

FINANCE AND POLICY COMMITTEE

AGENDA



Monday 11 January 2016

at 9.30 am

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

MEMBERS: FINANCE AND POLICY COMMITTEE

Councillors C Akers-Belcher, Barclay, Cranney, James, Loynes, Richardson, Riddle, Simmons, Sirs, Springer and Thompson.

1. APOLOGIES FOR ABSENCE

2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS

3. MINUTES

3.1 To receive the minutes of the meeting of the Finance and Policy Committee held on 7 December 2015 (*previously published and circulated*)

3.2 To receive the minutes of the meeting of the Health and Wellbeing Board held on 5 October 2015.

4. BUDGET AND POLICY FRAMEWORK ITEMS

4.1 Medium Term Financial Strategy (MTFS) 2016/17 to 2018/19 – *Corporate Management Team*

5. KEY DECISIONS

None.



6. OTHER ITEMS REQUIRING DECISION

- 6.1 Acquisition of Land at Tofts farm – *Director of Regeneration and Neighbourhoods*
- 6.2 Variation of Restrictive Covenant, Seaton Lane, Hartlepool – *Director of Regeneration and Neighbourhoods*
- 6.3 Falls Prevention Service – *Director of Public Health*
- 6.4 Proposed Merger of the Teesside and Hartlepool Coroner Services – Further Update – *Chief Executive and Chief Solicitor*
- 6.5 Council Tax Base 2016/17 – *Chief Finance Officer*

7. ITEMS FOR INFORMATION

None.

8. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT

FOR INFORMATION

Date of next meeting – Monday 15 February, 2016 at 2.30 pm at the Civic Centre, Hartlepool



FINANCE AND POLICY COMMITTEE

MINUTES AND DECISION RECORD

7 DECEMBER 2015

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

Present:

Councillor Christopher Akers Belcher (In the Chair)

Councillors: Allan Barclay, Kevin Cranney, Marjorie James, Brenda Loynes, Carl Richardson, Chris Simmons, Kayleigh Sirs, George Springer and Paul Thompson.

Officers: Gill Alexander, Chief Executive
Andrew Atkin, Assistant Chief Executive
Chris Little, Chief Finance Officer
Alyson Carman, Legal Services Manager
Sally Robinson, Director of Child and Adult Services
Damien Wilson, Assistant Director, Regeneration
Alastair Rae, Public Relations Manager
David Cosgrove, Democratic Services Team

127. Apologies for Absence

None.

128. Declarations of Interest

None.

129. Minutes of the meeting held on 23 November, 2015

Received.

130. Minutes of the Joint Meeting of the Finance and Policy Committee and Regeneration Services Committee held on 23 November, 2015.

Received.

131. Minutes of the meeting of the Safer Hartlepool Partnership held on 16 October, 2015

Received.

132. Promoting Change, Transforming Lives Project

(Director of Regeneration and Neighbourhoods / Director of Child and Adult Services)

Type of decision

Non-key decision.

Purpose of report

The purpose of the report was to:

- (i) Inform members that the Big Lottery Fund's Reaching Communities Programme Grant Letter for the Promoting Change, Transforming Lives Project has been signed and returned prior to the deadline of Monday 12th October 2015.
- (ii) Seek approval for the £21,000 capital contribution from the remaining balance of the Short Breaks Capital Funding Scheme. This funding is the residual balance from 2013/14 and was to support carers and people with disabilities.

Issue(s) for consideration

The Assistant Director, Regeneration reported that the Big Lottery Fund informed the Council on 14th September 2015 that the funding for the Promoting Change, Transforming Lives Project had been approved; however this was subject to a press/public announcement embargo until 13th October 2015. The Grant Letter confirmed the allocation of £400,000 from Big Lottery for the project that would be delivered from 1st January 2016 to 31st December 2020.

The report outlined the next stages of the process and confirmed the overall value for the Promoting Change, Transforming Lives Project at £496,000. The grant from the Big Lottery Fund was £400,000, £21,000 was being requested from the Council's Short Break Capital Fund to fund a new toilet block and the Council would provide match funding of £75,000. The match funding included staffing budgets from the Economic Regeneration Employment Link Team of £55,000. The remaining £20,000 would be covered by a contribution of £2,000 p.a. from existing revenue budgets by both the Child and Adult and Regeneration and Neighbourhoods Departments.

In addition, a total of £45,000 income generation had been projected for

years 3, 4 and 5. This would be re-invested into the project, however this would not impact on the project as the generated funds would only be spent if earned.

A Member questioned why the capital costs for the toilet block had not formed part of the original bid to the Big Lottery. The Chair of the Regeneration Services Committee indicated that at the time of the bid the need for a new toilet block had not been identified, only when the bid had been successful had it been identified that the toilet block was needed for the project. A member of the public questioned the position of the Volunteer Coordinator. The Chair indicated that this was a paid role that coordinated all the various volunteers that would be involved with the project.

The Chair referred to the wider works that were scheduled for the Rift House Recreation Ground which need to be coordinated with the capital works that formed part of this project. The Chair of the Neighbourhood Services Committee also indicated that the committee had recently approved traffic calming and resurfacing works in the Waverley Terrace area (Minute No. 37 “Wordsworth Avenue – Traffic Calming Scheme” refers) and these also needed to be scheduled in coordination with the capital works for the project to minimise disruption and maximise the benefit from the contracts.

Decision

1. That the report be noted.
2. That the virement of £21,000 from the Short Breaks capital budget to fund the toilet block works be approved.
3. That any capital works required in implementing the project be coordinated with the general improvement works proposed for the adjacent Rift House Recreation Ground and the traffic calming and resurfacing works approved by the Neighbourhood Services Committee for the Wordsworth Avenue area.

133. Strategic Financial Management Report - as at 30th September 2015 *(Corporate Management Team)*

Type of decision

Non-key decision.

Purpose of report

The purposes of the report were to inform Members of:

- i) the 2015/16 Forecast General Fund Outturn;
- ii) Corporate Income Collection Performance; and
- iii) the 2015/16 Capital Programme Monitoring.

Issue(s) for consideration

The Chief Finance Officer reported that there had been no change to the overall forecast outturn. The overall 2015/16 budget position for the Council showed that there was a forecast net under spend (including the reserve review) of between £1,058,000 and £1,278,000 to manage the impact if the actual 2016/17 grant cut is higher than forecast.

The Chief Finance Officer advised Members that there would be a further report to Committee outlining a strategy for using the £118,000 income received from Housing Hartlepool for house sales for the first six months of the financial year.

In terms of the overall Business Rates collection rate, at 30 September 2015 the Council had collected 60.65% of the 2015/16 liability, down slightly by 0.55% compared to the same period last year. The overall Council Tax collection rate at 30 September 2015 was 53.9% compared to 54.12% for the same period last year, down slightly by 0.22%. This position largely reflected the ongoing impact of the Local Council Tax Support (LCTS) Scheme. In 2014/15, the Council collected 95.4% of the Council Tax due, slightly below the average of North Eastern Councils of 95.9% (the range was 93.6% to 97.7%). Collection performance was being impacted by the time lag in recovering Council Tax by Attachment of Benefit, where the rate of deduction was capped at £3.70 per week and only one deduction can be active at any one time.

The Council also collected significant Sundry Debts income for the payment of services provided by the Council. In total £12.759m of sundry debts were raised in the first six months of 2015/16. As at 30 September 2015, £10.714m (83.97%) of this amount had been collected. Robust procedures for collecting the remaining outstanding debt were in place.

Details of the Capital budget were also reported. Actual expenditure to 30th September 2015 was £10.034m, compared to a 2015/16 budget of £31.370m, leaving £18.041m to be spent in 2015/16. At this stage anticipated expenditure and resources of £2.286m would be re-phased into 2016/17.

A Member of the public questioned if the impact of the new business rates arrangements were known and would the Council benefit through the retention of business rates. The Chief Finance Officer stated that at this time no assessment could be made as the details had yet to be issued by government.

Decision

That the report be noted.

134. Quarter 2 – Council Overview of Performance and Risk 2015/16 *(Assistant Chief Executive)*

Type of decision

Non-key decision.

Purpose of report

To inform Finance and Policy Committee of the progress made against the 2015/16 Council Plan, for the period ending 30 September 2015.

Issue(s) for consideration

The Assistant Chief Executive updated the Committee on performance across the Council's departments against the performance indicators and risks outlined in the Council Plan. Following the decision at the meeting on 16 October, the report included an update on the use of the Regulation of Investigatory Powers Act (RIPA) which was nil so far in 2015/16.

There were a number of amendments to risks and actions identified and the report also highlighted the interventions that had been instigated in relation to –

CAD 15/16 LLS02 - Provide an intensive challenge and support programme to secondary schools to ensure that the percentage of pupils achieving 5+ GCSE A*-C including mathematics and English is in the top 20% of the most improved authorities in the country by 2015;

ACS P066 Number of admissions of supported residents aged 65 or over to residential/nursing care per 10,000 population;

ACS P059 Overall attendance at Mill House, Brierton and Headland Leisure Centre's;

ACS P081 Number of patients completing a 10 week programme of referred activity recommended as a health intervention - GP referrals;

NI 123 Stopping smoking - rate of self-reported 4-week smoking quitters per 100,000 population aged 16 or over;

NI 193 Percentage of municipal waste (all waste collected by the local authority) land filled.

Decision

1. That the position in performance as at end of September 2015 (Quarter 2) be noted.
2. That the position in relation to use of RIPA powers as set out in section 4.7 of the report be noted.
3. That the Action identified as intervention required as set out in Table 1 of the report be noted.

4. That the Performance Indicators identified as intervention required, set out in Tables 2, 4 and 5 of the report be noted.
5. That the removal of performance indicator CAD P145 as set out in paragraph 5.6 of the report be approved.
6. That the change to risks as set out in sections 5.6 and 7.5 of the report be noted.
7. That the re-wording of action PHD 15/16 HW031 as set out in paragraph 6.4 of the report be approved.

135. Council Domestic Violence and Abuse Workforce Policy and Procedures (*Director of Regeneration and Neighbourhoods and Assistant Chief Executive*)

Type of decision

Non-key decision.

Purpose of report

To consider for approval a proposed Council Domestic Violence and Abuse Workforce Policy and Procedure, and a proposal to recruit (on a voluntary basis) several 'Domestic Abuse Champions' from the existing workforce, to support the overall aims of the policy.

Issue(s) for consideration

The Assistant Chief Executive reported that the Safer Hartlepool Partnership Domestic Violence and Abuse Strategy introduced in 2013 aimed to reduce incidents of domestic violence in Hartlepool and its impact on those affected by it. The strategy aimed to do this through: early intervention and prevention; the provision of specialist services; partnership working; and improving criminal justice outcomes. Implementation of the Domestic Abuse strategy is assisted by an action plan, refreshed annually, and overseen by the local Domestic Violence Strategic Group.

In recognition of the fact that employers have a key role to play in addressing issues around domestic abuse and its impact, a key action in the current action plan is to develop and promote a domestic abuse workforce policy which aims to support employees who may be affected by the issue.

In light of the potential to improve responses to domestic abuse through workforce policies, the Domestic Violence Strategic Group, in conjunction with the Office of the Police and Crime Commissioner (OPCC), had developed a proposed Council Domestic Violence and Abuse Policy and Procedure which was submitted as an appendix to the report.

The Domestic Violence Strategic Group currently comprised of representatives from Children and Adult Services, Public Health, and Regeneration and Neighbourhoods Departments as well as organisations external to the Council such as the Hartlepool and Stockton North Tees Clinical Commissioning Group, the Police, Tees Esk and Wear Valley Foundation Trust, and Local Criminal Justice Board.

The Assistant Chief Executive highlighted that the key element of the policy was the appointment of Domestic Abuse Champions within the organisation who would act as a point of contact where domestic abuse issues were raised as a concern. In this respect it was proposed that Council staff (excluding schools), be invited to volunteer for the role, with the intention of having a mix of managers/staff, male/female personnel who were in roles where they are easily accessible to staff wishing to discuss any issues drawn from across the Council as follows:

Children and Adult Services – 1 champion
Public Health – 1 champion
Regeneration and Neighbourhoods – 2 champions (1 depot-based)
Chief Executives – 1 champion
Plus one other ‘floating’ member of staff (6 champions in total)

Domestic Abuse Champions would not be responsible for providing specialist support to victims or perpetrators of domestic abuse but would be trained to understand the impact of domestic abuse and would be armed with the requisite knowledge to ensure appropriate signposting to support services.

Members welcomed the proposal as being an important action for the Council as an employer. Members suggested that appropriate training on the policy should be made available to Councillors to provide as wide a possible understanding of the policy and the issue in general.

Decision

1. That the proposed Domestic Violence and Abuse Workforce Policy be approved, together with the proposal to recruit six Domestic Violence Champions from across the workforce to assist with implementation of the Policy.
2. That a Members seminar be held on the new policy.

136. Any Other Items which the Chairman Considers are Urgent

There were no items the Chair considered urgent.

The Committee noted that the next meeting would be held on Monday 11 January, 2016 commencing at 9.30 am in the Civic Centre, Hartlepool.

The meeting concluded at 9.42 am.

P J DEVLIN

CHIEF SOLICITOR

PUBLICATION DATE: 17 DECEMBER 2015

HEALTH AND WELLBEING BOARD

MINUTES AND DECISION RECORD

5 October 2015

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

Present:

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

Prescribed Members:

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

Representative of Hartlepool and Stockton-on-Tees Clinical Commissioning Group – Dr Schock and Karen Hawkins (as substitute for Ali Wilson)

Director of Public Health, Hartlepool Borough Council - Louise Wallace

Director of Child and Adult Services, Hartlepool Borough Council – Sally Robinson

Representatives of Healthwatch – Ruby Marshall and Margaret Wrenn

Other Members:

Representative of Tees Esk and Wear Valley NHS Trust – David Brown (as substitute for Martin Barkley)

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

Representative of Cleveland Police – Supt Ian Coates (as substitute for ACC Simon Nickless)

Also in attendance:-

G and S Johnson, M Lockwood, S Thomas - Healthwatch

Hartlepool Borough Council Officers:

Jacqui Braithwaite, Principal Educational Psychologist

Jill Harrison, Assistant Director (Adult Services)

Adrian Hurst, Environmental Health Manager (Environmental Protection)

Sylvia Pinkney, Head of Public Protection

Rachel Smith, Strategic Commissioner

Joan Stevens, Scrutiny Manager

Amanda Whitaker, Democratic Services Team

26. Apologies for Absence

Representative of Hartlepool and Stockton-on-Tees Clinical Commissioning Group - Ali Wilson
Representative of Tees Esk and Wear Valley NHS Trust –Martin Barkley
Representative of Cleveland Police – ACC Simon Nickless

27. Declarations of interest by Members

Councillor Richardson declared a personal interest in agenda item 3.1 – CAMHS Transformation Locality Plan (minute 29 refers)

28. Minutes

The minutes of the meeting held on 11 September 2015 were confirmed.

There were no matters arising from the minutes.

29. CAMHS Transformation Locality Plan (*Director of Child and Adult Services*)

The Board received a presentation on the CAMHS Transformation Locality Plan which provided the Board with the opportunity to feed comments to the Children's Services Committee on 6th October 2015.

The Board was advised that the key focus of the Tees CAMHS Transformation Group was to develop a Tees CAMHS Transformation Strategy in response to the national 'No Health Without Mental Health' strategy. A report had been published by the Children and Young People's Mental Health Taskforce entitled 'Future in Mind'. The report had identified a number of proposals the government wished to see in place by 2020 and established a clear direction and key principles about how to make it easier for children and young people to access high quality mental health care when they needed it. Additional funding had been identified to support the aims set out in 'Future in Mind'. In order for CCGs and local areas to access these monies, localities were required to develop and submit their Transformation Plans to NHS England by 16th October 2015.

It was highlighted that it was vital that all key stakeholders who work with and support children and young people had an opportunity to feed into and review the Hartlepool Transformation Plan. In order to achieve this ambition in the short time scale available, the plan would be submitted to the following forums for discussion and information;

- Adults Mental Health Forum – 3rd September 2015
- Hartlepool Health and Wellbeing Board - 5th October 2015
- Children's Strategic Partnership – 17th November 2015

Approval for the plan would be sought from Children's Services Committee on 6th October 2015. It was proposed that feedback and comments from this Board be reported to Children's Services Committee via a verbal update. The Principal Educational Psychologist had attended the Children and Young People's Council in July to discuss and gather their views about emotional wellbeing and mental health. This information had been threaded through the plan and further work would take place involving children and young people in the coming months to ensure that their opinions and viewpoint was shared with all stakeholders and feeds into the delivery model.

Board Members were advised that the plan had been developed to ensure full co-ordination with the Better Childhood Programme, Healthy Relationships Project and the Education Commission's recommendations. Over the coming year, work was planned with schools, academies, colleges, children and young people and voluntary sector organisations to ensure that as a town there was robust baseline information.

Following presentation of the report, Board Members expressed their support for the report and the involvement of young people. In response to a request by the Chair of Children's Services Committee, it was agreed that update reports would be submitted to that Committee and the Health and Wellbeing Board on a six monthly basis. During the debate, it was highlighted that those agencies already providing support should not be 'sidelined' and that there was a national programme already in place relating to access to psychological therapies. It was highlighted also that a LGA peer review had been undertaken which had identified areas of good practice across the Tees Valley.

The Board discussed the need to provide emotional wellbeing and mental health support to asylum seekers/refugees. It was recognised that the work that was ongoing regionally and nationally needed to be taken into consideration. Officers agreed to liaise with the Director of Public Health who was leading an Officer Group in Hartlepool Borough Council to consider the needs of refugees as they arrive in Hartlepool. It was noted that support for Syrian refugees could come from a range of statutory and community sector partners.

Following a request from the Chair, it was agreed that it was appropriate to liaise with the Scrutiny Manager regarding the recommendations from the previous scrutiny investigation relating to mental health including CAMHS.

In response to clarification sought from Board Members, the representative of Cleveland Police and the Council's Director of Child and Adult Services clarified arrangements when young people with mental health issues come to the attention of the police with particular regard to the role of the Youth Offending Service and access to secure accommodation.

Decision

- (i) The Health and Wellbeing Board endorsed the Hartlepool CAMHS Transformation Locality Plan and agreed that updates would be submitted to the Health and Wellbeing Board and the Children's Services Committee biannually and the first update report include pathways of young people referred to the Youth Offending Service.
- (ii) The appreciation of the Board was expressed to those who had contributed to the report.

30. Teeswide Safeguarding Adults Board: Annual Report 2014/15 and Strategic Plan 2015/16 *(Director of Child and Adult Services and Independent Chair of Teeswide Safeguarding Adults Board)*

In accordance with the Care Act 2014, the Director of Child and Adult Services presented the Teeswide Safeguarding Adults Board Annual Report 2014/15 and Strategic Business Plan 2015/16, copies of which were appended to the report.

Apologies were submitted on behalf of the Independent Chair of the Teeswide Safeguarding Adults Board who had been due to attend the meeting but was unable to attend due to unforeseen circumstances.

Decision

The Board endorsed the Teeswide Safeguarding Adults Board Annual Report 2014/15 and Strategic Business Plan 2015/16

31. Respiratory Disease Presentation *(Director of Public Health)*

Further to minute 24 of the meeting of the Board held on 11 September 2015, the Board received a presentation by the Director of Public Health which provided details of the incidence and prevalence of respiratory disease, services commissioned and provided by partners to support people with respiratory illness and environmental issues and air quality in relation to respiratory disease.

During the debate following the presentation, the Head of Public Protection responded to concerns expressed regarding environment factors and asbestos in buildings. Clarification was provided on diesel emissions and air quality. Assurances were provided by the Chief Executive, North Tees and Hartlepool NHS Foundation Trust, regarding services provided by Trust to support people with a range of respiratory conditions, including asthma and COPD.

Decision

The presentation was noted.

32. Screening Presentation *(Director of Public Health)*

The Board received a presentation by the Director of Public Health which provided assurance that appropriate governance arrangements were in place within Hartlepool Borough Council to ensure plans were in place to protect the health of the population. It was noted that NHS England was responsible for screening programmes, in order to protect the health of people in the town. The presentation also updated Board Members on the local picture of screening in the town and provided details of NHS England's plans to improve uptake and local actions being undertaken to address those plans.

It was highlighted that most screening programmes did not happen in primary care but practice lists were used for some programmes to invite patients for screening.

Decision

The report was noted.

33. Community Based Urgent Care

Further to minute 13 of the meeting of the Board held on 3 August 2015, a verbal update was provided by the Associate Director of Commissioning and Delivery, Hartlepool and Stockton-on-Tees Clinical Commissioning Group, on Community Based Urgent Care. The Board was reminded that Direction had been received from NHS England to pause all procurement in relation to urgent care, subject to national review and engagement being undertaken in relation to commissioning standards for urgent care being released. National standards continued to be awaited. Once the standards had been received an impact assessment would be undertaken and subject to CCG executive approval, would drive forward with commissioning an integrated urgent care service across Hartlepool and Stockton. As agreed previously, the Board would be kept informed of progress.

Decision

The update was noted.

34. Better Care Fund: Update and 2015/16 *(Director of Child and Adult Services)*

Further to minute 8 of the meeting of the Board held on 22 June 2015, a

report presented by the Director of Child and Adult Services provided the Board with an update on implementation of the Better Care Fund Plan and presented the 2015/16 Quarter 1 return which was appended to the report and had been submitted on 28th August 2015. It was highlighted that there had been some slippage in Quarter 1 against the BCF Plan. However, it was anticipated that all funding would be fully spent in accordance with the Plan by the end of the financial year.

Decision

The report was noted.

35. Any Other Items which the Chairman Considers are Urgent

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

36. Review of Neonatal services in the North East and Cumbria

The Scrutiny Manager advised the Board that a review of neonatal services in the North East and Cumbria had been undertaken by the Royal College of Paediatrics and Child Health. The review summarised transport, network and configuration considerations. The Board's attention was drawn to the Royal College's recommendations in relation to the configuration of services, summarised as follows:-

- a) The Great North Children's Hospital should become a quaternary centre. This decision was based on its size, location, co-located specialties and the vision of its medical /nursing staff.
- b) Sunderland – this should be an intensive care unit but one that would look after infants of greater than 26 weeks gestation.
- c) Tees area - this should function as a single neonatal intensive care unit sited at the James Cook University Hospital site. The unit at North Tees will continue to operate as a neonatal special care unit.

The North East Regional Joint Health Scrutiny Committee had considered a request from NHS England in terms of the process for consideration of the review outcomes. The Committee had agreed that it constituted a significant enough change in service provision to warrant a public consultation and that it should be a regional consultation completed through the North East Regional Scrutiny Committee. Details of the consultation plan/timetable were awaited by the North East Regional Joint Health Scrutiny Committee.

Meeting concluded at 11.20 a.m.

CHAIR

FINANCE AND POLICY COMMITTEE

11 January 2016



Report of: Corporate Management Team

Subject: MEDIUM TERM FINANCIAL STRATEGY (MTFS)
2016/17 TO 2018/19

PLEASE NOTE AN UPDATED REPORT WITH RECOMMENDATIONS WILL BE ISSUED IN THE WEEK COMMENCING 4 JANUARY 2016 ONCE THE IMPACT OF THE LOCAL GOVERNMENT FINANCE SETTLEMENT (ISSUED ON 17 DECEMBER 2015) HAS BEEN FULLY ASSESSED AND A RECOMMENDED STRATEGY FOR MANAGING THE ACTUAL GOVERNMENT GRANT CUT HAS BEEN DEVELOPED.

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) Inform Members of the impact of the 2016/17 Local Government Finance Settlement announcement on the Council;
- ii) To enable Members to determine the final 2016/17 budget and Council Tax proposals to be referred to Council on 18th February 2016; and
- iii) To enable Members to approve a strategy to address the budget deficits facing the Council in 2017/18 and 2018/19.

3. BACKGROUND

3.1 A comprehensive report on the forecast financial position for the period 2016/17 to 2018/19 was considered by this Committee on 23rd November 2015 and detailed proposals referred to Council on 10th December 2015. The previous report indicated that the financial forecasts were based on information available at the time and would need to be updated to reflect the

outcome of the 2015 Government Spending Review and the 2016/17 Local Government Finance Settlement announcement.

- 3.2 The 2015 Government Spending Review was presented to Parliament on 25th November 2015 and included a number of significant headline announcements affecting Local Government. Further information is needed to assess these proposals in detail, although it is anticipated these issues will have a significant negative financial impact on the Council over the next four years and may result in higher budget deficits than currently forecast. Some of this information will not be provided with the 2015/16 Local Government Finance Settlement announced, including the impact of moving to a 100% Business Retention system. In summary the key issues are summarised below:

Spending Review changes likely to have a negative financial impact

- **Revenue Support Grant continuing cuts and 100% Business Rates Retention**

These issues are detailed in paragraphs 3.4 to 3.6 and are a very significant financial risk to the Council as they move individual Councils to a largely 'self funding' system based on income raised locally from Council Tax and Business Rates. This is a significant change in the previous funding system which included arrangements to equalise resources and needs. Whilst, some limited resource equalisation will continue under the system of 'tariffs and top-ups' this will not be to the same extent as existed prior to 2011/12.

The Government has recently indicated that no further information on the 100% Business Rates retention proposals will be provided with the 2016/17 Local Government Finance Settlement – this underlines the complexity of this issue.

- **Reform of New Homes Bonus system**

The period this funding will be paid for will be cut from 6 to 4 years. Nationally the Government has indicated this will save £800m, which will be allocated for social care. As Hartlepool has done well from the New Homes Bonus regime these changes may have a negative overall financial impact, although these gains need to be considered in the context of the significant cuts to Revenue Support Grant. These changes are anticipated to be implemented from 2017/18 and will include arrangements to withhold NHB when certain conditions are not met.

- **Public Health Funding**

In addition to the in-year cuts implemented in the current year (2015/16), further cuts in funding will be made over the next 4 years. At a national level these additional cuts will be phased in at 2% in 2016/17, 2.5% in 2017/18, 2.6% in 2018/19 and 2019/20, and cash freeze in 2020/21.

The impact at a local level will need to be assessed once the detailed allocations are known and a recommended strategy for managing the additional grant cuts will be presented to a future meeting.

- Education Services Grant (ESG)

The Government will cut £600 million from the national ESG from 2017/18, which equates to a cut of 74%. This reflects measures they will implement to reduce the role of Local Authorities in running schools and remove a number of statutory duties.

The MTFS forecast already included a forecast cut in this funding of 70% based on the removal of this funding as schools become academies. The impact will need to be assessed during 2016 when the Government issues detailed proposals.

- Apprenticeships Payroll Levy

From April 2017 the Government will introduce a 0.5% Apprenticeships Payroll Levy which will add up to £0.25m to the Council's payroll costs. The Apprenticeships levy will be used by the Government to pay for apprenticeships, although at this stage it is unclear what funding the Council may receive back.

- National Schools Funding Formula from 2017/18

This change will not have a direct impact on the Council's revenue budget. However, the proposal is likely to have a negative impact on Hartlepool schools and reduce available funding.

Spending Review changes likely to have a positive financial impact

- Better Care Fund

Additional funding will be provided from 2017/18 of £1.5 billion, consisting of £800 million reallocated from the New Homes Bonus grant and £700 million of new funding. Use of this funding will be tied into the development of an integrated Better Care Plan with the NHS and the development of a Government audit regime to monitor spending.

- Social Care Council Tax precept

Councils will be able to levy a Social Care precept of 2% on top of the existing Council Tax referendum trigger point. Further information is provided in section 5.

3.3 In many cases the Government has stated they will be undertaking detailed consultation on the above proposals and until this information is available a detailed assessment of the impact on Hartlepool cannot be completed. Further details will be reported as soon as this information is available.

- 3.4 An initial assessment of the key Government proposals to completely phase out Revenue Support Grant by the end of the current Parliament and allow Local Authorities to retain 100% of their Business Rates has been completed. The Government has indicated that at a national level 100% Business Rates retention will give more money to Councils than the forecast Revenue Support Grant. Therefore, they are also proposing to transfer new responsibilities to Councils to be funded from Business Rates income, such as administration of Housing Benefit and Public Health.
- 3.5 However for many Authorities (including Hartlepool), with a low Business Rates base and existing dependency on Revenue Support Grant, these changes will have a negative financial impact and increase financial risk. For Hartlepool the position is exacerbated by the reliance on Business Rates income received from the Power Station. This reliance will be even more critical under the 100% Business Rates Retention arrangements.
- 3.6 The existing MTFS forecasts anticipate a Revenue Support Grant allocation for 2018/19 of £14.5m. This compares to a forecast increase in Business Rates retained under the 100% retention system of £16.5m, a potential gain of £2m. However, this potential gain needs to be seen in the context of the responsibilities the Government will require Councils to fund from the increased rates, which includes Public Health which is currently funded from a specific grant of £7.055m for 2015/16. Clearly, if there are not appropriate reforms to the 'tariffs and top-ups' arrangements to equalise resources the Council will be not have adequate resources to fund the additional responsibilities transferred as part of the 100% Business Rates retention changes. These initial forecasts highlight the complexity of the changes proposed by the Government and the different financial/risk impact on individual Councils.

