued by the Secretary of State.

- 7.2 Many decisions and functions are purely administrative in nature and these will be delegated to officers in the interests of speed, efficiency and cost-effectiveness.
- 7.3 Detailed information regarding the delegation of functions can be found in Appendix Two.

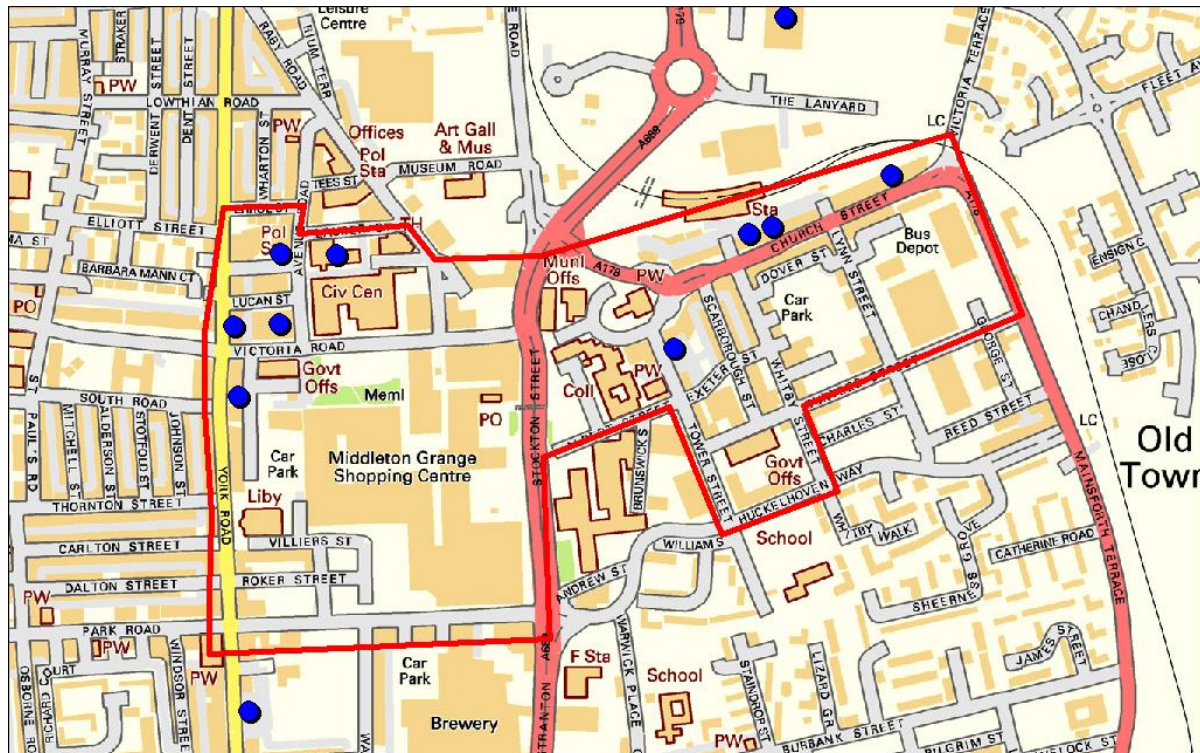
8. CONTACT DETAILS

- 8.1 Further details regarding the licensing application process, including application forms can be obtained from:

The Licensing Team
Hartlepool Borough Council
Civic Centre
Victoria Road
Hartlepool
TS24 8AY

Tel No: 01429 523354
Fax No: 01429 523308
Email: licensing@hartlepool.gov.uk

APPENDIX ONE – Designated Area for Special Policy



APPENDIX TWO

Delegation of Functions

Matter to be dealt with	Full Committee	Sub Committee	Officers
Application for personal licence		If an objection made	If no objection made
Application for premises certificate		If a representation made	If no representation made
Application for provisional statement		If a representation made	If no representation made
Application to vary premises licence/club premises certificate		If a representation made	If no representation made
Application to vary designated premises supervisor		If a police objection	All other cases
Request to be removed as designated premises supervisor			All cases
Application for transfer of premises licence		If a police objection	All other cases
Application for interim authorities		If a police objection	All other cases
Application to review premises licence/club premises certificate		All cases	
Decision on whether a complaint is relevant frivolous vexatious etc.			All cases
Decision to make representations on behalf of the licensing authority acting as a Responsible Authority			All cases
Determination of a police objection to a temporary event notice		All cases	

COUNCIL REPORT

10 December 2015



Report of: Finance and Policy Committee

Subject: MEDIUM TERM FINANCIAL STRATEGY 2016/2017
TO 2018/2019

1. PURPOSE OF REPORT

- 1.1 To present details of the proposed Medium Term Financial Strategy (MTFS) 2016/17 to 2018/19.

2. BACKGROUND

- 2.1 In accordance with the Constitution the Finance and Policy Committee is responsible for preparing the MTFS proposals to be referred to Council. These details were considered by the Finance and Policy Committee on 23rd November 2015.
- 2.2 Following consideration of the recommendations proposed by the Finance and Policy Committee in relation to the Council's own 2016/17 Budget further reports will be submitted to Council to complete the budget process and necessary statutory calculations as follows:

Budget Process

- Council 18th February 2016 – approve the 2016/17 Council Tax level for the Council and supporting statutory budget calculations reflecting the local decisions approved by Council on 10th December 2015, the final 2016/17 Local Government Finance Settlement issued by the Government and recommendations from Finance and Policy Committee on 15th February;

Statutory Calculations

- Council 25th February 2016 – approve the overall Council Tax level for 2016/17, incorporating the Fire and Police Authority precepts approved by Cleveland Fire Authority and the Police and Crime Commissioner respectively.

**3. 2016/17 MEDIUM TERM FINANCIAL STRATEGY PROPOSALS
REFERRED BY THE FINANCE AND POLICY COMMITTEE FOR
CONSIDERATION BY COUNCIL**

3.1 A copy of the Medium Term Financial Strategy 2016/17 to 2018/19 report considered by the Finance and Policy Committee on 23rd November 2015 is attached to this report as a separate booklet for Council's consideration. The MTFS report covers the following areas:

- Background
- Update on Government Policy Announcements
- Power Station Update
- Reserves Review and 2015/16 General Fund Forecast Outturn
- Local Council Tax Support Scheme 2016/17
- 2016/17 General Fund Budget
- Updated Forecast 2016/17 to 2018/19
- Detailed 2016/17 Budget Proposals
- Capital Programme 2016/17 to 2018/19
- Public Health Funding
- Robustness of Budget Forecasts – Chief Finance Officer's Professional Advice
- Consultation Feedback
- Equality Impact Assessments
- Conclusions
- Recommendations

3.2 In summary the MTFS report highlights the significant financial challenges facing the Council over the next 3 years as a result of continuing Government funding cuts and the impact of a 48% reduction in the Rateable Value of the Power Station. The MTFS proposals for 2016/17 are designed to provide a longer lead time to address these issues.

3.3 The MTFS proposals referred by the Finance and Policy Committee enable Council to make key decisions regarding the 2016/17 budget and ensure these proposals can be implemented from 1st April 2016.

3.4 As detailed in the MTFS report the final proposal in relation to the level of Council Tax for 2016/17 cannot be considered until the Government has issued the 2016/17 Council Tax referendum limits and determined whether the Council Tax freeze regime will continue for 2016/17.

3.5 The Finance and Policy Committee were advised at their meeting that over the weekend of 21st to 22nd November the Government indicated that Authorities providing Social Care may be allowed to implement a '2% Social Care precept' to increase Council Tax, to help address funding pressures. It is anticipated that further details on how this arrangement will work will be included in either the Spending Review announcement, or the 2016/17 Local Government Finance Settlement announcement. As soon as more information is available details will be reported to the Finance and Policy

Committee to enable Members to consider this issue and to then determine the level of Council Tax for 2016/17 to be recommended to full Council on 15th February 2016.

- 3.6 Section 13 of the MTFS advises Members of the requirement of the Local Government Act 2003 on an Authority's Chief Finance Officer (CFO) to advise Members on the robustness of the budget forecasts and adequacy of the proposed level of reserves. The CFO advised Members that in his professional opinion the budget proposals for 2016/17 are robust and this advice is based on a range of factors being in place as detailed in paragraphs 13.1 and 13.5 of the MTFS report. This advice is equally relevant to Council when considering the budget.

4. PROPOSALS

- 4.1 Details of the proposals approved by the Finance and Policy Committee and referred to Council are provided in section 18 of the MTFS report which is included in the separate booklet issued with the agenda papers. For Members convenience these issues are detailed below and for ease of reference the paragraph numbers detailed are the same as the MTFS Report. Where reference is made in the following paragraphs to an Appendix or a paragraph number this is referring to the MTFS report.

Extract from Finance and Policy Committee Report

18.2 Implementation of Hartlepool Living Wage and National Living Wage

- 18.3 Approve the implementation of a Hartlepool Living Wage of £7.88 from 1st December 2015. Note that payment in December 2015 will be subject to Council approving this proposal on 10th December 2015 as part of the 2016/17 MTFS proposals.
- 18.4 Approve the proposal that the Hartlepool Living Wage of £7.88 be increased on an annual basis, commencing from 1st April 2016, in line with the cost of living pay award for Local Authority employees until such time as this is less than the National Living Wage, as which stage the National Living Wage will apply.
- 18.5 Approve the funding strategy for implementing the Hartlepool Living Wage as detailed in Appendix A.
- 18.6 Note the forecast additional budget pressures in 2017/18 and 2018/19 have been included in the MTFS and to note that these forecasts will need to be updated on an annual basis to reflect actual Local Government cost of living pay awards and actual National Living Wage levels.

18.7 Strategy for Managing Power Station Rateable Value Reduction

- 18.8 Note that the Valuation Office Agency has reduced the Rateable Value of the Power Station by 48% and as a result there is a permanent reduction in the Council's share of Business Rates income of £3.790m.
- 18.9 Approve the allocation of permanent income from Business Rates growth, an increased Council Tax Base and Enterprise Zone Business Rates income, total value of £1.523m (as detailed in table 4, paragraph 5.24), to partly offset the gross Business Rates income and reduce the net 2016/17 shortfall to £2.267m (i.e. £3.790m less £1.523m).
- 18.10 Approve the allocation of the Power Station Risk Reserve, inclusive of additional contributions in 2015/16 and 2016/17, to fund the net 2016/17 Power Station income reduction and reductions over the period 2015/16 to 2018/19 as detailed in table 6, paragraph 5.29.
- 18.11 Note that recommendations 17.9 and 17.10 avoid increasing the budget deficits for 2015/16 to 2017/18 and this is only possible as a result of beginning to plan for this situation in 2012/13. To also note that in 2018/19 there is a net forecast shortfall of £0.459m which it is hoped can be funded from the 2015/16 outturn if the under spend is not needed to offset a higher actual grant cut than forecast. If this is not possible the 2018/19 budget deficit will increase by this amount.
- 18.12 Note that recommendations 17.9 and 17.10 do not provide a permanent solution to fully address the permanent reduction in the Power Station Rateable Value of £3.790m and there will be a forecast net income shortfall in 2019/20 of £1.5m;
- 18.13 Note the action taken by Officers to encourage the Valuation Office Agency and Power Station to reach agreement on the temporary Rateable Value reduction for 2014 outage before the end of the current financial year to avoid the income loss, potentially up to £1m, falling on the Council in 2016/17.

18.14 Reserves Review and General Fund 2015/16 Forecast Outturn

- 18.15 Approve the allocation of £0.5m from the Reserves Review to establish a Child and Family Poverty Reserve, which will include the arrangements for providing advice and guidance services during 2016/17, and delegate authority to the Finance and Policy Committee to develop and approve a strategy for using these resources.

- 18.16 Approve the allocation of the following forecast amounts to manage the potential impact of a higher actual 2016/17 grant cut than forecast:

	Worst Case - Forecast one-off resources £'000	Best Case - Forecast one-off resources £'000
2015/16 net forecast outturn	669	889
Reserve Review (gross amount released of £889k less allocated for Child and Family Poverty initiatives)	389	389
Total Forecast Uncommitted Resources	1,058	1,278

- 18.17 To note that if the above resources are not needed to offset a higher actual 2016/17 grant cut than forecast a further report will be submitted to enable an alternative strategy for using these resources to be developed, which may include allocating uncommitted funding to either:

- Increase cash backing for the Jackson's Landing Interest free loan from 80% of the loan value;
- To support the General Fund budget in 2017/18 and future years;
- To support the Local Council Tax Support scheme in 2017/18; or
- To fund one-off costs of reshaping the Council, which may require one-off funding to achieve ongoing savings.

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

- 18.19 Note the detailed Local Council Tax Support (LCTS) scheme report to be referred to Council on 10th December 2015 will recommend that a 12% LCTS scheme is retained for 2016/17.

18.20 2016/17 to 2018/19 General Fund Budget

- 18.21 Note that on the basis of forecast annual Government grant cuts the Council faces a gross budget deficit for 2016/17 to 2017/18 of £24.811m.

- 18.22 Note that after reflecting the proposals detailed in table 8, paragraph 9.6, which includes forecast housing growth and the use of the Budget Support Fund, the gross deficit of £24.811m should reduce to £14.192m and will result in the following annual forecast deficits:

- 2016/17 £4.179m
- 2017/18 £5.223m
- 2018/19 £4.790m

18.23 Approve the phased use of the Budget Support Fund as follows and to note that this phasing is reflects in the forecasts net annual deficits detailed in recommendation 17.22:

- 2016/17 £2.708m
- 2017/18 £1.232m
- 2018/19 £0.004m

18.24 Approve the use of Departmental Reserves of £1.091m and implementation of Budget Reductions/increased income/grant regimes of £3.088m to address the 2016/17 net budget deficit of £4.179m as summarised below and detailed in Appendix C1 to C6.

	Use of Departmental Reserves	Budget Reductions/ Increased income/ Grant regimes	Budget reductions Increased income/ Grant regimes as a percentage of 2015/16 budget
	£'000	£'000	
Chief Executive's Department (1)	0	235	5.6%
Child and Adult Service Department	934	1,750	3.7%
Regeneration and Neighbourhoods Department	157	1,024	5.0%
Public Health (General Fund budgets)	0	79	7.3%
Total	1,091	3,088	4.2%

18.25 Note the financial risks regarding the actual cuts in Government funding for the next 3 years and note that an update will be reported to a future meeting after the 2016/17 Local Government Finance Settlement is issued by the Government.

18.26 Note that a decision on the 2016/17 Council Tax level and indicative levels for 2017/18 and 2018/19 will be considered at a future meeting once the Government has issued the 2016/17 Council Tax referendum threshold and determined whether the Council Tax freeze grant regime will continue.

18.27 Capital Programme 2016/17

18.28 Note that details of specific Government Capital Allocations for the Local Transport Plan, Education and Personal Social Services had not be issued by the Government when this report was prepared and detailed proposals for using these ring fenced capital resources will be reported to the relevant Policy Committee for approval once details have been received.

- 18.29** Approve the use Prudential Borrowing for the replacement of Operational Equipment as detailed in Appendix D and note the annual repayment costs are already included within existing operational and trading accounts budgets, or in the case of vehicles required to bring the recycling service in-house will only be purchased subject to approval of the detailed Business Case by the Neighbourhood Services Committee.
- 18.30** Approve, subject to the approval of the detailed Business Case, the use of Prudential Borrowing of £250,000 to complete works necessary to provide Waste Transfer Station Recycling capacity to enable the recycling service in-house and to note the annual repayment costs of £15,000 will be funded from savings generated in the Waste Disposal Budget.
- 18.31** Approve a new capital receipts target for 2016/17 of £1m and the allocation of these resources to fund the following priorities:-
- £0.6m for Council Capital Fund Priorities – detailed proposals for allocating these resources will be reported to a future Finance and Policy Committee for consideration and approval;
 - £0.4m for other Council priorities, which may include match funding capital grants and/or other external funding opportunities, or potential development of Community Hub facilities – detailed proposals will be reported to a future Finance and Policy Committee for consideration and approval;
- 18.32** Note that DCLG have confirmed the Council can reopen the HRA, but have not yet provided the necessary detailed approvals. Therefore, in order to progress the scheme approved by Council on 6th August to purchase 14 bungalows on the former Raby Road/Perth Street development, it is recommended that the planned Prudential Borrowing of £735,000 (i.e. 58% of the project cost, which equates to £58,500 per property) is replaced with a temporary loan from the existing Major Repairs Reserves. The fall back will only be used if DCLG do not provide the necessary detailed approvals by the year end current financial year.
- 18.33 Public Health Funding**
- 18.34** Approve the savings proposals detailed in Appendix E to address the forecast cut in Public Health funding of £630,000 and to note that if the actual cut is higher a report will be submitted to a future meeting of the Committee.
- 18.35 Robustness of Budget Forecasts**
- 18.36** Note the detailed advice provided by the Chief Finance Officer and Corporate Management Team in section 13.

5. CONTACT OFFICER

Chris Little
Chief Finance Officer
Email: chris.little@hartlepool.gov.uk
Tel: 01429 523003

COUNCIL 10TH DECEMBER 2015

MEDIUM TERM FINANCIAL STRATEGY
2016/17 TO 2018/19
SUPPORTING INFORMATION

(DETAILS REPORTED TO FINANCE AND POLICY
COMMITTEE 23RD NOVEMBER 2015)

FINANCE AND POLICY COMMITTEE

23 November 2015



Report of: Corporate Management Team

Subject: MEDIUM TERM FINANCIAL STRATEGY (MTFS)
2016/17 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 2016/17 budget proposals to be referred to Council on 10th December 2015.

3. BACKGROUND

3.1 The budget timetable for 2016/17 was approved by this Committee on 29th June 2015 and was developed to address the timing of Government funding announcements, which do not provide adequate time to develop savings proposals. The budget process is divided into two stages:

- Budget Decisions – relate to consideration of detailed savings proposals to address forecast cuts in Government funding and are covered in this report;
- Council Tax decisions - these cannot be completed until the final 2016/17 Local Government Finance Settlement is issued and will be reported to this Committee in January/February 2016.

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 2016/17 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 learning disabilities, older people and children in need;
- 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 2015/16, 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 five 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 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 report last year from the Local Government Association (LGA) – *"Under pressure – How Councils are planning cuts"* highlighted 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.

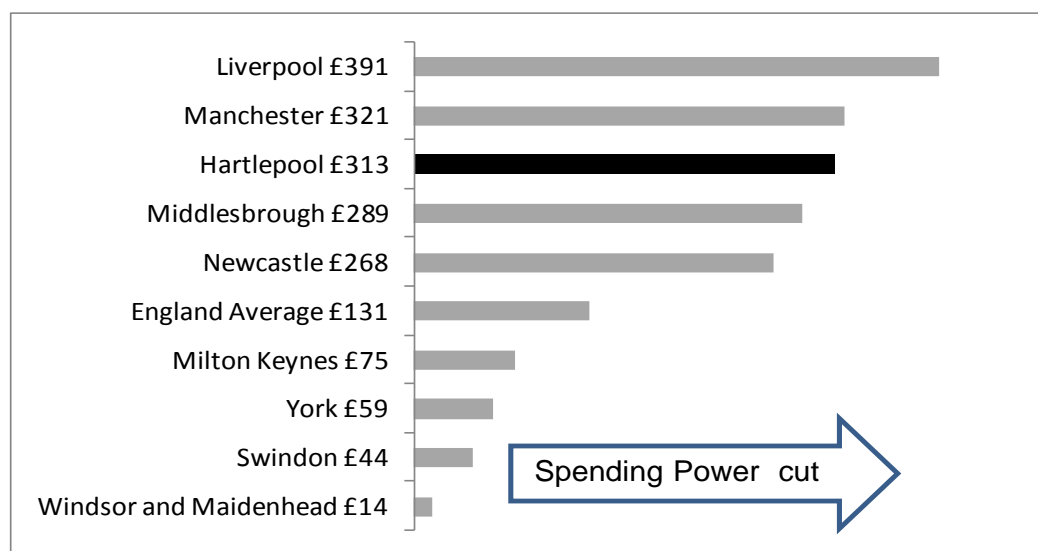
3.6 During the summer the National Audit Office's (NAO) Director with responsibility for oversight of the Department for Communities and Local Government (DCLG) made the following comments in an interview with 'The Municipal Journal':

Extract from Interview

- "The incentive-based mechanisms (introduced by the last government) are fine but you have to think about the differential impact. The differential impact of the way that funding reductions have been done has been considerable. Some local authorities over the last five years have seen a rise in their income from central government, some have seen a rise in revenue spending power;
- The way that need and demand are reflected in the local government finance system is something that needs to be looked at again. Because of the introduction of incentive-based funding mechanisms like business rates retention and New Home Bonus the more economically active parts of the landscape will do better, so in a sense we're sort of locking in inequality;
- The NAO has called on DCLG to obtain a better overview of the financial sustainability of the sector, warning the department only became aware of serious problems in councils after they occurred".

3.7 Members will recognise the issues highlighted by the NAO Director and as reported previously the Council suffered Spending Power cuts more than twice the national average over the last five years, as summarised in the following table.

Table 1 - Spending Power Cuts for last five years (2011/12 to 2015/16)



3.8 The MTFS forecasts are based on forecast cuts in Government funding of 10% per year over the next three years (2016/17 to 2018/19). This is in line with the HM Treasury 'invitation' to Government departments to consider the impact on spending cuts of between 25% and 40% over a 4 year period (2016/17 to 2019/20).

- 3.9 As outlined in the previous MTFS report there is a risk that the actual 2016/17 grant cut may be higher than currently forecast, particularly if the Government front loads funding cuts. Therefore, to address this situation it has previously been recommended that one off resources from the 2015/16 managed under spend and reserves review are allocated to manage a higher grant cut. This would not provide a permanent solution, although it would provide a longer timeframe to develop and consult on additional cuts to manage this position.

4. UPDATE ON GOVERNMENT POLICY ANNOUNCEMENTS

- 4.1 Since the initial MTFS report was considered in June 2015 the Government has made a number of significant policy announcements which will have a significant financial impact on the Council, as summarised in the following paragraphs.
- 4.2 **Implementation of National Living Wage** – Members' have previously indicated their commitment to implement a Hartlepool Living Wage.
- 4.3 Detailed proposals for implementing the Hartlepool Living Wage are set out in a separate report on the agenda. These proposals recommend implementing a Hartlepool Living Wage of £7.88 with effective from 1st December 2015, which will exceed the proposed National Living Wage payable from 1st April 2016 of £7.20
- 4.4 The Hartlepool Living Wage will then be updated annually on the 1st April and set at the higher of:
- Hartlepool Living Wage, plus annual percentage costs of living pay awards for Local Authority employees; or
 - The actual National Living Wage applying from 1st April each year.
- 4.5 As reported previously the initial full year cost of implementing the Hartlepool Living Wage is £150,000.
- 4.6 The implementation of the National Living Wage will increase costs on a range of contracts and an initial assessment of the impact on care contracts has been completed. This indicates there will be an additional budget pressure in 2016/17 of £500,000, increasing to £2.5m by 2019/20. The Government will not be providing any additional funding to meet the costs of implementing the National Living Wage.
- 4.7 When account is taken of the costs of implementing the Hartlepool Living Wage, the removal of the forecast Terms and Conditions savings (£200,000) and implementation of the National Living Wage the overall budget pressure by 2019/20 is £3.2m.

- 4.8 As detailed in the separate Hartlepool Living Wage report it is recommended that the part year costs in 2015/16 and full year cost in 2016/17 of implementing the Hartlepool Living Wage for the Council's own workforce and apply the National Living Wage within care contracts are funded from one-off resources (existing Living Wage Reserve, reallocation of Protection Costs Reserves and 2015/16 Outturn contribution). This proposal will avoid increasing the budget cuts which will be required in 2016/17.
- 4.9 As detailed in Appendix A the above proposal does not provide a permanent funding solution, therefore in 2017/18 the budget deficit increases by £457,000. This is after reflecting the budget savings from reducing the April 2017 provision for forecast cost of pay awards to 1%, the level of the public sector pay cap. If this reduction had not been possible the increase in the 2017/18 budget deficit would have been £1.057m.
- 4.10 **Increase in Employers National Insurance contributions** – as part of the 2014 Budget the Government announced changes to Employers National Insurance contributions from 1st April 2016. The Government will not be providing additional funding for this new burden and this change effectively increases income to the Treasury, whilst increasing costs for employers, including all public sector organisations.
- 4.11 This change results in an ongoing budget pressure of £0.835m and this amount is reflected in the 2016/17 budget forecasts.
- 4.12 **Business Rates Proposals** – the Chancellor announced proposals at the Conservative Party conference to allow Councils to retain 100% of Business Rates by 2020.
- 4.13 No specific details have been issued by the Government regarding these proposals. However, the Government has indicated that as part of these changes the existing Revenue Support Grant will be phased out and additional responsibilities transferred to Councils to reflect forecast growth in Business Rates income.
- 4.14 A detailed assessment of the impact on Hartlepool will need to be completed when more information is available. Based on an initial assessment of these proposals they are unlikely to benefit Hartlepool as they remove the remaining resources equalisation within the Revenue Support Grant.
- 4.15 The proposal may, depending on changes to the 'safety net' system, significantly increase financial risks. This is a significant risk for the Council owing to the reliance on the Power Station which, following the permanent Rateable Value reduction, still contributes 25% of annual Business Rates income. Furthermore, the Council still faces an ongoing annual risk in relation to unplanned outages and the granting of temporary Rateable Value reductions by the Valuation Office Agency.

5. POWER STATION UPDATE

5.1 Overview of Business Rates Retention System and financial risks for Hartlepool

5.2 The Government introduced the Business Rates Retention system on 1st April 2013. Prior to this date 100% of Business Rates income was paid over to the Government and used to partly fund Revenue Support Grant paid to Councils. From 1st April 2013 the Government only retain 50% of Business Rates income and the remaining 50% is retained by Local Authorities and shared on the following basis:

- In two tier areas between the County Council and Districts Councils;
- In Unitary areas between Unitary Authorities (49%) and Fire Authorities (1%).

5.3 This was a significant change in the funding system for Local Authorities and resulted in 'winners and losers' owing to the level of Business Rates generated in different areas. The 'gains and losses' were partly mitigated through a system of 'tariffs and top-ups' and the payment of 'Business Rates Retention Top-up grant' to those Authorities with a low Business Rate base, including Hartlepool.

5.4 As previously reported these changes transferred additional financial risks to individual Councils. For Hartlepool it was clear before these changes were implemented that the Council faced unique financial risks owing to the impact of the Power Station. Therefore, these issues were reflected in the Council's response to the Government's consultation proposals prior to the new system being implemented from 1st April 2013. These concerns were then repeated in a detailed submission to the Local Government Minister in February 2013 when the Leader, MP, Chief Executive and Chief Finance Officer met with Brandon Lewis MP (Parliamentary Under-Secretary of State for Communities and Local Government at the time).

5.5 The financial risks to Hartlepool reflected the following factors:

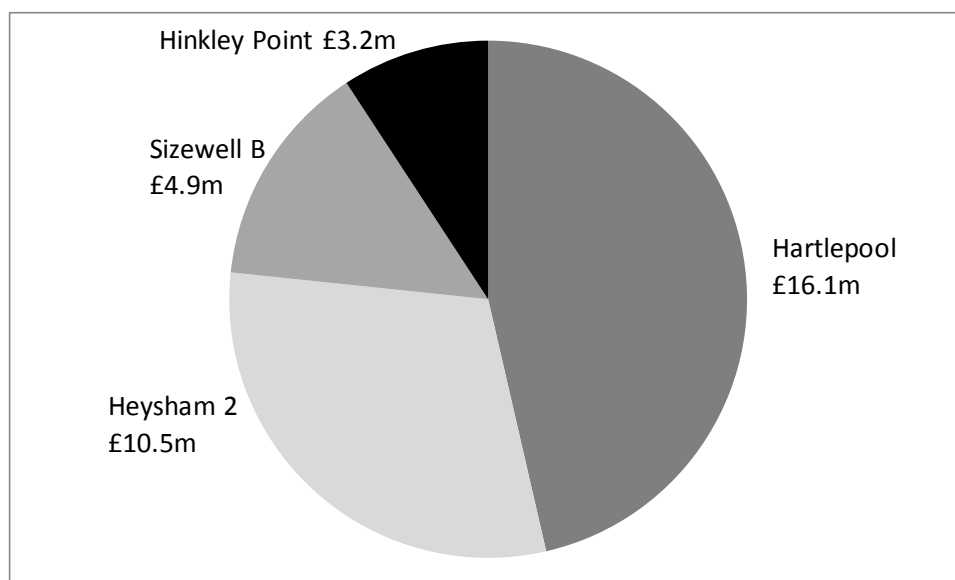
- Concerns that the Rateable Value for the Power Station set by the Valuation Office Agency (VOA) with effect from 1st April 2010 was incorrect as the increase was significant compared to the previous valuation determined by the VOA in 2005;
- Concern that the Business Rates Retention System was being implemented from 1st April 2013 and at that time significant Business Rates appeals remained outstanding against the 2010 Rateable Values. This meant the baseline for setting funding allocations for the overall system and individual Councils was not based on reliable Rateable Values for a significant number of Business Ratepayers;
- Concern regarding the impact of future unplanned outages at the Power Station on the level of Business Rates paid and how/if the Council would receive any financial support from the Government to manage such situations.