4. LOCAL GOVERNMENT FINANCE SETTLEMENT ANNOUNCEMENT 2016/17

- 4.1 This section will provide an assessment of the Local Government Finance Settlement announcement which it is anticipated may be made on 16th December 2015, although the date has not yet been confirmed. It is also unclear whether this announcement will be a multi-year settlement, or will only cover 2016/17. The latest indication suggests a one year settlement.
- 4.2 The MTFS strategy approved on the 23rd November 2015 provides financial flexibility to manage the impact of the actual 2016/17 Government grant cut being higher than forecast as it provided one-off resources of between £1.058m and £1.278m, from the 2015/16 forecast outturn and review of reserves. Once the 2016/17 grant allocation is know an assessment of whether these resources need to be used to support the 2016/17 budget will be made.
- 4.3 As detailed in the previous MTFS report if the uncommitted one-off resources are not needed to manage a higher actual grant cut than forecast

the first call on any unused resources will be to address the 2018/19 Power Station shortfall to avoid this increasing the 2018/19 budget deficit.

5. COUNCIL TAX 2016/17

- 5.1 The MTFS forecasts for 2016/17 were based on the previous Council Tax referendum threshold and Council Tax freeze regime continuing. It was recognised that these planning assumptions would need to be reviewed when the Government determined the relevant limits for 2016/17. On this basis the MTFS forecasts anticipate the Council raising additional net income in 2016/17 of £627,000 either by:
- Implementing a 1.9% Council Tax increase; or
 - Freezing Council Tax and receiving £427,000 of Council Tax freeze grant (subject to the Council Tax regime continuing), plus a £200,000 reduction in the cost of the Local Council Tax Support scheme.
- 5.2 As part of the recent Spending Review the Government announced that Councils with responsibility for Social Care will be able to levy a 2% Social Care precept on top of the existing Council Tax referendum threshold. This measure recognises the financial pressures on Councils providing Social Care as a result of demographic pressures, inflation and the impact of the Government's National Minimum Wage, which will increase costs for four years commencing from April 2016. At a national level it is estimated the Social Care precept may generate between £1.7 billion and £2 billion per year from 2019/20 if all Councils implement this increase. This equates to between 11% and 13% of Adult Social care spending in 2015/16.
- 5.3 The introduction of the Social Care precept is a significant change in the funding arrangements for Councils providing Social Care and confirms that the Government will not be continuing the Council Tax freeze regime for 2016/17 and future years. The change is also a very clear recognition by the Government that Social Care Authorities need additional funding to meet increasing demand and cost pressures, including the impact of the National Living Wage. However, this funding will not be provided from national taxation, but will be funded by allowing Councils to increase Council Tax.
- 5.4 There are two major drawbacks to the Social Care precepts arrangements. Firstly, individual Councils will need to make the decision to implement the Social Care precept and explain why this is necessary to the electorate. Secondly, the arrangement will benefit more affluent areas with a higher Council Tax base, where the precept will generate more income and demand for Council funded Social Care is lower. The Government has indicated that they will consider this issue when designing the system for distributing the additional Better Care funding from 2017/18.
- 5.5 However, despite these drawbacks the Social Care precept does potentially provide increased recurring resources to fund Social Care costs at a time of reducing Revenue Support Grant. The Council could raise £655,000 from implementing the Social Care precepts in 2016/17. This would offset the forecast impact of increased Social Care costs arising from the

implementation of the National Living Wage which will increase costs by £500,000 and provide a contribution towards inflationary pressures for Social Care costs which amount to £740,000.

5.6 As a result of the introduction of the Social Care precept Local Authorities effectively now need to consider two decisions in relation to the level of Council Tax for 2016/17, as follows:

- Whether to implement an increase in Council Tax up to 1.9% - i.e. below the anticipated Council Tax referendum trigger point of 2%; and
- Whether to implement the 2% Social Care precept.

5.7 The following table summarises the impact on the 2016/17 budget of two options:

- Option 1 - Council Tax freeze, plus 2% Social Care precept;
- Option 2 – 1.9% Council Tax increase, plus 2% Social Care precept.

	Option 1 £'000	Option 2 £'000
1.9% Council Tax increase	0	621
2% Social Care Precept	655	655
Sub Total	655	1,276
Less Forecast MTFS income increase	(621)	(621)
Uncommitted income	34	655

5.8 The above table shows that option 2 would provide uncommitted additional income of £655,000 in 2016/17. This amount could be used to reduce the use of the Budget Support fund in 2016/17 and therefore release these resources to either support the 2017/18 budget, or other priorities. Option 1 would only provide uncommitted resources of £34,000.

5.9 The following table summarises the additional weekly Council Tax payments for the two options:

Property Band	Percentage of Households	Option 1 – increase per week	Option 2 – increase per week
A	55.8%	37p	70p
B	16.6%	43p	82p
C	14.0%	49p	82p
D	7.0%	55p	£1.06
E	4.0%	67p	£1.29
F	1.4%	79p	£1.53
G	1.0%	92p	£1.76
H	0.2%	£1.10	£2.12

6. COUNCIL TAX 2017/18 AND 2018/19

- 6.1 The current MTFS forecasts are based on annual Council Tax increases of 1.9%. If the Council determines to also implement the 2% Social Care precept in 2017/18 and 2018/19 this will raise additional recurring income of between £1.4m and £2.1m by 2018/19. The lower figure is based on a 2016/17 Council Tax freeze plus a 2% Social Care precept. The higher figure is based on a 2016/17 1.9% Council Tax increase plus a 2% Social Care precept.
- 6.2 Implementation of future Social Care precepts would help mitigate the impact of phased increases in Social Care costs arising from annual increases in the National Living Wage. As these cost pressures have already been included in the MTFS forecasts this income would help reduce the forecast budget deficits in 2017/18 and 2018/19 as summarised below. The range reflects the impact of 2016/17 Council Tax options detailed in paragraph 5.7.

	Worst Case £'m	Best Case £'m
Current forecast deficit 2017/18 and 2018/19	10.013	10.013
Less – 2016/17 Uncommitted income	(0.034)	(0.655)
Less – 2% Social Care Precept 2017/18 and 2018/19	(1.366)	(1.445)
Revised forecast deficit 2017/18 and 2018/19	8.613	7.913

- 6.3. The implementation of future Social Care precepts would permanently increase the Council's local resource base at a time of continuing Government grant cuts. Increasing the local resource base will also help the Council manage the significant financial challenges arising from the Government's policy to move to a system of 100% Business Rates retention, which effectively means Councils will be funded from a combination of Business Rates, Council Tax and Top-up grant. It is clear from various Government Policy announcements that Top-up grant will only play a small part in the future Local Government funding system and is not a replacement for the resource equalisation provided prior to 2010/11.
- 6.4 If Councils do not implement the 2% Social Care precepts they will have to make difficult local decisions to reduce/stop services to ensure adequate resources are available to fund Social Care services. Councils will also find it difficult to persuade the Government to provide additional funding for Social Care costs as the Government will argue they have provided the mechanism to enable Councils to generate additional funding from the Social Care precept.
- 6.5 Whilst, the Social Care precept arrangements are far from ideal, they are the only option being made available by the Government to enable Councils to address Social Care pressures. Therefore, Councils will need to engage with local people to explain the links between the costs pressures on Social Care, including the significant impact of the Government's National Living Wage, and the Social Care precept.

7. STRATEGY FOR MANAGING 2017/18 AND 2018/19 BUDGET DEFICITS

- 7.1 The Spending Review and related Government policy announcements confirm that significant cuts in Government funding for Councils will continue until the end of the current Parliament. Further significant reforms will continue to be made to the system for funding Councils and these are anticipated to increase financial risks for Hartlepool.
- 7.2 It has come to the point where the nature and effect of such changes has required a reconsideration of the approach taken to date. This approach has worked well for the authority and has been effectively managed in very difficult circumstances. The revised approach is based on the consideration of a range of related factors and a composite approach which has a number of potential work streams.
- 7.3 This element of this report is to outline a potential multi-year plan to support the achievement of required savings targets whilst identifying a series of work streams which will be prioritised to deliver this.
- 7.4 Even through times of sustained austerity it is important to retain an ambitious outlook and drive for what will be in the best interests of the town. It is too easy to have a negative and down beat demeanour when in reality we should continue to strive for the best we can. On this basis it is important to be in a position to describe (or outline the narrative) of where we want to end up, how we want people to see us and what we want to be as both a town and a council.
- 7.5 We are, as part of this programme, aiming to determine what we want a Hartlepool of the Future to offer and mean to both the people that live and work here and those that we want to live and work here.
- 7.6 In doing so our ambition for the future is that Hartlepool will
- Be a place people want to live, study, work, visit and play;
 - Have a reputation as a place to come to because of the quality of our education, housing, leisure, employment and skills offers;
 - Be an active part of the Tees Valley offer for skills, employment, housing and leisure;
 - Be a place where people feel included and safe; able to live active, healthy and happy lives.
- 7.7 This ambition establishes that we want to ensure that Hartlepool is a place to come to, to move to and to work, learn and spend quality leisure time in. As a result of this ambition we would want, and will work to create, in 10 years time a Hartlepool which is a place with
- a larger population;
 - a better quality housing mix;
 - more highly skilled job opportunities;
 - a higher skilled workforce;

- a consistently excellent education, higher education and skills offer;
- visitor attractions and offer to draw people to the town;
- strong families, communities and thriving neighbourhoods;
- people leading healthier and more active lives;
- excellent connectivity through road and rail links that help people take up employment opportunities;
- high quality, integrated community based health and care services.

7.8 The ambition for the town is an important aspect of our plans for the forthcoming years. It is not our intention to shut up shop. The town has a myriad of strengths to build on. We have some great opportunities and we need to be ambitious if we are to realise these whilst still managing a very difficult financial situation.

7.9 The financial drivers and ongoing budget cuts are quite clearly a significant driver in the future plans of the organisation. They cannot be ignored but it has been important in considering the future direction for the authority to consider other factors which also cannot be discounted.

7.10 In terms of the factors affecting the council they are many and varied. There are a range of complex relationships between these factors which need to be recognised as part of the longer term planning for the authority. In summary (and not in itself being an exhaustive list) for Hartlepool;

- There will be an increase in the general population
- 0-15s continue to make up 20% of the population with a peak in 2020
- Over 65s increase by 8,100 to make up over 1 in 4 of the population by 2032
- Over 85's have almost doubled since 1992 and are projected to double again by 2032
- The demographic changes mean potential changes for broader health provision along with current systemic pressures
- Hartlepool has a high level skills need
- The dependency ratio is expected to worsen
- There are a range of large scale planned housing developments
- There are questions about the capacity of existing health service provision within Hartlepool as it is currently configured

7.11 It is important that any programme aligns the policy, demographic and financial drivers facing the authority. The component parts of the programme are therefore a combination of;

- redesign of services;
- new developments;
- enhancements of current programmes and
- proposals for identifying savings.

7.12 Any element of the programme is likely to encompass more than one aspect of those factors listed above but not necessarily all.

7.13 The proposed programme encompasses the following workstreams;

- Growing Hartlepool
- Reducing Demand
- Improving Education, Employability and Skills
- Maximising Income through Enterprise and Innovation
- Strategic Asset and Investment Planning
- Service Review

7.14 Each of the work streams are linked but also provide for discrete packages of delivery.

7.15 **Growing Hartlepool**

7.16 The economic vitality of the town is a fundamental aspect of our overall aspirations. High quality opportunities to live, work and spend leisure time in a place are part of a package of measures which can both enhance the town and support the mitigation of the financial issues facing the town. Such a programme combines a number of aspects. The development and delivery of the Vision of the town through the Masterplan with clear and prioritised plans linked to the overall delivery of the vision whilst in no way a short terms plan (in reality this is a 10 year vision) will provide the tangible evidence of progress and the ambition we have for the town. Integral to this are opportunities around our maritime, leisure and retail offers in conjunction with the environment and connectivity. Viewing this in conjunction with the expansion of the business base in the town providing high quality employment options for local people and the expansion of the housing and resident base and the options we may have in considering the best way to do this.

7.17 **Reducing Demand**

7.18 A significant proportion of Council services are demand led. Being in a position to reduce demand through greater prevention and integration of health care and employability service provides potentially the single biggest opportunity to maintain services whilst managing the financial position of the Council. Managing demand requires a systemic view of those aspects which affect it. These aspects are as diverse as the design of the service, how it is offered, the behaviours that drive service use and the language used when we communicate with current or potential users of services. Traditionally this has been viewed as being more relevant to “people” services, in the context of spend this is true, however it is increasingly been seen as an important tool for all aspects of service delivery. Such a programme combines the integration of Health and social care services and aims to support more people to be supported in their own homes, the delivery of early and effective interventions that create sustainable change for families with a view to reducing the number of children looked after and reduce the demand for specialist services by ensuring that families are receiving the right levels of support to meet need

- 7.19 As part of the management of demand an important consideration is how and where services are delivered. The further development of the concept of Community Hubs will form an important part of this to ensure there is a flexible and responsive model within which the Council can ensure that services are delivered.

7.20 Improving Education, Employability and Skills

- 7.21 Some aspects of the programme which is being developed are about ensuring that the conditions for growth are developed effectively. The Education Commission is a key part of ensuring that every school is good or excellent and young people have improved options around higher skills, employability and reduced dependency on wider local authority services. As part of this we will also consider the options which are available for a traded service model both with schools locally and more widely to drive and support accelerated improvement.

- 7.22 As part of such a programme we will need to remodel and revise our offer locally in respect of employability support and employment / careers advice involving schools and employers effectively as part of a package and offer that ensures that individuals have the right skills, advice and opportunities to take advantage of the employment opportunities that we develop through Growing the Town.

7.23 Maximising Income through Enterprise and Innovation

- 7.24 There are various aspects of the programme which in themselves are designed to maximise the income (and in real terms this means the profit from any activity rather than the turnover) that can be delivered to the budget. There are aspects of this which will be based around business cases for specific aspects of revenue generation, some about maximising income from already delivered services and some which are about charging for services not currently charged for or about developing a model for traded services with existing customers.

- 7.25 The authority will need to consider a range of potential options for the delivery of services over the next three years as part of the challenges which are faced. Underpinning all such considerations will need to be a balance of cost, quality, risk and deliverability. It should not be that any one aspect takes precedence over another and there are likely to be options available as such considerations are taken into account that may not have previously been seen as viable or acceptable. It will be important to consider, as part of any such development, those models of alternative delivery that can support other parts of the programme. In the light of the challenges faced this is likely to need to be re evaluated as proposals are brought forward.

7.26 Strategic Asset and Investment Planning

- 7.27 The value in assets is both in what they can deliver to support our ambition for the town and the fact that they have an intrinsic monetary value when viewed individually. Consideration of the options which may be available to revitalise the town and support both growth and opportunity is important. In relation to our physical assets there are therefore two important parts to any potential programme of activity. The first is consideration of the extent to which we are making the best physical and immediate financial use of them. The second is the extent to which targeted and prioritised investment may deliver effective invest to save options and with the third being that they may provide options, leverage or enhanced financial gain through forming part of an alternative model for their management or control as part of an overall plan to deliver on the broader ambitions for the town.

7.28 Service Review Programme

- 7.29 The programme outlined above is a mixture of ambition and delivering the necessary savings. Some elements of the programme will be in a position to deliver on both aspects of this approach. Given the scale of the financial challenge we face it is however unlikely that they will collectively provide the overall solution required. On this basis it has been identified that there will also need to be a separate programme of service reviews, undertaken as part of the overall programme and aligned to the decision making process required as part of the MTFS. This programme will not encompass every part of the Council and nor will it look to duplicate the programme outlined above. It will however look at those areas where we may be high spending (although there may be good reasons for this), low performing or a number of other factors.
- 7.30 It is important to realise that whilst every endeavour will be made to manage the overall financial challenges in a positive manner that it is very likely that through this process we will have to look at ceasing and significantly scaling back a range of services.

8 RISK IMPLICATIONS

- 8.1 The outline programme being considered is to help the authority manage risk and take a proactive approach to doing so in the light of the significant challenges we face but also the desire to maintain a level of ambition which provides opportunity for the town. Given the nature of the challenges faced no individual aspect of the programme is without risk (although all of these should be balanced against the need to ensure, in a managed manner, that the authority is in a position to deliver the savings required. At the stage the key risks identified in respect of the programme are as follows ;

Risk	Impact and Mitigation
Failure to deliver the savings required as part of the MTFS	The authority is required to deliver a balanced budget. An inability to deliver this through a managed programme of activity, delivered as part of a series of corporately agreed objectives will be the need for short term and potentially unplanned cuts.

A lack of time to deliver the required change	The development of the programme and ensuring there is sufficient capacity and expertise to deliver it will be key. Ly agreement to the basis for the programme will enable this to be progressed in a timely manner.
An inability to deliver the ambition inherent in the programme	The programme has been devised to provide for a balance of ambition and prudence (aligned to the MTFS). The ambition inherent in the programme supports the MTFS through a range of specific potential impacts in relation to additional income and cost avoidance / demand management.
Failure to engage partners	A number of the aspects of the programme are reliant on the involvement and engagement of partners in their delivery. Early discussions with partners (and in certain areas already agreed plans) provide mitigation for this in conjunction with the fact that a number of the these within work areas are aligned with partners already.
Not having a clear and agreed plan	At a time when resources are increasingly limited there is a need to ensure a clear focus on the priorities identified as part of this programme. The development of this programme through the Senior Leadership Team of Council officers and elected members is a key element to ensuring this is in place.
Resources to Deliver	If the resources and skills are not in place to deliver the programme we run the risk of either delayed or non delivery. Further consideration will be given to this as part of the next report to be submitted to this committee.

9 CAPACITY TO DELIVER

- 9.1 In embarking on any ambitious programme it is important to ensure that it is realistic, deliverable and resourced to do this with suitable and appropriate skills and that there is the capacity to undertake this and to continue to deliver high quality services.
- 9.2 Capacity at a senior level in the Council has been reduced as the structure of the council has been reviewed to take account of the ongoing financial challenges faced. Considering the development and delivery of a programme which is both complex and diverse (with associated specialist considerations as part of its development and implementation to achieve the required change) it will be appropriate to consider the identification (and commissioning) of an external partner (or partners) with the appropriate expertise to provide capacity (and specific expertise) to support the programme development, decision making and implementation to achieve the required savings.

10 FINANCIAL CONSIDERATIONS

- 10.1 The elements of the programme which have been outlined above for the basis of a coordinated approach to effectively support the achievement of both our ambition and the challenging financial position we find ourselves in.
- 10.2 At this stage work is currently ongoing to determine, in respect of each of the work streams the potential for both savings and identifiable costs in the delivery of the proposed programme. An initial assessment of the one-off costs needed to support this programme has been completed and it is

recommended that £0.3m is allocated for the support required in respect of the development of the required business cases / models, expertise in options for demand management, potentially capacity to enable the programme to be delivered in line with the MTFS timescales and requirements. Further consideration of the programme will be necessary when this work has been completed.

- 10.3 As indicated in the review of reserves report the allocation of part of this funding for one off programme costs will only be possible if these resources are not needed to fund a higher actual 2016/17 grant cut than forecast. If these resources cannot be released for one off programme costs an alternative funding strategy will need to be developed.
- 10.4 As these resources cannot be relied upon until the 2016/17 Government Grant allocation is known it is recommended that as a fall back funding may need to be provided from capital receipts. This would require an increase in the target set for 2016/17, which should be achievable. This option is only available as a result of Government proposals to provide new flexibilities to spend capital receipts on revenue costs of reform projects. Whilst, the detailed regulations have not been issued it is envisaged that the implementation of the Council's proposed programme will qualify as eligible expenditure.

11. **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

12. **CONCLUSIONS**

- 12.1 The MTFS report referred to Council on 10th December 2015 outlined detailed proposals for managing the forecast 2016/17 Government grant cut. As part of this strategy one-off resources of £5.487m are being used to support the 2016/17 budget and protect services, consisting of the following:

	£'m
Budget Support Fund	2.708
Power Station Reserve	1.131
Departmental Reserves	1.091
Reallocation of Protection costs reserves to fund Living Wage year 1 costs	0.557
	5.487

12.2 As indicated in the December MTFS report this provides an update on the impact of the 2016/17 Local Government Finance Settlement and the level of Council Tax for 2016/17. These issues are detailed in the following sections.

12.3 Impact of 2016/17 Local Government Spending Review announcement

12.4 To be completed after announcement has been made and the impact has been assessed. As detailed in the previous MTFS report one-off resources of between £1.058m and £1.278m are available from the reserves review and 2015/16 forecast outturn to manage the impact of the actual 2016/17 Government grant cut being higher than forecast. Using these resources will not provide a permanent solution to a higher actual grant cut, although this strategy will provide a longer lead time to identify additional permanent savings.

12.5 Council Tax 2016/17

12.6 The Chancellor's announcement of the 2% Social Care precept is a fundamental change in the approach to Council Tax adopted by the coalition Government and brings to an end a period of Council Tax freeze/low increases. The Social Care precept and announcements regarding the Better Care Fund (which will provide additional funding from 2017/18) are recognition by the Government of the need to increase funding for Adult Social Care.

12.7 The Secretary of State for Communities and Local Government has acknowledged that the level of funding that could be raised through the Social Care precept will vary depending on an individual Council's tax base. It is hoped that the system for distributing the additional Better Care Fund resources from 2017/18 will enable this issue to be addressed.

12.8 The introduction of the 2% Social Care precept means that Council's now need to make two decisions in relation to the level of Council Tax for 2016/17, as follows:

- Whether to implement an increase in Council Tax up to 1.9% - i.e. below the anticipated Council Tax referendum trigger point of 2%; and
- Whether to implement the 2% Social Care precept.

12.9 The current MTFS forecasts are based on raising an additional £0.6m from either a 1.9% Council Tax increase, or receiving Government Council Tax

freeze grant in 2016/17. However, the Government has confirmed that the Council Tax freeze regime will not apply for 2016/17 and future years, so this is no longer an option.

- 12.10 In financial terms implementing a 1.9% Council Tax increase and a 2% Social Care precept for 2016/17 would maximise the Council's ongoing resources and is therefore the recommended option. In 2016/17 this option would achieve additional recurring income in excess of the current planning assumption of £0.655m. These resources could be allocated to reduce the use of the Budget Support Fund in 2016/17, which would then enable this element of the Budget Support Fund to be re-phased to support the 2017/18 budget.
- 12.11 Alternatively Members may wish to consider a 2016/17 Council Tax freeze with a 2% Social Care precept. The rationale for this approach is the clear link between the impact of the Government's National Living Wage which introduced a late budget pressure and the income raised from a 2% Social Care precept. If this option is adopted this will secure the existing MTFS forecast and will provide an uncommitted Council Tax income of £34,000, which could be allocated to support Adult Social Care service developments.
- 12.12 Details of the impact on households of implementing either a Council Tax increase of 1.9% plus a 2% Social Care precept, or a Council Tax freeze with a 2% Social Care precept are detailed in paragraph 5.9.
- 12.12 **Council Tax 2017/18 and 2018/19**
- 12.13 The MTFS forecasts are based on implementing annual Council Tax increases for these years of 1.9%. The ability to also implement a 2% Social Care precept is recognition by the Government of continuing significant financial pressure in relation to Adult Social Care services. Implementing the Social Care precept for 2017/18 and 2018/19 is therefore the recommended option as this would provide additional recurring resources to partly address the impact of Adult Social Care budget pressures, including phased annual increases in Government's National Living Wage which will increase costs by £2.5m by 2019/20.
- 12.14 These cost pressures have already been built into the forecast budget deficits for 2017/18 and 2018/19. Therefore, implementing annual 2% Social Care precepts would reduce the forecast budget deficits and therefore protect services as lower cuts would then be required.
- 12.15 The current MTFS forecasts anticipate a budget deficit for 2017/18 and 2018/19 of £10.013m, after a 1.9% Council Tax increase. Implementing annual Social Care precepts of 2% could potentially reduce the deficit to between £7.913m and £8.613m. The range reflects decisions Members make in relation to the 2016/17 Council Tax level, as the lower figure assumes both a 1.9% Council Tax increase and a 2% Social Care precept and the higher figure a Council Tax freeze with 2% Social Care precept.

- 12.16 The programme of change proposed for the Council is part of a longer term strategy and has been developed in the context of the financial and service challenges faced by the authority. In order to progress the programme there are a number of factors to bear in mind and it is likely that to undertake this in the timescales there will be a need to enhance the capacity and skills of the authority on a temporary basis. The support required will be in respect of the development of the required business cases / models, expertise in options for demand management, potentially capacity to enable the programme to be delivered in line with the MTFS timescales and requirements. Initially, and in line with the programme outlined it is anticipated that £300K will be required to support this programme to deliver the savings required as part of the MTFS over the next 3 years. Should there be any additional one-off requirements these will be the subject of separate reports

13. **RECOMMENDATIONS**

- 13.1 To be completed once 2016/17 Local Government Spending Review announcement has been made and impact has been assessed and likely to include the following:
- 13.2 **Managing impact of actual 2016/17 Government Grant cut**
- 13.3 In the event that the actual grant cut is higher than forecast additional one-off resources (from the forecast 2015/16 outturn and review of reserves) of up to £1.278m may be used to support the 2016/17 budget to provide a longer lead time to manage the higher grant cut.
- 13.4 **2016/17 Council Tax**
- 13.5 Members note the significant change in Government policy to end the Council Tax freeze regime and introduce a Social Care precept of 2% in addition to the existing Council Tax threshold for 2016/17.
- 13.6 Members note the the Social Care precept proposals recognise the financial pressures in relation to the provision of Adult Social Care services, including the impact of the Government's National Living Wage which it is estimated will increase the Council's costs by £2.5m by 2019/20.
- 13.7 Members approve the recommendation from the Corporate Management to implement a 1.9% Council Tax increase and 2% Social Care precept to maximise the Council's recurring resources.
- 13.8 Alternatively if Members to do support recommendation 13.7 to approve a Council Tax freeze with a 2% Social Care precept and to not that if this option is not implemented additional budget cuts of £621,000 will need to be implemented before the start of 2016/17 to enable a balanced budget to be set.

13.9 2017/18 and 2018/19 Council Tax

- 13.10 Members approve the recommendation from the Corporate Management to implement a 1.9% Council Tax increase and 2% Social Care precept to maximise the Council's recurring resources for 2017/18 and 2018/19 and to note the reductions in the forecast deficits detailed in paragraph 6.2.
- 13.11 To note that the final decisions on Council Tax for 2017/18 and 2018/19 will be made on an annual basis to reflect circumstances applying at the time, including any future changes in Government policy.
- 13.12 One-off costs of implementing the 2017/18 and 2018/19 Savings programme**
- 13.13 The Chief Executive, in consultation with the Chair of Finance and Policy Committee be authorised to determine and procure the support required to deliver the change and savings programme, up to a total limit of £0.3m.
- 13.14 Approve the proposal that the one-off savings programme cost of £0.3m will be either funded from:
- The allocation of resources from the 2015/16 outturn and reserves review, if these resources are not needed to manage a higher actual grant cut than forecast for 2016/17 or to support the Power Station funding shortfall in 2018/19 of £0.459m; or
 - An increase in the 2016/17 Capital receipts target.

14. REASON FOR RECOMMENDATIONS

- 14.1 To enable the Finance and Policy Committee to approve the final 2016/17 budget proposal and Council Tax level to be referred to Council.

15. BACKGROUND PAPERS

Medium Term Financial Strategy 2016/17 to 2018/19 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.

Medium Term Financial Strategy 2016/17 to 2018/10 report to Finance and Policy Committee 23rd November 2015.

16. CONTACT OFFICERS

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

Andrew Atkin
Assistant Chief Executive
Tel: 01429 523003
Email: andrew.atkin@hartlepool.gov.uk

FINANCE AND POLICY COMMITTEE

11 January 2016



Report of: Corporate Management Team

Subject: MEDIUM TERM FINANCIAL STRATEGY (MTFS)
2016/17 TO 2018/19

PLEASE NOTE THIS REPORT REPLACES THE REPORT ISSUED WITH THE AGENDA PAPERS AND INCLUDES AN ASSESSMENT OF THE IMPACT OF THE LOCAL GOVERNMENT FINANCE SETTLEMENT (ISSUED ON 17TH DECEMBER 2015) AND A RECOMMENDED STRATEGY FOR MANAGING THE ACTUAL 2016/17 GOVERNMENT GRANT CUT.

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) Inform Members of the impact of the 2016/17 Local Government Finance Settlement announcement on the Council;
- ii) To enable Members to determine the final 2016/17 budget and Council Tax proposals to be referred to Council on 18th February 2016; and
- iii) To enable Members to approve a strategy to begin addressing the significant budget deficits facing the Council in 2017/18 and 2018/19.

3. BACKGROUND

3.1 A comprehensive report on the forecast financial position for the period 2016/17 to 2018/19 was considered by this Committee on 23rd November 2015 and detailed proposals referred to Council on 10th December 2015. The previous report indicated that the financial forecasts were based on information available at the time and would need to be updated to reflect the

outcome of the 2015 Government Spending Review and the 2016/17 Local Government Finance Settlement announcement.

- 3.2 The 2015 Government Spending Review was presented to Parliament on 25th November 2015 and included a number of significant headline announcements affecting Local Government. As reported previously further information was needed to assess these proposals in detail, although it was anticipated these issues would have a significant negative financial impact on the Council over the next four years and may result in higher budget deficits than previously forecast.
- 3.3 Further information was provided in the 2016/17 Local Government Finance Settlement (LGF settlement) announcement, which was presented to Parliament on 17th December 2015, the final working day before Parliament broke for Christmas. This ensured the LGF settlement was presented to Parliament before the 31st December statutory deadline. This late announcement makes financial planning extremely challenging and means there is only limited time for Councils to approve budget proposals for 2016/17. The position has been recognised in the approach adopted by the Council.
- 3.4 The following sections detail the key issues covered by the LGF settlement, the impact on the Council and the recommended strategy for managing the impact of these changes.

4. COUNCIL TAX REFORM AND FUNDING FOR SOCIAL CARE

- 4.1 The amount raised by many taxes increases automatically as the tax level is linked to increases in employees pay (which results in increased income tax and national insurance contributions for both the employee and employer), or increases in the price of goods where VAT and other excise duties are charged. These increases tend to be 'invisible' as individuals do not receive a specific tax bill setting out in advance how much they will be required to pay for the forthcoming financial year and explicitly shows the percentage increase on the previous financial year.
- 4.2 The position for Council Tax is significantly more visible as individual Authorities need to make a specific annual decision on the level of Council Tax and households then receive an annual bill setting out the charge for the forthcoming financial year and the increase on the previous financial year. This makes Council Tax significantly more visible than most other taxes. There is no comparable annual billing for other taxes, such as VAT and petrol duties as these amounts simply being included within the cost of purchases people make on a daily or weekly basis. In general this may lead to these being less contentious and less subject to detailed public scrutiny.
- 4.3 In view of the visibility of Council Tax the previous coalition Government encouraged Local Authorities (including the Fire and Police services) to freeze Council Tax over the period 2011/12 to 2015/16 and provided Council Tax freeze grant to partly compensate Authorities for the income increases foregone. This approach was clearly welcomed by the public.

- 4.4 However, as reported previously there were significant disadvantages to this policy. Firstly, this approach undermined the ongoing Council Tax income base as the Council Tax freeze grant did not fully compensate Authorities for the ongoing loss of income from freezing Council Tax. Secondly, politicians (both national and local) and the public have become used to Council Tax freezes, despite this position being unsustainable.
- 4.5 Over the same period Council Tax has been frozen utility companies have been able to increase charges. Whilst, utility companies provide key services, this is equally applicable to Councils in terms of the public realm assets managed and maintained (e.g. roads, street lighting, coastal flood protection etc.). More importantly Councils provide services which address the wider well being of the community, including Social Care services which compliment the NHS and support the most vulnerable members of society. It is therefore slightly perverse that one of previous Government's policy priorities was to freeze Council Tax without a longer term financial plan which recognised demographic Social Care pressures. This differentiated approach to local government finance is a central part of current national government policy. **The LGF settlement confirms the end of the era of Council Tax freezes, as Council Tax freeze grant will not be provided in 2016/17 or future years. Council Tax grant for previous years has been rolled into the Revenue Support Grant.**
- 4.6 **Funding for Social care**
- 4.7 There is, and has been for some time a general recognition that social care, as a result of an increasing ageing population, the fact that people are living longer and that older people form an increasing proportion of the population, is underfunded and with increasing pressure on limited budgets.
- 4.8 The local government settlement provides for a reshaping of central government policy and is essentially shifting the burden of funding such services from central government directly into the responsibility of local government via the Council Tax regime.
- 4.9 The LGF settlement announcement and the assumptions underpinning it assume that local councils will increase the level of council tax by 3.9% per annum. Not doing so will require councils to find this level of additional savings each year over and above the savings levels already factored in.
- 4.10 The policy change announced by the Government reflects lobbying by the Local Government Association and will enable Authorities with responsibility for Social Care to levy a 2% Social Care precept on top of the existing Council Tax referendum trigger point. This effectively enables Social Care Authorities to implement annual Council Tax increase of 3.9% over the remainder of this Parliament (1.9% for Council Tax and a 2% Social care precept).
- 4.11 The Government will implement regulations requiring Councils, which implement the Social Care precept, to show this amount separately on the

Council Tax annual bill. The exact details of how this will be shown will depend on the detailed regulations. This position is helpful as it will provide clarity to the public and by implication underlines the Government's support of the 2% Social Care precept.

- 4.12 The 2% Social Care precept is part of a package of measures proposed by the Government to support Adult Social Care, the other key element is additional Better Care Funding and further details are provided later in the report. However, the 2% Social Care precept and additional Better Care funding will not fully offset cuts in Revenue Support Grant and the Council will still need to make very significant cuts over the next 4 years.
- 4.13 The Government has recognised that the amount raised from implementing a 2% Social Care precept will vary for individual Authorities, with more affluent areas gaining most and less affluent areas gaining least financially. As demand for Adult Social Care services tends to be the opposite way round (i.e. lower in affluent areas and higher in more deprived areas) the Government will seek to equalise this position via the Better Care Fund allocations. The Government has stated that in the most affluent areas no additional Better Care Funding will be provided.
- 4.14 The implementation of the 2% Social Care precept is a significant development and puts Councils at the centre of the debate on how to fund Adult Social Care in 2016/17 and future years. This provides both opportunities and challenges. The opportunity is more local control of resources to fund Adult Social Care, which over time will provide a more robust and sustainable source of funding for these services. The challenge is to justify increases in Council Tax to the public and convincing the public that additional funding is needed for these services. Clearly, in the context of public understanding of Council Tax and the need to make cuts in other services at a time of increasing Council Tax, it will be necessary to have a robust communication strategy if Members approve the implementation of a 2% Social Care precept.
- 4.15 Further details of the recommended 2016/17 Council Tax level are provided in section 5.
- 4.16 **OVERVIEW OF FUNDING CUTS 2016/17 TO 2019/10**
- 4.17 The national headline comparisons provided by the Government show Core Spending Power of £44.501 billion in 2015/16 and £44.279 billion in 2019/20. On this basis the Government is stating this is a fair settlement for Councils.
- 4.18 However an analysis of the Spending Power figures highlights that the figures for 2015/16 and 2019/20 are not directly comparable for a number of reasons:
- 2019/20 figures include increases in the Better Care Fund. Whilst, this is new funding, it is not additional funding and simply offsets part of the cuts in Settlement Funding Assessment (i.e. Revenue Support Grant and Top-up grant);

- 2019/20 figures include additional Council Tax income - a significant element of this overall increase simply maintains the real term value of this income stream;
- The 2015/16 and 2019/20 figures compare Core Spending Power on a cash basis. However, the impacts of inflationary pressures, including the impact on the National Living Wage, mean that in real terms there is a reduction in funding over the period. Assuming inflationary pressures of 8% over the next 4 years the national reduction in funding is £3.7 billion.

4.19 As highlighted in the following table the Government presentation of Core Spending Power figures hides the scale of the 31.8% cut to the Settlement Funding Assessment (which consists of a 67% cut in Revenue Support Grant from 2015/16 to 2019/20, net of inflation linked Top-up grant of 8.3%). The cuts to this funding means that Councils will have to make very difficult decisions over the next 4 years to balance their budgets and cuts in services will be required. As the efficiency measures implemented over the last 5 years cannot be repeated the cuts will increasingly have a visible impact.

Analysis for Core Spending Power figures for England 2015/16 and 2019/20

	2015/16 £'million	2019/20 £'million	Increase/(cut)	
			£'million	Percentage
Settlement Funding Assessment	21,250	14,500	(6,750)	(31.8%)
Council Tax	22,036	27,314	5,278	24.0% #
Improved Better Care Fund	0	1,500	1,500	n/a
New Homes Bonus	1,200	900	(300)	(25.0%)
Rural Services Grant	16	65	49	306.3%
Total	44,502	44,279	(223)	(0.5%)

The Government are forecasting an increase in Council Tax income of 24% by 2019/20, which includes the assumption that all Social Care Authorities will increase Council Tax by 3.9% (inclusive of the 2% Social Care precept).

4.20 The Government's presentation of the position for Core Spending Power makes it difficult for the public to understand why Council's will have to make cuts over the next 4 years. As highlighted previously it would be helpful if the Government was clear on the scale of Revenue Support Grant cuts and the impact on services.

4.21 At a national level a new methodology for allocating the Review Support Grant (RSG) element of the Settlement Funding Assessment has been proposed and reflected in the provisional settlement. The new methodology allocates RSG based on the type of services provided and an individual Authorities

Council Tax base. This approach would appear to favour upper tier authorities (which provide social care services), whilst district councils face significantly higher cuts.

- 4.22 The proposed methodology is being applied against the existing reduced level of Government funding. It would have been preferable if this methodology had applied since 2011/12. This would have resulted in lower cuts in the Council's funding over the period 2011/12 to 2015/16 and provided a fairer baseline for 2016/17.
- 4.23 The following table provides a summary of Settlement Funding Assessment cuts for the 12 North East Councils and comparative national figures

Analysis of Settlement Funding Assessment cuts 2015/16 to 2019/20

<u>North East Councils</u>		<u>10 Lowest Percentage Reductions</u>	
Northumberland	35%	Birmingham, Liverpool,	24%
Stockton	34%	Southwark, Wandsworth	
Darlington	33%	Tower Hamlets, Manchester,	23%
Redcar	31%	Knowsley, Hackney, Westminster	
North Tyneside	31%	Newham	22%
Durham Unitary	30%	<u>10 Highest Reductions</u>	
Gateshead	29%	East Dorset	83%
Hartlepool	27%	Elmbridge, Reigate and Banstead,	80%
Middlesbrough	26%	Mole Valley, Surrey Heath,	to 75%
Newcastle	26%	Chiltern	
South Tyneside	26%	Wokingham	74%
Sunderland	25%	Tandridge	72%
		Maidstone	69%
		Sevenoaks	67%

- 4.24 The Government's 2016/17 Settlement announcement confirms that funding cuts will continue until 2019/20. This will mean that Local Authorities will have faced nine consecutive years of funding cuts (i.e. 2011/12 to 2019/20) – which is unprecedented.
- 4.25 **This will mean in 2019/20 the core Government funding for Hartlepool will have been cut by 2/3rds since 2010/11 – a reduction of £38m.**
- 4.26 The cuts in Government funding over the next three years for Hartlepool are higher than forecast and by 2018/19 the core Government funding cut will be £3.687m more than forecast, as summarised below. As detailed later in the report the actual Government grant cuts increases the budget cuts required by 30% over the next three years, and results in the overall budget deficit increasing from £14.2m to in excess of £18m.

Analysis of Government Settlement Funding Assessment cuts for Hartlepool

	2016/17 £'m	2017/18 £'m	2018/19 £'m
MTFS Forecast	27.519	24.807	22.367
December 2015 Settlement Announcement	25.720	21.450	18.680
Additional cut	1.799	3.357	3.687

Percentage cut from previous year	14.6%	16.6%	12.9%
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- 4.27 The Government has stated in the LGF settlement announcement that it will offer any Council that wishes to take it up a four year settlement to 2019/20. Councils will need to request this and have an efficiency plan in place, although the Government has not provided any details of:
- What the formal application process is, or timescale;
 - Who from the Council can submit and whether a plan request can be rescinded if there is a political change at a local authority;
 - What such a plan should look like.
- 4.28 It is also important to note the that Government have qualified the offer by stating that final grant determination in future years will still be subject to change to reflect the annual business rates multiplier, funding changes to reflect the transfer of functions, or changes arising from unforeseen events.
- 4.29 At this stage it is not clear what advantages, or disadvantages may arise from applying for a formal four year settlement. However, in practical terms the Council is not yet in a position to submit an application owing to the scale of the cuts and the timing of the Government's recent announcement. It is therefore recommended that a further report is submitted on this issue once more information is available.
- 4.30 **OTHER ANNOUNCEMENTS INCLUDED IN THE 2016/17 LGF SETTLEMENT ANNOUNCEMENT**
- 4.31 The following paragraphs provide an overview of other Government proposals. In some cases more information is needed from the Government to assess the impact on Hartlepool. Further details will be reported to future meetings.

Changes likely to have a negative financial impact

- Revenue Support Grant continuing cuts and 100% Business Rates Retention

The Government has stated that “by the end of this decade town halls will be financed from revenues they raise locally, such as council tax and business rates, rather than central government grant”.

For Hartlepool these changes are a very significant financial risk as they will mean that in 2019/20 dependency on Business Rates from the Power Station will increase from £3.9m per year to approximately £8m (i.e. £1 in every £4 of Business Rates collected by the Council will be paid by the Power Station). These figures are after reflecting the 48% reduction in the Power Station Rateable Value.

To put this dependency into context it is anticipated that 10% of the budget will be funded from Business Rates from the Power Station when the 100% retention of Business Rates is implemented.

As Members are aware the Council faces a recurring annual financial risk if the Power Station has an unplanned shut down and the Valuation Office Agency then approve a temporary rateable value reduction, which has been the case in the past. Under the 100% Business Rates system the monthly income loss from a temporary rateable value reduction would be approximately £670,000.

Under the existing 'safety net' regime the Council does not receive safety net grant until the shortfall in Business Rates exceeds approximately £3.5m. The safety net grant is then only paid for reductions above £3.5m. Therefore, the safety net regime is not an effective mechanism for managing the financial risks in relation to the Power Station as it would take a prolong unplanned shut down to trigger the payment of safety net grant as illustrated below:

	£'m
Loss of Business Rates from 6 months unplanned shut down of the Power Station	4.0
Less Safety Net grant received (i.e. £4m loss less safety net threshold £3.5m)	(0.5)
Net income loss to be funded by the Council under the 100% Business Retention system	3.5

When the Government consults on the 100% Business Rates Retention system we will need to again press the Council's case to exclude the Power Station from the baseline and argue for this risk should be managed at a national level owing to the unique safety regime for the nuclear power industry.

The Government has indicated that at a national level 100% Business Rates retention will give more money to Councils than the forecast Revenue Support Grant. Therefore, they are also proposing to transfer new responsibilities to Councils to be funded from Business Rates income, such as administration of Housing Benefit and Public Health.

However for many Authorities (including Hartlepool), with a low Business Rates base and existing dependency on Revenue Support Grant, these

changes will have a negative financial impact and increase financial risk. For Hartlepool the position is exacerbated by the reliance on Business Rates income received from the Power Station. This reliance will be even more critical under the 100% Business Rates Retention arrangements.

In view of different Authorities Business Rates bases there will need to be appropriate reforms of the 'tariffs and top-ups' arrangements to equalise resources to ensure all Councils have adequate resources to fund the additional responsibilities transferred as part of the 100% Business Rates retention changes. The lack of detailed information at this stage highlights the complexity of the changes proposed by the Government and the different financial/risk impact on individual Councils. For Hartlepool these changes are likely to have a negative financial impact and increase financial risk.

- Reform of New Homes Bonus system

The period this funding will be paid for will be cut from 6 to 4 years. Nationally the Government has indicated this will save £800m, which will be allocated for social care. As Hartlepool has done well from the New Homes Bonus regime these changes may have a negative overall financial impact. As reported previously these gains need to be considered in the context of the significant cuts to Revenue Support Grant over the period 2011/12 to 2015/16. These changes are anticipated to be implemented from 2017/18.

The Government is also consulting on a range of potential changes to the NHB system which may be implemented from 2017/18. Consideration will be given to these and a detailed response agreed with the Leader and then submitted before the consultation deadline of 10th March 2016.

- Public Health Funding

In addition to the in-year cuts implemented in the current year (2015/16), further cuts in funding will be made over the next 4 years. At a national level these additional cuts will be phased in at 2% in 2016/17, 2.5% in 2017/18, 2.6% in 2018/19 and 2019/20, and cash freeze in 2020/21. The impact at a local level will need to be assessed once the detailed allocations are known and a recommended strategy for managing the additional grant cuts will be presented to a future meeting.

- Education Services Grant (ESG)

The Government will cut £600 million from the national ESG from 2017/18, which equates to a cut of 74%. This reflects measures the Government will implement to reduce the role of Local Authorities in running schools and remove a number of statutory duties.

The MTFS already included a forecast cut in this funding of 70% based on the removal of this funding as schools become academies. The impact will need to be assessed during 2016 when the Government issues detailed proposals.

- Apprenticeships Payroll Levy

From April 2017 the Government will introduce a 0.5% Apprenticeships Payroll Levy which will add up to £0.25m to the Council's payroll costs. The Apprenticeships levy will be used by the Government to pay for apprenticeships, although at this stage it is unclear what funding the Council may receive back.

- National Schools Funding Formula from 2017/18

This change will not have a direct impact on the Council's revenue budget. However, the proposal is likely to have a negative impact on Hartlepool schools and reduce available funding.

Spending Review changes likely to have a positive financial impact

- Better Care Fund

Additional funding will be provided from 2019/20 of £1.5 billion, consisting of £800 million reallocated from the New Homes Bonus grant and £700 million of new funding. Use of this funding will be tied into the development of an integrated Better Care Plan with the NHS and the development of a Government audit regime to monitor spending.

Whilst, this funding will begin to be paid from 2017/18 (£105m) the main additional funding will not be received until 2018/19 (£825m) and the full amount until 2019/20 (£1.5 billion). The back loading of this funding is not helpful as Councils will face increased inflationary pressures, including phased increases in the National Living Wage, and demand pressures in relation to Care Services in 2016/17, 2017/18, 2018/19 and 2019/20.

Therefore, in 2016/17 and 2017/18 the Government's financial strategy is effectively assuming Councils will fund these pressures from the 2% Social Care precept on Council Tax.

As part of the additional Better Care Fund will be funded by reallocating the New Homes Bonus it is not yet clear what the impact will be on the Council in 2017/18 and 2018/19. Further detail will be reported when the outcome of the New Homes Bonus consultation has been completed and the Government publishes details of the new regime.

4.32 IMPACT OF LGF SETTLEMENT ON THE 2016/17 FINANCIAL POSITION

- 4.33 Over the summer there was considerable uncertainty over the level of Government funding cuts for the four years commencing 2016/17 as the Treasury ‘invited’ Government departments to consider the impact of cuts of 25% or 40%. In view of this uncertainty the MTFS strategy approved on the 23rd November 2015 provided financial flexibility to manage the impact of the actual 2016/17 Government grant cut being higher than forecast as it provided one-off resources of between £1.058m and £1.278m, from the 2015/16 forecast outturn and review of reserves. Based on the latest assessment the outturn forecast of £1.278m can now be taken into account and relied upon when setting the 2016/17 budget.
- 4.34 As detailed in the previous MTFS report if the uncommitted one-off resources were not needed to manage a higher actual grant cut than forecast the first call on any unused resources would be to address the 2018/19 Power Station shortfall to avoid this increasing the 2018/19 budget deficit. It was also recognised that in the event that resources cannot be released for the 2018/19 Power Station shortfall an alternative strategy for addressing this issue will need to be developed during 2016/17 and 2017/18.
- 4.35 As indicated earlier in the report the grant cuts for the next three years are higher than forecast and as a result the Council faces an additional budget shortfall for 2016/17 of £2.1m.
- 4.36 In view of the limited time available to address the additional deficit it is recommended that the following measures are implemented to manage the additional deficit and to protect services in 2016/17 as far as is possible:

	£'000
Additional Deficit – impact of higher grant cut	2,100
Less – Use of Uncommitted 2015/16 Outturn resources	(1,278)
Less – Increase in 2016/17 Council Tax Base	(252)
Net Deficit	570

- 4.37 In line with the approach recommended in the previous MTFS report the strategy for managing the increased budget deficit relies upon the use of additional one-off resources. The use of these resources does not provide a permanent solution and is designed to provide a longer lead time to enable permanent savings to be developed and then put forward for consultation as part of the 2017/18 budget proposals. The impact on the budget position in 2017/18 and 2018/19 is detailed later in the report.
- 4.38 The recommended strategy for managing the additional 2016/17 budget deficit does not address the whole deficit and leaves a net deficit of £570,000. Proposals to manage this amount are set out in the next section.

5. COUNCIL TAX 2016/17

- 5.1 The MTFS forecasts for 2016/17 were based on the previous Council Tax referendum threshold and Council Tax freeze regime continuing. It was recognised that these planning assumptions would need to be reviewed when the Government determined the relevant limits for 2016/17. On this basis the MTFS forecasts anticipated the Council raising additional net income in 2016/17 of £621,000 either by:
- Implementing a 1.9% Council Tax increase; or
 - Freezing Council Tax and receiving £421,000 of Council Tax freeze grant (subject to the Council Tax regime continuing), plus a £200,000 reduction in the cost of the Local Council Tax Support scheme.
- 5.2 As detailed earlier in the report the Government has confirmed that the Council Tax freeze regime will not apply in 2016/17 or future years.
- 5.3 More significantly the Government has confirmed that Councils with responsibility for Social Care will be able to levy a 2% Social Care precept on top of the existing Council Tax referendum threshold – a total increase of 3.9%. This is a significant Government policy change and recognises the financial pressures on Councils providing Social Care as a result of demographic pressures, inflation and the impact of the Government's National Minimum Wage, which will increase costs for four years commencing from April 2016.
- 5.4 At a national level it is estimated the Social Care precept may generate between £1.7 billion and £2 billion per year from 2019/20 if all Councils implement this increase. This equates to between 11% and 13% of Adult Social care spending in 2015/16.
- 5.5 The implementation of the Social Care precept potentially provides increased recurring resources to fund Social Care costs at a time of reducing Revenue Support Grant. The Council could raise £655,000 from implementing the Social Care precept in 2016/17. To put this amount into context 2016/17 Social Care contract costs are forecast to increase by £500,000 as a result of the implementation of the National Living Wage and inflationary pressures will amount to an additional £740,000.
- 5.6 As a result of the introduction of the Social Care precept Local Authorities effectively now need to consider two options in relation to the level of Council Tax for 2016/17 as part of a sustainable financial strategy, as follows:
- Option 1 - Council Tax freeze, plus 2% Social Care precept which requires additional saving of £536,000 to be identified;
 - Option 2 – 1.9% Council Tax increase, plus 2% Social Care precept – which does not require additional savings to be identified.

- 5.7 The following table summarises the impact on the 2016/17 budget of two options:

	Option 1 £'000	Option 2 £'000
Forecast Council Tax income increase built into MTFS (as detailed in paragraph 5.1)	621	621
Add Net additional 2016/17 Budget deficit (as detailed in paragraph 4.36)	570	570
Sub Total – income required	1,191	1,191
Less - 1.9% Council Tax increase	0	(621)
Less - 2% Social Care Precept	(655)	(655)
Additional budget cuts required for 2016/17/(Value of 2015/16 Outturn which can be released to support the 2017/18 budget)	536	(85)

- 5.8 It is recommended that Option 2 is implemented for the following reasons:

- This option maximises the Council Tax base for 2016/17 and future years. In the current financial climate this provides the most robust financial foundations for future years;
- It avoids the need to make additional budget cuts for 2016/17;
- It enables the Council to demonstrate the case that additional funding for Adult Social Care is needed to offset external cost pressures arising from the National Living Wage, inflation and demographic pressures;
- It avoids the potential risk that the Government may set a lower Council Tax referendum trigger point in 2017/18 for Authorities which do not implement the Social Care precept in 2016/17, as the Secretary of State has indicated the Government will take account of actions taken by authorities in 2016/17 when setting referendum principles in future years.

- 5.9 Option 1 does not achieve the above objectives and will leave the Council in a much weaker financial position to manage the budget in future years. In 2016/17 this option would require the implementation of additional budget cuts of £536,000 over and above the cuts and changes already included in the previously agreed budget reports. This would mean that these cuts could not be implemented in 2017/18 and therefore result in even more difficult cuts being required in 2017/18.

- 5.10 The following tables summarises the additional weekly Council Tax payments for the recommended option (i.e. option 2):-

Full Council Tax Households

National Percentage of Households	Property Band	Percentage of Hartlepool Households	Option 2 – increase per week
24.1%	A	55.8%	71p
19.7%	B	16.6%	83p
21.8%	C	14.0%	95p
15.4%	D	7.0%	£1.06
9.7%	E	4.0%	£1.30
5.2%	F	1.4%	£1.54
3.5%	G	1.0%	£1.77
0.6%	H	0.2%	£2.12

Local Council Tax Support Scheme Households

Property Band	Percentage of Households	Option 2 – increase per week
A	88%	9p
B	8%	10p
C	3%	11p

6. 2017/18 AND 2018/19 BUDGET AND COUNCIL TAX

- 6.1 As indicated earlier in the report the Council will face higher actual grant cuts in each of the next three years than forecast and by 2018/19 this will increase the budget deficit from £14.192m to £18.332m (both forecast are based on annual Council Tax increases of 1.9%).
- 6.2 In terms of addressing the increased budget deficit it is recommended that this is reduced by implementing the 2% Social Care Precept for 2016/17, 2017/18 and 2018/19.
- 6.3 Implementation of future Social Care precepts will help mitigate the impact of phased increases in Social Care costs arising from annual increases in the National Living Wage, which will increase recurring costs by £1.5m by 2018/19 and £2.5m by 2020/21. As these cost pressures have already been included in the MTFS forecasts this income would help reduce the forecast budget deficits in 2017/18 and 2018/19 and therefore help reduce the cuts required and the impact on services.
- 6.4 The implementation of future Social Care precepts would permanently increase the Council's local resource base at a time of continuing Government grant cuts. Increasing the local resource base will also help the Council manage the significant financial challenges arising from the Government's policy to move to a system of 100% Business Rates retention, which effectively means Councils will be funded from a combination of Business Rates, Council Tax and Top-up grant. It is clear from various Government

Policy announcements that Top-up grant will only play a small part in the future Local Government funding system and is not a replacement for the resource equalisation provided prior to 2010/11.

- 6.5 If the Council does not implement the 2% Social Care precepts Members will have to make even more difficult local decisions to reduce/stop services. Councils will also find it difficult to persuade the Government to provide additional funding for Social Care costs as the Government will argue they have provided the mechanism to enable Councils to generate additional funding from the Social Care precept.
- 6.6 Whilst, the Social Care precept arrangements are far from ideal, they are the only option being made available by the Government to enable Councils to address Social Care pressures. Therefore, Councils will need to engage with local people to explain the links between the costs pressures on Social Care, including the significant impact of the Government's National Living Wage.
- 6.7 The following table summarises the annual deficits and shows that the largest deficit now occurs in 2017/18. The table shows the impact of implementing the Social Care precept (in addition to a 1.9% Council Tax increase) as this approach would reduce to the revised deficit from £18.332m to £16.285m. This is a reduction of £2.047m – which equates to around 80 jobs. Addressing a deficit of £16.285m will be extremely challenging and a robust strategy will need to be developed in the early part of 2016 to ensure the necessary actions can be implemented in 2017/18 and 2018/19. This issue is addressed in the next section of the report.

Forecasts reported 23.11.15 based on 1.9% Council Tax increase £'m		Revised Forecast based on actual grant cut and 1.9% Council Tax increase £'m	Revised Forecast based on actual grant cut and 1.9% Council Tax increase and 2% Social Care Precept £'m
4.179	2016/17	4.749	4.179
5.223	2017/18	9.638	8.663
4.790	2018/19	3.945	3.443
14.192	Total	18.332	16.285
16%	Cut as %age 15/16 budget	21%	19%

- 6.8 The previous MTFS forecast had smoothed the annual deficits by front loading the use of the Budget Support Fund in 2016/17 to 2017/18. This approach was designed to provide a longer lead time to implement permanent budget cuts, whilst minimising risk by removing dependency on one off resources by the end of 2017/18. The revised deficits maintain the phasing of the Budget Support Fund. However, there is an unavoidable increase in the 2017/18 deficit and this is driven by two factors. Firstly, the impact of the 2017/18 actual Government grant cut being higher than forecast. Secondly,

the impact of using £1.278m of additional one-off resources in 2016/17 to provide a longer lead time to identify additional budget cuts to offset the higher 2016/17 actual Government grant cut.