- 5.6 To address these risks the Council recommended in a submission to the Government that they should have either removed Nuclear Power Stations from the system owing to the unique safety regime applying to such facilities, or at the very least ensured the Rateable Value appeals were resolved before the Business Rates Retention system was implemented.
- 5.7 As the Government did not act on these concerns the Council began to develop a strategy for managing these financial risks before the Business Rates Retention system went live on 1st April 2013.
- 5.8 As a result of this forward financial planning the Council initially established a 'Business Rates Risk Reserve' in 2012/13 of £1m. As further information has become available this reserve was increased and the current amount available to manage this risk is £4.784m (as at 31st March 2015). As outlined in the following paragraphs the whole of this amount is now needed to help address the financial impact of a significant reduction in the Power Station Rateable Value.
- 5.9 Outcome of Valuation Office Agency consideration of Power Station Appeals
- 5.10 The 2010 Rateable Value for Hartlepool Nuclear Power Station was set at £33.6 million by the Valuation Office Agency (VOA), compared to the 2005 Rateable Value of £8.1m and the 2000 Rateable Value of £16.9m.
- 5.11 As reported previously the VOA notified the Council on 5th May 2015 that in response to the Rateable Value appeal submitted by Hartlepool Nuclear Power Station they had determined a revised Rateable Value, applicable from 1st April 2010, of £17.5 million. This is a reduction of £16.1 million, which equates to a 48% reduction on the previous Rateable Value determined by the VOA.
- 5.12 Following notification of the revised Rateable Value for the Power Station officers met with senior officials from the VOA to discuss this issue. A letter was also sent to the Chief Executive of the VOA requesting that they ensure the outstanding 'material change appeal' for the autumn 2014 outage (which is separate to the main Rateable Value appeal) is resolved before the end of the current financial year. As a result of these discussions the VOA is now working with the Power Station to resolve this issue before the end of November 2015. Depending on the scale of the temporary Rateable Value reduction agreed by the VOA this should ensure the Council does not suffer an additional income loss of up to £1m in 2016/17. Members will be updated as soon as the position is clearer.
- 5.13 In relation to the permanent Rateable Value reduction the VOA informed the Council that they had reviewed the Rateable Values for 6 Nuclear Power Stations located in England. As a result of this review the Rateable Values for 2 of these Power Stations remained unchanged.

5.14 Reductions in the Rateable Values for 4 Nuclear Power Stations were agreed by the VOA, which resulted in a national Rateable Value Reduction of £34.7 million, which is a reduction of 23%. The reductions for individual Nuclear Power Station are summarised in Table 2, which shows:

- The reduction in the Rateable Value for Hartlepool Nuclear Power Station of £16.1m accounted for nearly half of the national reduction of £34.7m;

Table 2 - Analysis of Reductions in Rateable Values for 4 Nuclear Power Stations located in England of £34.7m



5.15 Reductions in the Rateable Values (RV) varied significantly for individual Power Stations as summarised in Table 3, which shows:

- The reduction in the Rateable Value for Hartlepool Nuclear Power Station of 48% was more than twice the national average of 23% and 6 times the lowest percentage reduction of 8%;

Table 3 – Comparison of Reductions in Power Station Rateable Values

Power Station	Original RV	Revised RV	Reduction In RV	Percentage Reduction in RV
Hartlepool	£33.6m	£17.5m	£16.1m	48%
Heysham 2	£50.0m	£39.5m	£10.5m	21%
Sizewell B	£57.4m	£52.5m	£4.9m	8%
Hinkley Point	£11.2m	£8.0m	£3.2m	28%
Total	£152.2m	£117.5m	£34.7m	23%

5.16 Representations made to the Government

5.17 Following the VOA announcement the Leader wrote to the Local Government Minister on 18th June 2015 requesting a meeting to discuss

concerns regarding the process for supporting Councils affected by significant Rateable Value reductions and to seek Government support to manage the unprecedented income reduction. Following receipt of this letter Department for Communities and Local Government senior officials agreed to meet with the Chief Finance Officer and the Assistant Chief Finance Officer on 12th August 2015 to discuss the technical issues in relation to this issue. The objective of this meeting was to put forward the Council's case and hopefully enable DCLG officials to understand the unique position facing the Council so they could then advise the Minister accordingly.

5.18 A detailed presentation and supporting information was presented to the DCLG officials which was well received, although the officials did not provide any firm commitments and indicated that the matter would be referred to the Minister.

5.19 Owing to the complexity of this issue a response was not received from the DCLG until 21st October 2015 and basically covers the following:

- DCLG agree with the Council's analysis that the Business Rates income loss arising from the revised Rateable Value reduces the Council's share of ongoing Business Rates income by £3.8m per year;
- DCLG re-affirmed there is currently no provision under the existing scheme to consider the proposal put forward by the Council to recalculate 'top up grant' payments to exclude the impact of the Power Station reductions;
- The provision of specific funding to help Hartlepool manage the Power Station reduction outside the existing 'safety net' arrangements is not deemed a viable option, notwithstanding the scale of the reduction.

5.20 The final bullet point has the most significant impact for the Council as it confirms that DCLG officials do not believe there is provision within the existing Business Retention scheme to provide financial assistance to help the Council manage this position. This statement should not rule out direct representations being made to the Minister and at our request DCLG officials will now seek to schedule the meeting requested by the Leader. However, the Council now needs a financial strategy to manage impact of the unprecedented Business Rates reduction for the Power Station.

5.21 Strategy for managing permanent Power Station Rateable Value reduction

5.22 As a result of the reduction in the Power Station Rateable Value the Council will face the following additional budget pressures:

- 2015/16 one off budget pressure – the costs in 2015/16 will include the back dated impact of refunding Business Rates paid by the Power Station to 2010/11 of £18.9m. The Council will receive 'Safety Net' grant of £17.5m, which means there will be a net cost to the Council of £1.4m;

- 2016/17 ongoing gross Business Rates reduction of £3.790m;
- 5.23 In terms of recommending a strategy to manage these income reductions and avoid impacting on the General Fund budget the starting point is to consider the ongoing Business Rates reduction for 2016/17 of £3.790m.
- 5.24 As summarised in the following table this loss can be partly mitigated by allocating increases in other uncommitted income streams of £1.523m. This additional income would have been sufficient to cover a Power Station Rateable Value reduction of 18%, which in itself would have been a very significant reduction. However, this income only covers part of the impact of the Power Station reduction and the Council still faces a net income shortfall of £2.267m for 2016/17 as summarised below.

Table 4 - Summary of Gross Power Station Business Rates reduction and ongoing resources to partly mitigate the impact on the MTFS

	£'m
Power Station Business Rates reduction	3.790
<u>Less</u> Business Rates growth As part of the 2016/17 MTFS growth in the Business Rates base was allocated to offset the potential impact of a permanent reduction in the Power Station Rateable Value.	(0.485)
<u>Less</u> Council Tax base growth As detailed later in the report the actual increase in the 2015/16 Council Tax base is above the MTFS planning assumptions. As this ongoing income has not been reflected in the MTFS it is recommended that it is allocated to help mitigate the impact of the Power Station Rateable Value reduction.	(0.680)
<u>Less</u> Inflation on Business Rates growth The Council will retain 49% of anticipated the inflation on the Business Rates Base.	(0.268)
<u>Less</u> Enterprise Zone Business Rates Reflects Business Rates growth retained by the Council.	(0.090)
Net Business Rates Reduction 2016/17	2.267

- 5.25 It is currently anticipated that the net Business Rates shortfall will reduce to £1.709m in 2017/18 and £1.551m in 2018/19, assuming annual Business Rates increases of 1%, or the Government compensate Councils if Business Rates are frozen. These figures are used for planning purposes. However, in the event that Business Rates income does not increase by 1% the annual shortfall in 2017/18 and 2018/19 would be approximately £2m. The position will be reviewed when more information is available.
- 5.26 The second part of the recommended strategy for managing the net reductions outlined above is a strategy for using the existing Power Station Risk Reserve.
- 5.27 As detailed earlier the Council began developing a financial strategy to manage the forecast reduction in the Power Station Rateable Value in 2012/13 when the first contributions to the risk reserve were made. Further contributions have been made to the risk reserve and one-off funding of £4.784m was available at the end of 2014/15.
- 5.28 Additional one-off contributions to the Risk Reserve are also recommended in 2015/16 and 2016/17 as follows:

2015/16

- £585,000 from Business Rates growth not included in MTFS forecasts – already approved as part of the current MTFS;

2016/17

- £309,000 from additional forecast 2016/17 New Homes Bonus payments. As detailed later in the report if this income continues in 2017/18 and future years it will help reduce the forecast budget deficits, although this income cannot yet be relied beyond 2016/17;
- £827,000 Collection Fund surplus 2015/16 – this reflects the increase in the Council Tax base referred to later in the report.

- 5.29 After reflecting the recommended contributions detailed above it is anticipated that there will be total one-off funding of £6.505m, compared to net reductions income arising from the Power Station Rateable Value of £6.964m over the period 2015/16 to 2018/19. Therefore, the Council faces a net forecast funding shortfall of £0.459m in 2018/19. Hopefully, this amount can be funded from the 2015/16 outturn if the under spend is not needed to offset a higher actual grant cut than forecast. This position is summarised overleaf:

Table 5 - Summary of contributions to / (commitments to be funded) from the Power Station Risk Reserve 2015/16 to 2018/19

	Contribution £'000	Commitment £'000	Balance of Risk Reserve/(net annual cost) £'000
Balance 31.03.15	4,784	0	4,784
2015/16 #	585	(1,437)	(852)
2016/17	1,136	(2,267)	(1,131)
2017/18	0	(1,709)	(1,709)
2018/19	0	(1,551)	(1,551)
Total / (Funding Shortfall 2018/19)	6,505	(6,964)	(459)

The commitment in 2015/16 relates to the repayment of Business Rates paid on the previous Power Station Rateable Value to 2010/11 of £18.902m, less 'Safety Net' grant received by the Council of £17.465m

5.30 Summary of the financial impact of the Power Station Rateable Value reduction 2015/16 to 2018/19

- 5.31 As outlined in the previous paragraphs the Council has faced significant financial uncertainty regarding the Rateable Value of the Power Station since the Business Retention system was implemented by the Government from 1st April 2013.
- 5.32 This uncertainty was exacerbated by the time it took the Valuation Office Agency to determine the outcome of the Power Station Appeal as this decision was only made in May 2015, some 5 years after the previous Rateable Value became effective (i.e. from 1st April 2010).
- 5.33 As reported previously if this issue had been resolved before the 1st April 2013 the Council would have not faced this uncertainty, or more importantly the loss of income which now needs to be managed.
- 5.34 These risks had been recognised by the Council in 2012/13 when an initial Risk Reserve was established and further resources have been earmarked since then. This action enables the Council to manage the impact of the Power Station Rateable Value reduction over the period 2015/16 to 2017/18 and to partly fund the income reduction in 2018/19. If this risk management strategy had not been implemented significantly higher budget cuts would have been required in 2016/17.
- 5.35 However, whilst the recommended strategy avoids increasing the budget deficits for 2016/17 to 2018/19, the Council has had to manage a permanent income reduction of £3.790m as a result of the Power Station Rateable Value reduction. This is on top of continuing grant cuts.

5.36 The recommended strategy means the Council has to commit the following resources over the period 2015/16 to 2018/19 to manage the impact of the ongoing reduction in the Power Station Rateable Value and therefore avoid increasing the budget deficits:

- One off resources of £6.505m;
This amount consists of the existing Power Station Risk Reserve of £4.784m, plus planned contributions of £0.585m and £1.136m in 2015/16 and 2016/17 respectively.
- Ongoing resources of £1.523m;

5.37 Whilst, the recommended strategy avoids increasing the budget deficits for the next three years, this is not a permanent solution and the Council will need to address a net income shortfall in 2018/19 of £0.459m, which can hopefully be funded from the 2015/16 outturn if the under spend is not needed to offset a higher actual grant cut than forecast. If this is not possible the 2018/19 budget deficit will increase by this amount. The Council will then need to address an ongoing net income reduction of £1.5m in 2019/20.

6. RESERVES REVIEW AND 2015/16 GENERAL FUND FORECAST OUTTURN

6.1 A comprehensive review of Reserves held at 31st March 2015 and the risks reserves are held for was reported to the Committee in October. This is an annual review undertaken by the Corporate Management Team which is recognised good practise. 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.

6.2 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 to manage the impact of to the significant Power Station Business Rates reduction. The review identified a limited number of areas where risks have reduced and reserves of £889,000 can be released, as detailed in Appendix B. Members have determined to recommend that Council allocates these resources as follows:

- £0.5m to establish a Child and Family Poverty Reserve – detailed proposals for using this amount will be referred to a future meeting;

- £0.389m to help manage a higher 2016/17 grant cut than forecast – further details are provided in the following paragraph.

- 6.3 An assessment of the forecast outturn for 2015/16 has been completed and reflects the robust action taken by the Corporate Management Team to achieve an under spend to help address the financial challenges facing the Council over the next few years. The outturn forecasts are currently being updated and no significant changes in the previous forecasts are anticipated. Reports on the position for individual Policy Committees will be reported in December. At the meeting on 16th October 2015 Members approved the proposals that the £0.389m identified from the reserves review and the forecast 2015/16 outturn should be allocated to manage a higher 2016/17 grant cut than forecast.
- 6.4 This proposal would not provide a permanent strategy for addressing a higher actual 2016/17 grant cut, although it would provide a longer lead time to develop, consult and then implement additional budget cuts. This proposal provides between £1.058m and £1.278m to manage a higher 2016/17 grant than forecast, as set out below:

Table 6 – Summary of 2015/16 Outturn forecast and reserves review

	Worst Case - Forecast one-off resources £'000	Best Case - Forecast one-off resources £'000
2015/16 net forecast outturn	669	889
Reserve Review (gross amount released of £889k less allocated for Child and Family Poverty initiatives)	389	389
Total Forecast Uncommitted Resources	1,058	1,278

- 6.5 In the unlikely event that the actual 2016/17 Government grant cut is the same as the forecast grant cut an alternative strategy for using these resources can be considered. There are a number of potential commitments which Members may wish to consider funding and further details will be reported when the 2016/17 grant cut is known. These issues cover the following areas:

- **Jacksons Landing Interest Free loan**

As part of the approved 2014/15 Outturn Strategy Members noted that the interest free period has been extended to October 2017, which provides a longer lead time to develop this site. Members determined to allocate part of the uncommitted 2014/15 outturn to increase the value of resources allocated to cash back the interest free loan to 80%, which minimises the unfunded financial risk in 2017/18 from repaying the interest free loan. Members may wish to allocate part of the 2015/16 forecast outturn to increase cash backing of the interest free loan to 100% to completely remove this financial risk.

- **Funding for Policy Priorities**

The Council will face an increasingly difficult financial situation over the next four years and determining plans for savings becomes more problematic each year. The scale of the financial challenges faced over the last Parliament and the compound nature of the cuts has resulted in consideration being given to a plan for reshaping the Council, its working arrangements with partners and the nature of some of its services. This approach is being considered to ensure that the Council can continue to deliver important Council services and to ensure that a balanced budget can be set. As part of this work a longer term plan for the Council is being established and will be considered by a future meeting of this committee. This will require one off funding and consideration along with policy priorities which Members may wish to fund, covering:

- The allocation of uncommitted one off resources to support the General Fund budget in 2017/18 and future years;
- The allocation of uncommitted one off resources to support the 2017/18 Local Council Tax Support scheme;
- The allocation of uncommitted one off resources to support the 3 year plan for reshaping the Council, which may require one-off resources to achieve ongoing savings.

7. LOCAL COUNCIL TAX SUPPORT (LCTS) SCHEME 2016/17

7.1 There is a separate report elsewhere on the agenda on the LCTS scheme which recommends the 2016/17 LCTS scheme to be maintained at 12%, for the third year.

7.2 The current forecasts anticipate the LCTS cut having to increase to 20% in 2017/18, with higher cuts in 2018/19 and future years. These forecasts will need to be reviewed as part of the 2017/18 MTFS when the actual grant cut is known and Members will need to prioritise the reduced level of Government funding between:

- Support for the General Fund budget and services; and
- Support for the LCTS scheme.

7.3 This will require an updated assessment of the impact of apportioning the actual grant cuts between the General Fund budget and the LCTS scheme. The LCTS assessment will need to consider both the impact on individual low income working age householders (which will be affected by a range of further Welfare reforms and the National Living Wage) and the impact on the sustainability of Council Tax payments from LCTS households.

8. 2016/17 GENERAL FUND BUDGET

8.1 This section considers the issues impacting on the 2016/17 General Fund Budget and covers the following areas:

- Government Grant funding;
- Council Tax Level 2016/17;

- Council Tax Base;
- New Homes Bonus;
- Business Rates income;
- Council Tax Collection Fund 2015/16.

8.2 Government Grant funding

- 8.3 The February 2015 MTFS forecasts were based on anticipated annual grant cuts of 10% for three years commencing 2016/17. Following the July 2015 Budget the Chancellor 'invited' Government departments to outline plans for achieving budget reductions of between 25% and 40% over a 4 year period commencing 2016/17. The Government will issue details of the Spending Review outcome on 25th November 2015. The impact on individual Councils will not be known until the Local Government Finance Settlement is issued. This will probably not occur until late December, which makes financial planning extremely challenging.
- 8.4 It is anticipated that Government Grant cuts will continue to have a disproportionate impact on those areas (including Hartlepool) which still remain more dependent on Government Grants than more affluent areas. These additional Government grant cuts will further erode the remaining resource equalisation from the Local Government funding system and increase the incentives to achieve growth from housing and business development.
- 8.5 On the basis of the Chancellor's statement the existing MTFS planning assumption of 10% annual grant cuts continues to be appropriate. However, as detailed earlier in the report, there is a risk that the actual grant cut for 2016/17 may be higher than forecast. Therefore, the recommendation to allocate uncommitted resources from the 2015/16 managed under spend and part of the one-off resources identified from the reserves review, provides temporary resources to manage a higher grant cut and provide a longer lead time to make permanent budget reductions if this is necessary.
- 8.6 Government grant cuts will continue beyond the current MTFS period and based on current information a further 10% reduction is forecast for 2019/20. This assumes the Government implements total funding cuts of 40% and phases these cuts equally over 4 years.
- ## 8.7 Council Tax Level 2016/17
- 8.8 There is statutory requirement for Local Authorities to set indicative Council Tax levels for future years. However, this does not commit the Authority to implement the indicative Council Tax level, as the level of Council Tax needs to reflect the financial circumstances applying at the time the annual Council Tax decision is made. This includes consideration of the Council Tax referendum trigger point set by the Government on an annual basis and decisions the Government may make to provide Council Tax freeze grant.

- 8.9 On this basis of these statutory requirements Members approved an indicative 2016/17 Council Tax increase of 1.9% in February 2015 and noted that this position would be subject to review and a final decision in January/February 2016.
- 8.10 At this stage the Government has not provided details of the Council Tax referendum trigger point for 2016/17, or indicated whether the Council Tax freeze grant will be paid for 2016/17, or the level of Council Tax freeze grant if it is paid. It is anticipated that this information should be provided alongside the 2016/17 Local Government Finance Settlement in December.
- 8.11 The level of Council Tax for 2016/17 will need to be reviewed when this information is available and at that stage Members will need to consider the following issues:
- The impact on households of the proposed 2016/17 Council Tax level;
 - The impact of a Council Tax increase on the cost of operating the Local Council Tax Support Scheme (LCTS). The LCTS forecasts are based on a 1.9% Council Tax increase for 2016/17. If Council Tax is frozen there will be a reduction in the LCTS scheme cost of £200,000, which would need to be allocated to help offset the loss of income from freezing Council Tax.
 - The sustainability of income from either accepting a Council Tax freeze grant, or increasing the level of Council Tax;
- 8.12 Further details will be reported when more information is available to enable the Committee to determine the final 2016/17 Council Tax proposals to be referred to full Council in January/February 2016.
- 8.13 Council Tax Base**
- 8.14 As reported within the 2015/16 MTFS report an assessment of forecast growth in the Council Tax base (the equated number of Band D properties) for the period 2015/16 to 2018/19 had been prepared. It was reported that significant work had been completed to provide a robust forecast based on an assessment of historic trends for the period 2000/01 to 2014/15 and growth projections. On the basis of these forecasts additional Council Tax income was built into the MTFS forecasts for the next three years.
- 8.15 The previous forecasts have been updated to include the actual 2015/16 tax base and revised growth projections over the period of the MTFS which reflected anticipated annual growth of 250 Band D equivalent properties.
- 8.16 The 2015/16 Council Tax base included a prudent assessment of forecasts for various Council Tax exemptions/discounts and additional Council Tax from properties empty for more than 2 years. This approach reflected the significant financial risks facing the Council, including the Power Station Rateable Value Appeal, which was outstanding at that time. After reflecting

these factors the 2015/16 approved Council Tax base was 22,298 and this was reflected in the 2015/16 budget proposals.

- 8.17 As anticipated at the time the prudent forecasts for exemptions/discounts and income collected from empty properties have been exceeded. As these factors are sustainable and additional housing growth is anticipated the forecast 2016/17 Council Tax base is 23,092. This is 470 higher than the previously forecast 2016/17 Council Tax base.
- 8.18 Assuming Members confirm the indicative Council Tax increase of 1.9% this will result in additional 2016/17 Council Tax income of £680,000 (£667,000 if Council Tax is frozen). This income has not previously been reflected within the MTFS forecasts.
- 8.19 However, as detailed earlier in the report the MTFS forecast deficit of £14m does not include the impact of the Power Station Business Rates reduction. Therefore, it is recommended that this income is allocated to partly offset the Power Station Business Rates reduction.
- 8.20 Proposals for funding the Power Station income reductions are summarised in paragraphs 5.24 and 5.29, which includes the additional Council Tax income referred to above.
- 8.21 The forecast Council Tax base for 2017/18 and 2018/19 have also been reviewed to reflect the most recent information on house building proposals. On this basis there is no change in the forecast growth for 2017/18. For 2018/19 it is anticipated that there will be growth of 420 Band D equivalents, compared to an initial forecast of 250, an increase of 170. In financial terms this equates to approximately £255,000 of additional Council Tax income in 2018/19 (assuming annual Council Tax increases of 1.9% in 2016/17, 2017/18 and 2018/19). This additional forecast income is reflected in the updated financial forecasts detailed later in the report.
- 8.22 The forecasts for 2017/18 and 2018/19 will be reviewed on an annual basis to reflect actual house building in the previous financial year and updated information on planned housing development. This will enable any changes in these forecasts to be reflected in the MTFS.
- 8.23 In summary it is forecast that over the next three years growth in the Council Tax base will provide additional forecast income of £1.985m from the 2015/16 base of £31.6m. This equates to an increase of approximately 1,400 Band D equivalent properties. As this is more than previously forecast it is recommended that £0.680m is allocated to partly address the impact of the Power Station Business Rates reduction and £1.305m is allocated to support the MTFS. The following table provides a summary of changes in the Council Tax base:

	2000/01	2014/15	2015/16
Band A to D	93%	89%	88%
Band E to H	7%	11%	12%
Total	100%	100%	100%

8.24 New Homes Bonus (NHB)

- 8.25 Councils currently 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.
- 8.26 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 allocations. Removal of this funding would have a detrimental impact on Local Authority funding, particularly for those areas which have experienced the highest housing growth and therefore benefitted most from the NHB regime.
- 8.27 For planning purposes the MTFS forecasts assume the NHB regime will continue and the Council will receive additional allocations in 2016/17, 2017/18 and 2018/19 as a result of forecast local housing growth. Clearly, if the Government changes the existing NHB regime the Council may not receive the forecast level of NHB in future years, which would increase the forecast budget deficits.
- 8.28 In 2016/17 it is anticipated that the Council will receive £2.398m of NHB (£1.767m in 2015/16). The NHB allocation needs to be compared to a core grant cut since 2010/11 of £22m.
- 8.29 The forecast 2016/17 NHB reflects the changes on the overall Council Tax base and is £309,000 more than forecast in the previous MTFS. Assuming the forecast 2016/17 NHB allocation is confirmed as part of the Local Government Finance Settlement in December 2015 it is recommended that this additional funding is allocated to partly address the impact of the Power Station Rateable Value reduction, referred to earlier in the report.
- 8.30 Until the future sustainability of the NHB regime is confirmed by the Government it is not recommended that the additional 2016/17 NHB is included within the MTFS in future years.
- 8.31 **Business Rates 2016/17**
- 8.32 Previous MTFS reports highlighted the significant uncertainties in relation to the Business Rates Retention system changes implemented from 1st April 2013. The major areas of uncertainty related to the Power Station, both the appeal for a permanent reduction in the Rateable Value and an appeal for a temporary Rateable Value reduction covering the summer 2014 outage. As detailed in section 5 the permanent reduction in the Rateable Value reduces the Council's share of ongoing Business Rates income by £3.9m and proposals for managing this reduction are detailed earlier in the report.

- 8.33 There are still outstanding risks in relation to other outstanding appeals, including appeals from supermarkets which are within the top ten Business Rates payers in the town. Outstanding Business Rates appeals by supermarkets are a national issue and will affect the majority of councils. It is anticipated that when the Valuation Office Agency determine these appeals there will be a reduction in the Rateable Value, owing to significant changes in the sector since the Rateable Values were assessed prior to 2010. However, at this stage it is not possible to assess the potential impact on Hartlepool.
- 8.34 After reflecting outstanding appeals and business growth, but excluding the impact of the Power Station, it is not anticipated that there will be any net change in the forecast level of Business Rates income over the period of the MTFS. This position will be kept under regular review and if there are any significant unexpected changes details will be reported as part of the regular Financial Management reports submitted to Finance and Policy Committee.
- 8.35 **Council Tax Collection Fund 2015/16**
- 8.36 An initial assessment of the 2015/16 outturn has been completed to fit in with the budget timetable. This indicates there is a net one-off 2015/16 surplus of £0.827m, which has not previously been anticipated. This position reflects in-year additions to the Council Tax base as a result of housing completions and increased income from the local exemptions/discounts/long term empty policy. Where these trends will continue they are reflected in the forecast Tax Base for 2016/17 detailed earlier in the report.
- 8.37 As detailed earlier in the report it is recommended this amount is earmarked to help mitigate the impact of the Power Station Rateable Value reduction.

9. UPDATED FORECAST 2016/17 TO 2018/19

- 9.1 The MTFS forecasts have been updated to reflect the issues detailed in the previous section and the forecast overall net deficit has increased from £13.997m to £14.192m, excluding the impact of the Power Station. Whilst, the overall forecast net deficit has only increased by £195,000, there have been significant changes in the budget forecasts.
- 9.2 The most significant change is the impact of the National Living Wage which will increase costs by £1.5m by 2018/19, with further increases in the following two years. The Government will not provide any additional funding to meet this new financial burden.
- 9.3 To mitigate this cost pressure the provision for annual cost of living pay awards has been reduced to 1% for the next three years, in line with the Public Sector pay cap. This provides a budget saving of £1.4m. If this saving had not been needed to offset the National Living Wage pressure it could have been allocated to reduce the forecast budget gap.

- 9.4 The changes in the forecast deficit are summarised overleaf and these forecast will be updated when the actual grant allocations for the next three years are known. There is therefore a risk that the actual deficits are higher.

Table 7 - Changes in forecast Deficit 2016/17 to 2018/19
(excluding the impact of Power Station Rateable Value reduction)

	£'000
Forecast deficit reported 29.06.15	13,997
Add - Removal for forecast Terms and Conditions savings	200
Add – Cost of Hartlepool Living Wage	150
Add - Cost of National Living Wage (reflects annual budget pressures up to 2018/19, but excludes additional pressures in 2019/20 and 2020/21)	1,500
Less reduction in annual provision for cost of living pay awards to 1% public sector pay cap up to 2018/19	(1,400)
Less additional forecast growth in Council Tax base over up to 2018/19	(255)
Revised Deficit	14,192

- 9.5 The revised deficit of £14.192m is after reflecting the following factors:
- Permanent ICT savings and lower interest costs in 2016/17;
 - Forecast annual Council Tax increases over the next three years of 1.9% per year;
 - An updated forecast of growth in the Council Tax base over the next three years arising from house building;
 - Forecast continuation of the New Homes Bonus regime and increased allocations reflecting house building; and
 - The phased use of the Budget Support Fund.
- 9.6 If the above measures had not been available the Council would have faced higher annual deficits over the next three years and an overall gross deficit of £24.811m as summarised in the table overleaf:

Table 8 - Forecast Gross and Net Deficits 2016/17 to 2018/19

	2016/17	2017/18	2018/19	Total ongoing income / (cost) over 3 years
	£'000	£'000	£'000	£'000
Gross Forecast Deficit	8,435	7,895	6,499	22,829
<u>Add Permanent Pressures</u>				
Hartlepool Living Wage, removal of Terms and Conditions saving and cost National Living Wage	850	500	500	1,850
Ward Member Budgets	132	0	0	132
	9,417	8,395	6,999	24,811
<u>Less Forecast Permanent savings and increased income</u>				
ICT and Interest rates savings	(500)	0	0	(500)
Reduction in provision for forecast pay awards	(200)	(600)	(600)	(1,400)
Forecast annual 1.9% Council Tax increase	(600)	(610)	(620)	(1,830)
Forecast growth in Council Tax Base #	(350)	(350)	(605)	(1,305)
Forecast New Homes Bonus ##	(323)	(380)	(380)	(1,083)
Deficit before use of reserves	7,444	6,455	4,794	18,693
<u>Less Use of one-off Reserves</u>				
Use of Budget Support Fund	(2,620)	(1,224)	(100)	(3,944)
Rephasing Use of Budget Support Fund	(88)	(8)	96	0
Use of Protection Reserve/Living Wage reserve	(557)			(557)
Revised Net Forecast Deficit ###	4,179	5,223	4,790	14,192

Forecast growth in the Council Tax base will provide additional forecast income of £1.985m from the 2015/16 base of £31.6m. It is recommended that £1.305m of this growth is allocated to support the MTFS and £0.680m is allocated to partly address the Power Station Rateable Value reduction.

2016/17 figure is net of £309,000 of additional New Home Bonus income which it is recommended is allocated to partly address the Power Station Rateable Value reduction.