7. STRATEGY FOR MANAGING 2017/18 AND 2018/19 BUDGET DEFICITS

- 7.1 The Spending Review and related Government policy announcements confirm that significant cuts in Government funding for Councils will continue until the end of the current Parliament. Further significant reforms will continue to be made to the system for funding Councils and these are anticipated to increase financial risks for Hartlepool.
- 7.2 It has come to the point where the nature and effect of such changes has required a reconsideration of the approach taken to date. This approach has worked well for the authority and has been effectively managed in very difficult circumstances. The revised approach is based on the consideration of a range of related factors and a composite approach which has a number of potential work streams.
- 7.3 This element of this report is to outline a potential multi-year plan to support the achievement of required savings targets whilst identifying a series of work streams which will be prioritised to deliver this.
- 7.4 Even through times of sustained austerity it is important to retain an ambitious outlook and drive for what will be in the best interests of the town. It is too easy to have a negative and down beat demeanour when in reality we should continue to strive for the best we can. On this basis it is important to be in a position to describe (or outline the narrative) of where we want to end up, how we want people to see us and what we want to be as both a town and a council.
- 7.5 We are, as part of this programme, aiming to determine what we want a Hartlepool of the Future to offer and mean to both the people that live and work here and those that we want to live and work here.
- 7.6 In doing so our ambition for the future is that Hartlepool will
 - Be a place people want to live, study, work, visit and play;
 - Have a reputation as a place to come to because of the quality of our education, housing, leisure, employment and skills offers;
 - Be an active part of the Tees Valley offer for skills, employment, housing and leisure;
 - Be a place where people feel included and safe; able to live active, healthy and happy lives.
- 7.7 This ambition establishes that we want to ensure that Hartlepool is a place to come to, to move to and to work, learn and spend quality leisure time in. As a result of this ambition we would want, and will work to create, in 10 years time a Hartlepool which is a place with

- a larger population;
- a better quality housing mix;
- more highly skilled job opportunities;
- a higher skilled workforce;
- a consistently excellent education, higher education and skills offer;
- visitor attractions and offer to draw people to the town;
- strong families, communities and thriving neighbourhoods;
- people leading healthier and more active lives;
- excellent connectivity through road and rail links that help people take up employment opportunities;
- high quality, integrated community based health and care services.

7.8 The ambition for the town is an important aspect of our plans for the forthcoming years. It is not our intention to shut up shop. The town has a myriad of strengths to build on. We have some great opportunities and we need to be ambitious if we are to realise these whilst still managing a very difficult financial situation.

7.9 The financial drivers and ongoing budget cuts are quite clearly a significant driver in the future plans of the organisation. They cannot be ignored but it has been important in considering the future direction for the authority to consider other factors which also cannot be discounted.

7.10 In terms of the factors affecting the council they are many and varied. There are a range of complex relationships between these factors which need to be recognised as part of the longer term planning for the authority. In summary (and not in itself being an exhaustive list) for Hartlepool;

- There will be an increase in the general population
- 0-15s continue to make up 20% of the population with a peak in 2020
- Over 65s increase by 8,100 to make up over 1 in 4 of the population by 2032
- Over 85's have almost doubled since 1992 and are projected to double again by 2032
- The demographic changes mean potential changes for broader health provision along with current systemic pressures
- Hartlepool has a high level skills need
- The dependency ratio is expected to worsen
- There are a range of large scale planned housing developments
- There are questions about the capacity of existing health service provision within Hartlepool as it is currently configured

7.11 It is important that any programme aligns the policy, demographic and financial drivers facing the authority. The component parts of the programme are therefore a combination of;

- redesign of services;

- new developments;
- enhancements of current programmes and
- proposals for identifying savings.

7.12 Any element of the programme is likely to encompass more than one aspect of those factors listed above but not necessarily all.

7.13 The proposed programme encompasses the following workstreams;

- Growing Hartlepool
- Reducing Demand
- Improving Education, Employability and Skills
- Maximising Income through Enterprise and Innovation
- Strategic Asset and Investment Planning
- Service Review

7.14 Each of the work streams are linked but also provide for discrete packages of delivery.

7.15 **Growing Hartlepool**

7.16 The economic vitality of the town is a fundamental aspect of our overall aspirations. High quality opportunities to live, work and spend leisure time in a place are part of a package of measures which can both enhance the town and support the mitigation of the financial issues facing the town. Such a programme combines a number of aspects. The development and delivery of the Vision of the town through the Masterplan with clear and prioritised plans linked to the overall delivery of the vision whilst in no way a short terms plan (in reality this is a 10 year vision) will provide the tangible evidence of progress and the ambition we have for the town. Integral to this are opportunities around our maritime, leisure and retail offers in conjunction with the environment and connectivity. Viewing this in conjunction with the expansion of the business base in the town providing high quality employment options for local people and the expansion of the housing and resident base and the options we may have in considering the best way to do this.

7.17 **Reducing Demand**

7.18 A significant proportion of Council services are demand led. Being in a position to reduce demand through greater prevention and integration of health care and employability service provides potentially the single biggest opportunity to maintain services whilst managing the financial position of the Council. Managing demand requires a systemic view of those aspects which affect it. These aspects are as diverse as the design of the service, how it is offered, the behaviours that drive service use and the language used when we communicate with current or potential users of services. Traditionally this has been viewed as being more relevant to “people” services, in the context of spend this is true, however it is increasingly been seen as an important tool for all aspects of service delivery. Such a programme combines the integration of Health and social care services and aims to support more

people to be supported in their own homes, the delivery of early and effective interventions that create sustainable change for families with a view to reducing the number of children looked after and reduce the demand for specialist services by ensuring that families are receiving the right levels of support to meet need

- 7.19 As part of the management of demand an important consideration is how and where services are delivered. The further development of the concept of Community Hubs will form an important part of this to ensure there is a flexible and responsive model within which the Council can ensure that services are delivered.

7.20 Improving Education, Employability and Skills

- 7.21 Some aspects of the programme which is being developed are about ensuring that the conditions for growth are developed effectively. The Education Commission is a key part of ensuring that every school is good or excellent and young people have improved options around higher skills, employability and reduced dependency on wider local authority services. As part of this we will also consider the options which are available for a traded service model both with schools locally and more widely to drive and support accelerated improvement.

- 7.22 As part of such a programme we will need to remodel and revise our offer locally in respect of employability support and employment / careers advice involving schools and employers effectively as part of a package and offer that ensures that individuals have the right skills, advice and opportunities to take advantage of the employment opportunities that we develop through Growing the Town.

7.23 Maximising Income through Enterprise and Innovation

- 7.24 There are various aspects of the programme which in themselves are designed to maximise the income (and in real terms this means the profit from any activity rather than the turnover) that can be delivered to the budget. There are aspects of this which will be based around business cases for specific aspects of revenue generation, some about maximising income from already delivered services and some which are about charging for services not currently charged for or about developing a model for traded services with existing customers.

- 7.25 The authority will need to consider a range of potential options for the delivery of services over the next three years as part of the challenges which are faced. Underpinning all such considerations will need to be a balance of cost, quality, risk and deliverability. It should not be that any one aspect takes precedence over another and there are likely to be options available as such considerations are taken into account that may not have previously been seen as viable or acceptable. It will be important to consider, as part of any such development, those models of alternative delivery that can support other parts of the programme. In the light of the challenges faced this is likely to need to be re evaluated as proposals are brought forward.

7.26 Strategic Asset and Investment Planning

- 7.27 The value in assets is both in what they can deliver to support our ambition for the town and the fact that they have an intrinsic monetary value when viewed individually. Consideration of the options which may be available to revitalise the town and support both growth and opportunity is important. In relation to our physical assets there are therefore two important parts to any potential programme of activity. The first is consideration of the extent to which we are making the best physical and immediate financial use of them. The second is the extent to which targeted and prioritised investment may deliver effective investment to save options and with the third being that they may provide options, leverage or enhanced financial gain through forming part of an alternative model for their management or control as part of an overall plan to deliver on the broader ambitions for the town.

7.28 Service Review Programme

- 7.29 The programme outlined above is a mixture of ambition and delivering the necessary savings. Some elements of the programme will be in a position to deliver on both aspects of this approach. Given the scale of the financial challenge we face it is however unlikely that they will collectively provide the overall solution required. On this basis it has been identified that there will also need to be a separate programme of service reviews, undertaken as part of the overall programme and aligned to the decision making process required as part of the MTFS. This programme will not encompass every part of the Council and nor will it look to duplicate the programme outlined above. It will however look at those areas where we may be high spending (although there may be good reasons for this), low performing or a number of other factors.
- 7.30 It is important to realise that whilst every endeavour will be made to manage the overall financial challenges in a positive manner that it is very likely that through this process we will have to look at ceasing and significantly scaling back a range of services.

8 RISK IMPLICATIONS

- 8.1 The outline programme being considered is to help the authority manage risk and take a proactive approach to doing so in the light of the significant challenges we face but also the desire to maintain a level of ambition which provides opportunity for the town. Given the nature of the challenges faced no individual aspect of the programme is without risk (although all of these should be balanced against the need to ensure, in a managed manner, that the authority is in a position to deliver the savings required. At the stage the key risks identified in respect of the programme are as follows ;

Risk	Impact and Mitigation
Failure to deliver the savings required as part of the MTFS	The authority is required to deliver a balanced budget. An inability to deliver this through a managed programme of activity, delivered as part of a series of corporately agreed objectives will be the need for short term and potentially unplanned cuts.
A lack of time to deliver the required change	The development of the programme and ensuring there is sufficient capacity and expertise to deliver it will be key. Ly agreement to the basis for the programme will enable this to be progressed in a timely manner.
An inability to deliver the ambition inherent in the programme	The programme has been devised to provide for a balance of ambition and prudence (aligned to the MTFS). The ambition inherent in the programme supports the MTFS through a range of specific potential impacts in relation to additional income and cost avoidance / demand management.
Failure to engage partners	A number of the aspects of the programme are reliant on the involvement and engagement of partners in their delivery. Early discussions with partners (and in certain areas already agreed plans) provide mitigation for this in conjunction with the fact that a number of these within work areas are aligned with partners already.
Not having a clear and agreed plan	At a time when resources are increasingly limited there is a need to ensure a clear focus on the priorities identified as part of this programme. The development of this programme through the Senior Leadership Team of Council officers and elected members is a key element to ensuring this is in place.
Resources to Deliver	If the resources and skills are not in place to deliver the programme we run the risk of either delayed or non delivery. Further consideration will be given to this as part of the next report to be submitted to this committee.

9 CAPACITY TO DELIVER

- 9.1 In embarking on any ambitious programme it is important to ensure that it is realistic, deliverable and resourced to do this with suitable and appropriate skills and that there is the capacity to undertake this and to continue to deliver high quality services.
- 9.2 Capacity at a senior level in the Council has been reduced as the structure of the council has been reviewed to take account of the ongoing financial challenges faced. Considering the development and delivery of a programme which is both complex and diverse (with associated specialist considerations as part of its development and implementation to achieve the required change) it will be appropriate to consider the identification (and commissioning) of an external partner (or partners) with the appropriate expertise to provide capacity (and specific expertise) to support the programme development, decision making and implementation to achieve the required savings.

10 FINANCIAL CONSIDERATIONS

- 10.1 The elements of the programme which have been outlined above for the basis of a coordinated approach to effectively support the achievement of both our ambition and the challenging financial position we find ourselves in.
- 10.2 At this stage work is currently ongoing to determine, in respect of each of the work streams the potential for both savings and identifiable costs in the delivery of the proposed programme. An initial assessment of the one-off costs needed to support this programme has been completed and it is recommended that £0.3m is allocated for the support required in respect of the development of the required business cases / models, expertise in options for demand management, potentially capacity to enable the programme to be delivered in line with the MTFS timescales and requirements. Further consideration of the programme will be necessary when this work has been completed.
- 10.3 As indicated in the review of reserves report the allocation of part of this funding for one off programme costs was identified as an initial option. However, as these resources need to be allocated to partly address the higher actual 2016/17 grant cut than forecast, an alternative funding strategy is needed.
- 10.4 It is therefore recommended that these one off cost are funded from capital receipts. This will require an increase in the target set for 2016/17, which should be achievable. This option is only available as a result Government proposals to provide new flexibilities to spend capital receipts on revenue costs of reform projects. Whilst, the detailed regulations have not been issued it is envisaged that the implementation of the Council's proposed programme will qualify as eligible expenditure.

11. 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

12. **ROBUSTNESS OF BUDGET FORECASTS – CHIEF FINANCE OFFICERS PROFESSIONAL ADVICE**

12.1 The MTFS report submitted to Finance and Policy Committee on 23rd November 2015 and Council on 10th December 2015 provided detailed advice on the robustness of the budget forecasts. This advice remains appropriate and the following additional factors are brought to Members attention:

- **Council Tax 2016/17** – implementing a 1.9% increase plus the 2% Social Care precept provides the most robust basis for the 2016/17 budget. This approach also secures the Council's ongoing resource base at the highest possible level and this will help protect services during a further period of significant Government funding cuts.

The recommended 2016/17 Council Tax increase also avoids having to identify additional budget cuts to balance the budget which would be difficult to achieve at this stage as additional potential savings have not been identified.

If Council Tax is not increased as recommended the Council would need to make additional 2016/17 budget cuts of either:

- £536,000 – based on a core Council Tax freeze, plus 2% Social Care Precept; or
- £1,191,000 – based on core Council Tax freeze and no Social Care Precept.

If either of the above scenarios are applied detailed proposals for achieving the additional cuts would need to be identified and a further report brought back to enable Members to consider and approve these proposals. It is not recommended that either of the above options is implemented as this is not in the best long term financial interests for the Council and would have an adverse impact on services. Implementing additional 2016/17 savings would make it even more difficult to balance the 2017/18 budget as these proposals would not be available in 2017/18.

- **Use of One off resources to support the 2016/17 budget** – the development of the MTFS commenced in February 2015 and is based on the phased use of one-off resources to provide a longer lead time to address the budget deficits over the next few years. As reported in the previous MTFS report one-off funding of £5.487m was allocated to support the 2016/17 budget, this included use of resources to offset the Power Station Rateable Value reduction.

The proposals in this report increase the one-off funding to £6.765m. The additional use of one-off resources helps protect services in 2016/17 and provide a longer lead time to address the impact of higher actual Government grant cuts than forecast.

12.2 On the basis of Members approving the increased use of one-off resources in 2016/17, implementation of a 1.9% Council Tax increase and 2% Social Care precept the budget proposal are robust.

12.3 If Members do not approve these proposals the Chief Finance Officer's advice would be caveated until alternative permanent saving had been identified and approved.

13. CONCLUSIONS

13.1 The MTFS report referred to Council on 10th December 2015 outlined detailed proposals for managing the forecast 2016/17 Government grant cut. As part of this strategy one-off resources of £5.487m are being used to support the 2016/17 budget and protect services, consisting of the following:

Budget Support Fund	£2.708m
Power Station Reserve	£1.131m
Departmental Reserves	£1.091m
Reallocation of Protection costs reserves to fund Living Wage costs	£0.557m
	£5.487m

13.2 As indicated in the December MTFS report this report provides an update on the impact of the 2016/17 Local Government Finance Settlement and the level of Council Tax for 2016/17. These issues are detailed in the following sections.

13.3 Impact of 2016/17 Local Government Finance settlement announcement

13.4 The actual grant cuts for the next three years are higher than forecast. As a result there is a significant increase in the forecast gross budget deficit for the period 2016/17 to 2018/19 from £14.192m to £18.332m, and increase of nearly 30%.

13.5 The Government has also provided grant allocations for 2019/20 and there will be a further cut in the Council's funding. After reflecting this additional cut and the permanent net Power Station Business Rates reduction the Council faces an additional budget shortfall for 2019/20 in excess of £4m. This forecast is before the 2019/20 Council Tax increase, potential Better Care Fund gain and New Homes Bonus reduction.

13.6 As indicated in the report the immediate issue facing the Council is the impact of the actual 2016/17 Government grant cut being higher than forecast. It has been hoped that this situation would not have occurred. However, this risk was recognised by not committing the 2015/16 outturn and resources released from the reserves review. The Council will also benefit from the actual 2016/17 Council Tax base being higher than forecast.

However, these measures are not sufficient to address the additional 2016/17 budget deficit of £2.1m and the Council still faces a residual deficit of £570,000.

- 13.7 As summarised in the next section it is recommended that this amount is addressed by implementing the 2% Social Care precept, in addition to the 1.9% Council Tax increase.
- 13.8 **Council Tax 2016/17**
- 13.9 The Chancellor's announcement of the 2% Social Care precept is a fundamental change in the approach to Council Tax previously adopted by the coalition Government and brings to an end a period of Council Tax freezes/low increases. The Social Care precept shifts responsibility for funding increases in Social Care costs from national tax payers to Local Council Tax payers.
- 13.10 The Government policy change presents Councils with both challenges and opportunities. The 2% Social Care precept enables Councils to achieve more sustainable resources to fund Social Care services in 2016/17 and future years. The challenge will be explaining this position to the public.
- 13.11 The Social Care precept is part of the Government overall approach to funding Social Care pressures, the other significant component of this approach is the announcement of additional Better Care Funding (which will slowly begin to provide additional funding from 2017/18).
- 13.12 The Secretary of State for Communities and Local Government has acknowledged that the level of funding that could be raised through the Social Care precept will vary depending on an individual Councils tax base. This means Councils in more affluent areas will be able to raise more income than those serving more deprived areas where demand for Adult Care services is higher. He has also indicated that the system for distributing the additional Better Care Fund resources from 2017/18 will enable this issue to be addressed. However, the Better Care Fund allocations will not address the scale of ongoing cuts in Revenue Support Grant over the four years commencing 2016/17.
- 13.13 In view of the impact of the actual Government grant cuts and the Government's policy of shifting responsibility for funding Social Care costs to Council Tax payers it is recommended that Members approve a 2016/17 Council Tax increase of 1.9% plus a 2% Social Care precept. The recommendation provides the most robust financial base for 2016/17 and future years.
- 13.14 As detailed in paragraph 5.10 this recommendation will mean that the majority of Hartlepool households (i.e. the 72% of households living in a Band A or B property) will have to pay no more than an additional 83p per week. For 96% of Local Council Tax Support scheme households the weekly increase will be no more than 10p per week.

- 13.15 As reported in previous MTFS reports national Council Tax comparisons are based on the Band D Council Tax level as this reflects the statutory basis for calculating Council Tax. However, for areas with a low proportion of properties in Council Tax Band D and a higher proportion in the lowest 2 Council Tax Bands (i.e. bands A and B), these comparisons are not representative. Nationally only 43.8% of properties are in Bands A and B, compared to 72.4% in Hartlepool. Therefore, a more accurate comparison is to use the “average Council Tax per property”.
- 13.16 On the basis of national Council Tax information provided by the Departmental for Communities and Local Government the following table summarises the 2015/16 average Council Tax per property (includes Police and Fire Council Tax):

Comparison of 2015/16 average Council Tax per property (includes Police and Fire Council Tax)

Local authority	Average council tax per dwelling in the area £	Average council tax per dwelling in the area Ranking out of 326 Authorities
Average All Authorities	1,141	n/a
Northumberland UA	1,063	197
Stockton-on-Tees UA	1,026	218
Redcar & Cleveland UA	1,007	224
Darlington UA	979	237
Durham UA	935	257
Hartlepool UA	901	271
North Tyneside	894	274
Gateshead	893	275
Middlesbrough UA	871	284
Newcastle-upon-Tyne	825	308
South Tyneside	776	315
Sunderland	723	321

- 13.17 If Members do not approve the recommended Council Tax increase, additional 2016/17 budget cuts (in addition to the cuts already approved of £3.1m) will need to be made of either:
- £536,000 – based on a core Council Tax freeze, plus 2% Social Care Precept; or
 - £1,191,000 – based on core Council Tax freeze and no Social Care Precept.
- 13.18 The 2016/17 cuts already identified have been achieved without the need to make any compulsory redundancies. This will not be the case if additional cuts of between £536,000 and £1,191,000 need to be made.

13.19 Council Tax 2017/18 and 2018/19

13.20 Decisions on Council Tax for these years will be made as part of the annual budget process. However, it is recommended that the Council will need to implement annual Council Tax increases of 1.9% and the 2% Social Care precept to protect the future resource base and mitigate the impact of higher grant cuts. However, even after reflecting these increases the Council will still need to make budget cuts in 2017/18 and 2018/19 of £12.106m

13.21 If Council Tax increases are not implemented the Council will need to make even higher budget cuts of £13.583m, which will become even more challenging and increasingly result in cuts in services and impacts on the most vulnerable people.

13.22 Summary Conclusions

13.23 The 2016/17 LGF settlement is a watershed for Council funding as it confirms the Government's intention to move to a 'self funding' system for Local Government largely based on the resources raised locally from Business Rates and Council Tax, with very limited resource equalisation provided via top-up payments. This change means that local services will increasingly be dependant growth in the local Business Rates base and Council Tax base.

13.24 The proposal to move to a 100% Business Rates retention system by the end of the decade is an additional significant financial risk to Hartlepool owing to increased reliance on the Power Station Business Rates income. Under the 100% Business Rates retention system it is anticipated that in 2019/20 £1 of every £10 the Council will spend will be funded from Business Rates paid by the Power Station.

13.25 The Government has ended the Council Tax freeze era and now expects that Councils with Social Care responsibilities will implement an additional 2% Social Care precept to help to pay for these services. For most people in Hartlepool the weekly increase in 2016/17 will be less than 83p (for Local Council Tax Support scheme households less than 10p per week).

13.26 Implementing the Social Care precept will enable the Council to provide some protection for services relied upon by the most vulnerable people. This will continue the approach adopted over the last 5 years where the Council has sort to protection the most vulnerable, despite suffering disproportionate cuts in funding.

13.27 The recommendations detailed in the next section provide:

- a longer lead time to address the higher 2016/17 actual Government grant cut than forecast, which protects services next year; and
- to address the shift in responsibility for funding Adult Social care cost pressures to Council Tax payers and the 2016/17 Council Tax

recommendations provides the most sustainable financial base for 2016/17 and future years.

- 13.28 In relation to the 2016/17 Council Tax level, the recommendations provide the basis to avoid having to make additional permanent cuts of £536,000. As time will be needed to identify and then consult upon these additional cuts the earliest date for implementation is 1st September 2015, which means the actual cuts needed to balance next year's budget will need be nearer £1m to provide a part year saving of £536,000.
- 13.29 In relation to Council Tax levels for 2016/17 to 2018/19 the recommendations provide the basis to avoid additional cuts of £2.047m.

14. **RECOMMENDATIONS**

- 14.1 It is recommended that Members consider and approve the following detailed Corporate Management Team recommendations for submission to Council:
- 14.2 Note the Government Grant cuts for 2016/17 to 2018/19 are higher than forecast and this increases the forecast deficit for the next three years to £18.332m;
- 14.3 Note the significant change in Government policy to end the Council Tax freeze regime and introduce a Social Care precept of 2% in addition to the existing 1.9% Council Tax threshold for 2016/17;
- 14.4 Note the Government will implement regulations requiring Authorities which implement the 2% Social Care precept to identify this amount separately on the Council Tax bill. This approach underlines the Government's commitment that the Social Care precept is part of the arrangement for addressing Social Care pressures and will help Councils explain the increase to the public;
- 14.5 Note that as a result of the actual 2016/17 grant cut being higher than forecast, the Council faces an additional budget deficit of £2.1m;
- 14.6 Approve the following proposal to reduce the additional budget deficit from £2.1m to £570,000:

	£'m
Additional Deficit – impact of higher grant cut	2.100
Less – Use of Uncommitted 2015/16 Outturn resources	(1.278)
Less – Increase in 2016/17 Council Tax Base	(0.252)
Net Deficit	0.570

- 14.7 Approve a 2016/17 Council Tax of 1.9%, plus a 2% Social Care precept and note that this will enable £85,000 of the 2015/16 uncommitted Outturn resources to be allocated to support the 2017/18 budget;
- 14.8 To note that as detailed in paragraph 5.10 recommendation 14.7 will mean that the majority of Hartlepool households (i.e. the 72% of households living in a Band A or B property) will have to pay no more than an additional 83p per week. For 96% of Local Council Tax Support scheme households the weekly increase will be no more than 10p per week.
- 14.9 Approve a one-off budget allocation of £0.3m to fund one-off costs of implementing the 2017/18 and 2018/19 Savings Programme and authorise the Chief Executive, in consultation with the Chair of Finance and Policy Committee to determine and procure the support required to deliver the change and savings programme, up to a total limit of £0.3m.
- 14.10 Approve the proposal that the one-off savings programme cost of £0.3m will be funded from an increase in the 2016/17 Capital receipts target.
- 14.11 Note the additional advice provided by the Chief Finance Officer on the robustness of the budget proposals provided in section 12, including advice that the recommended 2016/17 Council Tax increase (including the 2% Social Care precept) provides the most sustainable basis for the 2016/17 budget and the Council's longer term financial position as this is the only option to increase resources on a recurring basis.
- 14.12 Note that at this stage it is not clear what advantages, or disadvantages may arise from applying for a formal four year settlement from the Government. It is therefore recommended that a further report is submitted on this issue once more information is available to enable a final decision to be made.

15. REASON FOR RECOMMENDATIONS

- 15.1 To enable the Finance and Policy Committee to approve the final 2016/17 budget proposal and Council Tax level to be referred to Council.

16. BACKGROUND PAPERS

Medium Term Financial Strategy 2016/17 to 2018/19 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.

Medium Term Financial Strategy 2016/17 to 2018/10 report to Finance and Policy Committee 23rd November 2015.

17. CONTACT OFFICERS

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

Andrew Atkin
Assistant Chief Executive
Tel: 01429 523003
Email: andrew.atkin@hartlepool.gov.uk

FINANCE AND POLICY COMMITTEE

11th January 2016



Report of: Director of Regeneration and Neighbourhoods

Subject: ACQUISITION OF LAND AT TOFTS FARM

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Non Key

2. PURPOSE OF REPORT

2.1 To seek approval for the acquisition of two areas of land extending to 1.4 acres at Tofts Farm industrial estate to incorporate within the boundary of the Council's depot to improve operational functionality.

3. BACKGROUND

- 3.1 In November 2014 Members approved the transfer of Lynn St Depot to Cleveland College of Art and Design and the purchase of a replacement property at Tofts Farm. The transfer to the college and the purchase of the Tofts Farm property were completed earlier this year. Due to the need to allow the college an adequate construction period to enable the new facility to be opened in September 2016, and grant conditions relating to the timing of expenditure on the college project, it was necessary to undertake the re-location of the depot on a very tight schedule given the size and complexity of the property and its operation. In the circumstances it wasn't possible to finalise all aspects of the planning of the new depot before completing the acquisition and commencing the conversion work.
- 3.2 The alterations and improvements required at Tofts Farm for the new depot facility are ongoing but the final design, layout and operational arrangements continue to be developed in response to increased understanding of the site and depot requirements.
- 3.3 As part of this work it was recognised that the acquisition of two pieces of adjoining vacant undeveloped land to the northern and eastern sides of the depot site would greatly assist in providing enough space to accommodate all the vehicles that need to be parked and assist with the general layout and configuration of the site. In particular land to the north is required to provide

an adequate turning area for large vehicles using the commercial vehicle MOT testing bay.

- 3.4 The land to the north (Area A on the plan in **APPENDIX 1**) extends to approximately 0.4 hectare (1 acre) and is currently held on a long 125 year lease by Palmers UK Ltd who occupy the adjoining factory unit. Hansteen Holdings are the freeholder. The land is currently laid to grass. The proposed use of the land has planning consent. It is not intended to develop all the land immediately due to budget constraints but a significant part is required in the short term to enable the commercial MOT bay to operate fully and to provide parking. It is proposed to develop the remaining land in future years.
- 3.5 The land on the eastern side (Area B on the plan in **APPENDIX 1**) extends to approximately 0.16 hectares (0.4 acres) and forms a relatively narrow strip between the depot site and a larger area of open land owned by Knauf Insulation. It is currently undeveloped. It is owned by Hansteen Holdings. Planning permission will be required for the proposed use and site investigations will be carried out prior to purchase if this is deemed necessary by the Council's Engineer's to ensure the land is developable for the Council's purposes.
- 3.6 The two areas of land, are shown hatched on the plan at **APPENDIX 1** (the Council's existing ownership is shown cross hatched).
- 3.7 Terms for the purchase of the properties have been provisionally agreed as outlined in **CONFIDENTIAL APPENDIX 2 This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**

4. PROPOSALS

- 4.1 It is proposed to acquire the land on the terms outlined in **CONFIDENTIAL APPENDIX 2 This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**
- 4.2 The land will be fenced and surfaced and used principally for Council vehicle parking and a turning area.

5. FINANCIAL CONSIDERATIONS

- 5.1 Costs will be covered from the existing depot re-location budget.

- 5.2 As noted above in sections 3.3 and 3.4, the acquisition of the 2 parcels of land will significantly enhance the depot site by providing space for a turning circle for the commercial MOT “VOSA” bay together with additional parking and in the case of Site B space to accommodate fuel tanks. The VOSA bay operation will contribute significantly to the depot income and it is thus critical to ensure that it can accommodate all vehicle sizes safely without adverse impacts on other parts of the site.

6. LEGAL CONSIDERATIONS

- 6.1 As outlined above, the purchase from Palmers UK is on a long 125 year leasehold basis as Palmers are not the freeholders. The Council will be granted a sub long lease for a period of 92 years from the Palmers lease as only part of the Palmer’s land is being acquired and this is the simplest way of achieving the transfer of the land. Due to the length of the leasehold interest to be acquired this provides adequate security to undertake the investment proposed and the Council will have rights under the Landlord & Tenant Act to renew the lease should it so required at the end of the term.

7. EQUALITY AND DIVERSITY CONSIDERATIONS

- 7.1 There are no equality or diversity considerations in this instance.

8. STAFF CONSIDERATIONS

- 8.1 There are no staff considerations in this instance.

9. ASSET MANAGEMENT CONSIDERATIONS

- 9.1 The acquisition of this land will enhance the value and functionality of the Tofts Farm depot site.

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

- 10.1 There are no Section 17 considerations in this instance.

11. CHILD AND FAMILY POVERTY

- 11.1 There are no child and family poverty implications in this instance.

12. RECOMMENDATIONS

- 12.1 Members are recommended to approve the proposed purchases on the terms outlined in **CONFIDENTIAL APPENDIX 2 This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information)** and authorise the Director of Regeneration and Neighbourhoods, Chief Finance Officer and Chief Solicitor to complete the necessary legal agreements.

13. REASONS FOR RECOMMENDATIONS

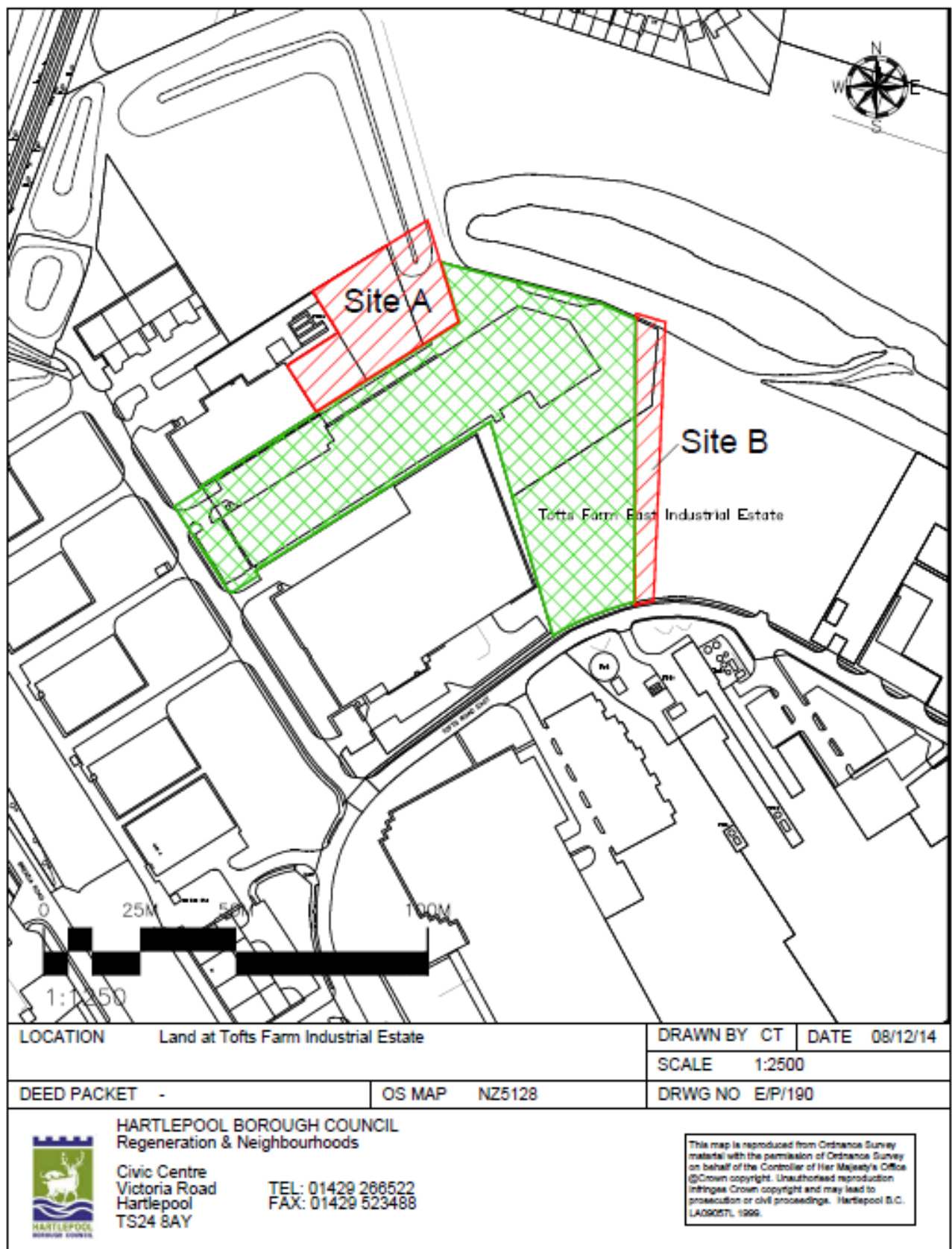
- 13.1 The terms agreed are considered by the Estates & Regeneration Manager to reflect the market value of the land.
- 13.2 The additional land will assist in providing a turning area and enough space to accommodate all the vehicles that need to be parked and assist with the general layout and configuration of the site. Part of the land to the north is required for the full operation of the commercial vehicle MOT bay.
- 13.3 The expenditure involved will be drawn from the existing depot re-location budget.

14. BACKGROUND PAPERS

- 14.1 Finance and Policy Committee 24th November 2015

15. CONTACT OFFICERS

- 15.1 Denise Ogden
Director of Regeneration and Neighbourhoods
Civic Centre
Victoria Road
Hartlepool
TS24 8AY
Email denise.ogden@hartlepool.gov.uk
Tel: 01429 523301



FINANCE AND POLICY COMMITTEE

11th January 2016



Report of: Director of Regeneration and Neighbourhoods

Subject VARIATION OF RESTRICTIVE COVENANT,
SEATON LANE, HARTLEPOOL

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Non key decision.

2. PURPOSE OF REPORT

2.1 To seek approval for the variation of a restrictive covenant to enable the redevelopment of land for residential purposes.

3. BACKGROUND

3.1 The site as shown edged black in **Appendix A** extends to 0.40 acres and is currently used as a hand car wash facility.

3.2 The land is currently in the process of being sold to a developer and an outline planning application has recently been approved for the erection of seven dwellings consisting of two pairs of semi detached houses and one block of three townhouses.

3.3 In a Conveyance dated 14th January, 1980 a restrictive covenant was imposed by the Council “not to use the property or any building constructed thereon for any purpose other than a petrol filling station or for the sale of motor vehicles”. This Conveyance supersedes an earlier Conveyance dated June 1960 between the former West Hartlepool Corporation and Shell UK Limited. A request has been received by the new purchasers for consideration to be given to a variation of the restrictive covenant to permit the residential development to proceed. As the existing beneficiary the Council is entitled to a financial sum for the discharge of the covenant.

4. PROPOSALS

- 4.1 Following negotiations provisional terms have been agreed for the variation of the covenant. The Councils legal and surveyors' fees will be borne by the purchaser. The terms agreed are contained in the confidential **Appendix B** Details of Covenant Variation attached. **This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**

5. RISK IMPLICATIONS

- 5.1 There are no risk implications relating to this report.

6. FINANCIAL CONSIDERATIONS

- 6.1 The Council will achieve a financial consideration for the variation of the covenant.

7. LEGAL CONSIDERATIONS

- 7.1 Legal agreements are in place to safeguard the Councils interests.

8. CHILD AND FAMILY POVERTY

- 8.1 There are no child and family poverty implications relating to this report.

9. EQUALITY AND DIVERSITY CONSIDERATIONS

- 9.1 There are no equality and diversity considerations relating to this report.

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

- 10.1 There are no Section 17 considerations relating to this report.

11. STAFF CONSIDERATIONS

- 11.1 There are no staff considerations relating to this report.

12. ASSET MANAGEMENT CONSIDERATIONS

- 12.1 The attention of the Finance and Policy Committee is drawn to the Asset Management element of the Medium Term Financial Strategy. The decision by Members in January 2009 requires a commercial, proactive approach to be taken on Asset Management issues, the proceeds of this transaction being a contribution to the Medium Term Financial Strategy (MTFS).
- 1.2 The decision to adopt a commercial approach to asset management requires the Council to realise the full value of any properties or property rights that it occupies or disposes of.

13. RECOMMENDATIONS

- 13.1 That approval is granted for the variation of the restrictive covenant on terms agreed as set out in Confidential **Appendix B. This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**

14. REASONS FOR RECOMMENDATIONS

- 14.1 The transaction will generate a capital receipt and facilitate the provision of additional housing units in the town generating additional income in the form of new homes bonus and Council Tax.

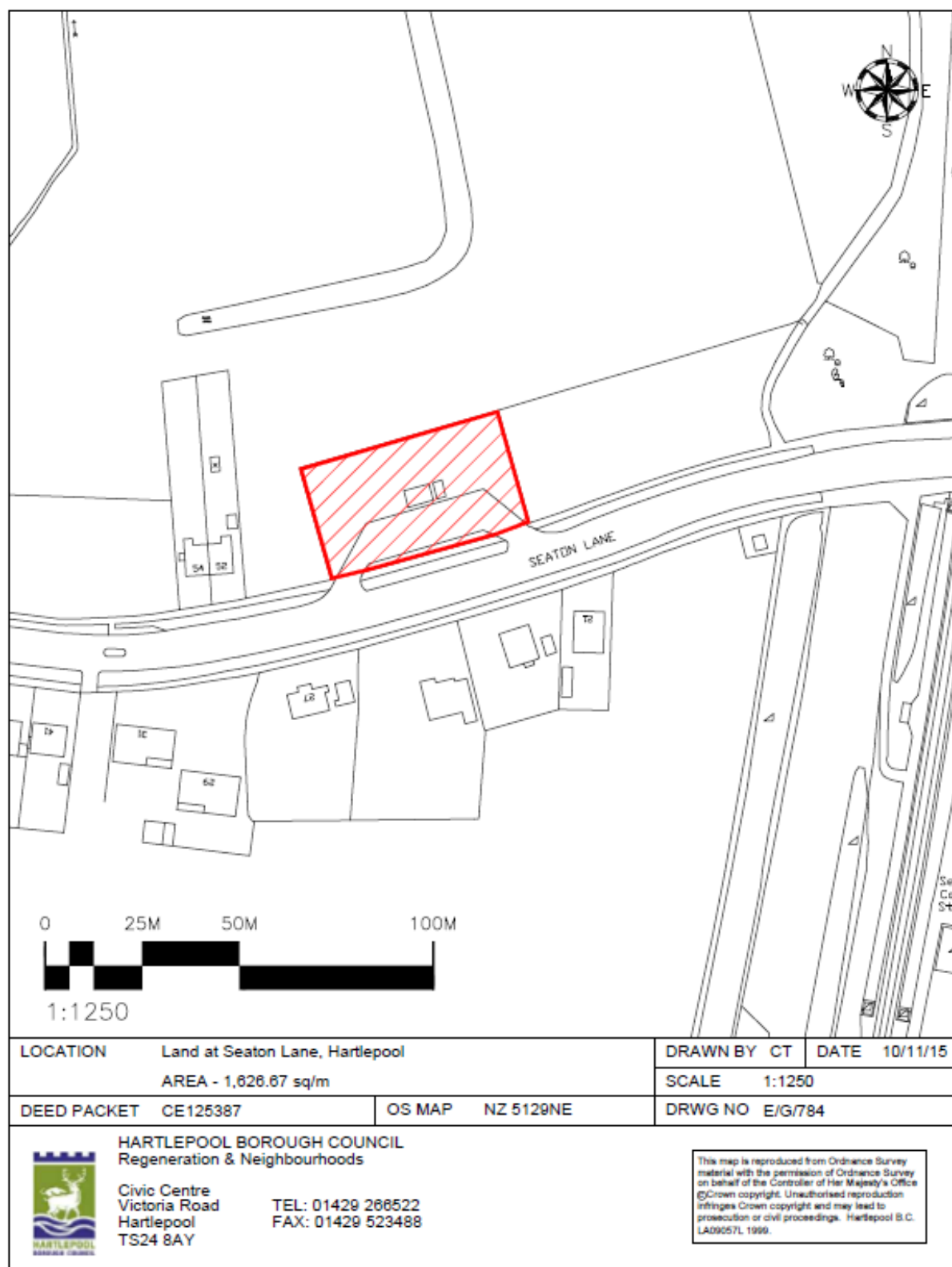
15. BACKGROUND PAPERS

- 15.1 There are no background papers relating to this report.

16. CONTACT OFFICER

Denise Ogden
Director of Regeneration and Neighbourhoods
Civic Centre
Victoria Road
Hartlepool
TS24 8AY
Email denise.ogden@hartlepool.gov.uk
Tel: 01429 523301

APPENDIX A



FINANCE AND POLICY COMMITTEE

11th January 2016



Report of: Director of Public Health

Subject: FALLS PREVENTION SERVICE

1. TYPE OF DECISION/APPLICABLE CATEGORY

Non Key

2. PURPOSE OF REPORT

- 2.1 To seek approval from the Finance and Policy Committee to develop and introduce an in house model for delivery of a Falls Prevention Service. It is proposed this service will be funded through the ring fenced Public Health Grant and commence on 1st April 2016.

3. BACKGROUND

- 3.1 Prior to 2013, the falls service was commissioned by Hartlepool Primary Care Trust (PCT) and provided by North Tees and Hartlepool NHS Foundation Trust (NTHFT). As a consequence of remodeling, the falls service became an integral component of the Community Integrated Assessment Team (CIAT). This service provided treatment programmes in the patient's own home or a venue agreed between the service and the service user. Support provided included; physiotherapy, to help strength and balance, assistive equipment and home adaptations, general advice and support, an assessment of function and assessment of need for social care provision and where appropriate, referral onwards to a falls clinic.
- 3.2 In 2013, Public Health Service reforms introduced statutory changes to health commissioning and transferred commissioning responsibility for falls prevention to Public Health within Local Authorities, whilst commissioning treatment for those who had fallen became the responsibility of Clinical Commissioning Groups (CCGs). As a result of the reforms, contractual responsibility for CIAT was inherited by Hartlepool and Stockton on Tees Clinical Commissioning Group (HaSTCCG) with contractual responsibility for fall prevention inherited by Public Health within Hartlepool Borough Council (HBC).
- 3.3 The Falls Service is currently jointly commissioned by Public Health within HBC and Stockton Borough Councils (SBC) with NTHFT as the current service

provider. The current contract value is contained in **Appendix 1. This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**

- 3.4 In November 2013, a report was taken to Finance and Policy Committee in relation to the Public Health Commissioning Programme for 2014/15. (Item 154 of Finance and Policy Committee Minutes and Decision Record dated 29th November 2013 and Associated Report).
- 3.5 The report outlined HBC Public Health's Commissioning Programme for 2014/15 which included but was not limited to; a contract for a Falls Service. A request was made that an exemption to the Council's Contracting and Procurement Rules be sought, to place a 1 year contract with NTHFT, for provision of such a service, from 1st April 2014. This was to allow time for a comprehensive service review.
- 3.6 In order to fulfil commissioning and procurement responsibilities a full review of service was concluded in 2015. The review highlighted issues with the current configuration of the commissioned service.
- 3.7 The review concluded that current service provision and activity with regard to supply and demand were not congruent with the current needs. It also identified that triage of referrals was not being undertaken to ascertain the suitability for service provision, before patients were being added to what was becoming an ever increasing waiting list.
- 3.8 The principal drivers for reviewing and commissioning a preventative falls service are based around quality of service provision and value for money, whilst ensuring a safe and reliable service which has a preventative focus. The service review concluded, that there are issues with the current service model including:
 - Waiting times for referrals;
 - Lack of clarity on roles and responsibilities with regard to the falls function;
 - Wide scope of service offer which perpetuated waiting lists;
 - High cost per contact;
 - Lack of outcome data.
- 3.9 In light of the findings of the Service Review, more time was then required to allow completion of a wider service review and impact assessment to include all referral sources, SBC and HaSTCCG. Subsequent implementation of a new service model following the review, needs to be balanced against maintaining a falls service to those already on the case load and waiting list. In light of this Public Health requested and was granted, a further exemption to procurement rules to issue a new contract to NTHFT for a maximum period of 6 months from April 1st 2015. Due to the complex nature of the existing service provision, it proved that this too was not enough time to unravel and resolve the situation to all stakeholders' satisfaction. A contract extension was therefore requested and

approved, to allow further time for the situation to be resolved. The current contract now expires on 31st March 2016 with no further opportunities to extend.

- 3.10 Following the review, HBC and SBC worked together to model a potential pilot were by Public Health funding would continue to be used by NTHFT within their CIAT service to provide a Falls Prevention Service. In the proposed model, funding would not have been used to fund a generic CIAT service but would be used to provide an education role and lower level triaging of new referrals. The education role would have worked with referrers to ensure that referrals were appropriate and to reduce automatic, reactive referrals, where risk could be dealt with outside of the service. Low level triaging would be done within the Single Point of Access (SPA) for all new referrals to ensure that high risk clients, who are suitable for a high level therapeutic intervention, would gain access to the service but low risk and inappropriate referrals would be routed into other services, such as Primary Care and Adult Social Care.
- 3.11 This model was proposed to NTHFT, who stated they would be unable to deliver it within the proposed available financial resources.

4. PROPOSALS

- 4.1 In view of the findings from the review and rejection of an alternative pilot model by NTHFT, HBC Public Health proposes to develop and deliver an in house Falls Prevention service which would be situated within the existing structures of the Adult Social Care teams that sit alongside health colleagues in the SPA. It will operate much as the pilot outlined above would have done, with a Falls Educator role, and a Falls Triage and Support role (see **Appendix 2** for process map). NTHFT have already indicated that they would be willing to consider supporting this new model through the provision of suitably trained staff, on secondment. The service will focus on

- Home Hazard Assessment and Intervention
- Exercise programmes in extended care settings such as residential care homes
- Encouraging the participation of older people in falls prevention programmes
- Delivery of education and information giving

This is consistent with the National Institute for Health and Clinical Excellence's (NICE) guidance for Falls in Older People (CG161).

4.2 Opportunities

- Overheads would be greatly reduced and management arrangements would be absorbed by HBC Public Health and Adult Social Care
- Situating the service within the structure of community services increases the opportunity for interventions earlier to reduce hospital admissions and allow frail older people to remain at home, with low level support
- Allows greater control and flexibility over the delivery of the service in response to changing needs and performance management

- Performance management for the service would be easier to monitor in-house
- Allows more control over integration of the service with wider Council services such as Adult Social Care and Sport and Recreation.
- This model would support the integration agenda and transformation of the SPA through the Better Care Fund (BCF)
- To work closely with other agencies regarding falls prevention including Cleveland Fire Brigade and through Stay Safe Stay Well initiative.

4.3 Challenges

- NTHFT inform us through contract management that there is currently a significant waiting list. At the time of review in April 2015, there was a waiting list of approximately 125 clients for Hartlepool with a waiting time of around 11 weeks. The Trust now inform us this has risen to around 250 clients with a wait of more than 21 weeks. This has been a result of CIAT staff prioritising other work streams. If these are not addressed before the 1st of April the authority will assume responsibility for the waiting list.

5. RISK IMPLICATIONS

- 5.1 As discussed above, the authority may inherit a waiting list of service users on the 1st April. HBC are proactively performance managing this contract and putting in place an initiative, until the end of the contract, to provide additional capacity to minimize the risk of any residual waiting list transferring.
- 5.2 The Trust have informally offered, in writing, to consider seconding appropriately skilled staff into the service. If this proposal is accepted, and the Trust decide they can no longer support the initiative in this manner, Public Health will need to ensure staff are either recruited into the authority to fill these posts, or will go out to the market for a third party to provide the service.
- 5.3 The impact on Adult Social Care will need to be monitored closely to ensure that demand is managed and that capacity can meet the need. In Hartlepool, the service reviews have indicated that the majority of clients who will access the Falls prevention service will already be known to, and in contact with, Adult Social Care.

6. FINANCIAL CONSIDERATIONS

- 6.1 Public Health proposes to allocate £72,000 annually for the development of an in house Falls Prevention Service, which is a significant saving on the existing model.
- 6.2 The National Institute for Health and Clinical Excellence's (NICE) guidance for Falls in Older People (CG161), provides a costing statement which includes reference to potential savings. It identifies that preventing falls and fractures could reduce hospital costs, avoiding a hip fracture might save hospital admission costs averaging £5744 per patient. There might also be reduced ambulance service costs as a result of reduced falls in the community, saving around £230 per call out.

- 6.3 The costs following treatment of hip fracture may also continue post discharge from hospital. Approximately half of the people who have a hip fracture never return to their previous level of independence and approximately 20% enter a care home, which creates a burden on community services and social care, in addition to NHS budgets.

7. LEGAL CONSIDERATIONS

- 7.1 The Health and Social Care Act 2012 places a duty on Local Authorities to improve and protect the health of the population using a ring fenced public health grant.
- 7.2 The development of an In-house Falls Prevention Service, following the expiry of our current contract with NTHFT, would not require any adherence to procurement rules.

8. CHILD AND FAMILY POVERTY

- 8.1 The Falls Prevention Service is primarily for over 65s with limited referrals for those identified at high risk who are over 50; it is unlikely to have any impact on Child and Family Poverty.

9. EQUALITY AND DIVERSITY CONSIDERATIONS

- 9.1 Whilst it is common for children and young people to fall, older people are statistically more likely to fall and they are more likely to sustain injuries such as fractures as a result, due to other age related conditions like osteoporosis.
- 9.2 The falls prevention service is aimed generally at preventing falls in older people over the age of 50, with 1 in 3 over the age of 65 being at risk of falling, increasing to 1 in 2 for those over the age of 80. The visually impaired, hearing impaired, those with physical disabilities, mental health and other health related problems and those with learning disabilities are all more significantly at risk of falling, with both genders at risk.
- 9.3 There is currently no data to suggest that race, religion, sexual orientation or gender identity increases any risk of falling.
- 9.4 The contributory factors to falls are all assessed as part of the falls assessment process.

10. STAFF CONSIDERATIONS

- 10.1 The existing contract would naturally expire on 31st March 2016, there are no HBC employees at risk as a result.
- 10.2 It is not likely that TUPE Regulations would apply in this particular circumstance as no one member of staff spends 50% of their time on Hartlepool falls prevention work.

- 10.3 NTHFT have informally indicated that they would be willing to explore a secondment of suitably skilled and qualified staff into the authority specifically to work in the new proposed in house model.

11. ASSET MANAGEMENT CONSIDERATIONS

- 11.1 Assets will be identified with NTHFT by Tees Valley Public Health Shared Services, however it is not anticipated that any assets will be affected as part of the natural expiration of the current Falls contract.

12. RECOMMENDATIONS

- 12.1 It is recommended that the Committee approve the proposal to deliver a Falls Prevention Service as an in-house provision.
- 12.2 It is recommended that £72,000 is allocated from the ring fenced Public Health grant in 2016/17 to fund this service.

13.. REASONS FOR RECOMMENDATIONS

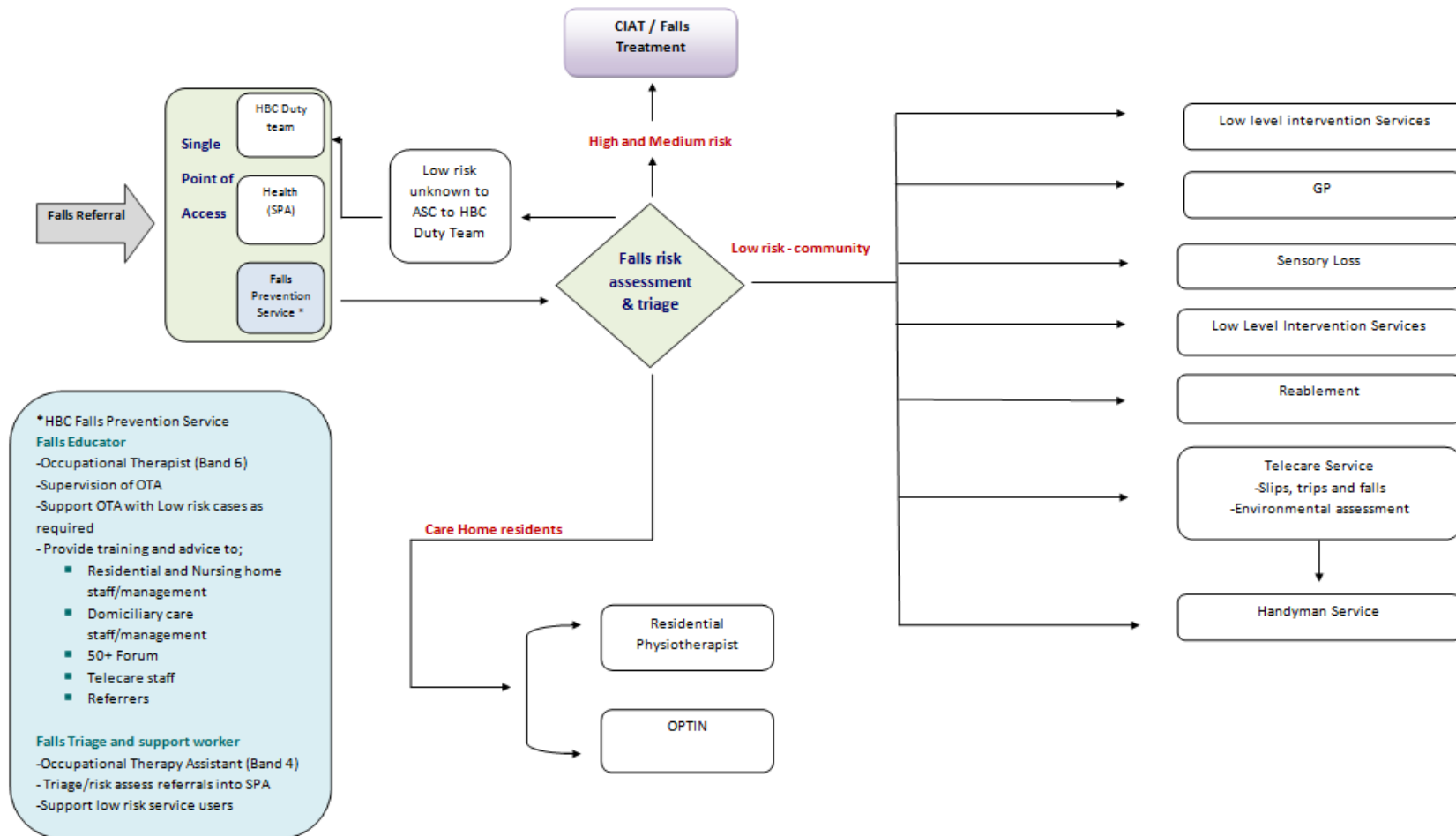
- 13.1 Public Health has a discretionary responsibility to ensure delivery of Falls Prevention. It is well understood that the prevention of falls has a tangible impact on individual's lives and wellbeing.

14. BACKGROUND PAPERS

- 14.1 The following papers were used in the preparation of this report:
- Item 154 of Finance and Policy Committee Minutes and Decision Record dated 29th November 2013 and Associated Report
 - NICE Guideline CG 161 - Falls in Older People dated June 2013
 - TVPHSS Report on the Falls Service Review dated April 2015
 - TVPHSS Decommissioning Impact Assessment Falls Service dated August 2015

15. CONTACT OFFICER

Louise Wallace
Director of Public Health
Hartlepool Borough Council
Level 4, Civic Centre
TS24 8AY
Tel 01429 523773
Email: louise.wallace@hartlepool.gov.uk



FINANCE AND POLICY COMMITTEE

11th January 2016



Report of: Chief Executive and Chief Solicitor

Subject: PROPOSED MERGER OF THE TEESSIDE AND
HARTLEPOOL CORONER SERVICES – FURTHER
UPDATE

1. TYPE OF DECISION/APPLICABLE CATEGORY

Non key.