2018/19 Forecast deficits excludes forecast shortfall in 2018/19 in relation to the Power Station of £0.459m detailed in paragraph 5.29, which it is hoped can be funded from the 2015/16 forecast outturn if this is not needed to fund a higher 2016/17 actual grant cut than forecast.

9.7 The Council will continue to face a challenging financial position beyond 2018/19 from:

- The continuation of Government grant cuts in 2019/20;
- The ongoing net impact of the Power Station Rateable Value reduction in 2019/20, currently forecast to be £1.550m, as the one-off resources allocated to help address this position over the next three years will have been used up; and
- Further forecast budget pressures in relation to the phased increase in the National Living Wage in £660,000 in 2019/20 and a further £660,000 in 2020/21.

- 9.8 An assessment of the budget position beyond 2018/19 will be completed after the Government 2016/17 Local Government Finance Settlement announcement and details will be reported to a future meeting.

10. DETAILED 2016/17 BUDGET PROPOSALS

- 10.1 As detailed in paragraph 9.6 the Council faces a gross forecast budget deficit of £9.417m. After reflecting the permanent corporate savings, forecast income increases and use of the Budget Support Fund which can be taken into account in 2016/17 the forecast deficit has been reduced to £4.179m.
- 10.2 Detailed proposals for addressing the net forecast 2016/17 deficit were considered by individual Policy Committees over the summer and these reports are detailed at Appendix C1 to C6. The savings proposals were supported by individual Policy Committees, albeit reluctantly. Members requested additional information on a small number of items and this is provided in paragraph 10.3 for Finance and Policy Committee issues and paragraph 12.3 for Public Health.

10.3 Finance and Policy Committee

• Information of proposed redundancies

As reported previously a 'continuous ER/VR' process commenced in 2014/15 and has continued in the current year to help manage the budget position and to maximise the opportunity for retraining and redeploying staff where service need allows.

For 2016/17 this has worked extremely well and at this stage it is anticipated that there will be **no compulsory redundancies**. This is the first financial year this has happened over the period 2011/12 to 2016/17.

The budget saving for 2016/17 includes the deletion of approximately 33 posts and these have been matched to applications for redundancy or early retirement

The Corporate Management Team has worked extremely hard to achieve this outcome and is delighted that there are currently no compulsory redundancies as part of the 2016/17 budget process. However, it needs to be recognised that owing to the scale of the Government funding cuts in future years, this position will not be sustainable and compulsory redundancies will be unavoidable in 2017/18 and 2018/19.

• Information on Assistant Chief Executive - Income and Running costs saving of £62.5k

The majority of the £62,500 identified as savings will be achieved by centralising divisional running costs. There is approximately £15,000 which is additional income generated from external customers for a mix of Health and Safety and Human Resources services. These services can be delivered without the need for additional resources

10.4 The Departmental savings of £4.179m consist of a combination of:

- Budget reductions/increased income/grant regimes of £3.088m; and
- Use of Departmental Reserve of £1.091m.

10.5 The use of Departmental Reserves is designed to provide a longer lead time to make permanent reductions and for planning purposes these permanent saving are built into the 2017/18 base. If these measures are not implemented the budget deficit for 2017/18 detailed in paragraph 9.6 will increase.

10.6 In summary the 2016/17 savings proposals are as follows:

Table 9 - Summary of 2016/16 proposed Savings

	Use of Departmental Reserves	Budget Reductions/ Increased income/ Grant regimes	Budget reductions Increased income/ Grant regimes as a percentage of 2015/16 budget
	£'000	£'000	
Chief Executive's Department (1)	0	235	5.6%
Child and Adult Service Department	934	1,750	3.7%
Regeneration and Neighbourhoods Department	157	1,024	5.0%
Public Health (General Fund budgets)	0	79	7.3%
Total	1,091	3,088	4.2%

1. The Chief Executive's Department will also need to manage the impact of the forecast 2016/17 Housing Benefit Administration Grant, currently anticipated to be £54,000. Members have previously approved the allocation of the FERIS (Fraud and Error Reduction Incentive Scheme) grant to mitigate this grant cut.

10.7 Total use of one off funding to support the 2016/17 Budget

10.8 As part of the development of a multi-year MTFS Members have previously approved the establishment of a Budget Support Fund to support the budget over a number of years. Proposals for using additional one-off resources to address specific issues and to provide a longer lead time to enable these issues to be managed are detailed in previous paragraphs. The phased withdrawal of these resources is reflected in the MTFS forecasts detailed

earlier in the report and by 2018/19 there will be no reliance on this one-off funding.

- 10.9 After reflecting these issues the Council will be using one-off resources of £4.356m to support the 2016/17 budget, which has reduced the budget cuts required and protected services for 12 months. This is not sustainable and more significant budget cuts will be required in 2017/18 and 2018/19 as a result of continuing cuts in Government grants. The use of one-off resources in 2016/17 is summarised below:

Table 10 - Summary of one-off resources allocated to support the 2016/17 budget

	£'000
Budget Support Fund	2,708
Protection Costs Reserve/Living Wage Reserve	557
Departmental Reserves	1,091
Total One-off Resources use to support 2016/17 budget	4,356

10.10 Summary of strategy to address 2016/17 forecast budget deficit

- 10.11 After reflecting the factors detailed in the previous paragraphs the gross budget deficit arising from the further forecast significant cut in Government grant can be bridged from a combination of factors as summarised below. The table shows that only 37% £3.088m of the gross budget deficit will be bridged from cuts to departmental budgets. This position reflects the use of one off resources, forecast growth in income arising from house building and the achievement of corporate savings. It also underlines the significant benefits from continuing to adopt a multi-year approach to managing the Council's resources:

Table 11 - Summary of 2016/17 Savings and Resources to bridge gross forecast budget deficit of £9.417m

	£'000	Percentage of £9.417m
Use of Budget Support Fund	2,708	29%
Housing Growth and Council Tax increase	1,273	13%
Use of Departmental Reserves	1,091	12%
Corporate Savings (ICT and interest savings, plus reduction in April 2016 pay award provision)	700	7%
Use of Protection Costs Reserve/Living Wage Reserve	557	6%
Sub Total	6,329	67%
Departmental Budget cuts	3,088	33%
Total	9,417	100%

10.12 **Risk Assessment of recommended 2015/16 savings**

10.13 **Corporate savings** - There is no risk in relation to the Corporate ICT saving as work has been completed to confirm the saving is achievable. Similarly the additional saving in interest rates is considered to be low risk owing to the outlook in relation to interest rates.

10.14 **Departmental savings** – The detailed savings reports include a risk assessment section detailing financial and non financial risks of achieving the proposed savings. Implementation of individual savings will be managed carefully during 2016/17 to ensure these savings are implemented. In addition, the progress in achieving permanent savings/income to replace the use of department reserves in 2016/17 will also be managed carefully to ensure these are achieved before the start of 2017/18, or there is sufficient time to develop an alternative strategy if planned reductions cannot be achieved.

11. **CAPITAL PROGRAMME 2016/17 to 2018/19**

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

11.2 **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 D. 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.

11.3 **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.

11.4 **Schemes funded from the Council Capital Fund** – in previous years the Council supported capital expenditure of £600,000 using Prudential Borrowing. Owing to the continued impact of Government grant cuts this approach is not sustainable as the resulting loan repayment costs would increase the budget deficit and therefore the cuts required to balance the budget.

However, as detailed in the separate Capital Receipts report, a review of progress in achieving the existing capital receipts target of £6.5m has been completed and this indicates the target will be achieved early in 2016/17, if planned land sales are achieved.

In addition, work has been completed to recommend a new capital receipts target for 2016/17 to 2018/19. Based on experience of achieving the previous target, which has taken longer to achieve than initially forecast owing to challenging market conditions, achieving further capital receipts will also be challenging and require careful management. It also needs to be

recognised that existing deliverable planning approvals have already been granted for 2,668 houses on privately owned land. In addition to permissions already granted there are a substantial number of housing planning applications that are under consideration that may further impact on the future demand for residential land if approved due to saturation of the market and this dynamic will be critical in the achievement of ongoing capital receipts.

Therefore, against this background it is recommended that a capital receipts target of £1m is set for 2016/17. In the event that these capital receipts are delayed the temporary shortfall will be funded from temporary Prudential Borrowing. Based on the planned sales for 2016/17 this is a low risk.

It is recommended that the 2016/17 resources are allocating to fund the following priorities:

- £0.6m for Council Capital Fund Priorities – detailed proposals for allocating these resources will be reported to a future Finance and Policy Committee for consideration and approval;
- £0.4m for other Council priorities, which may include match funding capital grants and/or other external funding opportunities, or potential development of Community Hub facilities – detailed proposals will be reported to a future Finance and Policy Committee for consideration and approval;

11.5 Housing Investment – a comprehensive report on the Housing investments completed to date and potential future developments will be submitted to a future meeting. Preparation of the report has been delayed pending clarification from the Department for Communities and Local Government (DCLG) of the potential requirements in relation to the Housing Revenue Account (HRA) and Government approvals required for further housing investment funded from Prudential Borrowing.

On 6th August 2015 full Council approved the business case for the purchase of 14 bungalows on the former Raby Road Corridor/Perth Street site. The business case noted that after reflecting a successful grant bid to the Homes and Communities Agency and the application of section 106 monies that Prudential Borrowing of £735,000 would be used for this project. The Prudential Borrowing equates to 58% of the overall project cost (i.e. £58,500 per property).

The report to Council advised Members that the scheme could not proceed until the DCLG provided the necessary approvals in relation to the Housing Revenue Account. Officers have been pursuing this issue with DCLG officials for several months and on 4th November DCLG confirmed that the Council can reopen the Housing Revenue Account. However, DCLG have not yet provided the necessary detailed approvals and it is not yet clear when this information will be provided, although these details are anticipated to be received before the end of the financial year.

Whilst, the DCLG notification is helpful a further delay to this scheme is unhelpful as the Council needs to commit to this development. Therefore, in order to progress this scheme a fall back funding strategy is needed and it is recommended that the planned Prudential Borrowing of £735,000 is replaced with a temporary loan from the existing Major Repairs Reserves. The fall back will only be used if DCLG do not provide the necessary detailed approval by the end of the current financial year.

A further report will be prepared once DCLG have provided the detailed approvals. The report will also consider a strategy for using income received from Housing Hartlepool in 2015/16 from the sale of former Council houses, currently forecast to be £118,000.

- 11.6 **Operational Equipment replacement** - these schemes will be funded from Prudential Borrowing and the loan repayment costs repaid from existing revenue budgets, including Trading Accounts, or in the case of vehicles potentially required to bring the recycling service in-house will only be purchased once the detailed Business Case has been considered by the Neighbourhood Services Committee. The recycling service Business Case also identifies works which will be necessary to accommodate changes to the kerbside dry recycling service at the Burn Road Transfer Station which comprises of the following:

- Remove the now-defunct elevated platform and reinstate the ground;
- Erect a suitable building/canopy for dry recyclable material and wastes diverted from the Energy from Waste (EfW) plant;

The works will provide a purpose made holding facility to enable the Council to deposit waste materials at the site where they are sorted prior to being transferred to external authorised treatment facilities. The estimated cost is £250,000 and this will be funded by Prudential Borrowing and the annual repayment costs of £15,000 will be funded from savings generated in the Waste Disposal Budget. These schemes are detailed in Appendix D.

12. PUBLIC HEALTH FUNDING

- 12.1 A detailed report on Public Health Funding was presented to the Committee on 28th August 2015 and is attached as Appendix E. The report advised Members that the Chancellor announced a recurring cut in the ring fenced public health grant of £200 million – a 7.4% cut.
- 12.2 For planning purposes the report outlined proposals for managing a cut of 7.4% in the Public Health grant allocated to the Council, which is a reduction of £640,000. This cut has now been confirmed by the Government.
- 12.3 When the August report was considered Members requested information on a number of issues as detailed below:
- Information on alternative models and their impact on the provision of Stay Safe Stay Warm Fire Service Programme and Smoking Services Prevention Programme

The Stay Safe Stay Warm Programme provided by Cleveland Fire Service, responds to crisis situations and purchase the necessary equipment and materials, to ensure those most in need remain safe and warm during the winter months. It is proposed to reduce this budget from £25,000 to £10,000. In regard to the impact of this reduction on the provision of the programme, it is anticipated that the impact will be limited. This view is based on the fire service exploring ways in which they can support health and well being through their mainstream activities, therefore the proposed funding level in 16/17 funding could well be sufficient to continue to deliver the programme.

The Smoking Services Prevention Programme has a current budget of £20,000 to carry out insight work to inform smoking interventions for young people and for an annual programme of theatre in education for year 7 pupils. The insight work is now complete therefore no impact will be felt on the loss of this budget for that element. A Theatre in Education Company has been commissioned by Public Health to deliver performances and workshops to Year 7 pupils in all secondary schools in Hartlepool for the past 5 years. This has always been well received in all schools and evaluates well and there may be an opportunity for schools to commission this programme directly. The cost of this for all 5 secondary schools is under £10,000 and so it would be a small contribution required from individual schools. In addition, the new service specification for Children and Young People's Health and Wellbeing Service requires school nurses to raise the issue of smoking and offer help and support to those wishing to quit. In addition, a number of youth workers have now been trained to raise the issue and deliver advice and support regarding quitting in the youth setting. The role of the Specialist Stop Smoking Service in this is to provide training, mentoring, shadowing and general guidance on the issue of smoking cessation and this will continue.

- Referral of the proposal in relation to the Taxi Marshalling service to the Safer Hartlepool Partnership in order to determine if Partner organizations could contribute to the scheme.

A paper is to be presented to the Safer Hartlepool Partnership on 20th November requesting Responsible Authorities, including the NHS and police, contribute to sustaining this scheme from 16/17 onwards.

- 12.4 The August report reminded Members that these reductions are anticipated to be in addition to 'pace of change' reductions, which could increase the total recurring funding cut to £1.5m. Further details will be reported as soon as they are available and at the time this report was prepared the Director of Public Health was preparing a response to consultation proposals issued by the Advisory Committee on Resource Allocation (ACRA).

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

- 13.1 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.
- 13.2 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.
- 13.3 The Chief Finance Officer can advise Members that in his professional opinion the budget proposals for 2016/17 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. It also includes the approach to assessing financial risks, the earmarking of reserves to manage these risks and the annual review of reserves and risks as summarised earlier in the report and considered in detail at the Finance and Policy Committee on 16th October 2015. 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 2016/17 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 2016/17. 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 early to ensure a full year saving is achieved in 2016/17. 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 2016/17 this reflects management action taken to hold posts vacant where possible to avoid the need for compulsory

redundancies as part of the 2016/17 budget process. This action is not sustainable over the period of the MTFS and it will not be possible to avoid compulsory redundancies in future 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 2016/17 and the costs of implementing both the Hartlepool Living Wage and the National Living wage;
- Budget provision for additional Employers National Insurance costs from 1st April 2016 arising from changes being implemented by the Government;
- A prudent provision for inflation on non pay budgets and income budgets during 2016/2017;
- A prudent view of the net costs of the Authority's overall cash flow, including the repayment of Prudential Borrowing;
- 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 2016/17 budget as detailed in Appendix G;
- An assessment of the impact of using Departmental Reserves to help manage the 2016/17 budget deficit and the arrangements for managing progress during 2016/17 to identify permanent savings to replace this one-off funding from 2017/18.

13.4 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 2016/17 these costs will relate to voluntary redundancies as management action is currently anticipated to avoid compulsory redundancies for 2016/17. 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) Existing Capital Receipts target of £6.5m (includes £2m for Brierton Developments)

This risk has reduced significantly during 2015/16 owing to the completion of land sales. It is anticipated that the existing capital receipts target should be achieved early in 2016/17 provided planned land sales are completed.

iii) New Capital Receipts target of £1m for 2016/17

The report outlines proposal for achieving additional capital receipts over the period of the MTFS. Owing to the uncertainty and timing of achieving these additional forecast receipts a prudent approach has been recommended in setting a new target for 2016/17 of £1m. Provided planned land sales are completed this is a low risk. In the event that planned land sales are delayed until 2017/18 temporary Prudential Borrowing will need to be used to temporary fund 2016/17 capital expenditure.

iv) Jacksons Landing Development

Resources have previously been earmarked to cash back 80% of the interest free loan as part of the previous MTFS and 2014/15 final outturn strategy. These resources will provide protect the Council's financial position if a longer timeframe is needed to secure the development/sale of this site than provided by the current interest free loan, which is repayable in October 2017.

v) Business Rate Retention Risks

As outlined in previous MTFS report the main financial risk related to the outcome of the Power Station Rateable Value appeal. As outlined earlier in the report this risk has now materialised and a 48% reduction in the Rateable Value has been approved by the Valuation Office Agency. The scale of this reduction is unprecedented and exceeds the amount forecast. A strategy for managing this issue is detailed earlier in the report.

Potential risks remain in relation to unplanned outages at the Power Station, which may result in temporary rateable value reductions. As the existing Risk Reserve is fully committed to help manage the permanent Rateable Value reduction this position will need to be closely monitored on an ongoing basis.

Potential risks also remain in relation to business closures and these will also be monitored closely on an ongoing basis.

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 2016/17 than can be supported from the 2016/17 base budget. This strategy provides a longer lead time to achieve service transformation and reduce costs. The

achievement of this strategy will need to be reviewed as part of the 2017/18 budget process to ensure the necessary permanent cost savings will be achieved.

- 13.5 In addition to the above issues there is a new risk in relation to the recycling service as a result of market conditions affecting all Authorities arising from a significant reduction in demand for recyclable material which is driven by lower oil prices and continued weak growth in the global economy. A range of options are being explored in relation to the recycling services and a full business case will be reported to the Neighbourhood Services Committee next month. Whichever option is adopted the Council will face increased financial risks and the current options appraisal is designed to minimise this risk. The work completed to date indicates that the options appraisal is likely to recommend bringing the service in-house. In 2016/17 it is currently anticipated that this risk can be managed within the overall Departmental budget. However, for 2017/18 a budget pressure may be required and this will be considered as part of the 2017/18 budget process.

14. CONSULTATION FEEDBACK

- 14.1 Budget consultation/engagement meetings have involved the following organisations and further information is provided in the Appendices as indicated below:

- Trade Unions budget consultation meeting - H
- Business Sector budget consultation meeting - Appendix H
- Neighbourhood Forum budget consultation meeting – Appendix H
- Youth Parliament – considered the overall budget and detailed savings proposals over a number of meetings and met with Policy Chairs on 9th November 2015 to discuss the budget. Details of feedback from this meeting will be reported verbally to the Committee meeting.

15. EQUALITY IMPACT ASSESSMENTS

- 15.1 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.
- 15.2 Equality Impact Assessments (EIA) have therefore been undertaken where required and are included as part of the proposal reports to Committee's (appendices C1–C6) to enable Members to satisfy themselves that they are able to consider fully the potential impact of the proposed changes when making their decisions. 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.

15.3 An overall central assessment has been undertaken to determine the cumulative impact of the savings proposals on each individual “protected characteristic”. It is understood 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.

16. **CONSIDERATIONS / IMPLICATIONS**

Financial Considerations and Risk Implications	Covered in detail in the previous paragraphs of this report
Legal Considerations	None
Child and Family Poverty Considerations	None
Equality and Diversity Considerations	Detailed in paragraph 15
Staff Considerations	Detailed in paragraph 10.3
Asset Management Considerations	None

17. **CONCLUSIONS**

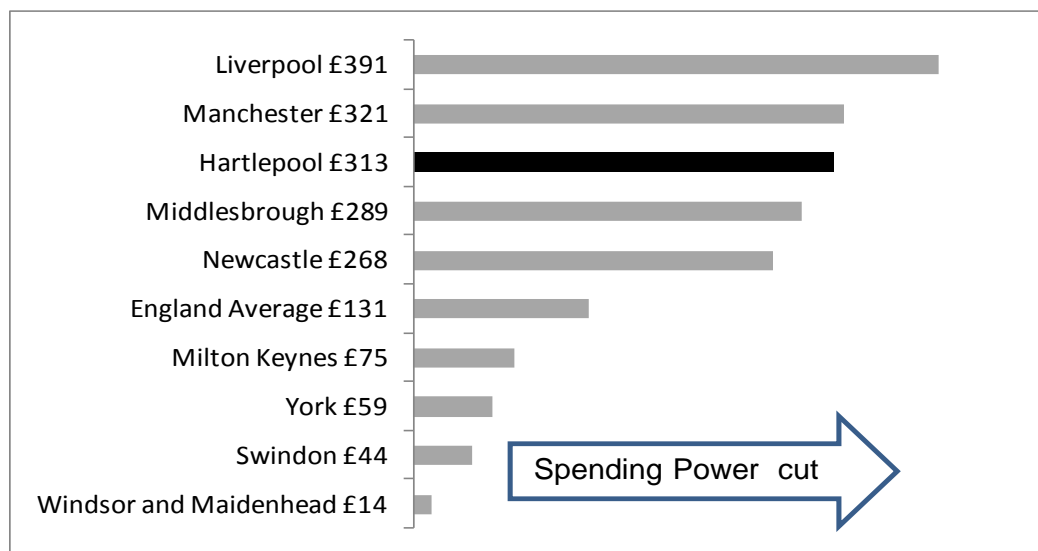
17.1 **Business Rates Issues and Power Station Rateable Value Reduction**

17.2 As well as managing significant cuts in Government funding the Council has also had to manage increased financial risks as a result of the Government implementing the Business Rates Retention system and transferring responsibility for Council Tax support to Councils. These changes have had a disproportionate impact on Hartlepool.

17.3 In particular, the Business Rates Retention system changes have had a significant detrimental impact on the Council’s financial position and results from factors outside the Council’s control, namely:-

- the time taken to address an outstanding Rateable Value appeal submitted by the Power Station against the Rateable Value set from 1st April 2010;
- the Government’s decision to implement the Business Retention System from 1st April 2013 before appeals against the 1st April 2010 Rateable Values had been resolved; and
- the implementation of inadequate ‘safety net’ arrangements to support Councils suffering a significant ongoing reduction in Business Rates from a reduction in Business Rates income from a single business.

- 17.4 In May 2015 the Valuation Office Agency (VOA) approved a reduction of 48% in the Rateable Value of the Power Station which had applied since 1st April 2010 and which had previously been set by the VOA. As a result of this decision the Council faces an ongoing annual loss of Business Rates income of **£3.9m**, which equates to 25% of total Business Rates income for the town. The Council will not receive any financial support from the Government to manage the ongoing income reduction. Therefore, the Council has to fund this income loss from its own resources.
- 17.5 Whilst, the recommended strategy for managing this income loss avoids even greater cuts in services, it commits significant Council resources over the period 2015/16 to 2018/19, namely:
- £6.505m of one-off resources – which have been earmarked over a number of years to manage this risk; and
 - £1.523m of ongoing resources – arising from housing and business growth.
- 17.6 In summary over the period 2015/16 to 2018/19 the Council will need to commit one-off resources and ongoing resources of £11.074m to offset the impact of the Power Station Rateable Value reduction to avoid increasing the forecast budget deficits.
- 17.7 Whilst, the recommended strategy avoids increasing the budget deficits for the next three years, this is not a permanent solution and the Council will need to address a net income shortfall in 2018/19 of £0.459m, which can hopefully be funded from the 2015/16 outturn if the under spend is not needed to offset a higher actual grant cut than forecast. If this is not possible the 2018/19 budget deficit will increase by this amount. The Council will then need to address an ongoing net income reduction of £1.5m in 2019/20.
- 17.8 **Public Health Funding**
- 17.9 In addition, to managing significant additional cuts in Government funding for core services over the next three year, the report highlights the Government's proposals to cut Public Health funding by 7.4% in the current year and potential additional cuts in future years. These cuts will also have a disproportionate impact on Hartlepool owing to existing health in-equalities.
- 17.10 **General Fund Budget**
- 17.11 Local Authorities suffered some of the highest funding cuts in the Public Sector over the 5 years up to 2015/16. These cuts had a disproportionate impact on those Authorities which were most reliant on Government grant and have less ability to fund services from Business Rates and Council Tax. Consequently Councils in the North East and other deprived areas suffered the highest Spending Power cuts per resident as highlighted in the following graph.

Spending Power Cuts for last five years (2011/12 to 2015/16)

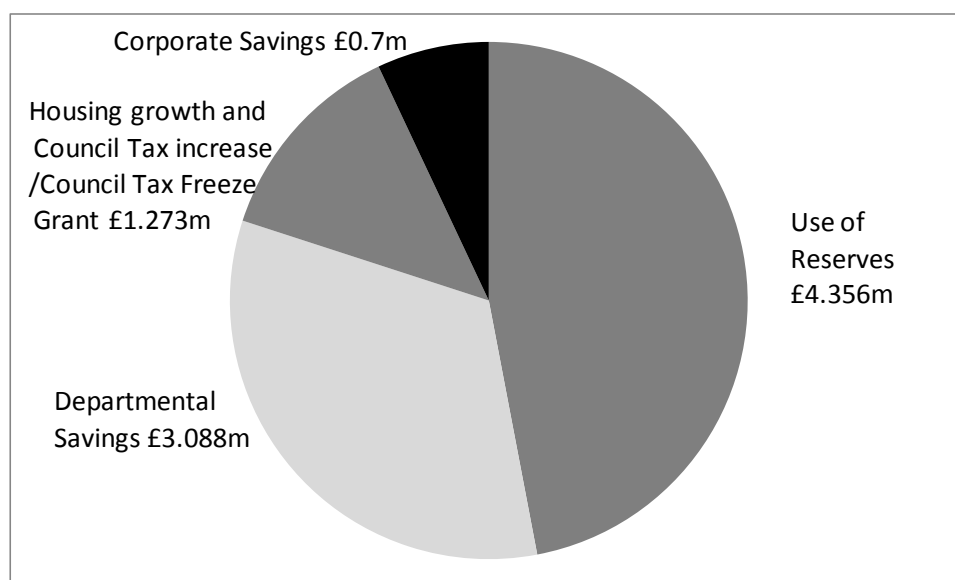
- 17.12 The Council has successfully managed the cuts in Government funding over the last 5 years through a combination of measures. This included a range of initiatives which cannot be repeated, including reducing management tiers/departmental restructuring, re-letting the ICT contract at a significantly reduced costs and interest savings. This approach has mitigated the impact on front line services and minimised the visible impact on services provided to the public. This position is not sustainable.
- 17.13 The Government has indicated that austerity will continue for the rest of this Parliament and in the summer Government departments were 'invited' to submit proposals for implementing cuts of either 25% to 40% over the next 4 years. Government plans will be outlined in more detail in the Spending Review announcement on 25th November 2015.
- 17.14 Details of the Local Government Finance Settlement are not expected to be issued by the Government until late December 2015, which makes financial planning extremely challenging. The proposals in this report are therefore based on a forecast Government grant cut for 2016/17 of 10%. In the event that the actual grant cut for 2016/17 is higher than 10% it is recommended that additional one-off resources, arising from the 2015/16 outturn and reserves review, are allocated to support the 2016/17 budget. This strategy will not provide a permanent solution and is designed to provide a longer timescale to develop and then consult upon additional permanent savings proposals.
- 17.15 On the basis of forecast grant cuts and budget pressures the Council faces a gross budget deficit of £24.811m for 2016/17 to 2018/19. It is anticipated that this can be reduced to £14.192m from a combination forecast housing growth, annual Council Tax increase/receipt of Council Tax freeze grant and use of the Budget Support Fund, as summarised below:

	Forecast 2016/17 to 2018/19 £'m
Gross Forecast Deficit	24.811
Less Forecast Permanent Corporate Savings and income increases (including anticipated Council Tax base increases and additional New Homes Bonus)	(6.118)
Less Use of Budget Support Fund	(4.501)
Net Forecast Deficit	14.192

(A detailed breakdown is provided in Table 8, paragraph 9.6)

- 17.16 In relation to the forecast 2016/17 budget the Council faces a gross budget deficit of £9.417m (inclusive of budget pressures). The impact on services has been mitigated from a combination of housing growth, forecast Council Tax increase/receipt of Council Tax freeze grant, corporate savings and use of reserves (i.e. use of Budget Support Fund and Departmental Reserves). Without these measures Members would have faced even more difficult decisions in relation to services. However, as a result of these measures budget reductions have been limited to £3.088m, which equates to only 33% of the gross deficit, as summarised in the following graph:

Summary of 2016/17 Savings and Resources to bridge gross forecast budget deficit of £9.417m



(A detailed breakdown is provided in Table 11, paragraph 10.12)

- 17.17 It is currently anticipated that the strategy for managing the 2016/17 forecast budget deficit should avoid the need for any compulsory redundancies. This reflects action taken by CMT to manage staffing reductions included in the 2016/17 savings proposals by managing vacant posts and approving 33 applications for voluntary redundancy/retirement.

- 17.18 The report concentrates on the forecast financial position for 2016/17 to 2018/19 and the Councils faces significant deficits in these years. As summarised in the following table the overall deficit for the three years up to 2018/19 has increased slightly. The increase largely reflects the net impact of forecast increases in the National Living Wage, reductions in forecast pay growth resulting from the Government's Public Sector pay cap of 1%, increased Council Tax income arising from forecast housing growth and annual Council Tax increases.

Forecast Net Budget Deficits 2016/17 to 2018/19
(based on forecast Government Grant cuts)

	Reported 29.06.15 £'m	Latest Forecast £'m
2016/17	4.135	4.179
2017/18	4.954	5.223
2018/19	4.908	4.790
	13.997	14.192

- 17.19 Addressing the budget deficits in 2017/18 and 2018/19 will be challenging and proposals for addressing these deficits will be reported to a future meeting for Members consideration. There is a potential risk that the deficit in 2017/18 may increase by £1.091m if savings proposals to replace the use of Departmental Reserves in 2016/17 are not implemented. Progress in achieving these budget reductions will be monitored closely during 2016/17.
- 17.20 The Council will continue to face budget deficits beyond 2018/19 owing to the following factors:
- The continuation of Government grant cuts until at least 2019/20 – this will mean there have been 9 consecutive years of funding cuts, which is unprecedented;
 - The additional impact of further phased increases in the National Living Wage in April 2019 and April 2020. Despite this legislative change increasing Local Authority costs, whilst reducing Government Tax Credit expenditure, Councils will not be provided with 'new burdens' funding by the Government to address this cost pressure;
 - The ongoing impact of the Power Station Rateable Value reduction will result in a net forecast income reduction of £1.550m in 2019/20; and
 - Potential financial risks arising from the Government proposal to localise 100% of Business Rates by 2020.
- 17.21 Future reports will update Members on the impact of these issues when more information is available. In the meantime, the longer term outlook underlines the importance of continuing to adopt a multi-year approach to managing the Council's resources and implementation of measures to

address the forecast budget deficit on a sustainable basis by 2018/19, including the importance of achieving forecast housing growth.

- 17.22 On a more positive note the MTFS proposals include the introduction of a Hartlepool Living Wage of £7.88 with effect from 1st December 2015.

18. RECOMMENDATIONS

- 18.1 It is recommended that Members consider and approve the following detailed recommendations for submission to Council:

18.2 Implementation of Hartlepool Living Wage and National Living Wage

- 18.3 Approve the implementation of a Hartlepool Living Wage of £7.88 from 1st December 2015. Note that payment in December 2015 will be subject to Council approving this proposal on 10th December 2015 as part of the 2016/17 MTFS proposals.
- 18.4 Approve the proposal that the Hartlepool Living Wage of £7.88 be increased on an annual basis, commencing from 1st April 2016, in line with the cost of living pay award for Local Authority employees until such time as this is less than the National Living Wage, as which stage the National Living Wage will apply.
- 18.5 Approve the funding strategy for implementing the Hartlepool Living Wage as detailed in Appendix A.
- 18.6 Note the forecast additional budget pressures in 2017/18 and 2018/19 have been included in the MTFS and to note that these forecasts will need to be updated on an annual basis to reflect actual Local Government cost of living pay awards and actual National Living Wage levels.
- ### **18.7 Strategy for Managing Power Station Rateable Value Reduction**
- 18.8 Note that the Valuation Office Agency has reduced the Rateable Value of the Power Station by 48% and as a result there is a permanent reduction in the Council's share of Business Rates income of £3.790m.
- 18.9 Approve the allocation of permanent income from Business Rates growth, an increased Council Tax Base and Enterprise Zone Business Rates income, total value of £1.523m (as detailed in table 4, paragraph 5.24), to partly offset the gross Business Rates income and reduce the net 2016/17 shortfall to £2.267m (i.e. £3.790m less £1.523m).
- 18.10 Approve the allocation of the Power Station Risk Reserve, inclusive of additional contributions in 2015/16 and 2016/17, to fund the net 2016/17 Power Station income reduction and reductions over the period 2015/16 to 2018/19 as detailed in table 6, paragraph 5.29.

18.11 Note that recommendations 17.9 and 17.10 avoid increasing the budget deficits for 2015/16 to 2017/18 and this is only possible as a result of beginning to plan for this situation in 2012/13. To also note that in 2018/19 there is a net forecast shortfall of £0.459m which it is hoped can be funded from the 2015/16 outturn if the under spend is not needed to offset a higher actual grant cut than forecast. If this is not possible the 2018/19 budget deficit will increase by this amount.

18.12 Note that recommendations 17.9 and 17.10 do not provide a permanent solution to fully address the permanent reduction in the Power Station Rateable Value of £3.790m and there will be a forecast net income shortfall in 2019/20 of £1.5m;

18.13 Note the action taken by Officers to encourage the Valuation Office Agency and Power Station to reach agreement on the temporary Rateable Value reduction for 2014 outage before the end of the current financial year to avoid the income loss, potentially up to £1m, falling on the Council in 2016/17.

18.14 Reserves Review and General Fund 2015/16 Forecast Outturn

18.15 Approve the allocation of £0.5m from the Reserves Review to establish a Child and Family Poverty Reserve and delegate authority to the Finance and Policy Committee to develop and approve a strategy for using these resources.

18.16 Approve the allocation of the following forecast amounts to manage the potential impact of a higher actual 2016/17 grant cut than forecast:

	Worst Case - Forecast one-off resources £'000	Best Case - Forecast one-off resources £'000
2015/16 net forecast outturn	669	889
Reserve Review (gross amount released of £889k less allocated for Child and Family Poverty initiatives)	389	389
Total Forecast Uncommitted Resources	1,058	1,278

18.17 To note that if the above resources are not needed to offset a higher actual 2016/17 grant cut than forecast a further report will be submitted to enable an alternative strategy for using these resources to be developed, which may include allocating uncommitted funding to either:

- Increase cash backing for the Jackson's Landing Interest free loan from 80% of the loan value;
- To support the General Fund budget in 2017/18 and future years;
- To support the Local Council Tax Support scheme in 2017/18; or
- To fund one-off costs of reshaping the Council, which may require one-off funding to achieve ongoing savings.

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

- 18.19 Note the detailed Local Council Tax Support (LCTS) scheme report to be referred to Council on 10th December 2015 will recommend that a 12% LCTS scheme is retained for 2016/17.

18.20 2016/17 to 2018/19 General Fund Budget

- 18.21 Note that on the basis of forecast annual Government grant cuts the Council faces a gross budget deficit for 2016/17 to 2017/18 of £24.811m.

- 18.22 Note that after reflecting the proposals detailed in table 8, paragraph 9.6, which includes forecast housing growth and the use of the Budget Support Fund, the gross deficit of £24.811m should reduce to £14.192m and will result in the following annual forecast deficits:

- 2016/17 £4.179m
- 2017/18 £5.223m
- 2018/19 £4.790m

- 18.23 Approve the phased use of the Budget Support Fund as follows and to note that this phasing reflects in the forecasts net annual deficits detailed in recommendation 17.22:

- 2016/17 £2.708m
- 2017/18 £1.232m
- 2018/19 £0.004m

- 18.24 Approve the use of Departmental Reserves of £1.091m and implementation of Budget Reductions/increased income/grant regimes of £3.088m to address the 2016/17 net budget deficit of £4.179m as summarised below and detailed in Appendix C1 to C6.

	Use of Departmental Reserves	Budget Reductions/ Increased income/ Grant regimes	Budget reductions Increased income/ Grant regimes as a percentage of 2015/16 budget
	£'000	£'000	
Chief Executive's Department (1)	0	235	5.6%
Child and Adult Service Department	934	1,750	3.7%
Regeneration and Neighbourhoods Department	157	1,024	5.0%
Public Health (General Fund budgets)	0	79	7.3%
Total	1,091	3,088	4.2%

18.25 Note the financial risks regarding the actual cuts in Government funding for the next 3 years and note that an update will be reported to a future meeting after the 2016/17 Local Government Finance Settlement is issued by the Government.

18.26 Note that a decision on the 2016/17 Council Tax level and indicative levels for 2017/18 and 2018/19 will be considered at a future meeting once the Government has issued the 2016/17 Council Tax referendum threshold and determined whether the Council Tax freeze grant regime will continue.

18.27 Capital Programme 2016/17

18.28 Note that details of specific Government Capital Allocations for the Local Transport Plan, Education and Personal Social Services had not be issued by the Government when this report was prepared and detailed proposals for using these ring fenced capital resources will be reported to the relevant Policy Committee for approval once details have been received.

18.29 Approve the use Prudential Borrowing for the replacement of Operational Equipment as detailed in Appendix D and note the annual repayment costs are already included within existing operational and trading accounts budgets, or in the case of vehicles required to bring the recycling service in-house will only be purchased subject to approval of the detailed Business Case by the Neighbourhood Services Committee.

18.30 Approve, subject to the approval of the detailed Business Case, the use of Prudential Borrowing of £250,000 to complete works necessary to provide Waste Transfer Station Recycling capacity to enable the recycling service in-house and to note the annual repayment costs of £15,000 will be funded from savings generated in the Waste Disposal Budget.

18.31 Approve a new capital receipts target for 2016/17 of £1m and the allocation of these resources to fund the following priorities:-

- £0.6m for Council Capital Fund Priorities – detailed proposals for allocating these resources will be reported to a future Finance and Policy Committee for consideration and approval;
- £0.4m for other Council priorities, which may include match funding capital grants and/or other external funding opportunities, or potential development of Community Hub facilities – detailed proposals will be reported to a future Finance and Policy Committee for consideration and approval;

18.32 Note that DCLG have confirmed the Council can reopen the HRA, but have not yet provided the necessary detailed approvals. Therefore, in order to progress the scheme approved by Council on 6th August to purchase 14 bungalows on the former Raby Road/Perth Street development, it is recommended that the planned Prudential Borrowing of £735,000 (i.e. 58% of the project cost, which equates to £58,500 per property) is replaced with a temporary loan from the existing Major Repairs Reserves. The fall back will only be used if DCLG do not provide the necessary detailed approvals by the year end current financial year.

18.33 Public Health Funding

18.34 Approve the savings proposals detailed in Appendix E to address the forecast cut in Public Health funding of £630,000 and to note that if the actual cut is higher a report will be submitted to a future meeting of the Committee.

18.35 Robustness of Budget Forecasts

18.36 Note the detailed advice provided by the Chief Finance Officer and Corporate Management Team in section 13.

19. REASON FOR RECOMMENDATIONS

19.1 To enable the Finance and Policy Committee to approve the 2016/17 budget proposals to be referred to Council for approval.

20. BACKGROUND PAPERS

Medium Term Financial Strategy 2014/15 to 2016/17 report to Finance and Policy Committee 29th June 2015.

Medium Term Financial Strategy Review of Reserves as at 31st March 2015 report to Finance and Policy Committee 15th September 2014.

21. CONTACT OFFICER

Chris Little
Chief Finance Officer
Tel: 01429 523003
Email: chris.little@hartlepool.gov.uk

FORECAST COSTS AND SAVINGS 2015/16 TO 2020/21

	Current MTFS Planning Period				Beyond MTFS	
	2015/16 (part year) £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Forecast Budget Pressures:						
- Removal of Terms and Conditions Savings	200	200	200	200	200	200
- Cost of implementing Hartlepool Living Wage	50	150	150	150	150	150
- Cost of increasing Hartlepool Living Wage to level of National Living Wage (note 1)	0	0	0	0	160	160
- Cost of continuing increase in National Living Wage	0	0	0	0	0	160
- Increased External Contract prices	0	500	1,000	1,500	2,000	2,500
Total Forecast Budget Pressure	250	850	1,350	1,850	2,510	3,170
Forecast Resources						
- Final 2015/16 Revenue Support Grant (note 2)	(93)	(93)	(93)	(93)	(93)	(93)
- Savings from April 2016 pay cap of 1%		(200)	(200)	(200)	(200)	(200)
- Savings from April 2017 pay cap of 1%		0	(600)	(600)	(600)	(600)
- Savings from April 2018 pay cap of 1%		0	0	(600)	(600)	(600)
Total Forecast Budget Savings	(93)	(293)	(893)	(1,493)	(1,493)	(1,493)
Net Forecast Budget Pressure	157	557	457	357	1,017	1,677
Funding of net Budget Pressure						
Commitment against 2015/16 Outturn	(105)					
Use of Living Wage Reserve	(49)					
Reallocation of Protection Costs Reserve (note 3)	(3)	(557)				
Additional Budget cuts 2017/18			(457)	(457)	(457)	(457)
Additional Budget cuts 2019/20					(560)	(560)
Additional Budget cuts 2020/21						(660)
Net Deficit/(temporary one off surplus)	0	0	0	(100)	0	0

Notes

1) Based on the planning assumptions detailed in table 1, paragraph 4.11, the Hartlepool Living Wage will exceed the forecast National Living Wage until 1st April 2019. Provision for forecast increases in the Hartlepool Living Wage of 1% from 1st April 2016, 2017 and 2018 are included within overall pay budget.

2) As report to Finance and Policy Committee on 30.01.15 the actual 2015/16 final Grant settlement was £93k higher than forecast and this amount was earmarked to partly fund implementation of the Hartlepool Living Wage.

3) Value of uncommitted Protection Costs Reserves is £560,000, after reflecting allocation of £190,000 for Holiday Pay costs.

EARMARKED FOR SPECIFIC COMMITMENTS RESERVES

Balance as at 31st March 2014	Reserve	Balance as at 31st March 2015	Planned Use of Reserve						Estimated Balance at 31/03/19	Reason for/purpose of the Reserve	Total Value of Reserve to be Released	Value of Reserve to be Retained to fund commitments 2015/16 to 2018/19	Reason for Release of Reserve
			2015/16	2016/17	2017/18	2018/19	Total Planned Use of Reserves						
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000		
	Reserves Held in Trust												
7,042	School Balances	5,871	(1,467)	(1,467)	(1,467)	(1,470)	(5,871)	0	School reserves have reduced as schools have utilised their reserves to assist with lower increases in revenue funding, contributions to planned capital works and transfer of reserves to those Schools which converted to Academy Status during 2014/15. The reserves will be utilised over more than one financial year in accordance with the implementation of multi-year budgets.	0	5,871		
517	Civic Lottery Reserve & Museum Acquisitions	528	0	0	0	0	0	528	The Lotteries Reserve, which consists of the proceeds of the Civic Lottery and donations received, is an earmarked reserve and the investment income generated is used for grants and donations to local organisations. The Museums Acquisition Reserve was set up to put monies aside for the acquisition of items for the Museum.	0	528		
	Reserves allocated for specific commitments												
7,629	Redundancy and Early Retirement Costs Reserve	6,156	(2,052)	(2,052)	(2,052)	0	(6,156)	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 5 financial years. Phasing is indicative based on the forecast budget deficits and will be reviewed annually.	0	6,156		
4,443	Earmarked Capital Reserves	6,892	(6,892)				(6,892)	0	This reserve is held to fund future capital schemes.	0	6,892		
4,677	Strategic Ring Fenced Grants	6,736	(1,385)	(2,613)	(1,454)	(1,284)	(6,736)	0	This reserve has been created from grants given to the Council. These grant monies will be spent over more than one financial year.	0	6,736		
	Reserves allocated for Council priorities												
3,732	Budget Support Fund Reserve 2015/16 to 2018/19	5,455	(1,342)	(2,620)	(1,224)	(269)	(5,455)	0	This reserve has been established to support the budget between 2015/16 to 2018/19.	0	5,455		
2,650	Power Station Business Rates Reduction Reserve	4,784	(4,784)	0	0	0	(4,784)	0	This reserve has been established to address the financial risk of the impact of the Business rates being relocated in April 2013 and the implementation of the 'safety net' arrangements. This reserve is earmarked to manage the impact of the 48% reduction in the rateable value of the Power Station. For planning purposes it is assumed this amount will be fully committed in 2015/16, although the actual phasing may vary if the Government provide support to manage the financial impact.	0	4,784		
2,057	Local Council Tax Support Scheme Reserve	2,920	(968)	(584)	(934)	(134)	(2,620)	300	This reserve was created to partly mitigate the impact of the change to the Council Tax Benefit regime and the resulting cut in Government Grant. The balance of £0.3m is recommended to manage in year risk over the next three years.	0	2,920		
5,153	General Fund Reserve	4,657	0		0	0	0	4,657	This reserve is held to manage unforeseen events. The 31.3.15 balance includes Public Health Funding (£0.62m) to manage the potential risk of a reduction in Public Health funding in 2016/17 and future years. When account is taken of this £0.62m commitment, the net uncommitted GF Reserve is £4.037m which is approximately 4% of the net GF budget, which is within the previously recommended range of 3% to 5%. Due to the increased financial risks facing the Council, it is recommended that the level of the uncommitted GF reserve is appropriate and should be retained.	0	4,657		
37,900	Reserves earmarked for specific commitments	43,999	(18,890)	(9,336)	(7,131)	(3,157)	(38,514)	5,485		0	43,999		

CORPORATE RESERVES

Cost Centre	Reserve	Balance as at 31st March 2015	Planned Use of Reserve						Estimated Balance at 31/03/19	Reason for/purpose of the Reserve	Total Value of Reserve to be Released	Value of Reserve to be Retained to fund commitments 2015/16 to 2018/19	Reason for Release of Reserve
			2015/16	2016/17	2017/18	2018/19	Total Planned Use of Reserves						
		£'000	£'000	£'000	£'000	£'000	£'000	£'000			£'000	£'000	
25959	Strategic One Off Costs - Council Capital Fund	300	(300)	0	0	0	(300)	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.	0	300		
26000	General Fund - Neighbourhood Services One off Initiatives	196	(196)	0	0	0	(196)	0	Neighbourhood Services One off Initiatives agreed at F & P 1st July 2015 as part of final outturn strategy. The initiatives once agreed at Regeneration Committee will be referred to Council for final approval.	0	196		
25804	Insurance Fund	4,102	0	0	0	0	0	4,102	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. Further details are set out in section 5.7 of the report.	0	4,102		
25972	Strategic Risk Reserve	1,027	(108)	(557)	(362)	0	(1,027)	0	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. This reserve may also need to be used to help manage the impact of the Government's proposed National Living Wage on the cost of the existing pay and grading structure in the Council.	0	1,027		
25952	Treasury Management Risk Reserve	870	(205)	(395)	(197)	(73)	(870)	0	This reserve was originally created to manage interest rate risk over period of the MTFS and to ensure that if interest rates increase sooner and / or to a higher level than anticipated there will not be an overspend. In response to the continued low level of interest rates this reserve was reallocated to support the achievement of permanent reduction in the loan repayment budget of £1.27m (£1m as part of the 2014/15 budget and £0.27m as part of the 2015/16 budget). When the additional recurring reduction of £0.27m was included in the 2015/16 base budget it was recognised that the actual loan repayment savings will not be fully achieved until 2019/20, as these saving will be phased in over a number of years. In taking these saving fully into account in the 2015/16 budget it was also recognised that this reserve would be used on a phased basis over the period 2015/16 to 2018/19.	0	870		
25321	Capital Risk Strategy	901	0	0	(901)	0	(901)	0	This reserve is earmarked to manage potential phasing risks in relation to the Jackson's Landing Development, to provide a longer lead time if necessary after the repayment of the interest free loan. In addition, to these resources the Council has also earmarked the Major Regeneration Capital Projects budget, which is funded from Prudential Borrowing, to cash back the Jacksons Landing Interest free loan. In total these measures provide total cash backing of £1.294m, which equates to approximately 80% on the interest free loan.	0	901		
25298	Income Risk Reserve	500	(250)	(250)	0	0	(500)	0	In response to the economic downturn the income budget for the Shopping Centre was reduced by £0.2m as part of the 2012/13 budget, leaving an ongoing income budget of £0.335m. This level of income is not being achieved in the current year as the owners of the Shopping Centre are having to provide rent free periods and incur one-off costs to secure new tenants, which reduces the Council's share of the net income. Therefore, there will be a forecast income shortfall in 2015/16. There will also be a 2015/16 income shortfalls in relation Land Charges. The total value of these issues in 2015/16 is £0.25m. The remaining balances needs to be retained to manage these risks continuing in 2016/17 to avoid a potential unbudgeted income shortfall.	0	500		
25328	Regeneration Projects	400	0	(200)	(200)	0	(400)	0	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 by Members.	0	400		
25853	Local Plan Reserve	211	(125)	(86)	0	0	(211)	0	This reserve will cover estimated costs over the period 2014/15 to 2016/17.	0	211		
25992	Development Control /Building Control Income Shortfall	123	(100)	(23)	0	0	(123)	0	This reserve was created to cover income shortfalls owing to the weakness in the economy.	0	123		
25320	ICT Contract	100	0	0	0	0	0	100	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	0	New contract has been successfully implemented and these one off resources can now be released.	
25291	Members Ward Issues	155	(155)	0	0	0	(155)	0	Used to fund ward issues for Members	0	155		

Cost Centre	Reserve	Balance as at 31st March 2015	2015/16	2016/17	2017/18	2018/19	Total Planned Use of Reserves	Estimated Balance at 31/03/19	Reason for/purpose of the Reserve	Total Value of Reserve to be Released	Value of Reserve to be Retained to fund commitments 2015/16 to 2018/19	Reason for Release of Reserve
25286 &25287	Salary Sacrifice	35	0	0	0	0	0	35	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.	35	0	Pension rates have now been set for the 3 years commencing 2014/15 and this risk no longer exists.
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.	60	0	Funding has been received to fund the War Memorial as per the Finance and Policy Committee Report 24 November 2014. Therefore this reserve is no longer required.
25984	Funding for Modern Apprentices	150	(50)	(50)	(50)	0	(150)	0	This reserve is earmarked to provide funding fo Modern Apprentices.	0	150	
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. This reserve will be taken into account within the overall MTFS and the strategy for funding the Hartlepool Living wage.	0	49	
25990	Concessionary Fare	38	0	(38)	0	0	(38)	0	This reserve covers the tri-annual cost of replacing concessionary fares passes.	0	38	
25295	Vodafone	19	(19)	0	0	0	(19)	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.	0	19	
25322	Environmental Apprenticeships Scheme	42	(32)	0	0	0	(32)	10	This reserve was created at 2013/14 outturn to fund this initiative in 2014/15	10	32	£10k additional funding was received in relation to this scheme therefore £10k of this reserve is no longer required.
25289	Works in Default Empty Homes	19	(6)	(6)	(7)	0	(19)	0	This reserve was created to fund works in Default Empty Homes.	0	19	
25962	NDC Fund	8	0	(8)	0	0	(8)	0	Reserve established from NDC under spend and will be transferred to the NDC Trust.	0	8	
26013	Pay Costs Reserve	100	(100)	0	0	0	(100)	0	This reserve was created to fund the impact of a higher pay award than budgeted.	0	100	
26014	Secure Accommodation Reserve	264	(264)	0	0	0	(264)	0	This reserve was created to fund the cost of secure accommodation in 2015/16.	0	264	
26015	Protection Costs Reserve	750	(750)	0	0	0	(750)	0	Created to fund protection costs from the implementation of changes to Terms and Conditions. This reserve will be taken into account within the overall MTFS and the strategy for funding the Hartlepool Living Wage.	0	750	
25317	Property Reserve (Office Moves)	23	(23)	0	0	0	(23)	0	Created to fund one off costs of achieving ongoing accommodation savings as part of the MTFS.	0	23	
25850	Local Council Tax Support 14-15	55	(55)	0	0	0	(55)	0	Allocated to fund Advice & Guidance contract in 2015/16.	0	55	
	Total Departmental Reserves	10,497	(2,787)	(1,613)	(1,717)	(73)	(6,190)	4,307		205	10,292	

CHILD AND ADULT SERVICES RESERVES

Appendix B3

Cost Head	Reserve	Balance as at 31st March 2015	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 2015/16 to 2018/19	Reason for Release of Reserve
			2015/16	2016/17	2017/18	2018/19	Total Planned Use of Reserves	Estimated Balance at 31/03/19				
		£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	
25986	Children's Social Care & Early Intervention (previously known as Early Intervention Grant Reserve)	999	(169)	(240)	(240)	(240)	(889)	110	To support remodelling of early help and social care. As the timing of these commitments is uncertain the phasing is an initial assessment and will be reviewed on an annual basis.	110	889	This reserve is a contingency reserve where future commitments are uncertain. A budget pressure has been included in the MTFS from 2018/19 therefore an element of this reserve can be released.
25960	Children & Families - Looked After Children (includes former Care Matters, Think Family, Child Poverty Local Duties and C&F Donations Reserves)	995	(130)	(130)	(120)	(115)	(495)	500	This reserve is held to fund pressures of increasing demand and costs within Looked After Children over the next 3 years. As the timing of any commitments are uncertain phasing is an initial assessment and reserve will be reviewed on an annual basis.	500	995	
25327	Demographic Pressures in Adult Social Care - SRR (previously Older People Reserve)	421	0	(233)	(188)	0	(421)	0	As part of the Budget Strategy the Department is to use £0.934m of reserves to help meet the 2016/17 savings target of which £0.233m will be funded from this reserve. The residual balance is held as a contingency towards increasing demographic pressures within Adult Social Care over the next 3 years. As the timing of these commitments is uncertain phasing is an initial assessment and reserve will be reviewed on an annual basis.	0	421	
25857	Youth Offending	176	(108)	(68)	0	0	(176)	0	Created from planned underspends in previous years to fund Youth Offending Service initiatives. Phasing shown is an initial assessment as 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	176	
25327	Social Inclusion & Lifestyles Contract Extension	25	(25)	0	0	0	(25)	0	Created to fund the additional six months of contract extensions within Low Level Support Services.	0	25	
25856	Children & Families - Local Safeguarding Board (Partnership Funding)	52	0	(26)	(26)	0	(52)	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 reserve will be reviewed on an annual basis.	0	52	
26018	Better Care Fund Reserve	220	0	(70)	(70)	(80)	(220)	0	This reserve is held as a contingency against Better Care Fund grant funding to manage demand within adult services, particularly linked to older people, as there are significant risks associated with delivering the BCF plan arising from the context of demographic pressures. As the timing of commitments over the next three years is uncertain the phasing is an initial assessment and reserve will be reviewed on an annual basis.	0	220	
TOTAL CHILD & ADULT (EXC EDUCATION)		2,888	(432)	(767)	(644)	(435)	(2,278)	610		610	2,778	

EDUCATION SERVICES RESERVES

Cost Centre	Reserve	Balance as at 31st March 2015	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 2015/16 to 2018/19	Reason for Release of Reserve
			2015/16	2016/17	2017/18	2018/19	Total Planned Use of Reserves	Estimated Balance at 31/03/19				
		£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	
25318	School Improvement	711	(324)	(387)	0		(711)	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 an initial assessment. Action Plans from the Education Commission will be reported in September.	0	711	
25059	Academy Risk Reserve	217	(137)	(80)	0		(217)	0	Reserve created to ensure sustainability of services in future years as schools convert to Academy status. 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		928	(461)	(467)	0	0	(928)	0		0	928	

REGENERATION AND NEIGHBOURHOODS RESERVES
Appendix B5

Cost Centre	Reserve	Balance as at 31st March 2015	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 2015/16 to 2018/19	Reason for Release of Reserve
			2015/16	2016/17	2017/18	2018/19	Total Planned Use of Reserves	Estimated Balance at 31/03/19				
		£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	
25988	Social Housing Repairs and Maintenance Sinking Fund	547	0	0	0	0	0	547	Ringfenced 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 in line with the approved Business Case. A review of the Social Housing project business case is being carried out and this will be reported separately to E & P Committee	0	547	
25954	Selective Licensing/Housing	59	(30)	(29)	0	0	(59)	0	Includes income generated from selective licensing fees and specific grant funding which is required to fund staffing costs over more than one year.	0	59	
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 and has been earmarked to contribute towards the projects being considered as part of the Seaton Master Plan.	0	108	
25994	Engineering Consultancy Reserve	100	0	0	(100)	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 reflects the limited risk in 15/16 & 16/17 owing to the level of approved schemes to date.	0	100	
25994	Fleet Reserve	100	(100)	0	0	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. Owing to the age profile of current vehicles it is envisaged that this will be fully committed in 15/16.	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. Phasing for the use of the reserve is an initial assessment and will vary depending upon the weather experienced over the winter periods. In the event that this is not required in 15/16 it will be rolled forward to provide contingency funding for future years.	0	50	
25994	Passenger Transport Reserve	45	(45)	0	0	0	(45)	0	Reserve created to manage the financial risks associated with this trading account over years. It is anticipated that this reserve will be used in 2015/16 to support new contracts in year.	0	45	
25981	Bikeability	15	(15)	0	0	0	(15)	0	Contribution received to fund projects which are underway and is committed to match fund the LSTF funding awarded for 2015/16.	0	15	
25941	Archaeology Projects (incl Monograph Series)	23	0	(23)	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	
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. Phasing is an initial assessment and will be reviewed on an annual basis.	0	16	
25057	Royal Navy Museum Reserve	520	0	(126)	(176)	(218)	(520)	0	Reserve is allocated to support the development of the National Museum of the Royal Navy's northern hub in Hartlepool over the period 2015/16 to 2019/20. This amount represents the worst case forecast and it is hoped that as visitor numbers increase and the Council benefits from the 50/50 profit sharing agreement that the actual contributions will be less than forecast. Phasing is an initial assessment and commitments against this reserve will be reviewed on an annual basis.	0	520	
26016	Community Centre Reserve	30	(30)	0	0	0	(30)	0	Reserve created to fund the 2015-16 running costs associated with Community Centres.	0	30	
25982	NEPO Rebate	25	0	0	0	0	0	25	Reserve created to account for the uncertainty of the NEPO rebate income each year.	25	0	Change in funding model for NEPO has reduced the risk around income. The residual risk will be managed as part of the annual budget management arrangements.