2. PURPOSE OF REPORT

- 2.1 This is a further update to the Committee on the present position as to the proposed amalgamation of the Teesside and Hartlepool Coroner areas. This Committee received a report initially on the 21st July, 2014 where it was agreed '*in principle*' to support a proposed merger, subject to the approval of a Business Case. That Business Case was endorsed by the Committee at its meeting on the 18th August, 2014. Since that time there has been various discussions which have entailed a proposed addendum to that Business Case which either has, or is in the process of being submitted for consideration by the four Local Authorities comprising these two coronial areas. Accordingly, the addendum to the Business Case as supplied through Middlesbrough Borough Council for the consideration of the Committee is appended herewith (**Appendix 1**). There would appear to be a unified view that any amalgamated coronial area should have a Senior Coroner appointed as a 1 FTE as opposed to the initial recommendation of a 0.8 FTE position. As was previously the case, there is a recommendation that the Assistant Coroner (acting as a designated deputy) would be 0.8 FTE. However, there is a divergence of opinion in that this Committee on the 28th August, 2015 (in an exempt report) were minded to support an amended business case promoting a 1 FTE Senior Coroner position but also favoured the 'slotting in' of the existing Senior Coroner for Hartlepool into any amalgamated jurisdiction.
- 2.2 On the 4th December, 2015 an executive report was received by Middlesbrough Borough Council which approved the 1 FTE Senior Coroner recommendation but also recommended the external advertisement through 'open competition' of that role subject to the Ministry of Justice providing an

indemnity, should there be any challenge to that appointment process. If no indemnity was forthcoming then there was an additional recommendation, accepted by the Executive Member of Middlesbrough Borough Council, that any proposed merger be postponed 'until there is legal certainty regarding the position of a Senior Coroner who loses office'. Reports are pending before Redcar & Cleveland and Stockton Borough Council contemporaneous with this report and the outcome of the deliberation of those Councils will be notified to this Committee, when that information has been made known.

3. BACKGROUND

- 3.1 Following the retirement of the Senior Coroner for Teesside a business case, supporting the merger of the Teesside and Hartlepool Coroner areas, was submitted to the Ministry of Justice (MoJ). The MoJ consulted on this document and following consultation the MoJ stated that, in line with the response sent by the Chief Coroner, they were unlikely to recommend the merger unless the Senior Coroner position was full-time and appointed by an external competition.
- 3.2 Since the original Business Case was submitted, over 12 months ago, there have been several key changes which mean that the recommendations contained in the original Business Case should be reconsidered. The outcome of this is contained in the 'Addendum to the Business Case' which is attached.

4. PROGRESS SINCE THE SUBMISSION OF THE BUSINESS CASE

- 4.1 The improved outcomes identified in the original Business Case have already been delivered without a formal merger of the two areas:
- the timeliness of inquests has improved substantially and this improvement has been maintained throughout 2015;
 - a streamlined service is now offered by both coroner services to partners; and
 - the savings predicted in the original Business Case have been delivered by streamlining processes within the Teesside Coroner's Service and the commissioning of services.

(i) Number and timeliness of inquests

The timeliness of inquests has improved significantly in both the Teesside and Hartlepool Coroner areas. In 2014 the Teesside Coroner's Service dealt with circa 2,300 reported deaths and completed circa 700 inquests. The average time for dealing with inquests, excluding the backlog cases, was seven weeks. This performance has been maintained during 2015.

Hartlepool Coroner's service continues to perform well with the average time for inquests in 2014 being three weeks which was the best performance in the country. This excellent achievement is partly attributed to the closure of the hospital and the consequent reduction in the number of complex cases. In 2014

the Hartlepool Coroner's service dealt with 235 reported deaths and concluded 29 inquests.

(ii) Delivery of savings and new financial pressures

The main savings predicted in the Business Case have been delivered. It is possible that some, comparatively minor, additional savings could be achieved via the merger of the two services relating to the provision of administrative support; however some of these savings could be achieved by further merging of 'back office' support functions without a formal merger of the areas. There is also the possibility that a merger would assist Hartlepool in offsetting future costs for example should Hartlepool Coroner's Service decide (or be required) to move to an electronic case management system. This additional cost would not be incurred in a merged Coroner Service as Teesside Coroner's Service already has an electronic case management system implemented.

Whilst a merged service is unlikely to result in any additional significant savings there would be a realignment of costs. The cost to the Teesside local authorities increasing by between £6,000 and £14,000 per authority and a reduction in costs payable by Hartlepool local authority of circa £26,000.

5. CHANGES THAT HAVE OCCURRED SINCE THE SUBMISSION OF THE BUSINESS CASE

5.1 The Business Case was drafted in July 2014. Since that date there have been several key changes, as follows:

- a. a better understanding of the impact on the Coroner's Service of the deprivation of liberty ('Cheshire West') judgement;
- b. the opportunity to see the coroner support model proposed in the Business Case in operation (albeit in a slightly different format); and
- c. the Chief Coroner's response to the consultation on the original Business Case and additional guidance issued to Middlesbrough Borough Council (as the relevant authority) in respect of the merger.

(i) Cheshire West

In March 2014 the Supreme Court handed down a ruling (Cheshire West) that clarified the definition of "deprivation of liberty"; this resulted in an increase in the number of cases in which residents are deemed to be "deprived of their liberty". This has impacted directly on the number of deaths reported to the Coroner (which is likely to continue to rise) as all deaths of those 'deprived of liberty' should be reported to the Coroner and should be subject to an inquest. This increase in workload has resulted in the need for a full time Senior Coroner position in the Teesside Coroner's Service and this need will continue in any merged service. This increase is now impacting upon the performance of the

Coroner's Service and this is being addressed by the Senior Coroner in conjunction with Cleveland Police and the relevant authority.

(ii) Coroner Support Model

The model of coroner support, 1 FTE senior coroner supported by a dedicated assistant coroner (0.8 FTE, comprising 0.4 FTE for Teesside and 0.4 FTE for Hartlepool) with a small number of additional ad hoc assistant coroner days, has been in operation for over a year and has proved to be efficient and effective.

6. THE CHIEF CORONER'S RESPONSE TO MoJ CONSULTATION

6.1 The Chief Coroner raised three concerns in response to the MoJ consultation on the Business Case, as follows:

- a) the role of Senior Coroner should be full-time
- b) support to the Senior Coroner should be provided by five ad-hoc Assistant Coroners; and
- c) Teesside and Hartlepool should consider whether the appointment to the role in the merged area should be by external competition rather than by 'slot-in'.

a) Full time appointment

The need for a full-time senior coroner post, due to the increase in workload arising from Cheshire West, is accepted; this is supported by the Chief Coroner's views.

b) Support to the Senior Coroner

The Chief Coroner's view is that the Senior Coroner should be supported by five Assistant Coroners all working ad-hoc. This model of coroner support was in operation when performance in the Teesside Coroner's Service was poor and contributed to the poor performance in the area at that time. The new coroner support model is in operation (albeit in a slightly amended format to that originally envisaged) and has been proven to be effective.

Consequently it is proposed to retain the proposal for a 0.8 FTE Assistant Coroner role, as described above, with a small number of additional ad-hoc assistant coroner days (if required).

c) Appointment of the new Senior Coroner

The Chief Coroner's response to the MoJ consultation stated; "....in relation to the proposed slotting in of the Senior Coroner for Hartlepool... the Chief Coroner is of the view that the circumstances in the present case do not necessarily lend themselves to this particular option. The current area of Hartlepool is small, with 340 deaths reported in 2013. The estimated number of deaths in the newly merged area is approximately eight times this amount at 2,738, which would represent a considerable increase in workload for the existing senior coroner for Hartlepool. Under these circumstances, the Chief Coroner would like to

encourage Middlesbrough Council and Hartlepool Borough Council to consider an open competition. Where, therefore, the remaining senior coroner has had only limited experience as a senior coroner or where the merged area will be considerably larger (in terms of numbers of reported deaths) than the remaining coroner's current area, the relevant authority may wish to consider the following points:

- *The extent of the experience of the remaining senior coroner. Whether that experience is a sufficient guide to their appointing him/her as senior coroner of a much larger coroner area or taking on a very different area profile, for example prisons for the first time.*
- *Whether the public will have sufficient confidence in that person in the light of their experience.*
- *The likelihood that a good field of candidates will apply if a competition is held, so that the best candidate for the post can be appointed."*

The original business case proposed that the Senior Coroner for Hartlepool, would be 'slotted in' to the Senior Coroner role in the new area. The basis for this view was to comply with the Chief Coroner's then guidance and acceptance of the Ministry of Justice's position that any compensation would be a matter for the relevant authority and an (incorrect) view that the new rules governing appointments would apply to the new role, in a slot-in scenario, thus the Senior Coroner would be required to retire at age 70.

The Chief Coroner in his amended guidance through his response as mentioned above raises some valid points in relation to the relative size of the current Teesside and Hartlepool Coroner areas (see table 1), the institutions contained within them (Teesside contains two substantial hospitals and two prisons; Hartlepool does not have these facilities) and the likelihood of attracting the best candidate for the role through open competition.

Table 1 - statistics for the Teesside and Hartlepool coroner areas					
Year	Total	Teesside		Hartlepool	
		Number	Percent	Number	Percent
Reported Deaths					
2010	3,000	2,566	86%	434	14%
2011	3,046	2,659	87%	387	13%
2012	2,971	2,635	89%	336	11%
2013	2,738	2,398	88%	340	12%
2014	2,533	2,298	91%	235	9%
Inquests					
2010	393	315	80%	78	20%
2011	338	292	86%	46	14%
2012	386	350	91%	36	9%
2013	448	394	88%	54	12%
2014	772	693	96%	29	4%

Source: Ministry of Justice Coroner Statistics - <https://www.gov.uk/government/news/new-coroners-data-tool-launched>.

In addition to the workload, recruitment through open competition would require that the successful candidate be appointed under the terms of the Coroner's and Justice Act, 2009. As such, such an appointment would be subject to a mandatory retirement age of 70. In contrast, any slot-in appointment would be on the basis of the pre-existing appointment, and would not, therefore, be subject to any specified retirement age.

There is a lack of clarity around the position where a Senior Coroner is removed from office as a result of a merger. External legal advice has been sought which details that compensation may not be due, but if it is, it may rest with the Ministry of Justice or it may rest with the relevant authority. The MoJ position, backed by a different legal opinion, is that compensation, if payable, would be payable by the relevant authority. The compensation due for loss of office might be substantial. What is clear is that there are no statutory provisions governing compensation on a merger. The result of this is an element of risk to an Authority and the high likelihood of litigation on the matter.

The salary of a Senior Coroner is, legislatively, a matter for the relevant authority to negotiate with the Senior Coroner with the final arbiter being the Lord Chancellor. An open competition reduces the risk of a challenge to the salary or the success of that challenge. This is particularly important as at present there is national pressure on salaries with a report by Price Waterhouse Cooper suggesting national salary levels of Coroner's that would result in a circa £100,000 increase to the Teesside Senior and Assistant Coroner costs.

The opportunities and risks associated with each option are detailed in the table 2.

Table 2 - Opportunities and Risks associated with options available	
Opportunities	Risks
Appointment to new role via slot-in of Senior Coroner for Hartlepool	
Avoids uncertainty regarding possibility of compensation being payable and avoids risk of litigation.	<p>Previous legislative rules will apply rather than those contained in the 2009 Coroner's and Justice Act, specifically no requirement to retire at 70. The risk being that the issues which previously faced the Teesside Coroner's Service which were extremely difficult to address, could re-occur.</p> <p>High risk of successful challenge regarding salary offered and potential cost increase in salary costs (circa £100,000) per annum.</p> <p>Limited / no experience of managing a coroner's service of this size with:</p> <ul style="list-style-type: none"> • circa 2,500 reported deaths and circa 500 inquests per year (based on 2015 numbers); • multi-agency support team associated

	<p>with above workload; and</p> <ul style="list-style-type: none"> • prison deaths. <p>Cannot demonstrate that the best candidate for the job secures the role and consequently may not secure the best outcome for the service and the residents of the area.</p> <p>Does not take into account the Chief Coroner's specific guidance, issued to Teesside and Hartlepool.</p>
Open Competition	
<p>Market can be tested to ensure the best person for the job</p> <p>Moves the jurisdiction to the new rules as per the Coroner's and Justice Act, 2009; Post holder will be required to retire at 70</p> <p>Greater certainty regarding level of remuneration (avoiding increased costs of circa £100,000)</p> <p>Takes into account the Chief Coroner's specific guidance issued regarding the circumstances in this area.</p>	<p>Risk of litigation associated with decision not to 'slot-in' and / or compensation payable. The main risk is that litigation will occur rather than its likelihood of success which is deemed by external Leading Counsel to be low. To date every merger of Coroner Areas has occurred with a 'slot-in' of the remaining Coroner.</p>

7. FURTHER CONSULTATION

7.1 Additional consultation has been undertaken on Middlesbrough Borough Council's proposed Addendum to the Business Case with the other local authorities, Cleveland Police, the Acting Senior Coroner for Teesside and the Senior Coroner for Hartlepool.

7.2 Local Authority views

Middlesbrough, Stockton and Redcar & Cleveland local authorities are of the view that it is essential that the conditions that enabled the previous issues to occur within the Teesside Coroner's Service are addressed and the area is moved to a new legislative footing. This can only be done via an external competition. Therefore the addendum to the Business Case recommending 'open competition' appears to be favoured by those Councils'. Hartlepool Borough Council have expressed the view that the current Senior Coroner for Hartlepool has provided a

good service to Hartlepool and that he should be 'slotted' into the new role in the merged area and do not therefore support an external appointment process.

7.3 Cleveland Police

Cleveland Police have stated that the relevant authority must ensure that there is no reoccurrence of the issues that previously beset the Teesside Coroner's Service, stating "we are keen to see the appointment of a suitable senior coroner who can sustain the improvements and further develop the service provided to local communities". They also expressed the view that regardless of appointment route taken the processes between the two coroner areas must remain aligned.

7.4 Acting Senior Coroner for Teesside

The response received support for a full time Senior Coroner role, with a 0.8 FTE Assistant Coroner support model and

- an external advert for the Senior Coroner; and
- support to a merger, but recognition of the legislative issues and states that if a merger is not likely to occur then an external appointment to the permanent Senior Coroner role for the Teesside service should take place as soon as possible.

7.5 Senior Coroner for Hartlepool

The summarised views from the Senior Coroner for Hartlepool are:

- a full time Senior Coroner role is supported;
- a merger is only supported if he is slotted into the role of Senior Coroner in the new area if not a merger is not supported; and
- he has the necessary skills for the role and the Chief Coroner's argument is "very weak" therefore a slot-in should be the approved way forward.

8. SUMMARY

- 8.1 Regardless of whether or not a merger proceeds, back office functions and support from the two services can be further aligned in the interests of both efficiency and effectiveness. Consequently, if a merger does not go ahead partners will continue to be offered one streamline service. Middlesbrough Borough Council are the 'relevant authority' for the present Teesside Coronial Area and have through their Executive Member made a recommendation that the appointment of a Senior Coroner should proceed through open competition as opposed to 'slotting in' of the existing Senior Coroner for Hartlepool in any amalgamation. This is subject to the Ministry of Justice providing an indemnity. It is most probably the case that the Ministry of Justice will not provide an indemnity and therefore the resulting position from the Local Authorities perspective would be to postpone any merger/ amalgamation until there was certainty over the legal position should the

existing Senior Coroner lose his office through any merger/ amalgamation being enforced through the Ministry. Hartlepool Borough Council has previously affirmed its position that it would support the 'slotting in' of the existing Senior Coroner. That position is contrary to the decision made recently through Middlesbrough Borough Council's Executive and may also run contrary to the position of Redcar & Cleveland and Stockton Borough Councils. The Committee are therefore requested whether they reaffirm their previous position, or not.

- 8.2 The Addendum to the Business Case for merging the Teesside and Hartlepool coroner areas notes the opposition of Hartlepool Borough Council to open competition and its support to the 'slotting in' of the existing Hartlepool Senior Coroner through any amalgamation. That aside, there appears to be universal support as to the overall structure, in that there should be the appointment of a Senior Coroner as 1 FTE as opposed to the previous suggestion of a 0.8 FTE. It is also a recommendation that the Council supports this structure as detailed within the Addendum. That Addendum and the formal decisions from each Authority will then be forwarded to the Ministry of Justice for their determination. It will be for the Ministry of Justice to determine whether or not to progress a merger, at this time. Hence, the Local Authorities cannot progress any course of action until the Ministry of Justice confirm what action (if any) they intend to take. If the Ministry of Justice subsequently provide notification that they would not seek to confirm an amalgamation then it is likely that the Teesside Coroner's service would advertise for the position of a Senior Coroner in accordance with the Chief Coroner's Guidance Note: Number 6 (**Appendix 2**). The contents of this guidance note have previously been made known and canvassed before the Committee.

9. FINANCIAL CONSIDERATIONS

- 9.1 As detailed in the report.

10. LEGAL CONSIDERATIONS

- 10.1 The Coroners and Justice Act, 2009, provided for a number of structural changes to the coroners service. As previously identified the Lord Chancellor can make an order 'setting up' but also 'altering the boundaries of coroner areas for England and Wales.' The only proviso, is for a coroner area to correspond with the boundaries of one or more local authority. However, this also reflects the intention 'to move towards fewer, larger coroner areas over time, each of which supports a full time coroner caseload.' This follows the earlier recommendations contained in the Luce Review (2003) and as reflected in the recommendations within the initial Business Case, which then supported the 'slotting in' of the existing Senior Coroner for Hartlepool in any amalgamation of the Hartlepool and Teesside coronial areas. The attached Addendum received from Middlesbrough Borough Council as the 'relevant authority' departs from this earlier recommendation of appointment to that of

‘open competition’ in any amalgamation. This clearly runs contrary to the wishes of this Council and the Committee may wish to consider a report proceeding before Council so that all members are aware of the emerging issues and to allow for a formal debate.

- 10.2 The ‘relevant authority’ through their Executive Member have recommended ‘open competition’ in the appointment of a Senior Coroner but only if, the Ministry of Justice provides an ‘indemnity’ should there be ‘any challenge to the appointment process’. It is unlikely that the Ministry would comply with that request. There is therefore the potential that a merger of these two coroner areas may not proceed at the present time. If that is the case, Middlesbrough Borough Council could request that they be allowed to move to the appointment of a Senior Coroner for the Teesside area, given that a vacancy in the office of a Senior Coroner are normally anticipated to be filled within a relatively short time period (three months) and there have already been numerous ‘extensions’ of time, whilst the position on any amalgamation has sought to be clarified. There is the added complication that where a relevant authority seeks to appoint a ‘new’ Senior Coroner, this would require the consent of the Lord Chancellor and the Chief Coroner.
- 10.3 There is also the potential for the Lord Chancellor to alter coroner areas as mentioned, albeit after consultation, but without the formal consent of the local authorities affected. Previously the Ministry of Justice have indicated that they would wish to see mergers where there is ‘local support’. This could well give rise to the scenario of potential legal or other action being taken by an individual who was essentially displaced from office and consequently the further recommendation supported by the Executive Member of Middlesbrough Borough Council seeking the ‘legal certainty regarding the position of a Senior Coroner who loses office’ through the postponement of any proposed merger. Undoubtedly, the position on the appointments process since the initial discussion of a proposed merger has changed considerably including the views expressed by the Chief Coroner. The one constant has been this Council’s support to the existing Senior Coroner for Hartlepool being ‘slotted in’ to the role of Senior Coroner in any amalgamation. Further, it will be a concern to this Council that matters have not progressed in the way initially suggested and the potential for this Council to become embroiled, dependent on the outcome of events, in potential action to which mention has been made of seeking indemnities.

11. CHILD AND FAMILY POVERTY

- 11.1 There are no direct considerations as it has been agreed that inquests would still take place within Hartlepool.

12. EQUALITY AND DIVERSITY

- 12.1 A full impact assessment will be required should the Lord Chancellor decide to proceed with an amalgamation of these two coroner areas. The earlier

Business Case and the attached Addendum do feature the responsiveness of the coroner service and its likely future demand, but the position remains uncertain. Whilst the Equality Act, 2010, seeks in relation to certain 'protected characteristics' to protect employees from discrimination, harassment and victimisation, the Coroners and Justice Act, 2009, revised the position as to the retirement age of 'new' Coroner's which conflicts with the situation of coroners engaged prior to the introduction of the Act. In that case, a coroner who was appointed prior to the 2009 Act coming into force and is subsequently 'slotted in' through a merger of areas, will not be subject to the mandatory retirement age introduced by the Act. This could potentially have a discriminatory impact by reason of a person being associated with a particular age group or the same age group and suffering from that discrimination.

- 12.2 It is primarily this difference and the potential outcome of a recruitment of a coroner which leads to a 'loss of office' of an existing Senior Coroner which has led Middlesbrough Borough Council seeking an indemnity from the Ministry of Justice, as reported. Any interference with a protected characteristic, will only be permissible if the same is objectively justified and is a 'proportionate means of achieving a legitimate aim'. The wider policy objectives and their intended effect will need to be properly addressed, together with a detailed appraisal of options to be considered against their wider social and economic impact, including that relating to equalities.

13. SECTION 17 – CRIME AND DISORDER ACT

- 13.1 There are no section 17 implications to be considered in this report.

14. RECOMMENDATIONS

- 14.1 The Committee is recommended to;
1. Note the contents of this report.
 2. Consider whether they wish to depart from their decision on the 28th August, 2015 wherein it was recommended the proposed 'slotting in' of the Hartlepool Senior Coroner in any amalgamated coroner area, as opposed to appointment through 'open competition'.
 3. Subject to the above, that if there is acceptance to the principle that a Senior Coroner position should be 1 FTE and that the model of coroner support is that of a 0.8 FTE Assistant Coroner (as a designated deputy) that any additional support is decided by the relevant authority in conjunction with the other authorities.

15. REASONS FOR RECOMMENDATIONS

- 15.1 The Committee has previously acknowledged the commitment of the existing Senior Coroner for Hartlepool and that this should be reflected in any appointment to the position of Senior Coroner following any merger of the Hartlepool and Teesside Coroner areas. That is contrary to the decision taken by the Executive Member of Middlesbrough Borough Council on the 4th

December and which may also be reflective on the positions of Redcar & Cleveland and Stockton Borough Councils' respectively. However, Middlesbrough Borough Council as the 'relevant authority' for the Teesside Corner area has stipulated that any pursuit of an open competition for the role of Senior Coroner through a merger should only proceed if the Ministry of Justice were willing to provide a suitable indemnity, for any claims arising where an existing Coroner was not appointed to the Senior Coroner position through an amalgamation. If the Ministry of Justice determines that they would not wish to proceed with a merger of these two coroner areas then this would still allow the two areas to work together to offer a more streamline service but preserving two separate coronial areas. Whilst this is not ideal it would at least acknowledge the positions of the respective authorities and still allow close collaborative working to take place.

16. BACKGROUND PAPERS

- 16.1 Committee reports 21st July, 2014, 18th August, 2014 and 28th August, 2015 (exempt).

17. CONTACT OFFICER

Gill Alexander
Chief Executive
Tel: 01429 523001
Email: gill.alexander@hartlepool.gov.uk

Peter Devlin
Chief Solicitor
Tel: 01429 523003
Email: peter.devlin@hartlepool.gov.uk

ADDENDUM TO BUSINESS CASE FOR MERGING THE TEESSIDE AND HARTLEPOOL CORONER AREAS

DATE: November 2015
AUTHOR: Karen Whitmore
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**ADDENDUM TO THE BUSINESS CASE FOR MERGING THE TEESSIDE
AND HARTLEPOOL CORONER AREAS**

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EXECUTIVE SUMMARY AND RECOMMENDATIONS

Summary

1. A business case supporting the merger of the Teesside and Hartlepool Coroner areas was submitted to the Ministry of Justice (MoJ) in September 2014. The MoJ consulted on this document in February 2015 and asked the relevant authority, in consultation with the other local authorities, to respond to the outcome of the consultation.
2. There have also been several key changes to the wider context, since the original business case was drafted in July 2014, which mean that the recommendations in the business case should be reassessed.
3. The improved outcomes identified in the original business case have been delivered:
 - the timeliness of inquests has improved substantially and this improvement has been maintained throughout 2015;
 - the majority of the savings predicted have been delivered;
 - a streamlined service is now offered to partners by both coroner services; and
 - police support continues to be provided to both services from one location; and
 - accessibility to coroner services continue to be provided locally from Middlesbrough and Hartlepool, with a website, for the Teesside Service, being established to further improve accessibility.
4. There has been a significant increase in workload resulting from the Cheshire West Judgement; consequently the Teesside Coroner's Service now requires a full-time senior coroner; this would also be required in the new merged area. Therefore the previously identified saving of £25,000, on coroner salary / fees, is unlikely to be achieved.
5. There is a new risk which is that pressure will be applied to increase the senior coroner's salary in line with the recommendations contained in a national report prepared by Price Waterhouse Cooper. This report recommends that the national rates for coroner pay are as follows: senior coroners to be paid £135,000 and assistant coroners £104,000 per annum. However, in legislation negotiation of fees is a local issue for agreement between the relevant authority and the coroner for the area, although the ultimate decision-maker, if agreement cannot be reached, is the Lord Chancellor.
6. It is possible that some additional slight improvements in the efficiency of both services and their resilience may be possible by merging the two areas. However, the main service improvements, performance improvements and costs savings have already been achieved by introducing new streamlined processes and commissioning of services within the Teesside Coroner's Service.
7. The model of coroner support, 1 FTE senior coroner supported by a dedicated assistant coroner with a small number of additional ad hoc assistant coroner days, has proved to be efficient and effective.
8. The risks and opportunities associated with the two options for the appointment of a senior coroner for the new area have been given further consideration, and Leading Counsel's

opinion sought. There are risks associated with both options; however, on balance an external competition provides the greater likelihood of securing the best outcome for the area with mitigation of the main risk (compensation), should this risk arise, being addressed via the option of an assistant (or an area) coroner role.

9. Hartlepool Council is the Relevant Authority for the Hartlepool Coroner's Service. Hartlepool Council have stated that do not support an external advert rather that the Senior Coroner for Hartlepool should be slotted into the Senior Coroner role in the new merged area. Consequently there is no longer an agreed business case in respect of the appointment process for the new role.
10. The lack of legislative certainty regarding compensation for a senior coroner who loses offices as a result of a merger needs addressing and this can only be done by the MoJ. Consequently the MoJ were asked to indemnify local authorities against any costs associated with litigation and compensation for loss of office (should this be payable). The MoJ have stated that an indemnity will not be possible. Therefore the recommendation is to postpone the merger until the appropriate legislation is in place to enable this risk to be accurately assessed.

Recommendations

11. It is therefore recommended that:

- the senior coroner position should be full-time;
- that the model of coroner support (1 FTE senior coroner + 0.8 FTE assistant coroner is retained);
- that the senior coroner for the new area is appointed via external competition, following MoJ agreement to indemnify the local authorities against the costs of litigation and compensation (should a scenario arise where compensation is payable); if no indemnity is forthcoming then it is recommended that the merger is postponed until legislation is in place governing the payment of compensation;
- if the MoJ decide a merger should occur without the above occurring; and a scenario arises whereby a claim for compensation is brought against the local authorities that this is dealt with by the Relevant Authority for the new coroner area with any associated costs / compensation being discussed and agreed between four authorities in accordance with the formula for funding the service; and
- that the detail of the support provided to the senior coroner, by either an assistant (or area) coroner, is to be decided by the Relevant Authority (in liaison with the other authorities) once the outcome of the senior coroner appointment process is known.
- further revisions to the Business Case and its addendum, which do not fundamentally alter the direction set, are delegated to the Assistant Director – Organisation and Governance.