TOTAL REGENERATION & NEIGHBOURHOODS	1,638	(286)	(286)	(276)	(218)	(1,066)	572
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25	1,613
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PUBLIC HEALTH RESERVES

Appendix B6

Cost Head	Reserve	Balance as at 31st March 2015	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 2015/16 to 2018/19	Reason for Release of Reserve
			2015/16	2016/17	2017/18	2018/19	Total Planned Use of Reserves	Estimated Balance at 31/03/19				
		£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	
25844	Public Health Grant Reserve	1,678	(100)	(650)	(528)	(400)	(1,678)	0	As part of the Budget Strategy the Child and Adult Department is to use £0.934m of reserves to help meet the 2016/17 savings target of which £0.468m will be funded from this reserve. The reserve represents ring-fenced grant funding which 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	1,678	

	TOTAL PUBLIC HEALTH	1,678	(100)	(650)	(528)	(400)	(1,678)	0
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0	1,678
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CHIEF EXECUTIVE DEPARTMENT RESERVES

Appendix B7

Cost Centre	Reserve	Balance as at 31st March 2015	Planned Use of Reserve - £000						Estimated Balance at 31/03/19	Reason for/purpose of the Reserve	Total Value of Reserve to be Released	Value of Reserve to be Retained to fund commitments 2015/16 to 2018/19	Reason for Release of Reserve
			2015/16	2016/17	2017/18	2018/19	Total Planned Use of Reserves						
		£'000	£'000	£'000	£'000	£'000	£'000	£'000			£'000	£'000	
25943	Corporate Strategy - ICT System Development	74	(25)	(49)	0	0	(74)	0	Created to fund development/enhancements of current ICT and Website/system upgrades. This reserve to be spent over 15/16 and 16/17 and will be utilised (based on there being no corporate budgets to support such changes) to fund transition costs in relation 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 and further development of the council's ICT infrastructure and application suite.	0	74		
25943	Corporate Strategy - Performance Management	13	(5)	(5)	(3)	0	(13)	0	To support related costs for performance management e.g. covalent charges over a 3 year period.	0	13		
25943	Public Relations Staffing	10		0	0	0	0	10	To support the Public Relations Staffing Budget in 2015-16.	10	0	Costs will be funded from 2015/16 managed budget underspends, which will enable this reserve to be released.	
25949	Legal	36	0	(36)	0	0	(36)	0	Legal Reserve to fund temporary staffing arrangements in 2016-17.	0	36		
25949	Reserve for Civic Responsibilities	2	(2)	0	0	0	(2)	0	This reserve is committed in year for Civic items.	0	2		
25945	Registrars	15	(5)	(5)	(5)	0	(15)	0	To be used for Registrars software maintenance costs over 3 years.	0	15		
25945	Registrars Marriage Room	6	(6)	0	0	0	(6)	0	To be used for the Marriage Room maintenance.	0	6		
25946	People Framework Development	18	(9)	(9)	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 including further development and training provision to support the development of the council	0	18		
25946	Health and Safety Officer	25	(25)	0	0	0	(25)	0	To support the Health and Safety Staffing Budget in 2015-16.	0	25		
25948	Finance - IT Investment	39	0		0	0	0	39	Created to fund one off costs of the Resource link contract renewal.	39	0	Costs will be funded from 2015/16 managed budget underspends, which will enable this reserve to be released.	
25948	IT Investment Shared Services	30	(20)	(10)	0	0	(30)	0	Shared Services Reserve for Project Development Work on E-Series and Webview.	0	30		
	TOTAL Chief Exec.	268	(97)	(114)	(8)	0	(219)	49		49	219		

FINANCE AND POLICY COMMITTEE

28 August 2015



Report of: Chief Executive

Subject: SAVINGS PROGRAMME 2016/17 – 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 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.

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 increases in Looked After Children;

- 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 of the overall proposals by this and then Council.
- 3.4 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.
- 3.5 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 Chief Executives Department is 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 in 2013/14 to relocalise Business Rates and implement Local Council Tax Support (LCTS) schemes

there has been a significant and sustained 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 few years 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	2015/16 Gross Budget £'000
Finance	2,712
Assistant Chief Executive	2,883
Chief Solicitor	821
	6,416

The costs of these services to the Council have, in line with many other service areas in the Council reduced significantly over the last 5 years.

3.8 Outcomes

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

Revenues and Benefits – Council Tax in year collection was 95.4% in 2014/15. This is slightly below the 95.7% average for the 10 North East Councils that operate LCTS schemes involving cuts to Local Council Tax Support entitlements (the range is 93.6% to 96.9%). If the LCTS scheme had not been in place, Hartlepool's in year collection of Council Tax would have been 96.1%.

Hartlepool's Business Rates in year collection was 98.0% in 2014/15. This is the same as the 98.0% average of all 12 North East Councils (the range is 96.2% to 99.1%).

Housing Benefit new claims average processing times were 21.18 calendar days (placing Hartlepool 7th out of North East Councils) and Local Council Tax Support new claims were processed on average in 18.3 days placing Hartlepool 4th out of North East Councils.

3.8.2 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.

3.8.3 Customer & Support Services –. During 2014/15 the Customer Service Centre supported residents with over 350,000 enquiries across three main contact channels – telephone, personal visit and online. In addition to providing first contact support on behalf of a wide range of Council sections, a number of new services transferred into the centre including Allotments, Housing Services and the Good Tenant Scheme. The service played a key role in the introduction of Universal Credit by assisting claimants to make an on-line application and also provided support for the Energy Switching Scheme initiative. Birth and death registration performance was above regional and national averages and the newly decorated and refurbished Marriage Room at the Borough Hall has received positive feedback. The main reception area received the Breast Feeding Gold Award for its inclusive approach and the service made a pledge to help create a dementia friendly community by becoming a Dementia Friend. Ten members of the team received a British Sign Language qualification, demonstrating an ongoing commitment to the hard of hearing. Apprentices continue to be supported by the service and one has progressed to permanent employment within the team

4.0 PROPOSALS

- 4.1 The savings target established at the outset of the budget process for Chief Executives department was £211,000. 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 £235,000, which exceeds the initial target of £24,000 (which was also the case in 2014/15 and 2015/16) 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.

There have been a number of requests for voluntary redundancies within the Department as part of the rolling process for considering Voluntary Redundancy and Early retirement costs. 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 2016/17.

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.

4.2.2 Changes in operations and management arrangements £42.5k

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 a number of aspects of operations and some reductions in staffing levels. It is anticipated that these can be delivered without the need for compulsory redundancies.

4.2.3 Income and Running costs £62.5k

A further review has been undertaken of running costs and there has been a concerted effort in the last year to both confirm existing income and generate income from new sources. This has proven to be successful in both aspects and as a result of this (with no required additional costs to deliver) it is anticipated that through the combination of income and reducing certain expenditure heads that the figure above can be realised.

4.3 CHIEF FINANCE OFFICER

4.3.1 At this stage the savings target for the Division has been exceeded. It is anticipated that additional savings will again need to be made in 2016/17 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 2016/17. Total gross savings of £100k 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 £80k

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. 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 Running costs £20k

The implementation of functionality associated with the Council's new telephony system and improvements to the Council's web site will remove the need for the current externally hosted self service facility for Revenues and Benefits enquiries without any impact on existing customer service standards .

4.4 CHIEF SOLICITOR

- 4.4.1 At this stage the savings target for the Division is under consideration by the Chief Solicitor and through on-going communications and engagement with staff.

4.4.2 Staffing Savings £30k

Previous savings have relied on staff reducing their working hours (subject to operational requirements) and departure of personnel through EVR, with a re-alignment of duties as a consequence. All 'non staff' budgets have been exhausted to a position where the allocated budget for the Division relates to staff costs solely. Vacant posts have not been a feature of savings for some considerable time.

All attempts will be made to manage savings without impacting, particularly on those statutory areas of service, which is a feature of the composition of the Division. Meetings with all staff have taken place so that they are fully conversant with the savings that need to take place within the Division and also corporately. However, savings to be achieved for 2016/17 and in future years will require a reconfiguration of services at an operational level, which may result in compulsory redundancy and/or retirement situations.

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.

5 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 have, or may, become vacant through the year. Whilst this option would provide for the continuation at the current level, in conjunction with the ability to reduce the potential compulsory redundancy, it was determined that this would not provide an effective solution for the Authority.
- 5.3 Savings other than staffing and operational issues.
- 5.3.1 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.

5.4 Consideration of service demands

- 5.4.1 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) continue to generate significant workload issues. These workload demands are likely to continue into the foreseeable future and therefore in defining 2016/17 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 2016/17 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.
- 5.4.2 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.
- 5.5 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 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 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
Assistant Chief Executive	(£k)
Changes in operations / Management Arrangements	42.5
Income and running costs	62.5
Chief Finance Officer	
Deletion of vacant post / Changes in Management Arrangements	80
Running costs	20
Chief Solicitor	
Changes in Management Arrangements	30
Total Proposed Savings	235

7.4 The savings identified for the Chief Executive's Department exclude the Corporate savings included within the MTFs report considered by this Committee on 29th June 2016 of £0.5m. 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 and Treasury Management activities.

8 EQUALITY CONSIDERATIONS

8.1 For each of the proposed savings areas where there is likely to be a direct impact on customers/service users and/or staff, consideration is given to the

impact across each of the protected characteristic groups. This is recorded through an Equality Impact Assessment.

- 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 This impact assessment will be reviewed by the Corporate Equality Group alongside those for the other Department savings proposals. An overall Equality Impact Assessment will be undertaken to identify if there is any Council-wide cumulative impact on protected groups from the savings proposals for 2016/17.

9 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 19th October 2015.

10 REASON FOR RECOMMENDATIONS

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

11 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) 2016/17 to 2018/19 - 29th June 2015

12 CONTACT OFFICERS

Gill Alexander, Chief Executive
Hartlepool Borough Council
Tel: 01429 523001 Email: Gill.Alexander@hartlepool.gov.uk

Andrew Atkin – Assistant Chief Executive
Hartlepool Borough Council
Tel: 01429 523001 Email: Andrew.Atkin@hartlepool.gov.uk

Chris Little – Chief Finance Officer
Hartlepool Borough Council
Tel: 01429 523001 Email: Chris.Little@hartlepool.gov.uk

Peter Devlin – Chief Solicitor
Hartlepool Borough Council
Tel: 01429 523001 Email: Peter.Devlin@hartlepool.gov.uk

ADULT SERVICES COMMITTEE

14th September 2015



Report of: Director of Child & Adult Services

Subject: SAVINGS PROGRAMME 2016/17 – ADULT SERVICES

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 enable Members to consider the initial 2016/17 savings proposals relating to the Committee's 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. 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 29 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 this may increase 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 and demographic pressures and increases in Looked After Children;
 - 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 1 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 departmental 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:-
- 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.
- 3.5 In line with the process adopted in previous years and to assist Members' consideration of budget proposals, information in relation to the aim and scope of Adult Services, its service users and engagement, inputs, outputs and outcomes is provided below.
- 3.6 Service 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 directly by the department (including assessment and care management and disability day services) while most services are commissioned (such as residential placements, services that support carers and day services for older people).

3.7 Service Users

People who use adult social care services in Hartlepool are over 18 and assessed as having a social care needs that meet the national eligibility criteria. 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.

3.8 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.

3.9 Inputs

3.9.1 The current cost to the Council of the services delivered by the Child and Adult Services Department (excluding schools) is £72.8m, with £24.9m of income generated.

3.9.2 Within the departmental budget, the gross expenditure relating to adult social care is £48.5m, of which £18.5m is income from people's personal contributions, health funding and other sources, including reserves.

Category	Expenditure
Residential Placements	£19.4m
Personal Budgets	£18.3m
Social Care Activities inc Assessment & Care Management	£8.3m
Housing Related Support	£2.5m
	£48.5m

The breakdown of spend on personal budgets is as follows:-

Personal Budget Analysis:-	Expenditure
Home Care	£6.2m
Direct Payments	£5.4m
Supported Accommodation (including Extra Care)	£3.5m
Day Services	£1.6m
Equipment	£0.5m
Other	£1.1m
	£18.3m

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.

3.10 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.
- 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.

4. **DEPARTMENTAL PROPOSALS**

4.1 The 2016/17 savings target for Child and Adult Services is £2.684m.

4.2 The departmental approach to identifying savings has been to focus on three key areas:-

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

- 4.3 All areas of spend were reviewed under these headings, taking into account savings achieved in previous years and statutory responsibilities. Areas were identified where savings could be achieved with least impact on front line services for local people.
- 4.4 Reducing demand is a high priority for the department and measures have been taken that will impact on future demand to bring down spend in this area. There are some positive signs that these measures are being effective (such as the reduction in older people being permanently admitted to residential care), however, it will take time for the prevention and early intervention policies to take full effect, especially with demographic pressures arising from an increasingly older generation and an increasing number of children and adults with complex physical and learning disabilities.
- 4.5 Therefore, for 2016/17 it is proposed to use £0.934m of departmental reserves to help meet the savings target. This is not sustainable in the long term and is designed to provide a longer lead time to achieve these savings by delaying by one year, i.e. until 2017/18. A robust plan will be developed to ensure the deferred savings can be achieved in 2017/18.
- 4.6 It is proposed to use a combination of Children's Services reserves (£0.233m from Demand Management), Adult Services reserves (£0.233m from Demographic Pressures) and Public Health grant reserve (£0.468m), reflecting the greater integration of services between Child and Adults and Public Health.
- 4.7 In addition to the savings specific to Children's Services, Education and Adult Services the following departmental savings are generic and contribute towards the overall departmental target:
- **Further integration of early help and intervention services across social care, education and public health – Saving £0.5m.** By working more closely with Public Health it is proposed that the Public Health grant can be utilised across Child and Adult Services to support the aims of improving and enhancing Public Health across Hartlepool.
 - **Departmental Salary Abatement Target – Saving £0.25m.** 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. Robust plans will be developed to identify alternative savings when this becomes necessary and details will be reported to Members as part of future savings report.

4.8 Children's Services (including Education) Proposals – Saving £0.4m

- 4.8.1 Details of these savings will be reported to the Children's Services Committee.

5. **ADULT SERVICES PROPOSALS**

- 5.1 Within adult services, the following savings have been made over the last four financial years:

• 2012/13	-	£1,570,000
• 2013/14	-	£860,000
• 2014/15	-	£1,325,000
• 2015/16	-	£1,075,000

- 5.1.1 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.

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

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

- 5.1.4 The proposed contribution to the departmental target from adult services is £0.6m.

- 5.2 The savings proposals specific to the Adult Services Committee are as follows:-

5.3 Further Integration of Health and Social Care – Saving £0.25m

- 5.3.1 The implementation of Hartlepool's Better Care Fund (BCF) plan will further integrate health and social care services, particularly those that support older people. The aim of the BCF plan is 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.
- 5.3.2 This will be achieved through a focus on:
- Low Level Support and Management of Long Term Conditions
 - Intermediate Care
 - Improved Dementia Pathways
- 5.3.3 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.
- 5.3.4 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.
- 5.3.5 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.
- 5.3.6 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.
- 5.3.7 It is 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 £250,000 can be achieved through further integration of health and social care.
- 5.4 Review of Contracts and Non-Pay Budgets – Saving £0.15m
- 5.4.1 A range of services are commissioned by the Council to support adults with social care needs including:
- 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.

- 5.4.2 A saving of approximately £1m has been made against these contracts over the past four 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.
- 5.4.3 It is proposed that inflationary uplifts are not offered on these contracts from April 2016, which will achieve a saving of approximately £75,000.
- 5.4.4 In addition to a review of contracts, a review of all non pay budgets has been undertaken. This has identified a number of areas where budgets have been set based on historic spend, but have not been fully committed in recent years. This includes budgets for events, conferences, room hire etc. This review has identified savings of approximately £75,000.
- 5.5 Reduction in Demand for Services – Saving £0.20m
 - 5.5.1 Over 80% of the gross budget for Adult Services is spent on demand led services, primarily on residential placements and packages of support that are delivered in the community. In order to continue reducing spend on Adult Services, it is therefore essential that plans are implemented that aim to reduce this demand.
 - 5.5.2 Reducing demand is very challenging in the context of people living longer, an increased prevalence of dementia and increasing numbers of working age adults with complex learning and / or physical disabilities, as well as more people experiencing mental health issues.
 - 5.5.3 Strategies have been in place for some time that aim to reduce reliance on more intensive and costly services, such as residential care placements. These include investment in assistive technology / telecare, investment in extra care housing and development of reablement services that support people to regain their independence following a hospital stay. There is some evidence that these strategies are beginning to reduce demand for residential care, as the number of permanent admissions to residential care has reduced in 2014/15 when compared to the previous year. However, it should be noted that packages of support in the community are not necessarily more cost effective as people can require a significant level of support in their own homes to maintain their safety and independence.
 - 5.5.4 Through delivery of the Better Care Fund plan initiatives around early intervention, prevention and low level services, and continued work to promote alternatives to residential care, it has been identified that a saving of £200k could be achieved through reducing demand for services.

6. CONSIDERATION OF OPTIONS

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

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 massively increased requirements in relation to Deprivation of Liberty Safeguards.

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

People who already have services can't 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 support needs over time and with age.

It is not possible to reduce spend on future 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 judicial review, as has been seen elsewhere in the country.

This issue will be revisited when considering savings for 2017/18. Any proposed changes will have a significant lead time due to the requirement for consultation and will involve detailed financial modelling work to assess the potential saving that could be achieved.

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 in 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 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 early intervention, prevention and other policies will assist in the reduction of demand for services thus reducing costs. Given the increasing demographic pressures from an ageing population and increasing numbers of adults with complex physical or learning disabilities there is a significant risk that demand will not reduce and may in fact increase. There are also risks that costs of services increase with work that is underway nationally in terms of fair cost of care exercises for residential care and domiciliary care services. This may result in increasing costs for services, even if demand can be constrained or reduced.
- 7.2 There are risks associated with introducing a salary abatement target:-
- limited number of vacancies during the year and/or vacancies are filled immediately;
 - staff move through the pay grades and reach the top of pay scale quicker than anticipated ie. qualifications and experience based progression for Social Workers and Social Care Officers; and
 - 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.
- 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, 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.
 - There has been no confirmation regarding Better Care Fund allocations for the future. Allocations are currently only in place for 2015/16.
- 7.4 It is anticipated that the risks highlighted above in relation to using these measures to help balance the 2016/17 budget are manageable. However, the sustainability of these issues beyond 2016/17 will require careful management and if these items are not sustainable, alternative savings proposals will need to be identified and reported as part of a future year's savings report.

8. FINANCIAL CONSIDERATIONS

- 8.1 The proposals outlined above deliver the savings as summarised in the table below. These proposals include the use of £0.934 of departmental reserves in 2016/17, which provides a longer lead time to identify permanent budget savings from managing demand. Achievement of these reductions will be challenging and require carefully management and if these savings cannot be achieved alternative proposals will need to be identified for consideration by Members:-

Proposals:-	Proposed Savings
Departmental	
Integration of early help and intervention services across social care, education and public health	£500,000
Departmental Salary Abatement Target	£250,000
Children's Services Proposals	£400,000
Use of Children's Reserves	£233,000
Use of Adult Services Reserves	£233,000
Use of Public Health Reserves	£468,000
	£2,084,000
Adult Services	
Further Integration of Health & Social Care	£250,000
Review Contracts & Non-Pay Budgets	£150,000
Reduction in Demand for Services	£200,000
	£600,000
Total Departmental Saving	£2,684,000

9. EQUALITY CONSIDERATIONS

- 9.1 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 as having eligible needs (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).
- 9.2 An assessment has indicated that none of the current proposals require an Equality Impact Assessment as the proposals will have limited impact on people accessing services and no disproportionate impact on people who share protected characteristics.

10. RECOMMENDATIONS

- 10.1 It is recommended that Members of the Adult Services Committee note the content of the report and formulate a response to be presented to Finance and Policy Committee on 19 October 2015.

11. REASON FOR RECOMMENDATIONS

- 11.1 The proposals included in this report will contribute to the delivery of the Child & Adult Services savings target for 2016/17.

12. BACKGROUND PAPERS

- 12.1 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 - 29 June 2015

13. CONTACT OFFICERS

Sally Robinson
Director of Child & Adult Services
Tel: (01429) 523914
e-mail: sally.robinson@hartlepool.gov.uk

Jill Harrison
Assistant Director - Adult Services
Tel: (01429) 523911
e-mail: jill.harrison@hartlepool.gov.uk

CHILDREN'S SERVICES COMMITTEE

15th September 2015



Report of: Director of Child & Adult Services

Subject: SAVINGS PROGRAMME 2016/17 – CHILDREN'S SERVICES

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 Committee's 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 increases in 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:-
- 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.
- 3.5 In line with the process adopted in previous years and to assist Members' consideration of budget proposals, information relating to the aim and scope of Children's Services, its service users and engagement, inputs, outputs and outcomes is provided below.
- 3.6 Service Aims
- 3.6.1 The services in scope are focussed on addressing the welfare and education needs of all children and young people in Hartlepool, including the most disadvantaged and vulnerable, their families and carers. In delivering this function, the Department is responsible for working closely with local partners to jointly plan and commission services that improve outcomes for and the well being of children and young people in relation to their safety, health and education.
- 3.6.2 The Children's Services Division 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 help 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.

3.6.3 The Education, Learning and Skills Division is responsible for:

- All Schools and the National Primary and Secondary Curriculum;
- School improvement, teaching and learning 0 – 19;
- Schools Capital Strategy, Schools Innovation and Health And Safety;
- Social and Educational Inclusion, Vulnerable Pupils and the Pupil Referral Unit;
- Special Educational Needs;
- Governor Support, School Governor Services and training;
- Performance Management/Management Information relating to service area responsibilities;
- School Admissions and School Place Planning;
- Educational Psychology.
- Strategic commissioning for children.

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

3.7 Service Users

The Department is responsible for providing a range of universal, targeted and specialist services for children and young people from pre birth up to the age of 25 in certain instances. This involves the provision of services for children and also services to their families and carers to improve children's experiences and outcomes.

3.8 Engagement

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

- Youth Council;
- Children and Young People's Democracy;
- Young Inspectors;
- Children in Care Council;
- 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 received from service users and OFSTED on the quality of services provided.

3.9 Inputs

3.9.1 The current cost to the Council of the services delivered by the Child and Adult Services Department (excluding schools) is £72.8m with £24.9m of income generated funding.

3.9.2 Within this departmental total, the gross expenditure relating to Children's Services is £24.3m, of which £6.5m is income generated from schools, grants and other sources including reserves:

Category	Expenditure
Children & Families inc. Looked After Children	£12.9m
Early Intervention Services	£5.3m
Education, Learning & Skills	£5.1m
Other (Youth Offending & Out of School Care)	£1.0m
	£24.3m

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.

3.10 Outcomes

3.10.1 Outcomes for children in Hartlepool are measured through a range of statutory returns to the Department for Education. The performance framework for children covers the breadth of services delivered by the department including educational achievement, children subject to child protection plans and outcomes for children looked after. The Council is considered to perform well against these performance measures and particular achievements include:

- Year on year improvements in the stability of placements for looked after children making Hartlepool one of the top performing authorities in the country;
- Year on year improvement in the attainment of children of 5 A* - C including English and Maths and in 2014, Hartlepool results were, for the first time, above the national average;
- Hartlepool Borough Council is meeting the Government targets in relation to the placement of children for adoption;
- An increasing number of Hartlepool schools are judged to be Good or Outstanding by Ofsted.
- 100% successful turnaround rate against government measures on the Troubled Families programme.

3.10.2 Hartlepool received its inspection under the current Ofsted Single Inspection Framework in November 2013. This inspection considered all services for

children who require early help, are in need, including those in need of protection and children looked after. The authority was judged to be Good overall with all sub judgements also classified as good. Within the same inspection, Ofsted also inspected the effectiveness of the Local Safeguarding Children Board, the outcome of this was that the Board 'Requires improvement'.

4. PROPOSALS

- 4.1 The 2016/17 savings target for Child and Adult Services is £2.684m.
- 4.2 The departmental approach to identifying savings has been to focus on three key areas:-
- Reducing cost of high end demand through prevention, early intervention and reducing unit costs;
 - Integration and service remodelling across functional areas; and
 - Increasing income.
- 4.3 All areas of spend were reviewed under these headings, taking into account savings achieved in previous years and statutory responsibilities. Areas were identified where savings could be achieved with least impact on front line services for local people.
- 4.4 Reducing demand is a high priority for the department and measures have been taken that will impact on future demand to bring down spend in this area. There are some positive signs that these measures are being effective, such as a reduction in the number of children looked after, however, it will take time for the prevention and early intervention policies to take full effect, especially with demographic pressures arising from an increasingly older generation and an increasing number of children and adults with complex physical and learning disabilities.
- 4.5 Therefore, for 2016/17 it is proposed to use £0.934m of departmental reserves to help meet the savings target. This is not sustainable in the long term and is designed to provide a longer lead time to achieve these savings by delaying by one year i.e. until 2017/18. A robust plan will be developed to ensure the deferred savings can be achieved in 2017/18.
- 4.6 It is proposed to use a combination of Children's Services reserves (£0.233m from Demand Management), Adult Services reserves (£0.233m from Demographic Pressures) and Public Health grant reserve (£0.468m), reflecting the greater integration of services between Child and Adults and Public Health.
- 4.7 In addition to the savings specific to Children's Services, Education and Adult Services the following departmental savings are generic and contribute towards the overall departmental target:

- **Further integration of early help and intervention services across social care, education and public health – Saving £0.5m.** By working more closely with Public Health it is proposed that the Public Health grant can be utilised across Child and Adult Services to support the aims of improving and enhancing Public Health across Hartlepool.
- **Departmental Salary Abatement Target – Saving £0.25m.** 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. Robust plans will be developed to identify alternative savings when this becomes necessary and details will be reported to Members as part of future savings reports.

4.8 Adult Services Proposals – Saving £0.6m

4.8.1 Details of these savings will be reported to the Adult Services Committee.

4.9. Children's Services Proposals – Saving £0.4m

4.9.1 Within Children's Services, the following savings have been made over the last four financial years:-

• 2012/13	-	£545,000
• 2013/14	-	£720,000
• 2014/15	-	£2,100,000
• 2015/16	-	£1,790,000

4.9.2 The savings proposals specific to the Children Services Committee come from across all sectors of the department as detailed below.

4.9.3 **Early Intervention Services – Saving £0.1m.** Following substantial reductions made in the early intervention services budget over the last two years, an efficiencies review of budget lines has been completed which has identified £0.1m savings can be achieved in 2016/17. This saving is realised through removal of vacant working hours and reductions in supplies and services and general running costs.

4.9.4 **Income generation – Saving £0.1m.** Children's Services is maximising opportunities to work collaboratively with other partners to improve the quality of services provided whilst identifying more efficient ways to deliver these services through pooling resources. Working in partnership with other services enables the department to share costs and realise efficiencies as a consequence.

4.9.5 **Troubled Families – Saving £0.1m.** Over the past three years, the department has successfully delivered the local Think Family Think Community initiative receiving 100% of available Payment by Results funding. The programme approach has now been mainstreamed across

services to deliver the requirements in relation to phase two. Government funding continues to be attached to the delivery of the programme as well as a payment by results criteria. Given the success in phase one, the intervention model is now embedded in practice which will enable the department to meet the requirements of phase two. Income from grant funding and the payment by results can be offset against existing budgets to realise savings.

- 4.9.6 **Education – Saving £0.1m.** A rationalisation and restructure of some services in this area, for example in commissioning, and ongoing reduced pension liabilities will contribute the bulk of these savings. The balance of additional savings in 2016/17 will come from a freeze on inflationary costs on non-pay budget areas.

5. CONSIDERATION OF OPTIONS

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

- Reducing capacity in social work teams which is considered to be too high a risk due to impact on case loads and safe practice.
- Further reducing capacity in family support services which will impact upon the level of support provided to vulnerable children and their families. This could lead to an increase demand for more specialist and higher cost services.
- 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.

6.0 RISK IMPLICATIONS

- 6.1 Using reserves to contribute towards the savings target is not sustainable and delays the savings until 2017/18. This has been implemented in the hope that early intervention, prevention and other policies will assist in the reduction of demand for services thus reducing costs. Given the increasing demographic pressures from an ageing population and from increasing

numbers of adults and children with complex physical or learning disabilities there is a significant risk that the council may not be able to achieve the aspiration of reducing demand to realise future savings.

6.2 There are three main risks associated with introducing a salary abatement target:-

- There may not be many vacancies during the year and/or they are filled immediately;
- Staff move through the pay grades and reach the top of pay scale quicker than anticipated i.e. qualifications and experience based for Social Workers and Social Care Officers;
- 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.

6.3 Other 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.

6.4 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.

6.5 It is anticipated that the risks highlight above in relation to using these measures to help balance the 2016/17 are low and manageable. However, the sustainability of these issues beyond 2016/17 will require careful management and if these items are not sustainable alternative savings proposals will need to be identified and reported as part of a future year's savings report.

7.0 FINANCIAL CONSIDERATIONS

7.1 The proposals outlined above deliver the savings as summarised in the table below. These proposals include the use of £0.934m of departmental reserves in 2016/17, which provides a longer lead time to identify permanent

budget savings from managing demand. Achievement of these reductions will be challenging and require carefully management and if these savings cannot be achieved alternative proposal will need to be identified and reported to Members:-

Proposals:-	Proposed Savings
Departmental	
Integration of early help and intervention services across social care, education and public health	£500,000
Departmental Salary Abatement Target	£250,000
Adult Services Proposals	£600,000
Use of Children's Reserves	£233,000
Use of Adult Services Reserves	£233,000
Use of Public Health Reserves	£468,000
	£2,284,000
Children's Services	
Early Intervention Services	£100,000
Income Generation	£100,000
Troubled Families	£100,000
Education	£100,000
	£400,000
Total Departmental Saving	£2,684,000

8. EQUALITY 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.
- 8.2 An assessment has indicated that none of the current proposals require an Equality Impact Assessment as the proposals will have limited impact on people accessing services and no disproportionate impact on people who share protected characteristics.

9. 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 19th October 2015.

10. REASON FOR RECOMMENDATIONS

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

11. 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 - 29th June 2015

12. CONTACT OFFICER

Sally Robinson
Director of Child and Adult Services
Child & Adult Services
Level 4
Civic Centre
Hartlepool
TS24 8AY
Tel: (01429) 523914
e-mail: sally.robinson@hartlepool.gov.uk

Mark Patton
Assistant Director
Child & Adult Services
Level 4
Civic Centre
Hartlepool
TS24 8AY
Tel: (01429) 523736
e-mail: mark.patton@hartlepool.gov.uk

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:-

- 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.

3.5 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

Denise Ogden
Director of Regeneration and Neighbourhoods
Level 3
Civic Centre
Hartlepool
TS24 8AY

Tel: 01429 523300
E-mail: denise.ogden@hartlepool.gov.uk

Alastair Smith
Assistant Director (Neighbourhoods)
Level 3
Civic Centre
Hartlepool
TS24 8AY

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?			
		Please tick	
		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 			

<ul style="list-style-type: none"> At present no significant negative impacts have been identified for users • 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	
<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>Has there been consultation /is consultation planned with people who will be affected by this policy? How has this affected your decision making?</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. • 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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REGENERATION SERVICES COMMITTEE

28th August 2015



Report of: Director of Regeneration and Neighbourhoods

Subject: SAVINGS PROGRAMME 2016/17 –
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 for consideration as part of the 2016/17 budget process.

3. BACKGROUND INFORMATION

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 increased 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 2016/17 Savings Programme, a number of service areas were identified where potential savings could be made. 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 Finance and Policy Committee and then Council.

3.4 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.

3.5 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.

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

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

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.

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

3.6.2 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

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 the Hartlepool Maritime Experience / National Museum of the Royal Navy project, Enterprising Libraries, 999:What's Your Emergency, Young Cultural Ambassadors and the Summer Reading Challenge to name but a few.

3.6.3 Planning Services – The Planning Service consists of two discrete teams: Development Management 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.

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.

- 3.6.4 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.

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.

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.

Two additional functions which have been added to the Housing Service during 2015 to 2016 are Housing Management and the creation of a Social Lettings Agency. The Housing Management function relates to the management of all of the Council's stock which includes the new build council housing and the houses acquired under the Empty Property Acquisition scheme. Previously these houses were managed under a contract by the Thirteen Group. The Social Lettings Agency was set up to drive up the housing management standards by encouraging landlords to have their properties managed by the Council as opposed to some of the private sector housing management agencies whose standards and practices are less than satisfactory.

3.7 Scope of Proposed Savings

- 3.7.1** The savings proposed can be broken down into four areas as follows:-

- i) Housing income generation
- ii) Libraries Service review

- iii) Community Centres review
- iv) Planning Services enforcement reconfiguration
- v) Economic Regeneration various

3.8 Service Users

3.8.1 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 discreet 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.
- Housing Management – tenants of Council owned properties
- The Business Team – supports the business community from new start ups right through to large scale inward investors.
- 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.
- Planning Enforcement – dealing with monitoring planning developments and undertaking enforcement against unauthorised development
- Arboricultural services – protection of existing trees and the promotion of new tree planting as part of new developments.

3.9 Engagement

3.9.1 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 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, Library Service Review 2015 – 1530 responses.

3.10 Inputs

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

Economic Regeneration	£870,000
Planning Services (including Heritage and Conservation)	£310,000
Housing Services	£585,000
Culture and Information	£1,500,000
Building Control	£60,000
Learning and Skills (100% grant funded)	£Nil
Estates and Asset Management	£(25,000)
Total	£3,300,000

3.11 Outputs and Outcomes

3.11.1 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: -

3.11.2 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 4.9% in May 2015.

- 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 11 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 £2.0M of private sector investment and creating or safeguarding up to 200 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 at 47 though the gap between Hartlepool and the Great Britain figure has increased slightly from 15 per 10,000 per head of population to 22.

3.11.3 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.

3.11.4 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 2014/15 a total of 182 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 2014/15 homelessness was prevented in 297 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 area 60% of which are complete whilst of the properties in Carr/Hopps Street 161 of the 175 properties 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 and Regeneration Services Committee recently agreed to extend the service to other areas of the town. 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.

3.11.5 Culture and Information

- Over 38,853 hours of usage was achieved for the Library Peoples Network computer scheme against a target of 38,000 for 2014/15.
- 20,122 engagements with children aged 0-19 were achieved through library delivered literary and learning activities against a target of 116,000.

4. PROPOSALS

- 4.1.1 The Department is looking to generate additional income 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 Salary Abatement 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 **Regeneration Division Proposals**

4.2.1 Within the overall Regeneration Services Division the following savings have been made over the last four financial years:

- 2012/13 - £634,000
- 2013/14 - £200,000
- 2014/15 - £420,000
- 2015/16 - £380,000

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 Regeneration Services Division is £268k.

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

4.2.5 **Housing Services Income Generation - £50,000**

Housing Services took over the management of the Council's new build housing and Empty Property stock from the Thirteen Group in 2014 to 2015 but the was phased over two financial years so that the relevant systems and policies and procedures could be in place for a complete takeover by 1st April 2015. This has now been completed and has released additional money for savings. This has been combined with projected income from the setting up of the Social Lettings Agency bringing the total income to set against savings of £50,000.

4.2.6 **Library Services Review - £90,000**

The Regeneration Committee agreed a proposal to review the Library Service during the 2014 to 2015 to inform the budget setting round for 2016 to 2017. This piece of work is nearing completion but has yet to report back to Regeneration Services Committee with the findings. This has been a very detailed piece of work with significant amounts of consultation with service

users, community and voluntary sector groups, local organisations, schools, etc. The findings and options are due to be reported to Regeneration Services Committee in July.

4.2.7 Economic Regeneration Various - £113,000

Savings have been identified across a range of budget headings including, the Statutory Economic Assessment, Local Initiatives, Tourism and Marketing, exhibitions, etc and a revision to the management structure. In addition, the service has set a modest income target to offset part of the core budget.

4.2.8 Planning Services Enforcement Reconfiguration - £15,000

An opportunity has arisen to reconfigure the way in which planning enforcement is carried out as a consequence of a request for voluntary redundancy. This will require the duties of the current planning enforcement officer to be redistributed to another member or the planning service within the arboricultural team allowing for a partial saving from the enforcement officer post to be achieved.

4.3 Impact

4.3.1 The above proposals will potentially have the following impacts:-

- 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.
- Direct impact upon service users in the event that there are changes to library opening hours, or closures to any of the branches.
- Direct impact on the service users by weakening of the front line services in the case of Libraries and Community Centres, economic regeneration and tourism, planning enforcement and arboricultural services
- In terms of Housing Services and economic regeneration, by switching to income based projections to offset revenue budgets, there will be added pressures placed upon an already stretched workforce to generate income.

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 obvious beneficial efficiencies have been identified with this option.

6. RISK IMPLICATIONS

6.1 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.

6.2 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 or reducing budgets 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.
- 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.

6.3 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

7. FINANCIAL CONSIDERATION

7.1 The proposals deliver the following savings options

Service	Proposed Savings
Departmental	
Salary Abatement	£111,000
Support Services	£50,000

Use of Departmental Reserves	£157,000
Neighbourhood Services Committee	£595,000
Sub Total	£913,000
Housing Services Income Generation	£50,000
Library Services Review	£90,000
Planning Services – Enforcement Reconfiguration	£15,000
Economic Regeneration - Various	£113,000
Total Regeneration Services	£268,000
Grand Total for Department	£1,181,000

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

8. RECOMMENDATIONS

8.1 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 Council's overall budget considerations for 2015/16.

9. STAFF CONSIDERATIONS

9.1 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.

10. CONTRACT OFFICER

Denise Ogden
Director of Regeneration and Neighbourhoods
Level 3
Civic Centre
Hartlepool
TS24 8AY

Tel: (01429) 523301
E-mail: denise.ogden@hartlepool.gov.uk

Damien Wilson
Assistant Director (Regeneration)
Level 3
Civic Centre
Hartlepool
TS24 8AY

Tel: (01429) 523400
E-mail: damien.wilson@hartlepool.gov.uk

APPENDIX A

Impact Assessment Form

Department	Division	Section	Owner/Officer
Regeneration and Neighbourhoods	Regeneration	All	Damien Wilson
Service, policy, practice being reviewed/changed or planned	<ul style="list-style-type: none"> • Planning Services • Heritage and Countryside • Economic Regeneration Working Solutions • Housing Services • Estates & Regeneration • Adult Education-Learning and Skills • Building Control • Culture and Information 		
Why are you making the change?	The need to change is partly financially driven but also to respond to changes in demands from customers and at the same time provide services in a more efficient manner including income generation to support service delivery.		
How might this impact (positively/negatively) on people who share protected characteristics?			
Please tick		POSITIVELY	NEGATIVELY
Age		✓	
Housing will be providing a broader service including enhanced IAG for disadvantaged residents. There are no significant negative impacts on Culture and information clients.			
Disability		✓	
Housing will be providing a broader service including enhanced IAG for disadvantaged residents. There are no significant negative impacts on Culture and information clients.			
Gender Re-assignment		✓	
Housing will be providing a broader service including enhanced IAG for disadvantaged residents. There are no significant negative impacts on Culture and information clients.			
Race		✓	
Housing will be providing a broader service including enhanced IAG for disadvantaged residents. There are no significant negative impacts on Culture and information clients.			
Religion		✓	
Housing will be providing a broader service including enhanced IAG for disadvantaged residents. There are no significant negative impacts on Culture and information clients.			

<i>Please describe...</i>		
Gender	✓	
<p><i>Housing will be providing a broader service including enhanced IAG for disadvantaged residents.</i></p> <p><i>There are no significant negative impacts on Culture and information clients</i></p>		
Sexual Orientation	✓	
<p><i>Housing will be providing a broader service including enhanced IAG for disadvantaged residents.</i></p>		
Marriage & Civil Partnership	✓	
<p><i>Housing will be providing a broader service including enhanced IAG for disadvantaged residents.</i></p> <p><i>There are no significant negative impacts on Culture and information clients.</i></p>		
Pregnancy & Maternity	✓	
<p><i>Housing will be providing a broader service including enhanced IAG for disadvantaged residents.</i></p> <p><i>There are no significant negative impacts on Culture and information clients.</i></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>A broad range of consultation has taken place with service users, community and voluntary sector groups, local organisations, schools, Housing partners, community and voluntary sector groups, resident groups and end users etc.</p> <p>In addition socio economic data has been analysed for potential future trends and includes the Tees Valley statistical information, Economic Regeneration Quarterly Performance Indicators and various strategies including the Master Plan, Economic Regeneration Strategy and the Housing Strategy.</p>	
As a result of your decision how can you mitigate negative/maximise positive outcomes and foster good relationships?	<p>In terms of Housing, the proposals will not adversely affect customers and the development of a rental stream will actually support Housing to provide a broader range of services including advice and guidance for disadvantaged residents of all characteristics.</p> <p>The services provided by libraries and community centres will be streamlined but will provide a full range of services during the periods of most demand. In addition income generation from activities such as room hire and provision of refreshments will assist in running a comprehensive service.</p>	
Describe how you will address and monitor the impact	<p>1. No Impact - No Major Change</p> <p>Whilst it is anticipated that there will be a positive impact for Housing and a largely neutral impact for Culture and Information the effects the proposed changes will have will be monitored by the appropriate managers and front line staff in conjunction with partners and service users and where necessary service adjustments will be introduced. The impact on staff will also be monitored and adjustments introduced if appropriate.</p>	

		2. Adjust/Change Policy	
		n/a	
		3. Adverse Impact but Continue as is	
		n/a	
		4. Stop/Remove Policy/Proposal	
		n/a	
Initial Assessment	1/06/2015	Reviewed	6/7/2015
Completed	17/06/2015	Published	TBC

REGENERATION COMMITTEE

Friday 28th August 2015



Report of: Director of Public Health

Subject: SAVINGS PROGRAMME 2016/17 – 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 of savings in relation to Public Health core revenue funded services for consideration as part of the 2016/17 budget process.

3. 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 increased demand for children's social care services.
- Continued restriction of Council Tax increases.

3.3 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.

3.4 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. These two service areas are detailed below and it is from these areas that savings proposals for 2016/17 have been developed as outlined in section 4 of the report.

3.5 ***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.

- 3.6 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.
- 3.7 The services are non-statutory but are key contributors to the delivery of the Council's strategic priorities concerning Public Health and the improvement of health and well-being across the Borough. In this respect, the contribution and impact the services have had has already been recognised by their transfer into the newly formed Public Health Department in January 2014.
- 3.8 As a result of partnership working with national agencies, the service also contributes to the regeneration of the town by obtaining grant funding for new and / or improved sports facilities as well as new programmes of physical activity intervention. Over the past 10 years, approximately £10.25m grant funding has been secured.
- 3.9 The outputs and outcomes 2014/15 for the Sport and Recreation Service areas are as follows in table below:

Leisure Centre attendances	338,504
Summerhill attendances	92,615
Attendance at sport & physical activity programmed sessions	37,975
Carlton residential attendances	9,422
Carlton day visits	867
Borough Hall attendances	41,786
GP Referral Programme – participants continuing with sport & physical activity 6 months after referral	77%
Primary School swimming – 25m attainment from HBC programme	32%
Number of volunteers actively engaged for one hour per week on sport & physical activity delivery	524
Level of external partnership funding attracted to deliver new initiatives/commissioned work in sport & physical activity	£188,060
Capital Project delivery	Completion and opening in August 2014 of the 3G Pitch at Brierton Sports Centre
Service Accreditation	Achieved again across all areas e.g. Quest, AALA. LOtC, Green Flag etc.

- 3.10 The Sport and Recreation Service budgets for 2015/16 and in comparison to those for 2014/15 are as follows:-

	2014/15	2015/16	Difference
	£	£	£
Gross Budget	2.914m	2.878m	- 36,000
Income Target	1.545m	1.715m	+ 170,000
Overall Net Budget & cost to HBC	1.369m	1.163m	- 206,000

These figures include all centralised premises costs.

3.11 **Public Protection Services**

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.

- 3.12 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.

- 3.13 The outputs and outcomes for the Public Protection Service are:

- 1695 programmed interventions including 100% of all food premises in accordance with risk rating & 100% of prescribed processes.
- Outcome 96.1% food businesses broadly compliant.
- 488 Smoke free visits
- 600 Samples taken
- 2699 service requests responded to
- 1264 licenses processed
- 87.5% customer's satisfaction result up from 85% previous year.

- 3.14 The Public Protection service budgets are:

Environmental protection	£ 2,446
Consumer services	£ 611,957
Environmental standards	£ 184,251

Outdoor markets	£ (89,227)
Licensing Act 2003	£ (126,936)
Total	£ 582,491

- 3.15 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
- 3.16 The savings target for Public Health in 2015/16 is £59k. 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.
- 3.17 For the Sport and Recreation service, it is essential that the requirement to achieve further savings for 2016/17 is considered against the likelihood of the current savings target for 2015/16 being achieved.

4. PROPOSALS FOR 2016/17 SAVINGS

4.1 Proposal 1 - Proposal to re-organise and re-align the Sport and Recreation Service.

Increasing income and becoming more commercially competitive is the primary focus of the Sport and Recreation Service. However, it is questionable as to whether the current service configuration is optimum and whether there are the necessary skills within the current service to achieve this. Therefore it is proposed to re-organise and realign the service, resulting in senior management staffing savings.

- 4.2 It is proposed to realign the Sport and Physical Activity Team and sport development function with the health improvement function in the Public Health Department to enable a better strategic fit. This will create the capacity within the health improvement function to deliver integrated health and well being service.
- 4.3 It is also proposed that the remaining services including leisure centres (Mill House, Brierton and Headland) and the Borough Hall are consolidated into a commercially focused leisure service that will require commercially driven leadership. The business case for this was first established last year, when it was decided that there needed to be a new style of direction and leadership to making the services more commercially driven.
- 4.4 It is proposed therefore that interim (18 months -2 years) leadership arrangements are put in place. During this time a thorough assessment of the current facility stock and the Council's ability in the longer term to invest in the capital and revenue requirement must be considered. As part of this work, alternative management arrangements for leisure services will also be revisited and considered as an option for the longer term sustainability of services. This is linked into possible savings scenario for 2017/18 and

beyond where alternative management arrangements for some elements of the service may still need to be considered, if the in-house team were unsuccessful in bridging the financial gap, which is already proving highly challenging.

- 4.5 As a consequence of re-organising and re-aligning the Sport and Recreation Service, there will be senior management staffing efficiencies achieved that will contribute to the required savings for 2016/17. It is anticipated that this can be achieved through voluntary redundancy.

4.6 **Proposal 2 – Cease Provision of Out of Hours Noise Service.**

- 4.7 This service has operated since 2010. During the summer months the service is well used and the majority of calls tend to be about loud music and disturbances from parties, generally being held in the gardens of residential properties.

- 4.8 The out-of-hours noise service is being considered, due to the non-statutory nature of this service. The service was established some 6 years ago and is provided by staff who work overtime on Friday and Saturday nights, starting work at 10pm and finishing at 4am the following morning. This is voluntary and for safety reasons, the service is provided by 2 staff, one of whom, the lead officer, is an experienced and suitably qualified officer; the other, the support officer, does not require the same level of technical knowledge.

- 4.9 The service is able to add value to the nightly work routine, by preparing a rota of premises to check compliance with various other conditions, such as licensing closing times for take-aways, pubs, clubs; specific conditions on premises in relation to noise levels coming from them; other potential breaches of notices/ agreements in relation to enforceable conditions, for example dust containment at the port.

- 4.10 Out of Hours complaints would still need to be investigated and this work would be undertaken under normal overtime arrangements.

4.11 **Proposal 3 – General budget savings**

- 4.12 A number of non pay budget savings across in the Public Health Budget will be made that will not impact on service delivery.

4.13 **Proposal 4 – Contribution to Tees Valley Environmental Protection Group**

The Tees Valley Environmental Protection Group comprises representatives from the five Tees Valley Councils along with a representative from the Environment Agency. The Group currently consists of a members group consisting of 3 elected members from each constituent Authority plus an invited representative from the Environment Agency and an officer group.

- 4.14 Since 1995 when the group was established the council has made a financial contribution to the coordination to this group. It is proposed to review this financial contribution. It is recommended to dissolve the member group and to operate the TVEPG as an officer liaison group in line with the other officer liaison groups within the Tees Valley co-ordinated by whichever authority that holds the secretariat for the group. The secretariat rotates biannually. Any decisions that are required would be brought before the Regeneration Services Committee for decision and other general liaison arrangements will be put into place.

5. RISK IMPLICATIONS

- 5.1 The risk of realising savings in 2016/17 in relation to the Environmental co-ordinators post is the reliance on the other Local Authorities to ensure they proceed with this efficiently.
- 5.2 The loss of a senior management post from the Sport and Recreation service, however this can be mitigated for due to the specific areas of expertise and experience that exists within the team as a whole.

6. FINANCIAL CONSIDERATIONS

- 6.1 The table below illustrates the financial implications of the two savings proposals:

Service Area	Proposed Saving	Amount
Sport and Recreation	<ul style="list-style-type: none"> Senior management restructure 	£60,000
Public Protection	<ul style="list-style-type: none"> Out of hours noise service Environmental Protection members group General budget savings 	£13,000 £3,680 £2,320
Total		£79,000

7. EQUALITY CONSIDERATIONS

- 7.1 Equality impact assessments are attached.

8. STAFF CONSIDERATIONS

- 8.1 Proposal 1- Voluntary redundancy.
- 8.2 Proposal 4 – There may be staffing implications relating to the potential disbanding of the Tees Valley Environmental Protection members group.

9. 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

10. REASONS FOR RECOMMENDATIONS

- 10.1 To ensure Members are fully aware of the proposed core revenue grant funded Public Health Department savings proposals.

11. BACKGROUND PAPERS

- 11.1 Regeneration Committee – Sport and Recreation Service – Options Appraisal Update – 8th May 2014.
- 11.2 Regeneration Committee –Savings Proposals 2016-17 Public Health Department - Thursday 24th July 2014.
- 11.3 Regeneration Committee – Savings Programme 2015/2016– Sport and Recreation – Public Health Department - Thursday 18th September 2014

12. CONTACT OFFICER

Louise Wallace
Director of Public Health
Hartlepool Borough Council
Level 4 Civic Centre
Hartlepool
TS24 8AY
Tel 01429 523773
Email: louise.wallace@hartlepool.gov.uk

Impact Assessment Form

4.1

Department	Division	Section	Owner/Officer
Public Health		Sport & Recreation	Louise Wallace, Director - Public Health
Service, policy, practice being reviewed/changed or planned	<p>Sport & Recreation consists of the following core services:-</p> <ul style="list-style-type: none"> • 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 <p>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.</p> <p>The service is managed by a senior team and it is the roles and responsibilities of these individuals that are being reviewed.</p>		
Why are you making the change?	<p><i>The review will result in a proposal to deliver cost savings as part of the 2016/17 financial strategy for the Council. This is linked to overall service provision and future development and delivery of facilities and services for the Borough.</i></p>		
How might this impact (positively/negatively) on people who share protected characteristics?			
		Please tick	
		POSITIVELY	NEGATIVELY
Age			
No impact			
Disability			
No impact			
Gender Re-assignment			
No impact			
Race			
No impact			
Religion			
No impact			
Gender			

<i>No impact</i>			
Sexual Orientation			
<i>No impact</i>			
Marriage & Civil Partnership			
<i>No impact</i>			
Pregnancy & Maternity			
<i>No impact</i>			
Has there been consultation /is consultation planned with people who will be affected by this policy? How has this affected your decision making?		<p><i>Whilst there will not be a direct impact on service users, there is likely to be a direct impact on the senior management team for the service. This will be as a consequence of a realignment of roles and responsibilities.</i></p> <p><i>Consultation will be carried out with those concerned in line with agreed HR policies and procedures and the savings are to be achieved as a result of a voluntary redundancy.</i></p>	
As a result of your decision how can you mitigate negative/maximise positive outcomes and foster good relationships?		<p><i>Staff will be offered the opportunity to consider and comment on the proposals and put forward alternative suggestions.</i></p>	
Describe how you will address and monitor the impact		1. No Impact - No Major Change <i>Please Detail</i>	
		2. Adjust/Change Policy <i>N/A</i>	
		3. Adverse Impact but Continue as is <i>N/A</i>	
		4. Stop/Remove Policy/Proposal <i>N/A</i>	
Initial Assessment	22/07/15	Reviewed	00/00/00
Completed	29/07/15	Published	00/00/00

Impact Assessment Form

4.1

Department	Division	Section	Owner/Officer	
Public Health		Public Protection	Sylvia Pinkney	
Service, policy, practice being reviewed/changed or planned	Out of hours noise service operating in June, July & August			
Why are you making the change?	Budget savings			
How might this impact (positively/negatively) on people who share protected characteristics?				
		Please tick	POSITIVELY	NEGATIVELY
Age				
Please describe...No impact				
Disability				
Please describe...No impact				
Gender Re-assignment				
Please describe...No impact				
Race				
Please describe...No impact				
Religion				
Please describe...No impact				
Gender				
Please describe...No impact				
Sexual Orientation				
Please describe...No impact				
Marriage & Civil Partnership				
Please describe...No impact				
Pregnancy & Maternity				
Please describe...No impact				
Has there been consultation /is consultation planned with people who will be affected by this policy? How has this affected your decision making?	There has been no consultation and none is planned			
As a result of your decision how can you mitigate negative/maximise positive outcomes and foster good relationships?	We will deal with out of hour's noise complaints in the same way as we currently deal with them in the months when this service currently does not operate. There will therefore be no impact on service users			
Describe how you will address and monitor the impact	1. No Impact - No Major Change The withdrawal of this service will have no impact. Out of hours complaints will still be investigated. 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	03/08/15	Reviewed	00/00/00
Completed	00/00/00	Published	00/00/00

FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2016/17 TO 2018/19

TABLE 1 - FORECAST CAPITAL RESOURCES

	Forecast Resources 2016/2017 (Provisional)				Forecast Resources 2017/2018 (Provisional)				Forecast Resources 2018/2019 (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	279	279	0	0	279	279	0	0	279	279
Devolved Formula Capital (Schools) **	0	0	148	148	0	0	148	148	0	0	148	148
Disabled Facilities Grant (Better Care Fund) *	0	0	546	546	0	0	546	546	0	0	546	546
Local Transport Plan	0	0	1,805	1,805	0	0	1,805	1,805	0	0	1,805	1,805
Schools Capital Programme #	0	0	842	842	0	0	2,832	2,832	0	0	705	705
	0	0	3,620	3,620	0	0	5,610	5,610	0	0	3,483	3,483
<u>Departmental Prudential Borrowing - Funded from Specific Business Cases</u>												
Replacement Wheelie Bins	60	0	0	60	60	0	0	60	60	0	0	60
Waste Transfer Station Recycling Capacity	250	0	0	250	0	0	0	0	0	0	0	0
Vehicle Procurement (Table 2 - 4)	1,268	0	0	1,268	1,027	0	0	1,027	788	0	0	788
	1,578	0	0	1,578	1,087	0	0	1,087	848	0	0	848
<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>Schemes Funded from new Capital Receipts target</u>												
Other Council Priorities, including match funding	0	400	0	400	0	0	0	0	0	0	0	0
Council Capital Fund	0	600	0	600	0	0	0	0	0	0	0	0
	0	1,000	0	1,000	0	0	0	0	0	0	0	0
Total Forecast Resources	1,578	1,628	3,620	6,826	1,087	628	5,610	7,325	848	628	3,483	4,959

* Better Care Fund is continuing in 2016/17, however detailed allocations have yet to be announced by the Government. Estimates are based on 2015/16 allocations and an assumption that the Better Care Fund will continue in future years.

** Devolved Formula Capital allocation for Schools is an estimate based on the 2015/16 allocation which the Government has stated is indicative of future allocations.

Schools Capital Programme includes an estimate of £705k Schools Condition Grant for 2016/17 and future years as actual allocations have yet to be announced by the Government. This is based on the 2015/16 allocation which the Government has stated is indicative of future allocations. In addition the Council has received a Basic Need funding allocation for 2016/17 and 2017/18, this is reflected in the above figures.

In previous years part of the Dedicated Schools Grant has been allocated to provide additional capital funding for the Schools Capital Programme. This is subject to annual approval by Schools' Forum and £628k is an indicative figure based on the current contribution to the capital programme.

TABLE 2 - 2016/17 VEHICLE REPLACEMENT PROGRAMME

Type	Quantity	Service Area	Financed by Borrowing £'000	Business Case (Note 1) £'000	Total £'000
17 Seat Minibus	2	Carlton Outdoor Centre		50	50
Canoe Trailers	2	Carlton Outdoor Centre	10		10
Sweeper	1	Cleansing	50		50
Van Tows	3	Cleansing	14		14
Cabin Van	1	Building Cleaning	21		21
Small Panel Van	1	Community Safety		12	12
17 Seat Minibus	1	Pupil Referral Unit		25	25
17 Seat Minibus	1	Havelock Day centre	25		25
Ride on Mowers	4	Horticulture	68		68
2.5 Tonne Tipping Trailer	1	Horticulture	10		10
16 Seat Welfare Busses	5	Passenger Transport	375		375
17 Seat Minibus	1	Sports Development		25	25
Large Panel Van	1	Sports Development		18	18
Waste Bin Motors	4	Waste Management	515		515
Price Variation Contingency*			50		50
			1,138	130	1,268

TABLE 3 2017/18 VEHICLE REPLACEMENT PROGRAMME

Type	Quantity	Service Area	Financed by Borrowing £'000	Business Case (Note 1) £'000	Total £'000
Medium sweeper	1	Cleansing	120		120
Sweepers	8	Cleansing	571		571
Medium Panel Van	1	Parks & Countryside	14		14
9 Seat Cabin Van	1	Parks & Countryside	25		25
Large 360° excavator	1	Waste Management	180		180
Civic Car	1	Corporate	20		20
Medium Panel Van	1	Workshop	12		12
Mobile Education Unit	1	Youth Service		85	85
Price Variation Contingency*			50		50
			942	85	1,027

TABLE 4 2018/19 VEHICLE REPLACEMENT PROGRAMME

Type	Quantity	Service Area	Financed by Borrowing £'000	Business Case (Note 1) £'000	Total £'000
Van	1	Car parking	11		11
Transit Tipper	3	Cleansing	61		61
10 Tonne Tipping Trailer	1	Cleansing	20		20
Medium Panel Van - Refrigerated	1	Facilities Management	25		25
Base Panel Van	1	Fleet	19		19
18,000kg Chassis Cab & Body Demount System	1	Highways	85		85
7.5 Tonne Tipper with Lorry Loader	1	Highways	55		55
Trailer	1	Highways	4		4
Ride on Mower	2	Horticulture	78		78
Ride on Mower	4	Horticulture	68		68
Grillo FD2200	1	Horticulture	25		25
Tractor Mount Flail	1	Horticulture	10		10
Ride-on Brushcutter	1	Horticulture	6		6
Pedestrian flail	1	Horticulture	4		4
Transit Tipper	2	Horticulture	42		42
13 Tonne Vertical Tipping Trailer	1	Horticulture	20		20
5 Tonne Hydraulic Tipping Trailer	1	Horticulture	10		10
Low Roof Van	2	Mechanical & Electrical	26		26
6,500kg Dropside	1	Mechanical & Electrical	50		50
Jet Ski & Trailer	1	Parks & Countryside	8		8
Transit Low Roof Van	1	Public Buildings	13		13
Transit Tipper	1	Public Buildings	21		21
Transit Van	1	Public Buildings	22		22
Medium Roof Van	1	Public Buildings	14		14
Long Wheel Base High Roof Van	2	Small Works	76		76
Cabin Van	1	Youth Offending		15	15
Price Variation Contingency*			50		50
			773	15	788

Note 1

Vehicles which were not previously funded by prudential borrowing, but typically grant funding. These will only be replaced if supported by a detailed business case and provided costs can be met from service revenue budgets.

* To allow for differences compared to the estimates used in the above tables in relation to the final purchase price of vehicles.

FINANCE AND POLICY COMMITTEE

28th August 2015



Report of: Director of Public Health

Subject: SAVINGS PROGRAMME 2015/16 and 16/17–
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 grant funded services. These savings proposals are for consideration as part of the 2015/16 budget management process and budget setting process for 2016/17.