BACKGROUND

12. On 30th April 2014 the Senior Coroner for Teesside, Mr Michael Sheffield, retired. In line with Ministry of Justice guidance; Middlesbrough Council liaised with all relevant stakeholder and drafted a business case, approved by all four local authorities, which supports the merger of the Teesside and Hartlepool Coroner areas.
13. The business case was submitted to the Ministry of Justice on 9th September 2015. The Ministry of Justice raised several queries with Middlesbrough between September 2014 and January 2015.
14. In February 2015, the Ministry of Justice undertook formal consultation on the business case. There were 18 responses to this consultation; all were in support of a merger but the Chief Coroner's response included some concerns regarding the details of the proposals in the business case. The Ministry of Justice shared those concerns.
15. March / April 2015 - Following discussions with the Ministry of Justice it was accepted that progress on the merger would not be possible until after the national and local elections. The Ministry of Justice's stated position being: "...we do not feel we can recommend a merger to ministers in the form proposed given the Chief Coroner's views on the desirability of an open competition and full-time position...."
16. May 2015, national and local elections resulted in changes in the political make-up at councils within the Teesside and Hartlepool Coroner's areas; within Middlesbrough a new mayor of Middlesbrough was elected.
17. June to October 2015 informal discussions between the local authorities, Cleveland Police, the Acting Senior Coroner for Teesside and the Senior Coroner for Hartlepool.
18. October 2015 – addendum to the business case drafted, which considers the responses to consultation and wider changes that have occurred, for approval by the four local authorities; prior to submission to the Ministry of Justice.

PROGRESS MADE AGAINST THE ORIGINAL BUSINESS CASE

19. The original business case was drafted in July 2014; since that date there has been significant progress in delivering the benefits outlined in the business case without a merger of the Teesside and Hartlepool Coroner areas.
20. The benefits outlined in the original business case were assessed against the key criteria as follows:
 - Improved outcomes for customers; measured by:
 - timeliness of inquests
 - accessibility of the service
 - cost effectiveness
 - Streamlined processes for partners
 - Responsiveness to future demand.

Improved outcomes for customers

Timeliness of inquests

21. The historic under-performance issues previously associated with the Teesside Coroner's service have been successfully addressed. The backlog of cases, which once stood at over 400, have all been concluded. The service now runs with between 70 to 95 open cases, as is appropriate for a service of this size. The average time taken to complete inquests in 2014 (excluding backlog cases) was circa seven weeks which was amongst the best in the country. Including backlog cases it was 33 weeks which was a significant improvement on the previous year which had an average time of 50 weeks. In 2014 the Teesside Coroner's service dealt with 2,298 reported deaths and concluded circa 700 inquests.
22. Hartlepool Coroner's service continues to perform well with the average time for inquests in 2014 being three weeks which was the best performance in the country. This excellent achievement is partly attributed to the closure of the hospital and the consequent reduction in the number of complex cases. In 2014 the Hartlepool Coroner's service dealt with 235 reported deaths and concluded 29 inquests.

Accessibility

23. The Teesside and Hartlepool Coroner's services are both supported by officers from Cleveland Police who are based in Middlesbrough Town Hall, with Hartlepool also having an office in Hartlepool. The physical accessibility of the service remains unchanged. However the establishment of a Teesside Coroner Service website with information about inquests has improved access to information for residents.

Cost effectiveness

24. The savings predicted in the original business case and progress against them is shown in table 1. The expected savings have been delivered by introducing streamlined processes, no other, significant savings, are likely to occur as a result of the areas merging. Although a merger may result in cost avoidance by Hartlepool e.g. the Teesside Coroner's Service utilises an electronic case management system in a merged area this could also be utilised by Hartlepool thus avoiding costs to Hartlepool

Coroner's Service associated with buying and maintaining an electronic case management system.

Table 1 – Savings predicted in the original business case		
Area for saving	Predicted saving	Update
Efficiencies arising from the procurement of undertakers circa	£30,000	Overachieved £65,000 saving
Efficiencies arising from the implementation of the new operating model due to fewer inquests and post-mortems, a higher number of documentary only and straight through inquests and greater use of discontinuance	£160,000*	New model implemented and savings achieved*.
Reduction in administration costs arising from merger	£15,000	Not achieved. Coroner time savings no longer achievable due to increase in workload arising from the Cheshire West judgement.
Reduction in coroner payments arising from the new coroner model which the merger will facilitate	£25,000	
Total	£230,000	£225,000 achieved*

* The savings achieved have been offset by an increase in the number of reported deaths and inquests due to a change in legislation (Cheshire West ruling by the Supreme Court) this is explained in more detail later in the report and also an increase in hospital based costs e.g. mortuary services and toxicology investigations and reports.

25. The cost of the Teesside and Hartlepool Coroner services, for 2013/14, 2014/15 are provided in Table 2. This shows the significant increase in costs to the Teesside Coroner's service, in 2014/15 which was a direct consequence of addressing the backlog of over 400 cases. The budget set for 2015/16 (see Table 2) is based on that required for the new streamlined operating model and the predicted workload for 2015/16.

Table 2 – Costs of the Coroners Service 2013/14 – 2015/16				
	2013/14	2014/15⁽¹⁾	2015/16 (budget)	Difference
Teesside	£962,488	£1,066,574	£890,300	-£176,274
Hartlepool	£182,000	£208,000 ⁽²⁾	£208,000	-
Total	£1,144,488	1,274,574	£1,098,300	-£176,274

(1) 2014/15 budget figures for Teesside are skewed due to the backlog of over 400 cases dealt with during this financial year.

(2) Comparison is actual spend 2014/15 and predicted 2015/16 spend as budget set included savings expected from the merger which did not occur.

26. The cost to each authority in 2014/15 and 2015/16 is shown in Tables 3 and Table 4. The impact on each authority of the costs of the merged service is shown in Table 5. The total cost of the merged service is predicted to remain the same as no further significant savings are expected as a result of the merger; although there may be some minor administrative savings. The costs however are redistributed across the authorities with the costs to the three authorities within the Teesside Coroner's area increasing and the costs to Hartlepool decreasing.

Table 3 - The cost, per authority, of the Coroner's Services 2014-15

2014/15	Budget contribution	Population Mid-2013	Cost
Middlesbrough	29.74%	138,744	£317,199
Redcar and Cleveland	29.05%	134,998	£309,840
Stockton	41.21%	192,406	£439,535
Total	100%	466,148	£1,066,574
Hartlepool	100%	91,200	£ 208,000

Table 4 - The cost, per authority, for the Coroner's Services 2015/16

2015/16	Budget contribution	Population (Mid-2014)	Cost
Middlesbrough	29.74%	139,119	£264,775
Redcar and Cleveland	29.05%	135,042	£258,632
Stockton	41.21%	194,119	£366,893
Total	100%	466,148	£890,300
Hartlepool*	100%	92,590	£208,000*

* The budgeted cost for Hartlepool included the reduction expected from the merger therefore the budgeted figure + the saving dependent upon the merger has been included in the table.

Table 5 – Cost, per authority, for the combined Coroner's Service 2015/16

2015/16	Budget contribution	Population (mid-2014)	Cost	Difference
Middlesbrough	24.90%	139,119	£273,463	+£8,688
Redcar and Cleveland	24.17%	135,042	£265,449	+£6,817
Stockton	34.74%	194,119	£381,576	+£14,683
Hartlepool	16.57%	92,590	£182,002	-£25,998
Total	100%*	558,738	£1,098,300*	

*Due to rounding figures are not exact budget contribution total = 100.38%; the 0.38% equating to the £4,873 difference in the cost total

Streamlined processes for partners and responsiveness to future demand

27. The new operating model introduced into the Teesside Coroner's Service has streamlined processes and is now similar to that operated by the Hartlepool Coroner's Service. This has resulted in a more streamlined service to partners, further slight improvements may be possible as a consequence of the merger.

28. Future demand is likely to increase as demonstrated by the impact of the Cheshire West (Deprivation of Liberty) judgement. The increase of the senior coroner role to full-time will help mitigate this increase. The impact of the Cheshire West Judgement

will need to be kept under review if the number of inquests continues to rise this will impact upon the level of (all) resources required i.e. council, police and coroner.

KEY CHANGES SINCE THE BUSINESS CASE WAS SUBMITTED

29. The original business case was drafted in July 2014. Since that date there have been several key changes, as follows:
- a. a better understanding of the impact on the Coroner's Service of the Cheshire West (deprivation of liberty) judgement;
 - b. the opportunity to see the coroner support model proposed in the business case in operation (albeit in a slightly different format);
 - c. the Chief Coroner's response to the consultation on the original business case and additional guidance issued to Middlesbrough in respect of the merger; and
 - d. changes to the political administrations at some councils.

IMPACT OF CHANGES ON THE BUSINESS CASE

Impact of the Cheshire West Judgement

30. In March 2014 the Supreme Court handed down a ruling (**Cheshire West**) that clarified the definition of "deprivation of liberty"; this resulted in an increase in the number of cases in which residents are deemed to be "deprived of their liberty". This has impacted directly on the number of deaths reported to the coroner (which is likely to continue to rise) as all deaths of those 'deprived of liberty' should be reported to the coroner and should be subject to an inquest.
31. Consequently in the calendar year to date there has been a rise in reported deaths (an additional 137 in the period January 2015 – September 2015) and 361 inquests during this nine-month period which is in excess of the number undertaken during 2014. It is estimated that in 2015 there will be circa 500 inquests compared to 296 (excluding backlog cases) undertaken in 2014.
32. The impact of the Cheshire West judgement is likely to see both the number of reported deaths and the number of inquests rise throughout 2015 and 2016 before the rate of increase reduces. The level of reported deaths and inquests will remain at a much higher level than was the previous norm.
33. This significant increase in workload has resulted in the need for a full time senior coroner position in the Teesside Coroner's Service and this need will continue in a merged service. The number of reported deaths and inquests undertaken by the Hartlepool Coroner's Service has reduced and may continue to do so as a result of the closure of the hospital, this has also resulted in a reduction in the number of complex cases dealt with by the Hartlepool Coroner's Service.

Opportunity to see the new coroner support model in operation

34. A new, streamlined business model, which complies with the Coroners and Justice Act 2009 has been in operation, in the Teesside Coroner's Service, for over a year. This has resulted in a significant improvement in the timeliness of inquests. In 2014 inquests (excluding backlog cases) were concluded, on average, in 7 weeks. This performance has continued throughout 2015 indicating that the new business model is working well.
35. The new model includes: more inquests held as 'straight through' inquests i.e. opened and concluded at the same time; more inquests undertaken based on the paperwork only, reducing the need to call witnesses, there has also been a reduction in the number of jury inquests. This new streamlined business model is working very well, and savings have been delivered in line with those predicted. However, the savings have been offset by the increase in workload attributable to the Cheshire West judgement.
36. The model of coroner support in operation is: 1.4 FTE for Teesside (split 1 FTE senior coroner and 0.4 FTE assistant coroner) this has worked well. The Senior Coroner for Hartlepool continues to deliver the service to Hartlepool with circa 0.4 FTE. Overall, this gives a total of 1.8 FTE Coroner support for the Teesside and Hartlepool Coroner areas, supplemented with a small number of ad hoc assistant coroner days.
37. The opportunity to see the coroner support model in operation has demonstrated that having one full-time senior coroner overseeing the service and liaising with key partners has worked well. The full-time position enables adequate time for liaison with key stakeholders and addressing service improvement issues in addition to ensuring that the core coroner work is delivered. This combined with the additional workload generated by Cheshire West supports an amendment to the business case to increase the senior coroner's position to full time from the 0.8 FTE originally proposed.

The Chief Coroner's response to the consultation and additional guidance

38. The Chief Coroner has responded to the consultation on the business case and has issued additional guidance to Middlesbrough in respect of the merger. The Chief Coroner's consultation response states:

"Proposed coroner model

The Chief Coroner does not support the proposal to appoint a 0.8 FTE senior coroner to the new coroner area. As acknowledged in the business case put forward by the local authorities, the Chief Coroner is of the view that there should be a reduction in the number of part-time coroner areas. He considers that the combined number of reported deaths for Teesside and Hartlepool, 2,738 in 2013, requires a full-time senior coroner to enable proper leadership of the coroner service.

The size of the merged area would not normally require an area coroner. Instead, the senior coroner should be supported sufficiently by the five assistant coroners, all of whom should be paid a fee and offered a minimum of 15 sitting days per year. The issue of whether there needs to be an area coroner could, however, be left open for discussion.

If an area coroner is appointed that person will become the deputy to the senior coroner. Otherwise, the new senior coroner and the relevant authority should agree which of the assistant coroners will act as deputy when the senior coroner is unavailable or incapacitated. However, the deputy should not be used to ensure that there is a full-time service where there is a part-time senior coroner. Where a full-time service is required, a full-time senior coroner should be appointed.

Appointment of the new senior coroner

The Chief Coroner notes the proposal to appoint the present senior coroner for Hartlepool, Malcolm Donnelly, as senior coroner for the new coroner area upon its creation. Although it is open to the relevant authority to appoint a senior coroner from one of the old coroner areas to the newly merged coroner area in accordance with the Chief Coroner's Guidance No 14: Mergers of Coroner Areas, the Chief Coroner is of the view that the circumstances in the present case do not necessarily lend themselves to this particular option. The current area of Hartlepool is small, with 340 deaths reported in 2013. The estimated number of deaths in the newly merged area is approximately eight times this amount at 2,738, which would represent a considerable increase in workload for the existing senior coroner for Hartlepool. Under these circumstances, the Chief Coroner would like to encourage Middlesbrough Council and Hartlepool Borough Council to consider an open competition in line with ... the Additional Note relevant to this topic which is attached."

39. The relevant paragraphs of the Additional Note state:

"The Chief Coroner advised that Option 1 should usually be the preferred option ... The word 'usually' means that Option 1 will not always be the right option. As the Chief Coroner has stated 'the relevant provisions of the 2009 Act do not provide automatic inheritance of the newly formed coroner area for the remaining coroner (where there is only one remaining)' (paragraph 25). In some circumstances, therefore, Option 2 may be the better option. The Chief Coroner has made it clear that it is a matter for the relevant authority which option to choose ... Where, therefore, the remaining senior coroner has had only limited experience as a senior coroner or where the merged area will be considerably larger (in terms of numbers of reported deaths) than the remaining coroner's current area, the relevant authority may wish to consider the following points:

- The extent of the experience of the remaining senior coroner. Whether that experience is a sufficient guide to their appointing him/her as senior coroner of a much larger coroner area or taking on a very different area profile, for example prisons for the first time.*
- Whether the public will have sufficient confidence in that person in the light of their experience.*
- The likelihood that a good field of candidates will apply if a competition is held, so that the best candidate for the post can be appointed." - His Honour Judge Peter Thornton QC; Chief Coroner*

The Ministry of Justice supported the view of the Chief Coroner, advising the Relevant Authority, in April 2015, that:

- "As you are aware we are very keen to progress a merger of the Teesside and Hartlepool Coroner areas. However, we do not feel that we can recommend to Ministers a merger in the form that has been proposed in the business case, given*

the Chief Coroners views on the desirability of an open competition in this instance and the proposed 0.8FTE Senior Coroner post...” - MoJ

Consideration of the issues raised by the Chief Coroner during consultation

40. The need for a full-time senior coroner post, due to the increase in workload, is accepted; this is further supported by the Chief Coroner's views.
41. The Chief Coroner's view is that the senior coroner should be supported by the 5 assistant coroner's all working ad-hoc. This model of coroner support was in operation when performance in the Teesside Coroner's Service was poor. This model contributed to the poor performance in the area at that time. The new coroner support model is in operation (albeit in a slightly amended format to that originally envisaged) and has proven exceptionally effective. Consequently it is proposed to retain the proposal for 0.8 FTE assistant coroner support with a small number of additional ad-hoc assistant coroner days (if required).
42. The original business case proposed that the Senior Coroner for Hartlepool, Mr Donnelly, would be 'slotted in' to the senior coroner role in the new area. The basis for this view was:
- a. to comply with the Chief Coroner's guidance note 14;
 - b. due to the acceptance, at face value, of the Ministry of Justice's position that compensation would be a matter for the Relevant Authority; and
 - c. (incorrect) information that the new rules governing appointments would apply to the new role, in a slot-in scenario, thus the senior coroner would be required to retire at age 70.
43. The Chief Coroner raises valid points in relation to the relative size of the current Teesside and Hartlepool Coroner areas (the former dealing with significantly more reported deaths than the latter), the institutions contained within them (the former contains two substantial hospitals and two prisons as opposed to no such facilities in the latter), and the likelihood of attracting the best candidate for the role through open competition (not excluding the possibility that either the Acting Senior Coroner for Teesside or the Senior Coroner for Hartlepool might be that 'best candidate').
44. An analysis of the workload of the Teesside and Hartlepool Coroner areas is provided in Table 6. This clearly illustrates the point being made by the Chief Coroner regarding size of workload.

Table 6 - Caseload statistics for the Teesside and Hartlepool Coroner areas

Total deaths reported					
Year	Total	Teesside		Hartlepool	
		Number	Percent	Number	Percent
2011	3,046	2,659	87%	387	13%
2012	2,971	2,635	89%	336	11%
2013	2,738	2,398	88%	340	12%
2014	2,533	2,298	91%	235	9%
Inquests					
2011	338	292	86%	46	14%
2012	386	350	91%	36	9%
2013	448	394	88%	54	12%
2014	772	693	96%	29	4%

Source: Ministry of Justice Coroner Statistics - <https://www.gov.uk/government/news/new-coroners-data-tool-launched>.

45. In addition to the workload, recruitment through open competition would require that the successful candidate be appointed under the terms of the 2009 Act. As such, such an appointment would be subject to a mandatory retirement age of 70. In contrast, any slot-in appointment would be on the basis of the pre-existing appointment, and would not, therefore, be subject to any specified retirement age. Open competition would, therefore, bring a degree of certainty to the senior coroner's position, which would ensure that the previous situation could not recur. Given the serious problems which occurred in the Teesside Coroner's Service for circa 15 years prior to the retirement of the previous Senior Coroner, this is a situation that the Teesside Coroner's Service should ensure does not happen again.
46. The Coroner's and Justice Act 2009 s.15 states that the salary for the senior coroner is to be agreed by the senior coroner and the relevant authority but that if agreement cannot be reached then the matter may be referred to the Lord Chancellor for determination. There is currently significant pressure from the Coroner's Society for standardised salaries for coroners these are suggested at a level far in excess of that previously recommended by the LGA and that paid by Teesside and Hartlepool local authorities. An open competition, by its nature, represents an offer and acceptance of salary and therefore significantly mitigates the risk of disagreement, again bringing greater certainty to the costs of the service. A slot-in brings the risk of challenge to the salary, and on the basis of inequity of the parties bargaining power has a far greater likelihood of success which could result in increased salary costs in respect of the senior coroner and assistant coroners' fees which could amount to an additional £100,000 per year (source PWC).
47. However, it should be noted that there is a potential compensation issue for a current Senior Coroner who loses that role. Paragraph 36 of Guidance Note 14 states: *"As a result of the process of merger, in particular in relation to option (2), one or more senior coroners from the old coroner areas may no longer hold the position of senior coroner. It is arguable that the displaced senior coroner (or senior coroners) is entitled to remain a salaried coroner (with no reduction in salary) but not entitled as of right to continue to hold the office of senior coroner. Be that as it may one of the alternatives in the process is to offer a displaced senior coroner from an old area a new position as area coroner in an enlarged merged area."*

48. Clarification was sought from the Ministry of Justice on the compensation issue in April 2015. The relevant authority requested sight of any legal authority indicating that compensation was a matter for the local authorities. The Ministry of Justice responded advising that:
- ‘Unfortunately the legal advice we received on the Coroners and Justice Act does not deal specifically with who would be liable to meet a compensation claim. It does, however, acknowledge that such a claim is a significant risk and notes that there is no statutory compensation mechanism to deal with this in the 2009 Act. As a result the departments view has been that compensation would be a matter for the local authority as ultimately it is the local authority’s decision as to whether to run an open competition..... Given the uncertainty and potential financial risks surrounding an open competition, Ministers may be willing to approve a merger without an open competition... However, we will need to include in our advice the Councils consideration and response to the Chief Coroners point.’ - MoJ*
49. It became evident at this point that the Ministry of Justice had altered their position due to the uncertainty and potential financial implications of open competition. Open competition was a matter for the local authorities and a merger may be approved on that basis and on consideration and response to the Chief Coroners concerns.
50. The Ministry of Justice have now shared selected extracts of the legal opinion that they sought on this matter. This suggests that responsibility for payment may sit with the Relevant Authority.
51. The 2009 Coroners and Justice Act, which provide the statutory basis for mergers, is silent on this issue; whilst this could be an oversight it is perhaps more likely that the legislation is silent as it was envisaged that no compensation for loss of office was payable.
52. When Local Government reorganisation occurred in 1965 and 1972 the legislation included provision for compensation of a coroner for loss of office. In local government reorganisation payment fell to the local authorities. However, the driver to merge coroner areas is the Coroner and Justice Act 2009 which states that the number of coroner areas should reduce; logically this would mean that compensation should be a matter for the MoJ. In addition the ultimate decision-makers with respect to whether or not a merger occurs is the MoJ who either recommend or don’t recommend this action to ministers for approval. A fundamental principle regarding compensation is that it is payable by the decision-maker. The decision of whether or not to slot-in a displaced coroner is merely a mitigating action to the decision taken by the MoJ to merge the areas.
53. The previous statutory provisions, which do not apply in this scenario, allowed for compensation to be paid however this was only where the senior coroner did not seek to mitigate his loss hence it is probable that this risk could be mitigated by offering an assistant (or area) coroner role. It is clear that similar clarification on whether compensation is payable and if so statutory provision detailing what compensation is due, is required. A request will be made to the Ministry of Justice asking that this is addressed.
54. Middlesbrough Council sought external legal advice on this matter; Leading Counsel’s advice in relation to compensation suggests that compensation may not, in any event,

be payable, as there are no provisions in the Coroners and Justice Act 2009 for such compensation; and if, contrary to that position, compensation is payable, the liability for such payment would fall to the organisation which takes the action that abolishes the office of Senior Coroner for Hartlepool, i.e. the MoJ. In such circumstances, and given that coroners are not employees of the authorities, there might remain a relationship akin to a contract for services, which would need to be lawfully terminated; however, Leading Counsel's view is that a court would be likely to conclude that there is an implied term entitling the authorities to terminate on reasonable notice in circumstances where the office is abolished.

55. Both options for appointment of a senior coroner to the new area have opportunities and risks associated with them; these are summarised in the Table 7.

Table 7 - Opportunities and Risks associated with options available	
Opportunities	Risks
Slot-in	
Avoids uncertainty regarding compensation payable.	<p>Previous legislative rules will apply rather than those contained in the 2009 Coroner's and Justice Act, specifically no requirement to retire at 70. The risk being that the issues which previously faced the Teesside Coroner's Service which were extremely difficult to address, could re-occur.</p> <p>High risk of successful challenge regarding salary offered and potential cost increase in salary costs.</p> <p>Limited / no experience of managing a coroner's service of this size with:</p> <ul style="list-style-type: none"> • circa 2,500 reported deaths and circa 500 inquests per year (based on 2014 and 015 numbers) • multi-agency support team associated with above workload • prison deaths <p>Cannot demonstrate that the best candidate for the job secures the role and consequently may not secure the best outcome for the service and the residents of the area.</p> <p>Does not take into account the Chief Coroner's specific guidance, issued to Teesside and Hartlepool.</p>
Open Competition	
<p>Market can be tested to ensure the best person for the job</p> <p>Moves the jurisdiction to the new rules as per the 2009 Coroner's and Justice Act; Post holder will be required to retire at 70</p> <p>Greater certainty regarding level of remuneration, with reduced risk that this will be successfully challenged</p>	<p>Compensation issue - High level of uncertainty, as the matter is not governed by the Coroners and Justice Act 2009 and there are no associated compensation regulations detailing:</p> <ul style="list-style-type: none"> • If compensation is due • Who is liable for compensation • How compensation would be calculated • Whether payment of compensation would be mitigated by an offer of a role on similar terms. <p>Leading Counsel's view - Compensation for loss of office may not be payable at all and if it is then it is a</p>

<p>Meets Chief Coroner's specific guidance issued regarding the circumstances in this area.</p>	<p>matter for the MoJ. Hartlepool Council may be liable for ending a contract for services if adequate notice is provided there may be no financial liability or liability is likely to amount to circa 3 months' salary. MoJ legal opinion is that the Relevant Authority may be liable to pay compensation.</p> <p>There is a high risk of becoming embroiled in litigation which occurs due to this being the first merger in which a displaced coroner is not 'slotted in' to the new role. Regardless of the outcome of the litigation this is likely to impact upon council and coroner resources.</p>
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56. In light of the above, it is considered that, in order to secure the widest possible field of candidates and thereby be in a position to appoint the best candidate possible, recruitment through external advertisement is now the preferred option. This also provides greater certainty in respect of succession planning, vacation of office at age 70 and the terms of office including salary agreed. Whilst ensuring that the public receive the best service possible and ensuring that there is no reoccurrence of the issues that beset the Teesside Coroner's Service previously.
57. It is proposed that the detail of the support provided to the senior coroner by either an assistant (or area) coroner is to be decided by the relevant authority (in liaison with the other authorities) once the outcome of the senior coroner appointment process is known.
58. It is also proposed the MoJ are asked to indemnify the local authorities against the risk of compensation. If the MoJ are unwilling to indemnify the local authorities then it is proposed that the merger is postponed until appropriate legislation is introduced to govern the compensation issue and allow an accurate assessment of the financial risk.
59. The main risk is that litigation will occur as this will be the first merger, nationally, where a sitting senior coroner is not 'slotted-in' to the new role. Consequently it is possible that the Coroner's Society may decide to challenge this decision to provide clarity regarding the position in respect of senior coroners in areas that may merge in the future.
60. The MoJ have the legislative authority to merge the authorities without the agreement of all (or any) parties and they could choose to do so although to date this has not occurred. Should this occur it fundamentally weakens the MoJ argument that the decision making organisation is the Relevant Authority as it is the act of merger which results in the removal of the senior coroner offices in respect of both Teesside and Hartlepool and which results in the displacement of the Senior Coroner for Hartlepool.
61. If, the decision is taken by the MoJ to insist on a merger without the above in place then it is recommended that should a claim for compensation be brought against the local authorities that this is dealt with by the Relevant Authority for the new coroner area and any associated costs / compensation is discussed and agreed between the four authorities in accordance with the formula for funding the service.

Changes in political makeup of councils

62. Following the elections on 7 May 2015, the political composition of all four of the local authorities has changed, including the election of a new Mayor of Middlesbrough Council.
63. In such circumstances, it is perhaps understandable that each new administration will wish to consider the position afresh (or, at least, in light of new information) and satisfy itself as to the most appropriate way forward. Given the Chief Coroner's consultation response, and the subsequent discussions with the Ministry of Justice, it is appropriate that this Addendum be the subject of a further formal resolution from each authority.

CONCLUSION AND RECOMMENDATIONS

64. Having considered the progress made against the original business case, the wider contextual changes and the Chief Coroner's view it is evident that the proposals in the original business case should be reassessed.
65. There is an obligation to ensure that the best person for the role is appointed to safeguard the service improvements that have occurred to date, and secure performance in the long term. It is imperative that advantage is taken of the opportunity to move the new coroner area to the new legislative arrangements thus ensuring, as far as is possible, that the previous issues associated with the Teesside Coroner's Service do not reoccur in the new, merged, area.
66. In light of the: progress made in delivering key actions in the original Business Case, the wider contextual changes and the Chief Coroner's responses to consultation; it is recommended that:
- the senior coroner position should be full-time;
 - that the model of coroner support (1 FTE senior coroner + 0.8 FTE assistant coroner is retained);
 - that the senior coroner for the new area is appointed via external competition, following MoJ agreement to indemnify the local authorities against the costs of litigation and compensation (should a scenario arise where compensation is payable); if no indemnity is forthcoming then it is recommended that the merger is postponed until legislation is in place governing the payment of compensation;
 - if the MoJ decide a merger should occur without the above occurring; and a scenario arises whereby a claim for compensation is brought against the local authorities that this is dealt with by the Relevant Authority for the new coroner area with any associated costs / compensation being discussed and agreed between four authorities in accordance with the formula for funding the service; and
 - that the detail of the support provided to the senior coroner, by either an assistant (or area) coroner, is to be decided by the Relevant Authority (in liaison with the other authorities) once the outcome of the senior coroner appointment process is known.



CHIEF CORONER

GUIDANCE No. 6

THE APPOINTMENT OF CORONERS

INTRODUCTION

1. This Guidance is designed to assist local authorities in making coroner appointments under the Coroners and Justice Act 2009. It also sets out the way in which the Chief Coroner is likely to exercise his consent under the Act.
2. The Chief Coroner wishes to emphasise that the appointments process is essentially a matter for the local authority. Each appointment will be their appointment.
3. Nevertheless, local authorities need to bear in mind that with the implementation of the 2009 Act (from 25 July 2013) all appointments of coroners need the consent of the Chief Coroner and the Lord Chancellor.
4. It should be noted that local authorities 'appoint' coroners but they do not 'employ' them. This is an important distinction. Once appointed a coroner becomes and remains an independent judicial office holder. Local authorities pay the coroner's salary or fees and agree other terms and conditions (the Chief Coroner is consulting on a template as guidance). But there is no contract of employment between local authority and coroner. Coroners should not be equated in financial or other terms with chief officers.
5. To be eligible for any coroner appointment under the 2009 Act a person must satisfy the judicial-appointment eligibility condition on a five-year basis and be under the age of 70: paragraph 3 of Schedule 3.
6. All references in this guidance are to the Coroners and Justice Act 2009.