3. BACKGROUND

- 3.1 In April 2013, local authorities assumed statutory responsibility for improving and protecting the health and well being of their local population. These new duties came under the Health and Social Care Act 2012. In order to discharge these new responsibilities for public health, the Government made funding available through a ring fenced public health grant. This funding is separate from NHS resources for public health services discharged through NHS England such as for screening and immunisations.
- 3.2 The ring fenced public health grant has been allocated for 3 years covering financial years 2013/14, 2014/15 and 2015/16. The ring-fenced allocation for Hartlepool Borough Council was £8.255 million for 2013/14 and £8.486 million for 2014/15 and 2015/16. An additional in year allocation of £761,000 has been added to the grant as the Local Authority becomes the commissioner of 0-5 children's health visiting services from 1st October 2015.
- 3.3 On 4th June 2015, the Chancellor of the Exchequer, George Osborne, announced that the £2.8 billion ring fenced public health budget was to be reduced in year and on a recurring basis by £200 million. This represents a circa 7.4% cut in funding. On this assumption, for Hartlepool, this equates to approximately a £630,000 (excluding 0-5 services) budget cut in year in 2015/16 and on a recurring basis from 2016/17 and beyond. However, it

must be noted that there are no details of how the cut of £200 million nationally will be distributed so it may be more than 7.4% for Hartlepool.

- 3.4 The risk to the public health budget is not limited to this £200 million reduction. Previous guidance indicates that there is likely to be future reductions in the public health grant funding, to bring the allocation in line with the target spend per head of population. The current spend is £91 per head, with target of £75 per head. The pace of change to target spend per head is currently unclear, but must be borne in mind as part of the wider Medium Term Financial Strategy (MTFS). If public health funding was moved to the target allocation this would mean the grant would reduce from £8.4 million to £6.9 million (circa £1.5 million reduction) on a recurring basis before considering the implication of the in year and recurring assumed £629,000 reduction in grant. If the pace of change happened and the target allocation was set it would mean another recurring reduction of circa £800,000 in addition to the £630,000.
- 3.5 The ring fenced public health grant is deemed as non NHS Departmental spend. The Department of Health has commenced a national consultation regarding the in year and recurring budget cut of £200 million nationally. Therefore until this consultation is completed we will not know the exact reduction in budget. For planning purposes however we have assumed 7.4% reduction in funding.
- 3.6 It is important to put this grant reduction in the context of the wider Council financial position. 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 level of 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 increased demand for children's social care services.
 - Continued restriction of Council Tax increases.

- 3.7 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.

4. EXISTING COMMITMENTS AND USE OF PUBLIC HEALTH GRANT

- 4.1 The letter from Jeremy Hunt, Secretary of State for Health and Duncan Selbie, Chief Executive of Public Health England to local authorities on the 10th January 2013, outlined the services and eligible spend of the ring fenced public health grant. There are mandatory services expected to be delivered using the ring fenced grant and they include:

- *appropriate access to sexual health services;*
- *steps to be taken to protect the health of the population, in particular, giving the Director of Public Health a duty to ensure there are plans in place to protect the health of the population;*
- *ensuring NHS commissioners receive the public health advice they need;*
- *the National Child Measurement Programme;*
- *NHS Health Check assessment;*

The letter clearly states that:

'In giving funding for public health to Local Authorities, it remains important that funds are only spent on activities whose main or primary purpose is to improve the health and wellbeing of local populations (including restoring or protecting their health where appropriate) and reducing health inequalities'

- 4.2 The aim of the remaining discretionary investment should be focused on ensuring local authorities have the local flexibility to commission the other critical services to help people live longer, healthier and more fulfilling lives, and to improve the health of the most vulnerable fastest. It should be noted that services that are not mandatory but already have substantial existing financial commitments and contracts are services relating to drug and alcohol use, children and young people's well being service (school nursing), smoking services etc.
- 4.3 Investment of the grant should be based on a robust Joint Strategic Needs Assessment (JSNA), Joint Health and Well being Strategy (JHWS) and Public Health Outcomes Framework. It is expected that the grant will be

used for improving health and well being; carrying out health protection functions delegated from Secretary of State; reducing inequalities and ensuring the provision of population healthcare advice.

5. PROPOSALS

5.1 The following section outlines recurring savings proposals for 2016/17 and beyond in each of the service areas in public health funded through the ring fenced public health grant including:

- Drug and Alcohol Services
- Health Improvement Services
- Sport and Recreation
- Public Protection
- Commissioning and Clinical Quality

For each proposal there is a brief description of what the service is that is proposed to be ceased, scaled back or delivered in an alternative way. It is noteworthy that these proposals will mean the loss of service provision and preventative activity in Hartlepool, but have been put forward as proposals as they are deemed 'discretionary' to be funded from the ring fenced grant.

5.2 Drug and Alcohol Services

Proposal 1 - £100,000

- Reduce the budget for tier 4 treatment services including medically assisted detoxification and residential rehabilitation services.
- Increase efficiencies in non pay budgets drug and alcohol budget.

5.3 Health Improvement

Proposal 2 - £195,500

- Review the contribution to the 50 plus forum seeking to mainstream key activities across health and social care.
- Review the contribution to oral health promotion programme.
- Reduce the contribution to Stay Safe Stay Warm Fire Service Programme.
- Review the commissioning of bereavement services.
- Cease recurring funding for Young People's Smoking Intervention Programme and seek to mainstream through partnership with schools.
- Remove the vacant nutritionist post from the established structure.
- Reduce expenditure on public health resources and health promotion activities.

5.4 Sport and Recreation

Proposal 3 - £125,000

- Reduce the range of physical activities initiatives on offer.

5.5 Public Protection

Proposal 4 - £95,000

- Review capacity to deliver environmental Health health improvement initiatives.
- Review contribution to the taxi marshalling scheme.
- Efficiencies in non pay budgets.
- Reconsider the feasibility of offering a student Environmental Health Officer post (currently vacant).

5.6 Commissioning and Clinical Quality

Proposal 5 - £125,000

- Negotiate with providers of the following services a reduction of 7.4% on contract values:

Drug and Alcohol services
Smoking services
Sexual Health service
Children and Young People's Health and Wellbeing Service

The outcome of any negotiations may not be the same for each public health commissioned service, with individual providers having their own unique set of circumstances and differing contract values to consider. A universal 7.4% cut to existing funding arrangements could therefore have a variety of different outcome ranging from; providers acceptance of the cuts through introduction of non pay efficiencies, a reduction in overall service provision and potential loss of jobs which would require renegotiation of individual contracts payments or the need to consider decommissioning services in their entirety if the provider states efficiencies cannot be realised.

6. RISK

- 6.1 There is a risk that the overall health and well being of the population and the health of specific groups within the population will not improve and the gap in inequalities may widen.

7. FINANCIAL IMPLICATIONS

- 7.1 The proposals deliver the following proposed savings against an anticipated recurring budget reduction of £630,000:=-.

Service	Proposed Savings (£)
Drug and Alcohol Services	£100,000
Health Improvement	£195,500
Sport and Recreation	£125,000
Public Protection	£95,000
Commissioning and Clinical Quality	£125,000
Total Savings	£640,500

8. EQUALITY CONSIDERATIONS

- 8.1 Equality Impact Assessments attached for each service area.

9. STAFF CONSIDERATIONS

- 9.1 The proposals do not include any compulsory or voluntary redundancies for HBC staff.
- 9.2 There will inevitably be staffing consequences to provider organisations who employ staff who are not HBC employed if the proposals in section 4 are implemented. It is impossible to determine what those implications will be at this time.

10. LEGAL CONSIDERATIONS

- 10.1 Contracts are legally binding and therefore careful consideration is required with regard to negotiating any contract variations or providing notice of termination. Communicating any intention to vary or terminate existing contracts should be carefully considered and managed as relationships will need to be maintained with the existing service providers during any notice period in order to ensure and maintain the quality of service.
- 10.2 Each individual contract will need to be checked to confirm the existence and length of individual termination clauses, failure to adhere to these clauses could result in a breach of contract claim from the existing provider.
- 10.3 All Public Health contracts issued since 2014 have termination clauses and notice periods within them. In the absence of any formal arrangements, in older contracts, English Law requires that 'reasonable' notice is given to terminate a contract. What is reasonable will depend on the specific circumstances of the relationship, including:
- the length of our relationship with the provider
 - how much our business contributes to the overall business of the provider
 - how quickly the provider may be able to replace our business
 - The original intention of both parties when we entered into the relationship.

11. RECOMMENDATIONS

- 11.1 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.
- 11.2 That members note the £630,000 reduction in public health grant funding in 15/16 and on a recurring basis.
- 11.3 That members note the possibility of a further reduction of an additional circa £800,000 in public health grant funding if pace of change is applied and Hartlepool is moved to target allocation of £6.9 million.

12. REASONS FOR RECOMMENDATIONS

- 12.1 To ensure Members are fully aware of the proposed public health grant funded Public Health Department savings proposals in year in 2015/16 and 2016/17. The savings are necessary in the light of the cut to non departmental NHS spend implications on the ring fenced public health grant. The proposals are made against the backdrop of the ongoing core revenue grant funded savings proposals as part of the Council's wider Medium Term Financial Strategy (MTFS).

13. BACKGROUND PAPERS

- 13.1 Ring-fenced Public Health Grant -Local Authority Circular (LAC (DH) (2013)1 – gateway reference 18552)
- Annex B comprises the grant determination and conditions, which set out the detailed arrangements for administering the grant.
 - Annex C lists the categories of public health spend against which local authorities will need to report to the Department.
 - Annex D is the statement local authority Chief Executives will need to send back confirming that the grant has been used in accordance with the conditions.
- 13.2 Cabinet Report of 18th March 2013 - Joint Report of the Director of Public Health and Chief Finance Officer - Ring fenced Public Health Grant.

14. CONTACT OFFICER

Louise Wallace
Director of Public Health
Hartlepool Borough Council
Level 4 Civic Centre
Hartlepool. TS24 8AY
Tel 01429 523773
Email: louise.wallace@hartlepool.gov.uk

Impact Assessment Form

4.2

Department	Division	Section	Owner/Officer
Public Health		Substance Misuse	Karen Clark
Service, policy, practice being reviewed/changed or planned	Tier 4 provision. Detox and Rehabilitation		
Why are you making the change?	Cuts to the Public Health Grant		
How might this impact (positively/negatively) on people who share protected characteristics?			
		Please tick	
		POSITIVELY	NEGATIVELY
Age			✓
This decision affects the whole community. Any reduction in the opportunities available to our client group and their families to recover in a safe environment could result in increased criminal activity, higher levels of deprivation, increased substance Misuse related deaths, increased hospital admissions and possible increase in child in need and child protection cases.			
Disability			✓
As Above			
Gender Re-assignment			✓
As Above			
Race			✓
As Above			
Religion			✓
As Above			
Gender			✓
As Above			
Sexual Orientation			✓
As Above			
Marriage & Civil Partnership			✓
As Above			
Pregnancy & Maternity			✓
As Above			

Has there been consultation /is consultation planned with people who will be affected by this policy? How has this affected your decision making?		Planned Consultation	
As a result of your decision how can you mitigate negative/maximise positive outcomes and foster good relationships?		We will focus on trying to mitigate against the damage by bolstering the opportunities to replicate some of the interventions within the community but there will always be a need to assist those in need who can not recover in their own community.	
Describe how you will address and monitor the impact		1. No Impact - No Major Change N/A	
		2. Adjust/Change Policy N/A	
		3. Adverse Impact but Continue as is If there are risks identified to an individual, family or the community. And where these risks make it unsafe for the individual to further attempt to recover locally that the opportunity to fund a placement remains. We will constantly monitor need and availability.	
		4. Stop/Remove Policy/Proposal N/A	
Initial Assessment	05/08/15	Reviewed	00/00/00
Completed	05/08/15	Published	00/00/00

Impact Assessment Form

4.2

Department	Division	Section	Owner/Officer
Public Health		Health Improvement	Carole Johnson
Service, policy, practice being reviewed/changed or planned	Reviewing and reducing the level of provision of a range of health improvement initiatives		
Why are you making the change?	Budget savings due to grant cut.		
How might this impact (positively/negatively) on people who share protected characteristics?			
		<i>Please tick</i>	
		POSITIVELY	NEGATIVELY
Age			✓
Please describe... One service to be reviewed is the activity of 50+ Forum.			
Disability			
Please describe...			
Gender Re-assignment			
Please describe...			
Race			
Please describe...			
Religion			
Please describe...			
Gender			
Please describe...			
Sexual Orientation			
Please describe...			
Marriage & Civil Partnership			
Please describe...			
Pregnancy & Maternity			
Please describe...			
Has there been consultation /is consultation planned with people who will be affected by this policy? How has this affected your decision making?	No there has been no consultation and none is planned. Currently the role is vacant - out to advert but the contract is due to end on 31 st March 2016 with no expectation of it being renewed.		
As a result of your decision how can you mitigate negative/maximise positive outcomes and foster good relationships?	A member of staff from Healthwatch is currently picking up aspects of the work. It may be possible for this to be formalised.		
Describe how you will address	1. No Impact - No Major Change		

and monitor the impact		<i>Please Detail Not expected to have a major impact</i>	
		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	04/08/15	Reviewed	00/00/00
Completed	00/00/00	Published	00/00/00

Impact Assessment Form

4.2

Department	Division	Section	Owner/Officer
Public Health		Sport & Recreation	Louise Wallace, Director - Public Health
Service, policy, practice being reviewed/changed or planned	<p>Sport & Recreation consists of the following core services:-</p> <ul style="list-style-type: none"> • 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 <p>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.</p> <p>The service has received some additional funding for the last three financial years from the Public Health grant to enable additional sport and physical activity initiatives to be delivered to adults and young people (2013/14, 2014/15, 2015/16) across the services. This has been over and above what is already provided for services funded by the Council's core revenue funding.</p>		
Why are you making the change?	<p><i>The review will result in a proposal to deliver cost savings as part of the 2016/17 financial strategy for the Council. This is linked to overall service provision and future development and delivery of facilities and services for the Borough.</i></p>		
How might this impact (positively/negatively) on people who share protected characteristics?			
		Please tick	
		POSITIVELY	NEGATIVELY
Age			
<p><i>Whilst a good range of activities will still be available for adults and young people, some of the more bespoke programmes that are offered as a consequence of this funding will have to cease. Some examples of these are as follows:-</i></p> <ul style="list-style-type: none"> • <i>Support of our 'Looked after children' where currently free activities are made available to them.</i> • <i>£1.00 promotional swim initiative</i> • <i>Coach Leadership training programme</i> • <i>Conservation programme supporting work of volunteers</i> • <i>Pre-school adventure play</i> • <i>Community Activities Network grant funding programme to clubs and</i> 			

<i>organisations for new physical activity initiatives</i>			
Disability			
<i>Whilst no specific data is recorded, it is likely that some users may be affected</i>			
Gender Re-assignment			
<i>No impact</i>			
Race			
Religion			
<i>No impact</i>			
Gender			
<i>No impact</i>			
Sexual Orientation			
<i>No impact</i>			
Marriage & Civil Partnership			
<i>No impact</i>			
Pregnancy & Maternity			
<i>No impact</i>			
Has there been consultation /is consultation planned with people who will be affected by this policy? How has this affected your decision making?		<i>Where there is likely to be a direct impact on service users who can access a specific targeted intervention (for example with our Looked after Children), consultation will be undertaken in conjunction with colleagues from the Child & Adult Department.</i>	
As a result of your decision how can you mitigate negative/maximise positive outcomes and foster good relationships?		<i>We will still be able to offer an inclusive programme of activities to all service users as a result of the Council's core funding support. We will also continue to seek external funding support to supplement our "offer".</i>	
Describe how you will address and monitor the impact		1. No Impact - No Major Change <i>N/A</i>	
		2. Adjust/Change Policy <i>N/A</i>	
		3. Adverse Impact but Continue as is <i>We will continue to offer alternative service options from our balanced programme of activities. We will also continue to seek alternative sources of funding to support additional activity provision.</i>	
		4. Stop/Remove Policy/Proposal <i>N/A</i>	
Initial Assessment	22/07/15	Reviewed	00/00/00
Completed	29/07/15	Published	00/00/00

2016/17 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	2016/17 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Pay	Amber	54,718	69%	The MTFS includes provision for a 1% pay award from 1st April 2016 which is the level of the Government Public Sector pay cap. In the unlikely event the actual pay ward exceed 1% there would be an additional budget pressure.
Higher costs of borrowing and/ or lower investment returns	Green	5,311	7%	<p>This budget covers annual principal repayments and net interest on the Councils borrowings and investments. Interest payable on Council's borrowings or interest earned on investments could be higher or lower than forecast.</p> <p>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.</p> <p>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.</p>
Planned Maintenance Budget	Amber	221	0.3%	<p>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.</p> <p>The Revenue Budget Strategy includes £0.6m provision to support Prudential Borrowing.</p>
Schools Buy-Back Income	Amber	1,433	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	271	0.3%	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	2016/17 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	5,412	6.8%	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 in-house foster placements, independent foster placements with an agency, special guardianship, residence order and leaving care allowances as well as residential placements.
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	9,920	12.4%	Increasing number of elderly people, high percentage of chronic health problems and market pressures on price, including the National Living Wage. 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	8,000	10.0%	Increasing numbers of people with learning disabilities surviving into adulthood with increasingly complex needs. The changes reflect the increased demand from those moving from children's services through the transition process.
Better Care Fund	Red	6,651	8.3%	The Better Care Fund consists of revenue funding and capital funding (not shown) totalling £7.476m in 2015/16. The Pooled Budget Partnership Board and Health and Wellbeing Board approve schemes and monitor BCF expenditure. The risks include BCF grant funding not continuing in future years, funding being reduced and the performance related element not being achieved.
Non-achievement of income targets - CCG contributions towards Joint Packages.	Amber	3,167	4.0%	CCG (Clinical Commissioning Group) income is received to contribute to cover the costs of packages for individuals with social care needs. Risks exist for joint packages whereby an individuals circumstances can change and the level at which the CCG are liable to contribute can decrease.

REGENERATION & NEIGHBOURHOODS

Financial Risk	Risk Rating	2016/17 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.
Fee Income - Planning & Building Control	Amber	730	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	1,540	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	1,600	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.
Home to School Transport Costs	Amber	1,470	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).
Trading Accounts	Amber	28,000	35.0%	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	2016/17 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	460	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	1,600	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 2016/17 include 2.5% for anticipated general inflation on non pay expenditure and 1% 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 2016/17 are departmental savings. Work undertaken during 2015/16 to deliver these savings in advance makes the 2016/17 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 12 October 2015

Present: ***Hartlepool Borough Council Officers***
Councillor Christopher Akers-Belcher, Leader of the Council
Chris Little, Chief Finance Officer
Damien Wilson, Assistant Director Regeneration
Councillor Kevin Cranney

Trade Union Representatives
Edwin Jeffries
Steve Williams
Tony Watson
Derek Wardle

Apologies:
Gill Alexander, Chief Executive
Andrew Atkin, Assistant Chief Executive
Sally Robinson, Director of Child & Adult Services
Denise Ogden, Director of Regeneration and Neighbourhoods
Louise Wallace, Director of Public Health
Councillor Chris Simmons
Councillor Carl Richardson
Councillor Marjorie James

Sam Durham, 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- LCTS 2016/17- Council Tax 2016/17 <p>Chris Little reported on Hartlepool's financial position for 2016/17 – 2018/19 and provided a brief summary of the Reserves Review and the updated MTFS Savings proposals submitted to Finance & Policy Committee on the 29th June 2015.</p>	

APPENDIX H

Comments Made	Response
The Trade Unions queried the setting of business rates and stressed the need to attract SME's to help fund business rates.	<p>Chris explained that detailed information has not yet been provided by the Government to assess the impact of the Chancellors recent announcement.</p> <p>The Leader informed that the support from SME's is increasing.</p> <p>The Leader explained that there is still a cap on Council tax due to the Referendum approach.</p>
TU recognise the difficulty and understand the position HBC face. However concern was raised regarding the funding of the out of hours services e.g. noise.	<p>The Leader noted concern raised and explained that the all departmental services need to be reviewed.</p> <p>The Finance and Policy Committee will be reviewing the impact of the potential loss of this service as part of the final MTFS.</p>

BUDGET CONSULTATION MEETING WITH BUSINESS SECTOR REPRESENTATIVES - Minutes of Meeting held on 16 October 2015

Present: ***Hartlepool Borough Council Officers***
Councillor Christopher Akers-Belcher, Leader of the Council
Councillor Kevin Cranney, Chair Regeneration Committee
Chris Little, Chief Finance Officer
Andrew Atkin, Assistant Chief Executive
Denise Ogden, Director of Regeneration and Neighbourhoods

Business Partners

Peter Olsen
Ben Powick
Colin Griffiths

Apologies:

Gill Alexander, Chief Executive
Sally Robinson, Director of Child & Adult Services
Louise Wallace, Director of Public Health
Councillor Chris Simmons
Councillor Carl Richardson
Councillor Marjorie James
Adrian Liddell

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- LCTS 2016/17- Council Tax 2016/17 <p>Chris Little reported on Hartlepool's financial position for 2016/17 – 2018/19 and provided a brief summary of the Reserves Review and the updated MTFS Savings proposals submitted to Finance & Policy Committee on the 29th June 2015.</p>	

APPENDIX H

Comments Made by Business Sector	Response
Can the Council challenge the Rateable Value reduction for the Power Station?	No. However, the Council has raised concerns regarding the Rateable Value reduction with the Department for Communities and Local Government (DCLG) and has met with DCLG officials to discuss this issue and to seek financial support. We are still awaiting a response from DCLG.
Are there any plans for a replacement Power Station?	The Council understands that there are plans to replace the existing Power Station, although the decision will be made at a national level. There will be a considerable lead time between a decision to replace and a new Power Station becoming operational. Officers and Business Sector representatives agreed that the Power Station plans a major part in the viability of the local economy.
Does the Council still lose Business Rates income if there is a temporary shut-down of the Power Station?	Yes, this is an ongoing financial risk to the Council and the Government only provide additional support if a 'safety net threshold' is exceeded. The Council has pursued the Valuation Office Agency to ensure the application for the temporary rates reduction for the summer 2014 outage is resolved before the end of the current year to ensure 'safety net' grant is received in 2015/16. The Council has brokered a meeting between the Valuation Office Agency and the Power Station Rating Agents to ensure this issue is resolved as soon as possible. It is currently anticipated that the outcome of this issue will be determined on 25 th November 2015.
Representatives indicated that they hope the Council will be able to protect economic development funding in 2016/17 and asked if a second consultation meeting will be arranged.	Comments noted and a provisional date for a second meeting will be arranged early in the new year.

NORTH AND COASTAL NEIGHBOURHOOD FORUM
- Minutes of Meeting held on
7 October 2015

Present: ***Hartlepool Borough Council Officers***

Councillor Paul Beck (*Chair*)

Councillor Rob Cook

Councillor Jim Ainslie

Councillor Mary Fleet

Councillor Jean Robinson

Councillor Sylvia Tempest

Councillor Steve Thomas

Councillor Paul Thompson

Councillor Christopher Akers-Belcher

Councillor Ged Hall

Councillor Marjorie James

Councillor John Lauderdale

Councillor Carl Richardson

Peter Devlin, Chief Solicitor

Clare Clark, Community Safety and Engagement Manager

Joan Stevens, Scrutiny Manager

Phil Hepburn, Parking Services Manager

Sue McBride, Neighbourhood Development Officer (North and Coastal Area)

Tracy Rowe, Community Regeneration Officer

Jo Stubbs, Democratic Services Officer

17 Public Attendance

Comments:-

- i) It was noted that over the last 15 years (2000/01 to 2014/15) around 3400 band D houses had been added to the Council Tax base – an average around 220 per year. With a continuing commitment to continue to realise opportunities through house building to increase the Council Tax base), concern was expressed regarding the importance of ensuring that the appropriate infrastructure (education, etc) is in place to support growing communities. Particular concern was expressed regarding Bishop Cuthbert and the potential impact of a potential 500 houses.
- ii) In relation to Government funding settlements, attention was drawn to the allocation formula and the negative impact the new formula has on the Council. Assurances were given that the Council had lobbied Central Government for a fairer allocation of resources, which recognises the true impact of deprivation.
- iii) The Forum acknowledged that the Council had managed its financial situation very well in terms of retaining services and protecting the

working poor and vulnerable. It was, however, recognised that this could not continue indefinitely and that hard decisions would need to be made in the future. It was noted that the freezing of Council Tax over 5 years had set up a future budget pressure and decisions might soon be needed whether it would be preferable to retain services by increasing council tax or vice versa.

South and Central Neighbourhood Forum – 7 October 2015

Comments:-

- i) The potential to increase Council Tax to safeguard services was suggested by a resident. It was also noted that whilst even those in low incomes are required to pay a nominal fee, the Local Council Tax Support Scheme (LCTSS) reduces the impact. However, whilst the current LCTSS restricts the required payment to 12%, it was recognised that this may need to increase in the future.

A resident suggested that if Council Tax was to continue to be frozen by the Council then the police should either follow suit or ensure that increases are utilised to provide additional officers in Hartlepool. These comments were to be passed on to the Police and Crime Commissioner at the Face the Public event.

- ii) It was suggested that in future, the building of larger houses be included as part of future planning developments in order to encourage more affluent people to come to Hartlepool. It was confirmed that the Planning Committee took all decisions relating to planning developments and attention drawn to guidelines stating that 44 of every 100 homes built should be affordable houses. It was, however, noted that this is difficult to achieve, and could be a potential barrier to developers. As such, a common sense approach needed to be taken to the make-up on any housing mix as part of developments.
- iii) Attention was drawn to the importance of tourism and a number of techniques to encourage tourism including transport timetables at the Marina and a park and ride service. It was highlighted that free buses were provided during the Summer months and it was recognised that improved transport links would be essential following April 2016 when Hartlepool became the host town for the National Museum of the Royal Navy.
- iv) Attention was drawn to the identification of £196,000 to fund two enforcement officers over a two year period.

BUDGET CONSULTATION FEEDBACK FROM YOUTH COUNCIL

General Comments

- To Consider the Savings Programme Proposals as detailed in each departments Committee reports and give our opinions on the savings;
- This was difficult as we are not experts in each area and had limited knowledge of each departments functions with a tight timescale to prepare our findings.
- The reports have told us what is proposed to being cut but not what is being left alone. So without further information it is difficult to say whether these are the right cuts.
- We also felt that each department were experts in their own area and they seem to have explored many of the options and ideas we came up with.
- We found Children's Services and Adult Services the most difficult areas to consider cutting as this would directly affect vulnerable people.
- That said, we have a few suggestions for each area that might be considered in the coming years.

Comments on Children's Services Budget Proposals

- Consider reducing the amount of youth club buildings and encourage more extra curricular activities and youth clubs to be setup in schools during evenings.
- Fewer cleaners - possibly cleaning every other night rather than cleaning every night. One suggestion is to possibly get members of staff to help clean.
- Better promoted and marketed adoption schemes – this would save money on children's services related to foster care, social workers, etc.
- Reform Early intervention activities – e.g. More work done to stop young people turning to crime, as well as helping families earlier so children do not have to go into care.
- Neglect is a big issue, so more emphasis on life skills and parenting in schools through a *Curriculum for Life*, which the *United Kingdom Youth Parliament* is campaigning for.
- The financial support given to voluntary and community organisations needs to be tightly regulated so the council can ensure value for money and that they are making a difference to the numbers of children going into care.

Comments on Regeneration Services Committee Report

- Only have one central library and make more awareness of mobile provision.
- Museums and gallery charge a small entry fee, or income generate through school education programmes.
- Combine community centres with youth centres; too many that don't get used or not enough. One main building to unite people from the town together and include intergenerational work.
- Closing un-used or least used buildings.

- Less cleaners and caretakers in buildings
- More volunteers, create an incentive to volunteer e.g. free passes to tourist sites.
- Housing; Incentives / community competitions to help people to look after their own area surrounding their house, repairs etc.

Comments on Neighbourhood Services Committee Report

- Devolve CCTV on private land to businesses
- The Police take on the monitoring of other CCTV in the town
- Work with the police to set up community groups to maintain parks and other open spaces. In turn, this may allow the amount of park wardens and groundsmen to be reviewed
- More dog litter bins in parks to cut down on park wardens
- Initiate litter picking programs using retired volunteers or community service users. Vouchers could be offered for various shops as an incentive to sign up (Like York Council)
- Reduce grass cutting and spending on flower beds on roundabouts and go for cheaper, easier to maintain decorative solutions such as slate as in other local authority areas.
- Solar powered street lights?
- Dim the streetlights or turn off for a time in quiet hours or low crime areas.
- Cut the amount of road resurfacing, especially when there isn't in urgent need of resurfacing.
- Reform use and number of council vehicles, establish community trust vehicle ?– is there a need for a Mayoral car?

Comments on Adult Services Committee Report

- Pick up equipment that has been borrowed from occupational health – Money is potentially wasted by leaving equipment in people's homes who no longer require it.
- Encourage more volunteers to work in adult services, help out elderly neighbours so they are able to stay in their homes for longer.
- Don't put a cap on personal contributions to care bills in later life on the grounds that HBC is having to make deep cuts to public services
- Reconsider the care bursary – help people to seek alternative care solutions earlier, so as to not go into a care home and eventually rely on the council to pay for their care.
- To avoid those service users who are dependent upon drug and alcohol services, seek to work with education and public health on educating people at an early age about the risks and promoting better communities.

Comments on Public Health Committee Report

- Review the new school nurse service as we are still unaware of its function. Challenge the stigma about seeing the school nurse. Is this health bus part of this department? If so, do we need both?

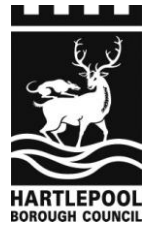
- Early education of drug / alcohol / smoking awareness in primary schools (year 6), which will help reduce need for tier 4 treatment services in the future, better and safer communities.
- Drug / Alcohol / Smoking mentors or champions in secondary schools, working with school nurses, tied in with the *Curriculum for Life*
- Review charging levels for gym, swimming, football, Carlton Camp. Encourage more galas and sporting events.
- Are the free swims over the summer good value for money? Could this be a cost saving.
- Carlton Camp to work with schools and youth clubs to promote and do fundraising for the camp
- Look at funding options to complement existing funding – ESF, lottery, other grants;
- Scrutinise health promotion programmes and resources for their effectiveness and value for money including commissioned services, for example the bereavement service
- Thirteen housing group or police take on out of hours noise control, and report back to the council in office hours reducing the need for overtime.

Other Thoughts and Conclusions

- No Voluntary redundancies next year, but would that not have been a logical place to start? Could people work part time and have incentives for that? Job share etc. This would produce savings and remaining staff could share roles or take on additional responsibilities.
- Is there duplication in departments, are there two people being paid to do a similar job?
- Some Councils have set up 'arms-length' bodies or asked voluntary sector to take over certain services e.g. Middlesbrough Leisure services are now being run by a trust.
- Work with other local councils - sharing resources
- Management savings, review of senior roles?
- We think, earlier support and communities working together to help one another would reduce reliance on council services on the future.

COUNCIL

10th December 2015



Report of: Finance and Policy Committee

Subject: LOCALISED COUNCIL TAX SUPPORT
SCHEME 2016/17

1. PURPOSE OF REPORT

- 1.1 To present details of the final proposals for the Localised Council Tax Support Scheme for 2016/17 as part of the Budget and Policy Framework.

2. BACKGROUND.

- 2.1 The agenda papers for this meeting include a copy of the report considered by Finance and Policy Committee on 23rd November 2015 to assist familiarisation by Members of the issues and financial risks associated with the operation of the Local Council Tax Support scheme.
- 2.2 The former national Council Tax Benefit scheme was abolished on 31st March 2013 and local authorities are required by Government to establish their own Local Council Tax Support Schemes (LCTS). For 2013/14 the Government reduced its funding nationally to operate these new local schemes by 10% (over 13% in Hartlepool).
- 2.3 From 2014/15, the Government ceased making a specific grant for LCTS schemes but instead mainstreamed the grant paid to support LCTS schemes within the Core Revenue Grant paid to Councils. However, the Government's financial settlement for 2014/15 and successive years have included significant ongoing cuts in Revenue Grant funding.
- 2.4 In view of this position, the Council has had to consider how the available Core Revenue Grant is allocated between support for the LCTS scheme and support for the General Fund Budget. Members have previously agreed that the LCTS scheme will bear its proportion of the Government cuts in Core Revenue Grant to the Council.
- 2.5 Sustainability and affordability are key principles that underpin the operation of the LCTS scheme. The report to Finance and Policy

Committee of 23rd November 2015, set out financial analysis which confirmed that a 2016/17 LCTS scheme that maintains a level of award cut at 12% (the same as in 2015/16) is viable. The Council has only been able to operate a 2013/14 LCTS scheme involving an 8.5% LCTS cut, 12% cuts for 2014/15 and 2015/16 and a proposed 12% cut for 2016/17 as a result of previous decisions to earmark one off resources to assist with the implementation and operation of the Hartlepool LCTS scheme. The other four Tees Valley Authorities have all implemented LCTS cuts of 20% since 2013/14 and it is understood these arrangements will continue in 2016/17.

- 2.6 As highlighted in paragraph 8.8 of the Finance and Policy Committee report (**Appendix 1**) the Council's LCTS schemes have provided significant support for households compared to a 20% scheme. If a 12% cut is maintained for 2016/17, the support over the period 2013/14 – 2016/17 will be:

- Band A £402.00
- Band B £468.00

3. PROPOSALS

- 3.1 The proposal put forward by Finance and Policy Committee is to maintain the 2016/17 LCTS scheme award cut at 12% the same level as in 2015/16. The proposed 12% LCTS cut for 2016/17 is viable and avoids an increase in the Council Tax liability of low income working age households at a time when households are adjusting to the ongoing impacts of the wider national welfare reforms.

4. RECOMMENDATIONS

- 4.1 Council are recommended to:

- i) Approve the implementation of a 2016/17 LCTS scheme involving a 12% cut.
- ii) Approve the re-phased application of LCTS reserves, detailed in paragraph 5.9 of the Finance and Policy Committee report.
- iii) Approve the continuation in 2016/17 of the existing LCTS scheme Principles detailed in paragraph 6.1 of the Finance and Policy Committee report.
- iv) Approve the passporting of about £6,000 of the 2016/17 Core Revenue Grant to Parish Councils in accordance with national regulations.
- v) Note that the approved Local Council Tax Support Scheme will be subject to close monitoring and annual review.

5. BACKGROUND PAPERS

- 5.1 Medium Term Financial Strategy 2016/17 to 2018/19 reports – Finance and Policy Committee 29th June 2015 and 23rd November 2015.
- 5.2. Local Council Tax Support 2016/17 reports – Finance and Policy Committee 27th July 2015, and 23rd November 2015.

6. CONTACT OFFICER

John Morton
Assistant Chief Finance Officer
01429 523093
John.morton@hartlepool.gov.uk

Finance & Policy Committee

23 November 2015



Report of: Chief Finance Officer

Subject: LOCAL COUNCIL TAX SUPPORT 2016/17

1. TYPE OF DECISION / APPLICABLE CATEGORY

1.1 Budget and Policy Framework Decision.

2. PURPOSE OF REPORT

The purposes of the report are to:

- i) Update Members on the operation of the current 2015/16 Local Council Tax Support (LCTS) scheme;
- ii) Enable Members to determine a LCTS 2016/17 scheme to be referred to full Council for a final decision as required by statute.

3. BACKGROUND

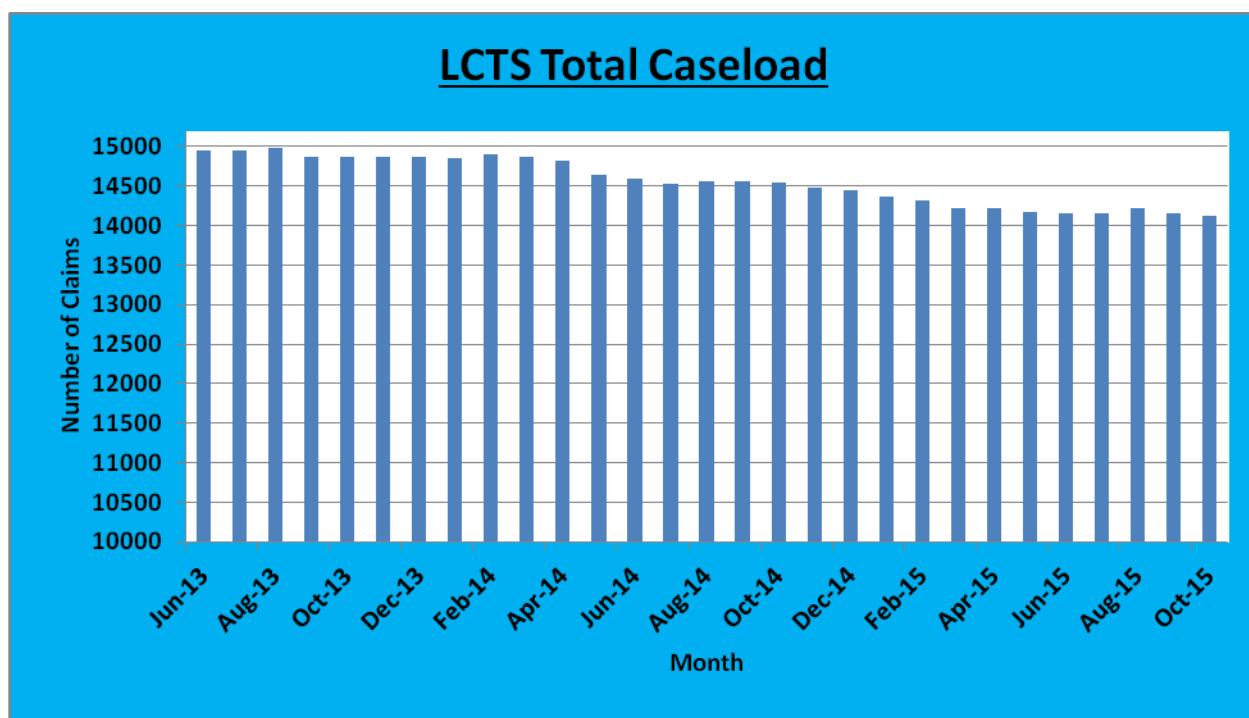
- 3.1 Previous reports informed Members that the Coalition Government abolished the national Council Tax Benefit scheme on 31st March 2013 and replaced it with a requirement for Councils to determine and operate their own LCTS schemes. Once a LCTS scheme has been set for a financial year it cannot be altered for that year.
- 3.2 This was a fundamental change to the Welfare State which transferred responsibility for Council Tax support from the national Government to individual Councils. Previous reports to Members have set out three key issues arising from this change:-
 - (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 initial 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 built a 20% reduction for this group into the system;

- (iii) From 2014/15 and future years, 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 for working age households, as pensioners remain fully protected, or limit the LCTS cut by implementing higher General Fund budget cuts.
- 3.3 These issues 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 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.
- 3.4 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 LCTS scheme in 2015/16 and future years the MTFS approved by full Council in February 2014 determined to share the grant cut across the General Fund and the LCTS scheme.
- 3.5 The Council had recognised the impact of these changes before they were implemented and allocated one off resources to help mitigate the impact on low income working age households. As a result of this action the Council has been able avoid implementing LCTS cuts of 20% over the last three years and has limited the reduction in support to:
 - 8.5% in 2013/14;
 - 12% in 2014/15;
 - 12% in 2015/16.
- 3.6 Details of the number of households and the value of support they have received in Hartlepool, as compared to a 20% LCTS scheme are provided in section 7. All other Tees Valley councils have operated LCTS schemes involving cuts of 20% since April 2013.
- 3.7 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. In this context, the 2015 Comprehensive Spending Review will have a key impact on the affordability and sustainability of LCTS schemes.

- 3.8 Furthermore, the Council must manage the significant permanent reduction in Business Rates income received from the Power Station following the rateable value reduction of 48%. The Council's share of this annual income reduction is £3.9m and this issue is addressed within the Medium Term Financial Strategy also on the agenda for this meeting. The Power Station issue is highlighted to underline the range of financial challenges facing the Council when developing its 2016/17 LCTS scheme and the General Fund Budget.

4. 2015/16 and future years LCTS financial modelling

- 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. The Council now has three years experience of operating a LCTS scheme covering:
- 2013/14 and 2014/15 – both estimated costs and outturn costs;
 - 2015/16 – estimated outturn costs based on scheme operational costs to October 2015.
- 4.2 On the basis of this experience the LCTS financial model has been updated to reflect changes in the key cost drivers – i.e. claimant numbers and collection levels, as detailed in the following paragraphs.
- 4.3 **Claimant numbers** - 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.



- 4.4 This general trend was reflected in the 2015/16 LCTS scheme modelling. An updated assessment of caseload trends has been completed and further marginal reductions in claimant numbers are anticipated for 2016/17 and 2017/18 which have been factored into the updated financial forecasts detailed later in the report. However, the LCTS scheme faces future financial risks associated with the 2015 Comprehensive Spending Review and the government's proposed £12bn welfare cuts, further details are provided in section 7.
- 4.5 **Collection Levels** – in Hartlepool, the operation of the LCTS scheme means that in 2016/17 about 5,600 working age households will receive a Council Tax Bill who would have been exempt under Council Tax Benefit. A further 1,900 working age households will receive a higher Council Tax Bill. Robust and proportionate arrangements for collecting Council Tax from LCTS households have been adopted to reflect the financial circumstances of households, whilst balancing the needs of the Council to collect this income to pay for services.
- 4.6 Collecting Council Tax from LCTS households is more difficult and resource intensive as these households are significantly less likely to pay by Direct Debt. Furthermore, a significant number of LCTS working age households are paying their Council Tax by deduction from other welfare benefits, which introduces time delays into the recovery process.
- 4.7 The impact of these time delays is closely monitored. The table below shows that by 31st October 2015, 92.9% of the Council Tax due from LCTS working age households in respect of the financial year 2013/14 had been collected. This position reflects the fact that the Council

restricted the level of LCTS cut to 8.5% in 2013/14 and the overall effectiveness of the council's recovery arrangements. Arrangements are in place to recover the remaining 2013/14 Council Tax outstanding from LCTS working age households. Similar positive levels of collection are being sustained in respect of the 2014/15 and 2015/16 Council Tax liabilities of LCTS households:

Council Tax Collection Rate for LCTS working age households

Financial Year	Percentage Collected	Percentage Collected	Percentage Collected
	31 st March 2014	31 st March 2015	31 st October 2015
2013/14	70.6%	91.4%	92.9%
2014/15		64.6%	74.9%
2015/16			38.1%

- 4.8 Collection levels for LCTS households will continue to be monitored closely as it will become increasingly difficult to recover Council Tax in the year it is due. LCTS has impacted on in-year collection rates within Hartlepool, which have fallen from 97% in 2012/13 (the last year of Council Tax Benefit) to 95.4% in 2014/15. However, there is currently no adverse impact on the council's long-term Council Tax collection rate, which is being sustained in excess of 99.2% after 5 years. This long term collection performance indicator is the key measure of collection effectiveness, as the Council operates robust but fair recovery arrangements recognising some households will take longer to pay their Council Tax.

5. 2016/17 and future years LCTS Scheme Financial Modelling

- 5.1 Modelling the LCTS scheme costs beyond the forthcoming financial year is complex and challenging owing to the many variables affecting scheme costs, including the total number of claimants, both pensioner households and working age households, individual claimants' financial circumstances, eligibility for support and economic conditions. In addition, funding for LCTS schemes will remain uncertain until the 2016/17 Local Government Finance Settlement is announced in December 2015 and the results of the 2015 Comprehensive Spending Review are available.
- 5.2 Against this uncertain background, the LCTS scheme forecasts for 2016/17 and future years have been updated to reflect experience of operating the LCTS scheme to date and the latest caseload forecasts.

These forecasts are based on annual indicative Council Tax increases of 1.9% for 2016/17 to 2018/19.

- 5.3 If Members determine to implement a lower Council Tax increase for 2016/17 this will reduce the cost of the LCTS scheme. It is recommended that if this situation arises the LCTS scheme cost saving is used to reduce the LCTS budget pressure included in the Medium Term Financial Strategy (MTFS), as this will help partly mitigate the impact of a lower Council Tax increase than 1.9% in 2016/17.
- 5.4 The Chancellor's July 2015 budget set out the Government's plans to deliver a further £12bn of welfare savings. Some of the legislative and regulatory proposals will potentially increase the cost of LCTS schemes whilst other changes may potentially reduce the cost. The timing and extent of the changes are not yet finalised and have been the subject of challenge by the House of Lords. Notwithstanding this uncertainty, for strategic financial planning purposes, a broad based assessment of the likely impacts in Hartlepool has been made and factored into the Council's future LCTS scheme costings.
- 5.5. As previously reported to Members, a LCTS Risk Reserve was established to support the LCTS scheme over a number of years and to provide one-off funding to manage the risk of an unexpected in-year increase LCTS costs arising from increased caseloads. At 31st March 2015, the value of the LCTS Risk Reserve was £2.92m (inclusive of £0.48m contributed from the 2014/15 outturn). It has previously been recommended that £0.3m of this reserve should be retained to manage in-year financial risks. This remains the recommended level and equates to about 3% of the Council's share of the annual scheme cost.
- 5.6. After reflecting the 2015/16 use of the LCTS reserves and the recommended minimum risk reserve, there is £1.622m available to support the LCTS in 2016/17 and future years. This amount has been reflected in the updated financial forecasts and the proposed phasing is designed to minimise cuts in Council Tax support for working age households for as long as possible.
- 5.7 In summary, the updated financial forecasts for the LCTS scheme for the period 2016/17 to 2018/19 are based on the following planning assumptions:

Planning assumptions underpinning LCTS forecasts for 2016/17 to 2018/19

- i) The actual grant cuts for 2016/17 to 2018/19 being in line with the existing planning assumptions;
- ii) The existing Working Age caseload continuing to incrementally reduce;

- iii) Members supporting the re-phased use of the LCTS Reserves to partly mitigate the impact of the Government Grant cut on Working Age households;
 - iv) 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 the ongoing impact of a sustained in-year increase in claimant numbers, but it would provide a slightly longer lead time for the Council to respond;
 - v) The forecast impacts on LCTS linked to the proposed £12bn of further national welfare cuts.
 - vi) For 2016/17, an additional General Fund budget pressure has been included in the MTFS forecast increasing the total pressure to £1.57m;
 - vii) In the event that Members approve a lower Council Tax increase than 1.9% it is recommended that the reduction in the LCTS scheme cost should be used to reduce the LCTS budget pressure included in the Medium Term Financial Strategy (MTFS), as this will help partly mitigate the impact of a lower Council Tax increase.
- 5.8 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.
- 5.9 Based on the updated planning assumptions the following table summarises the LCTS forecasts for the period 2016/17 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 potential un-sustainability of the LCTS scheme necessitating higher levels of future LCTS cuts from 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, and / or the government's national welfare reforms have a significant adverse financial impact on the LCTS scheme, the level of LCTS scheme cut

will need to increase to ensure a balanced and viable scheme can be approved;

- Previous policy guidance from Members to phase reductions in LCTS support over as a long a period as possible using the available one-off LCTS Risk Reserve.

LCTS Scheme Cost modelling 2016/17 to 2018/19

	16/17 £'000	17/18 £'000	18/19 £'000
LCTS scheme Govt Grant			
Shortfall	3,140	4,060	4,640
Less cut in LCTS to households			
% LCTS cut	12%	20%	39%
Funding Required	2,246	2,516	1,570
<u>Funding available</u>			
MTFS Pressure	1,570	1,570	1,570
LCTS Reserve	676	946	0
Funding available	2,246	2,516	1,570

5.10 Continuing with a 12% LCTS cut for 2016/17 would defer an increase in the Council Tax liability for low income working age households at a time when households will be affected by the Government's £12bn welfare savings programme. This level of LCTS support will also increase the likelihood of the Council maintaining high levels of Council Tax collection in 2016/17. Previous scheme forecasts had indicated that LCTS cuts would begin increasing in 2016/17. This has now been put back to 2017/18.

5.11 Members have previously indicated that they would not wish to reduce in LCTS support in 2016/17 and the above proposals achieve this objective.

5.12 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 would previously have qualified for 100% Council Tax Benefit**Estimated amount of Council Tax to pay by Band 2016/17 with 12% LCTS scheme cut**

Band	Number of Households	Amount to pay 2016/17 £
A	5176	138
B	390	161
C	114	184
D	35	207
E	16	253
F	1	299
G	2	345
H	0	N/A
Total	5734	

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

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

Band	Number of Households Impacted
A	1251
B	214
C	87
D	17
E	7
F	3
G	1
H	0
Total	1580

6. 2016/17 LCTS Scheme Principles

- 6.1 In common with LCTS schemes established by many other Councils the Hartlepool LCTS scheme has been centred on a number of core principles for the period 2013/14 to 2015/16. For 2016/17, 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, as follows:

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 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 £6,000 for 2016/17.

7. RISK IMPLICATIONS

- 7.1. The proposals detailed in this report are based on the current forecast grant cuts for 2016/17 to 2018/19 and Members previous decision to allocate the Government grant cuts proportionately between the LCTS scheme and the General Fund budget. In the event that the actual

Government grant cuts for 2016/17 and future years are higher than forecast, Members will need to review the impact on both the LCTS scheme and General Fund budget. It is proposed that for 2016/17 an LCTS scheme involving a 12% LCTS cut is implemented. If central government grant funding cuts are higher than forecast, LCTS reserves could be re phased to maintain a 12% scheme allowing the Council to consider at a future date the potential impacts for the LCTS scheme for 2017/18 onwards.

- 7.2. There is also a financial risk from the measures outlined by the Chancellor in the July 2015 Budget to achieve a further £12bn of Welfare Reform reductions by 2019/20. The changes include proposed reductions in Tax Credits which will reduce household income. The Government has also stated that a new National Living Wage will be introduced for workers aged 25 and above. The Government will ask the Low Pay Commission to set out how the National Living Wage will reach 60% of median earnings by 2020. Based on the Office for Budget Responsibility earnings forecast the Government's National Living Wage target of £9 will be reached by 2020.
- 7.3. The changes to national Welfare Benefits and the National Living Wage will have an impact on the cost of the LCTS, the former will increase costs, the latter may reduce costs. Following a vote in the House of Lords the Chancellor has indicated he will review his proposed Tax Credit changes and will make a further statement as part of his wider Autumn Statement. In this context, a detailed assessment of these issues will need to be completed as part of the monitoring of the 2016/17 scheme and the preparations for the 2017/18 LCTS scheme when information on the actual timing and extent of the changes is available. An initial assessment indicates that there will be a net increase in the costs of the LCTS scheme from these changes and a provisional cost has been factored into the LCTS scheme projections.

8 FINANCIAL CONSIDERATIONS

- 8.1 As reported previously 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.
- 8.2 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 and 2015/16.

- 8.3 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 2015/16.
- 8.4 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 further significant grant cuts are forecast over the next three years. On the basis of the forecast reductions in funding of 10% in the MTFS the Council needs to make General Fund budget cuts of around £14m over the years 2016/17, 2017/18 and 2018/19.
- 8.5. Against this background, Members need to determine a LCTS scheme for 2016/17 that is financially viable, supports the delivery of future year's schemes and that will help smooth the reduction in support to working age households.
- 8.6 Updated financial modelling indicates that the 2016/17 LCTS scheme reduction can be maintained at 12%, the same level as 2014/15 and 2015/16. This is predicated on the actual grant cut for 2016/17 not exceeding the current forecast cut.
- 8.7. However, if the level of grant cuts for 2016/17 and future years are higher than forecast, Members will need to review the impact on both the LCTS scheme, the General Fund Budget and the phasing of the use of LCTS reserves. Furthermore, there will be LCTS entitlement cost pressures linked to the timing and extent of cuts to welfare benefits as part of the Government's commitment to deliver £12bn of welfare savings. In view of these uncertainties, the LCTS scheme will need to be closely monitored in 2016/17 when details of the actual grant cut and welfare savings programme are known.
- 8.8 On the basis, of sustaining a 12% LCTS cut for 2016/17, 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% over the 4 years up to March 2017. All other Tees Valley councils have operated LCTS schemes involving cuts of 20% since April 2013. This position is summarised below:

Impact of Hartlepool's actual 2013/14 to 2015/16 LCTS scheme and proposed 2016/17 LCTS cut compared to annual cuts of 20% (as implemented by other Tees Valley Authorities).

	Band A	Band B
Council Tax Liability with a 20% LCTS cut in 2013/14, to 2016/17.	£906	£1057
Council Tax Liability with HBC phased LCTS cuts of 8.5 % in 13/14 and 12% in 14/15, 15/16 and 16/17.	£504	£589
Cumulative Support to Households 2013/14 to 2016/17	£402	£468
Number of Households Supported (i.e. who previously would have been awarded 100% Council Tax Benefit)	5,176	390
Percentage of LCTS Households (i.e. who previously would have been awarded 100% Council Tax Benefit)	90%	7%

- 8.9 The reductions in the number of LCTS claimants and the re-phasing of earmarked one-off resources will allow the Council to maintain the level of cut in LCTS support in 2016/17 at 12% and minimise the level of cut in 2017/18 to 20%. The revised forecast will depend on existing caseload trends continuing.
- 8.10 The national Welfare Reforms announced in the Chancellor's July 2015 Budget, together with the national living wage changes will impact on future LCTS scheme costs. Initial broad based modelling has been undertaken and a provisional cost has been included in LCTS scheme projections for 2016/17 onwards. However, this analysis will need to be revisited when details of the actual national changes and timing become known.
- 8.11 Beyond 2017/18 a significantly higher level of cut in LCTS will be required reflecting future forecast additional Government Grant cuts and this will affect all Councils, particularly areas serving more deprived communities. This risk was highlighted when responsibility for providing Council Tax support was transferred to Councils in April 2013 and has been exacerbated by the Government's decision to transfer funding for Council Tax support into the main Revenue Support Grant.

9. LEGAL CONSIDERATIONS

- 9.1. Statutorily, the LCTS scheme for a financial year must be approved by full Council and when approved cannot be amended for that year. Members are requested to approve a LCTS scheme for 2016/17 which can be referred to full Council in December 2015. The proposed LCTS scheme for 2016/17 does not involve changing either the level of award cut (being sustained at 12%) or any of the underlying Scheme principles as set out in section 6. On this basis, it is considered that there is no need for the Council to undertake consultation.

10. CHILD / FAMILY POVERTY CONSIDERATIONS

- 10.1 Sustaining an LCTS scheme for 2016/17 with a 12% cut will assist households which are affected by the Government's wider welfare reforms.

11. EQUALITY AND DIVERSITY CONSIDERATIONS

- 11.1. An impact assessment covering LCTS has been reviewed and is included as Appendix A.

12. STAFF CONSIDERATIONS

- 12.1. There are no staff considerations.

13. ASSET MANAGEMENT CONSIDERATIONS

- 13.1. There are no asset management considerations.

14. APPENDICES

Appendix A Equality Impact Assessment

15. RECOMMENDATIONS

- 15.1. It is recommended that Members approve that the following proposals are referred to Council on 10th December 2015:
- i. Note the LCTS scheme financial modelling which indicates that maintaining a LCTS cut at 12% for 2016/17 is financially viable;

- ii. Note the risk that the actual 2016/17 Government Grant cut may be higher than forecast which may necessitate a re-phased application of LCTS reserves;
- iii. Approve a LCTS scheme for 2016/17 involving sustaining a 12% cut.
- iv. Approve the continuation of the existing scheme principles as set out at section 6.

16. REASONS FOR RECOMMENDATIONS

- 16.1 To enable Members to agree a 2016/17 LCTS scheme to be referred to Council in accordance with statutory requirements..

17. BACKGROUND PAPERS

- 17.1 Medium Term Financial Strategy 2016/17 to 2018/19 report - Finance and Policy Committee 29th June 2015.
- 17.2. Local Council Tax Support 2016/17 report – Finance and Policy Committee 27th July 2015.

18. CONTACT OFFICER

John Morton
Assistant Chief Finance Officer
01429 523093
John.morton@hartlepool.gov.uk

Department	Division	Section	Owner/Officer
Chief Executives	Finance	Revenues & Benefits	John Morton
Function/Service	Local Council Tax Support Scheme 16/17, 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 2016/17.</p> <p>In Hartlepool 5,890 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 a Disability Premium would cost about £260,000 pa or would increase the level of LCTS cut on non protected groups to 16%.</p> <p>The 2016/17 Hartlepool LCTS scheme continues with the core equity Principle that every working age household should pay something to towards Council Tax and that the level of cut should be equal. The Council endeavours to minimise the impact of LCTS 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 2016/17. 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 2016 / 17 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	Nil.			
What is the Impact	<ul style="list-style-type: none">• Every working age household will pay some Council Tax• Other non dependant adults in the household will be expected to contribute to council tax• The scheme will encourage work• The 2016/17 LCTS scheme will continue to be based on the key features of the former CTB scheme• A universal 12% reduction in the value of the award will be made for all working age low income households.• Low income pensioner households are protected in line with Central Government Policy.• The 2016/17 LCTS scheme will continue to comply with the Armed Forces Covenant.• The 2016/17 LCTS scheme will continue to fully disregard child maintenance when assessing LCTS awards. This is consistent with national Housing Benefit regulations.			
Addressing the impact	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).			
	The maintenance in the level of cuts to LCTS awards for 2016/17 at 12% reflects funding issues and is after the Council committing resources to support the scheme. The 2016/17 Hartlepool scheme continues to provide no protection/ detriment for any specific working age group and is centred on equality of impact.			
Actions				
The 2016/17 LCTS scheme has been developed with the aim of removing any potential for discrimination.				
Action identified	Responsible Officer	By When	How will this be evaluated?	
Scheme Principles review	Liz Cook Principal Benefits Officer	Oct 16	Peer review by Chief Executive's Department Diversity Lead officer.	

COUNCIL

10 December 2015



Report of: Chief Executive

Subject: BUSINESS REPORT

1. COMBINED AUTHORITY

- 1.1 At the meeting of Council on 26th March 2015, Members considered a report on the submission of a draft scheme which would form the basis of the proposal to establish a Combined Authority for the Tees Valley. That scheme, followed an earlier governance review through the five Tees Valley borough Councils in unison with the Local Enterprise Partnership. It was resolved that any amendments to that scheme be reported back to Council for ratification. In the circumstances, there were no changes to the draft scheme, which was subsequently submitted to the Secretary of State for Communities and Local Government.’.
- 1.2 The Secretary of State is required under the Local Democracy, Economic Development and Construction Act, 2009, to formally consult upon those proposals and this he has done through a consultation exercise which commenced in October and which concludes on the 9th December, 2015. The Councils’ scheme is to be found in Chapter 2 of that consultation document and accords with the information provided through and approved by the respective Council’s. Subject to the outcome of that consultation and certain statutory conditions being met, Parliament can approve through the making of an Order, the establishment of a Combined Authority for the Tees Valley. The draft ‘Tees Valley Combined Authority Order 2016’ is to be found as an annex in the consultation document.
- 1.3 The Draft Order specifies that the Combined Authority must appoint an ‘Overview and Scrutiny Committee’. Further that the Combined Authority may make standing orders for the regulation of its proceedings and business, which would be a component part of its governance and constitutional framework. In conformity with the Draft Order, a Constitution for the Combined Authority is presently being drafted and Council has previously resolved that it would wish to consider the Constitution of a Tees Valley Combined Authority. It is envisaged that a draft document will be available soon, possibly to be viewed by the District Lawyers Group on 3rd December before being taken to the respective Council’s. In any event once a draft has been received, Members will be duly advised and consulted.
- 1.4 That Council notes the position.