Local authorities make all appointments

7. All appointments of coroners - senior coroners, area coroners and assistant coroners - must now be made by the relevant local authority for the coroner area: section 23, paragraphs 1 and 2 of Schedule 3. Previously, under the Coroners Act 1988, the coroner appointed deputy and assistant deputy coroners. Under the 2009 Act, however, it is now the local authority which must make all appointments.

8. Where the coroner area consists of more than one local authority, the relevant authority (formerly known as the lead authority) must consult the other authority or authorities before making a senior coroner appointment: paragraph 1(2) of Schedule 3. For the meaning of 'relevant authority' see paragraph 3, Schedule 2.

Consents

9. The Chief Coroner must consent to the appointment of all coroners: section 23, paragraphs 1(3) and 2(5) of Schedule 3.
10. Similarly, the Lord Chancellor must consent to all coroner appointments: *ibid*.

The Chief Coroner's role

11. In order to be able to decide whether to give his consent or withhold it the Chief Coroner will involve himself in every appointment process.
12. The Chief Coroner will be involved directly in the appointment process for senior coroners, either himself or through a nominee.
13. The Chief Coroner's nominee will be an experienced senior coroner chosen by the Chief Coroner to fulfil this role. There will be a small number of nominees who will act as the Chief Coroner would himself act in the process and who will report to the Chief Coroner.
14. The Chief Coroner's role in the appointment of area or assistant coroners will be more flexible (see below).

THE APPOINTMENT OF SENIOR CORONERS

15. The senior coroner is the coroner in charge of the coroner service for his or her coroner area. Where a senior coroner vacancy arises the relevant authority must appoint a senior coroner: paragraph 1(1) of Schedule 3.
16. Where a vacancy occurs in the office of senior (or area) coroner for an area, the relevant local authority must notify the Chief Coroner and the Lord Chancellor in writing as soon as practicable, and make the appointment usually within three months: paragraph 5, Schedule 3.
17. The Chief Coroner, his nominee (where there is one) and the Chief Coroner's office will be available to assist local authorities throughout the appointment process. Local authorities should not use other coroners to assist them with the process as this is likely to complicate matters and may confuse the process.
18. If the Chief Coroner's nominee is used, the relevant authority will pay the nominee's reasonable expenses. These would include overnight accommodation and a 'backfill' payment to the nominee's local authority to cover the time spent on the appointment process. However, the nominee will not receive a fee because he or she will always be a full-time salaried coroner.

Advertisements

19. The relevant authority must advertise the post widely and not just in the local area. It is vital that all experienced coroners should be made aware of the vacancy and the appointments process.
20. As a minimum requirement the local authority must advertise locally, through local media outlets, and where possible on the local authority website in a way which reaches all potential applicants. This is probably best achieved by notifying, immediately before advertising, both the Chief Coroner and the Coroners' Society of England and Wales that the advert is about to be posted. In this way the Chief Coroner can notify all coroners and the Coroners' Society will copy the advert to their website and circulate emails.
21. The local authority's advertisement should allow for an application period of at least three weeks.
22. The advertisement should refer to the job description, eligibility for the post, and terms and conditions of appointment, either directly or indirectly by reference to other documents which can be easily obtained. It should also explain how the application form can be obtained and who can be contacted for further information.

Applications

23. Although the content of the application form is a matter for the local authority, if necessary the Chief Coroner's office can provide a specimen application form as well as advertisement and job description.
24. Where the applicant is not a full-time coroner, it is important that the applicant's coroner experience is provided in detail. The form should therefore require the applicant to state:
 - (a) how many days worked as coroner;
 - (b) the nature of the work;
 - (c) the division of time between office and court;
 - (d) the extent of experience in completing Forms 100A and 100B;
 - (e) the number and type of inquests conducted;
 - (f) the number of long inquests and their subject matter; and
 - (g) the number of Article 2 inquests conducted.

The sift

25. The local authority (through appointed officers) will choose from the written applications who they wish to interview. It is suggested that about 4-6 candidates is a good number to interview. That kind of number allows for all interviews to be concluded and discussed in one day.
26. After the sift the written applications of all candidates will be shown to the Chief Coroner who will then consider the sift for two purposes:
 - first to see if a good candidate has not been included for interview, in which case the Chief Coroner will recommend that that candidate should also be interviewed; and

- secondly, to indicate whether a candidate selected for interview is not appointable, for example for lack of coroner experience for the particular post, and, if so, the Chief Coroner will advise the local authority accordingly.

Interviews

27. The candidates selected at the sift will be interviewed by the local authority. Interviews will take the form of a short presentation prepared by candidates in advance and questions.
28. Normally, the local authority will appoint officers to conduct the interviews, although sometimes a councillor may also sit on the interview panel. Some local authorities delegate the appointment power to senior officers. Others look to the officers to make a recommendation after interview to council leaders. Some others have a two-stage process with officers interviewing first in order to select one or two candidates to put forward for a second round of interviews with elected council members. These are matters for the local authority in question. However, the Chief Coroner will advise on the process to be adopted if asked to do so.
29. The Chief Coroner or his nominee will be able to assist the local authority on the presentation topic and questions for the candidates, particularly on technical questions. The Chief Coroner or nominee will assist in providing possible answers or indicators for those questions.
30. All candidates at interview will be asked the same questions.
31. The Chief Coroner, or his nominee, will attend the interviews but will not ask questions or intervene during the interviews. The chair of the interviewing panel will explain this to each candidate.

Decision after interviews

32. After all the interviews are completed the interview panel(s) will discuss the relative merits of the candidates and come to a decision.
33. The Chief Coroner or his nominee will be present during any discussion but will not have a vote in the decision (because a vote and a consent or withholding of consent might be taken to be double-counting in the process). Usually, when the Chief Coroner is present, he will indicate at the time that he will or will not give his consent (with reasons). This will be repeated in writing, with more explanation if required, as soon as reasonably practicable.
34. In the event that the panel declines to appoint any candidate the post will have to be re-advertised.

Appointment

35. Local authority practices vary at this point: see paragraph 28 above.
36. Once a candidate is proposed for appointment the formal written consent of the Chief Coroner and, separately, the Lord Chancellor, must be obtained. The Local Authority will need to write to the Lord Chancellor c/o the Coroners, Burials, Cremation and Inquiries Team at the Ministry of Justice (4th Floor, 102 Petty France, London SW1H 9AJ), giving detail of the appointment process.

Announcement

37. The local authority will liaise with the Chief Coroner's office (chiefcoronersoffice@judiciary.gsi.gov.uk) about the timing of the local authority's announcement of the new senior coroner to allow the Chief Coroner's office to inform all coroners and the Coroners' Society immediately after the announcement has been made.

THE APPOINTMENT OF AREA AND ASSISTANT CORONERS

38. The term area coroner will not be used widely. It is likely to refer to a deputy coroner who is a full-time salaried coroner.
39. Assistant coroners must also be appointed by the local authority: section 23, paragraph 2 of Schedule 3.
40. There is no longer a statutory requirement for the Chairman of the local authority to approve such appointments and it will be for each relevant authority to determine who should sign off coroner appointments for their area. Elected members may well choose to delegate this function to officers.
41. The Chief Coroner and the Lord Chancellor must consent to the appointments of all new assistant coroners: paragraph 2(5) of Schedule 3.
42. The Lord Chancellor may by order require the appointment for any coroner area of a minimum number of assistant coroners: paragraph 2(1)(b) of Schedule 3. At present each coroner area must have at least one assistant coroner: Coroners and Justice Act 2009 (Coroner Areas and Assistant Coroners) Transitional Order 2013.
43. In the meantime senior coroners and local authorities might like to consider that a maximum of about four actively working assistant coroners, perhaps with different areas of expertise, and where possible living locally, should be an appropriate number. In smaller coroner areas this may be too many, and local authorities might like to consider, after discussion with senior coroners, sharing arrangements with neighbouring areas.
44. Area and assistant coroners should be appointed for an initial term of 12 months and thereafter for a renewable term of three years.
45. Senior coroners and local authorities should not retain assistant coroners who have not worked in the jurisdiction for three years. If they are not needed they should be stood down and training space can be filled by active coroners.
46. The Chief Coroner will also develop a list of judge coroners (including certain retired judges) and retired senior coroners who may on request by the Chief Coroner be nominated by the Lord Chief Justice to conduct particularly difficult and complex cases. The Chief Coroner will also develop a list of specialist legal practitioners for similar purposes. All of those in both lists will be a possible (but not exclusive) resource for individual inquests.
47. The appointment process for assistant coroners will inevitably have to be more flexible than the process for appointing senior coroners, if only because there are likely to be many more assistant coroner appointments.

48. Where possible the local authority should hold an open competition, making sure that the advertisement for the post is widely publicised (see paragraphs 19-20 above). It may be necessary in appointing assistants to advertise more widely than just amongst coroners in order to attract good applicants, for example in legal periodicals.
49. In the main the process for appointing assistant coroners should be similar to the process for appointing senior coroners. The main differences are as follows:
 - First, the local authority should always involve the senior coroner in the process, seeking the senior coroner's advice and assistance on (a) the need for and type of assistant coroner appointments, (b) the sift in selecting candidates for interview, and (c) as a member of the interview and decision panel.
 - Secondly, because of the likely number of appointments, the Chief Coroner will not be able to be directly involved, either himself or through a nominee, in all cases. He may only be able to exercise his consent on the basis of written materials, personal knowledge of candidates and in discussion with the senior coroner and the local authority. Where the Chief Coroner or his nominee has not been able to be present during the interviews, the local authority should make a written report for the Chief Coroner about the application and interview process and the reasons for proposing the successful candidate(s). But in all cases the Chief Coroner's consent will not be a foregone conclusion. Each proposed appointment will be carefully scrutinised.

HH JUDGE PETER THORNTON QC
CHIEF CORONER

24 July 2013

Finance & Policy Committee

11th January 2016



Report of: Chief Finance Officer

Subject: COUNCIL TAX BASE 2016/17

1. TYPE OF DECISION / APPLICABLE CATEGORY

1.1 Non key decision.

2. PURPOSE OF REPORT

2.1 The report seeks member approval as required by statutory regulations to a calculated Council Tax Base for 2016/17 which will be used for Council Tax billing purposes.

3. BACKGROUND

3.1 The Council is required by law to calculate its Council Tax Base for the forthcoming year, and inform the major precepting authorities Cleveland Police Authority and Cleveland Fire Authority and local precepting authorities (Parish Councils), before 31st January 2016. The Council Tax Base is expressed as the number of Band D equivalent properties.

3.2 The amount of Council Tax levied on each Band D property located in the Borough of Hartlepool is calculated by dividing the total amount of the precepts determined by this Council, the Police and Crime Commissioner and Cleveland Fire Authority on the Collection Fund in 2016/17, by the Council Tax Base. The amount of Council Tax payable for other bands is determined by applying a fixed proportion of the Band D amount. A separate report on the calculation of the amount of Council Tax payable for each band for 2016/17 will be submitted to Council as part of the budget process.

4. CALCULATION OF TAX BASE

4.1 To calculate the Council Tax Base it is necessary to:

- (a) Calculate "the relevant amount" for the year for each valuation band in the valuation list. For each band this represents the full year equivalent of each chargeable dwelling in that band, taking

into account entitlement to, exemptions, disability reductions and discounts.

- (b) The relevant amount for each band are expressed in terms of Band D equivalents.
 - (c) Calculate the Empty Homes Premium impact across all valuation bands in equivalent Band D's.
 - (d) The relevant amounts for each band (b) are then added together with (c) and the total is multiplied by the Council's estimated collection rate for the year.
- 4.2 As part of the Government's welfare reforms, Councils are required to determine and operate their own local schemes for providing support with Council Tax. Under these arrangements, there is a requirement to adjust the Council Tax Base to reflect the impact of the Local Council Tax Support scheme. Members have approved a 2016/17 LCTS scheme involving a cut of 12%, the same as for 2015/16. The LCTS adjustment is expressed in terms of an equivalent number of Band D's within each Appendix.
- 4.3. In setting the Tax Base the Council is required to consider the effectiveness of its arrangements for collecting Council Tax and factor in an adjustment to avoid a deficit on the statutory Collection Fund.
- 4.4. The level of in year collection of Council Tax for 2014/15 was 95.4%, the average of the 12 North East Councils was 95.9% (range 93.6% to 97.7%). More fundamentally long term collection levels continue to be high with 99.2% of Council Tax due being collected within 5 years, maintaining historical performance levels.
- 4.5. Recovery of Council Tax from Local Council Tax Support working age households is challenging and there can be delays in securing recovery. However, a positive pattern is emerging of ultimately high Council Tax collection rates from LCTS claimants of 93%. This level of collection reflects member decisions to minimise the level of LCTS cut and thereby minimise the amount of Council Tax due from affected households.

5 CONCLUSION

- 5.1. Given the member decision to maintain an LCTS scheme for 2016/17 with a 12% cut in awards and the evidence of effective recovery arrangements, it is considered that maintaining the overall Tax Base non collection level at 1.5% for 2016/17 is prudent and appropriate.
- 5.2. The Council Tax Base for 2016/17 recommended in this report was reflected within the Council's Medium Term Financial Strategy approved

by this Committee on 23rd November 2015 and therefore includes the forecast housing growth in 2016/17.

6. LEGAL CONSIDERATIONS

- 6.1. To comply with statutory responsibilities the Council must determine the Council Tax Base for the forthcoming financial year by 31st January. This report ensures this responsibility is discharged.

7. CHILD / FAMILY POVERTY CONSIDERATIONS

- 7.1. There are no child / family poverty considerations.

8. EQUALITY AND DIVERSITY CONSIDERATIONS

- 8.1. There are no equality and diversity considerations.

9. STAFF CONSIDERATIONS

- 9.1. There are no staff considerations.

10. ASSET MANAGEMENT CONSIDERATIONS

- 10.1. There are no asset management considerations.

11. APPENDICES

Appendix 1 – Council Tax Base 2016/17 Hartlepool BC
Appendix 2 – Council Tax Base 2016/17 Dalton Piercy Parish Council
Appendix 3 – Council Tax Base 2016/17 Elwick Parish Council
Appendix 4 – Council Tax Base 2016/17 Greatham Parish Council
Appendix 5 – Council Tax Base 2016/17 Hart Parish Council
Appendix 6 – Council Tax Base 2016/17 Newton Bewley Parish Council
Appendix 7 – Council Tax Base 2016/17 Headland Council
Appendix 8 – Council Tax Base 2016/17 Brierton Parish Council
Appendix 9 – Council Tax Base 2016/17 Claxton Parish Council

12. RECOMMENDATION

12.1 It is recommended that Members:

- a) Approve a Hartlepool BC Council Tax Base for 2016/17 of 23,265.7.
- b) Approve a Council Tax Base for 2016/17 for Parishes who intend to levy a precept upon the Council's Collection Fund:

Dalton Piercy	103.1	Elwick	468.2
Greatham	573.3	Hart	291.4
Newton Bewley	29.8	Headland	702.2
Brierton	12.7	Claxton	15.6

13. REASON FOR RECOMMENDATION

13.1 To enable the Council to discharge its statutory responsibilities.

14. BACKGROUND PAPERS

14.1 No background papers.

15. CONTACT OFFICER

John Morton
 Assistant Chief Finance Officer
 01429 523093
John.morton@hartlepool.gov.uk

Appendix 1

line	VALUATION BAND	@	A	B	C	D	E	F	G	H	TOTAL
1	No. of properties in band		24,043	7,166	5,995	3,115	1,588	617	431	60	43,015
2	Exempt dwellings (excl Class B)		350	95	61	29	6	3	6	0	550
	Class B		26	1	0	0	0	0	0	0	27
3	Demolished dwellings		0	0	0	0	0	0	0	0	0
4	CHARGEABLE DWELLINGS		23,667	7,070	5,934	3,086	1,582	614	425	60	42,438
5	Disabled reductions		142	79	66	60	32	15	8	14	416
6	Effectively chargeable	142	79	66	60	32	15	8	14	0	416
7	ADJ CHARGEABLE DWELLINGS	142	23,604	7,057	5,928	3,058	1,565	607	431	46	42,438
8	25% discounts	36	11,205	2,572	1,590	648	227	76	46	1	16,401
9	50% discounts	14	52	17	19	16	3	8	14	0	143
10	Empty Properties undergoing Repair (50% disc)	0	88	18	14	6	4	1	1	0	132
11	Properties 100% discount 1 month empty unfurnished	0	204	72	36	36	12	0	0	0	360
12	No discounts	92	12,055	4,378	4,269	2,352	1,319	522	370	45	25,402
13	TOTAL EQUIVALENT DWELLINGS	126	20,715.88	6,390.46	5,510.87	2,882.00	1,503.75	583.50	412.00	45.75	38,170.21
14	Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
15	BAND D EQUIVALENTS	70.00	13,810.59	4,970.36	4,898.55	2,882.00	1,837.92	842.83	686.67	91.50	30,090.41
					Adjustment for Empty Homes Premium						107.92
					Estimated collection rate (%)						98.5
					Council Tax Base						29,745.4
					LCTS Adjustment						-6,738.2
					Additional New Development Growth						258.6
					Adjusted Tax Base 16/17						23,265.7

Appendix 2

[illegible]

ELWICK
CALCULATION OF TAX BASE 2016/17
12% LCTS Cut

Appendix 3

line	VALUATION BAND	@	A	B	C	D	E	F	G	H	TOTAL
1	No. of properties in band		25	33	66	112	54	36	73	40	439
2	Exempt dwellings		1	0	0	0	0	0	0	0	1
3	Demolished dwellings		0	0	0	0	0	0	0	0	0
4	CHARGEABLE DWELLINGS		24	33	66	112	54	36	73	40	438
5	Disabled reductions		0	0	0	0	0	0	1	2	3
6	Effectively chargeable	0	0	0	0	0	0	1	2	0	3
7	ADJ CHARGEABLE DWELLINGS	0	24	33	66	112	54	37	74	38	438
8	25% discounts	0	15	9	18	40	21	5	5	0	113
9	50% discounts	0	0	0	0	0	0	0	2	0	2
10	Empty Properties undergoing repair 50% disc	0	0	0	0	0	0	0	0	0	0
11	Former Class C 100% Disc 1 month	0	0	0	1	0	2	0	0	0	3
12	No discounts	0	9	24	47	72	31	32	67	38	320
13	TOTAL EQUIVALENT DWELLINGS	0.00	20.25	30.75	61.42	102.00	48.58	35.75	71.75	38.00	408.50
14	Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
15	BAND D EQUIVALENTS	0.00	13.50	23.92	54.59	102.00	59.38	51.64	119.58	76.00	500.61
					Empty Homes Premium						1.06
					Estimated collection rate (%)						98.5
					Council Tax Base						494.1
					LCTS Adjustment						-25.9
					Adjusted Tax Base						468.2

GREATHAM
CALCULATION OF TAX BASE 2016/17
12% LCTS Cut

Appendix 4

line	VALUATION BAND	@	A	B	C	D	E	F	G	H	TOTAL
1	No. of properties in band		183	422	180	83	35	10	5	1	919
2	Exempt dwellings		1	4	1	0	0	0	0	0	6
3	Demolished dwellings		0	0	0	0	0	0	0	0	0
4	CHARGEABLE DWELLINGS		182	418	179	83	35	10	5	1	913
5	Disabled reductions		4	5	1	3	1	1	0	1	16
6	Effectively chargeable	4	5	1	3	1	1	0	1	0	16
7	ADJ CHARGEABLE DWELLINGS	4	183	414	181	81	35	9	6	0	913
8	25% discounts	0	92	166	41	18	7	1	1	0	326
9	50% discounts	0	1	1	1	0	0	0	1	0	4
10	Empty Properties undergoing repair 50% disc	0	0	1	1	0	0	0	0	0	2
11	Former Class C 100% Disc 1 month	0	1	1	0	0	0	0	0	0	2
12	No discounts	4	89	245	138	63	28	8	4	0	579
13	TOTAL EQUIVALENT DWELLINGS	4.00	159.42	371.42	169.75	76.50	33.25	8.75	5.25	0.00	828.33
14	Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
15	BAND D EQUIVALENTS	2.22	106.28	288.88	150.89	76.50	40.64	12.64	8.75	0.00	686.80
					Empty Homes Premium						0.34
					Estimated collection rate (%)						98.5
					Council Tax Base						676.8
					LCTS Adjustment						-103.5
					Adjusted Tax Base						573.3

Appendix 5

line	VALUATION BAND	@	A	B	C	D	E	F	G	H	TOTAL
1	No. of properties in band		15	82	90	42	36	38	26	0	329
2	Exempt dwellings		0	2	1	0	0	0	0	0	3
3	Demolished dwellings		0	0	0	0	0	0	0	0	0
4	CHARGEABLE DWELLINGS		15	80	89	42	36	38	26	0	326
5	Disabled reductions		0	0	1	0	0	0	0	0	1
6	Effectively chargeable	0	0	1	0	0	0	0	0	0	1
7	ADJ CHARGEABLE DWELLINGS	0	15	81	88	42	36	38	26	0	326
8	25% discounts	0	8	30	32	10	1	6	3	0	90
9	50% discounts	0	0	0	0	0	0	0	0	0	0
10	Empty Properties undergoing repair 50% disc	0	0	0	0	0	0	0	0	0	0
11	Former Class C 100% Disc 1 month	0	0	1	0	0	0	0	0	0	1
12	No discounts	0	7	50	56	32	35	32	23	0	235
13	TOTAL EQUIVALENT DWELLINGS	0.00	13.00	73.42	80.00	39.50	35.75	36.50	25.25	0.00	303.42
14	Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
15	BAND D EQUIVALENTS	0.00	8.67	57.10	71.11	39.50	43.69	52.72	42.08	0.00	314.88
					Empty Homes Premium						1.11
					Estimated collection rate (%)						98.5
					Council Tax Base						311.2
					LCTS Adjustment						-19.8
					Adjusted Tax Base						291.4

NEWTON BEWLEY
CALCULATION OF TAX BASE 2016/17
12% LCTS Cut

Appendix 6

line	VALUATION BAND	@	A	B	C	D	E	F	G	H	TOTAL
1	No. of properties in band		3	1	8	6	9	5	0	1	33
2	Exempt dwellings		0	0	0	0	1	0	0	0	1
3	Demolished dwellings		0	0	0	0	0	0	0	0	0
4	CHARGEABLE DWELLINGS		3	1	8	6	8	5	0	1	32
5	Disabled reductions		0	0	1	0	0	0	0	0	1
6	Effectively chargeable	0	0	1	0	0	0	0	0	0	1
7	ADJ CHARGEABLE DWELLINGS	0	3	2	7	6	8	5	0	1	32
8	25% discounts	0	1	1	1	0	1	1	0	0	5
9	50% discounts	0	0	0	0	0	0	0	0	0	0
10	Empty Properties undergoing repair 50% disc	0	0	0	0	0	0	0	0	0	0
11	Former Class C 100% Disc 1 month	0	0	0	1	0	0	0	0	0	1
12	No discounts	0	2	1	5	6	7	4	0	1	26
13	TOTAL EQUIVALENT DWELLINGS	0.00	2.75	1.75	6.67	6.00	7.75	4.75	0.00	1.00	30.67
14	Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
15	BAND D EQUIVALENTS	0.00	1.83	1.36	5.93	6.00	9.47	6.86	0.00	2.00	33.45
					Empty Homes Premium						0
					Estimated collection rate (%)						98.5
					Council Tax Base						33.0
					LCTS Adjustment						-3.2
					Adjusted Tax Base						29.8

HEADLAND
CALCULATION OF TAX BASE 2016/17
12% LCTS Cut

Appendix 7

line	VALUATION BAND	@	A	B	C	D	E	F	G	H	TOTAL
1	No. of properties in band		1315	289	77	22	8	2	1	0	1714
2	Exempt dwellings		28	2	3	1	0	0	0	0	34
3	Demolished dwellings		0	0	0	0	0	0	0	0	0
4	CHARGEABLE DWELLINGS		1287	287	74	21	8	2	1	0	1680
5	Disabled reductions		9	5	2	1	0	1	0	0	18
6	Effectively chargeable	9	5	2	1	0	1	0	0	0	18
7	ADJ CHARGEABLE DWELLINGS	9	1283	284	73	20	9	1	1	0	1680
8	25% discounts	1	637	88	24	2	4	0	0	0	756
9	50% discounts	2	6	0	0	0	0	0	0	0	8
10	Empty Properties undergoing repair 50% disc	0	5	1	0	0	0	0	0	0	6
11	Former Class C 100% Disc 1 month	0	84	0	0	0	0	0	0	0	84
12	No discounts	6	551	195	49	18	5	1	1	0	826
13	TOTAL EQUIVALENT DWELLINGS	7.75	1111.25	261.50	67.00	19.50	8.00	1.00	1.00	0.00	1477.00
14	Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
15	BAND D EQUIVALENTS	4.31	740.83	203.39	59.56	19.50	9.78	1.44	1.67	0.00	1040.47
					Empty Homes Premium						3.17
					Estimated collection rate (%)						98.5
					Council Tax Base						1028.0
					LCTS Adjustment						-325.8
					Adjusted Tax Base						702.2

BRIERTON
CALCULATION OF TAX BASE 2016/17
12% LCTS Cut

Appendix 8

line	VALUATION BAND	@	A	B	C	D	E	F	G	H	TOTAL
1	No. of properties in band		0	5	5	2	3	0	0	0	15
2	Exempt dwellings		0	0	0	0	0	0	0	0	0
3	Demolished dwellings		0	0	0	0	0	0	0	0	0
4	CHARGEABLE DWELLINGS		0	5	5	2	3	0	0	0	15
5	Disabled reductions		0	0	0	0	0	0	0	0	0
6	Effectively chargeable	0	0	0	0	0	0	0	0	0	0
7	ADJ CHARGEABLE DWELLINGS	0	0	5	5	2	3	0	0	0	15
8	25% discounts	0	0	2	2	1	0	0	0	0	5
9	50% discounts	0	0	0	0	0	0	0	0	0	0
10	Empty Properties undergoing repair 50% disc	0	0	0	0	0	0	0	0	0	0
11	Former Class C 100% Disc 1 month	0	0	0	0	0	0	0	0	0	0
12	No discounts	0	0	3	3	1	3	0	0	0	10
13	TOTAL EQUIVALENT DWELLINGS	0.00	0.00	4.50	4.50	1.75	3.00	0.00	0.00	0.00	13.75
14	Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
15	BAND D EQUIVALENTS	0.00	0.00	3.50	4.00	1.75	3.67	0.00	0.00	0.00	12.92
Empty Homes Premium											0
Estimated collection rate (%)											98.5
Council Tax Base											12.7
LCTS Adjustment											0
Adjusted Tax Base											12.7

CLAXTON
CALCULATION OF TAX BASE 2016/17
12% LCTS Cut

Appendix 9

line	VALUATION BAND	@	A	B	C	D	E	F	G	H	TOTAL
1	No. of properties in band		2	0	1	6	2	2	1	1	15
2	Exempt dwellings		0	0	0	0	0	0	0	0	0
3	Demolished dwellings		0	0	0	0	0	0	0	0	0
4	CHARGEABLE DWELLINGS		2	0	1	6	2	2	1	1	15
5	Disabled reductions		0	0	0	0	0	0	0	0	0
6	Effectively chargeable	0	0	0	0	0	0	0	0	0	0
7	ADJ CHARGEABLE DWELLINGS	0	2	0	1	6	2	2	1	1	15
8	25% discounts	0	1	0	1	2	1	0	0	0	5
9	50% discounts	0	0	0	0	0	0	0	0	0	0
10	Empty Properties undergoing repair 50% disc	0	0	0	0	1	0	0	0	0	1
11	Former Class C 100% Disc 1 month	0	0	0	0	0	0	0	0	0	0
12	No discounts	0	1	0	0	3	1	2	1	1	9
13	TOTAL EQUIVALENT DWELLINGS	0.00	1.75	0.00	0.75	5.00	1.75	2.00	1.00	1.00	13.25
14	Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
15	BAND D EQUIVALENTS	0.00	1.17	0.00	0.67	5.00	2.14	2.89	1.67	2.00	15.53
Empty Homes Premium											0.34
Estimated collection rate (%)											98.5
Council Tax Base											15.6
LCTS Adjustment											0
Adjusted Tax Base											15.6