

Chief Executive's Department Civic Centre HARTLEPOOL

8 February, 2016

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

Madam or Sir,

You are hereby summoned to attend the <u>COUNCIL</u> meeting to be held on <u>THURSDAY,18 FEBRUARY 2016 at 7.00 p.m.</u> in the Civic Centre, Hartlepool to consider the subjects set out in the attached agenda.

Yours faithfully

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G Alexander Chief Executive

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# **COUNCIL AGENDA**



#### Thursday 18 February 2016

at 7.00 pm

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

- (1) To receive apologies from absent Members;
- (2) To receive any declarations of interest from Members;
- (3) To deal with any business required by statute to be done before any other business;
- (4) To approve the minutes of the last meeting of the Council held on 21 January 2016 as the correct record;
- (5) To answer questions from Members of the Council on the minutes of the last meeting of Council held on 21 January 2016;
- (6) To deal with any business required by statute to be done;
- (7) To receive any announcements from the Chair, or the Head of Paid Service;
- (8) To dispose of business (if any) remaining from the last meeting and to receive the report of any Committee to which such business was referred for consideration;
- (9) To consider reports from the Council's Committees and to receive questions and answers on any of those reports;
- (10) To consider any other business specified in the summons to the meeting, and to receive questions and answers on any of those items;



- (11) To consider reports from the Policy Committees:
  - (a) proposals in relation to the Council's approved budget and policy framework;
    - Medium Term Financial Strategy 2016/17 to 2018/19 Report of Finance and Policy Committee
  - (b) proposals for departures from the approved budget and policy framework;
- (12) To consider motions in the order in which notice has been received;
- (13) To receive the Chief Executive's report and to pass such resolutions thereon as may be deemed necessary;
- (14) To receive questions from and provide answers to the public in relation to matters of which notice has been given under Rule 11;
- (15) To answer questions of Members of the Council under Rule 12;
  - a) Questions to the Chairs about recent decisions of Council Committees and Forums without notice under Council Procedure Rule 12.1
  - b) Questions on notice to the Chair of any Committee or Forum under Council Procedure Rule 12.2
  - c) Questions on notice to the Council representatives on the Police and Crime Panel and Cleveland Fire Authority
  - d) Minutes of the meeting of the Police and Crime Panel held on the 10th December, 2015.



# COUNCIL

# **MINUTES OF PROCEEDINGS**

## 21 January 2016

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

#### PRESENT:-

The Ceremonial Mayor (Councillor Fleet) presiding:

COUNCILLORS:

Ainslie Barclay Brash Gibbon James Lindridge Richardson Sirs Thomas C Akers-Belcher Beck Clark Griffin Lauderdale Loynes Robinson Springer Thompson

S Akers-Belcher Belcher Cranney Hall Lawton Martin-Wells Simmons Tempest

Officers: Gill Alexander, Chief Executive Peter Devlin, Chief Solicitor Steve Hilton, Public Relations Officer Amanda Whitaker, Denise Wimpenny, Democratic Services Team

Prior to the commencement of the main business, the Ceremonial Mayor referred in terms of regret to the recent death of former Councillor Linda Shields. Members paid tribute to her qualities as a Councillor and as a friend and stood in silence as a mark of respect.

107. APOLOGIES FOR ABSENT MEMBERS

Councillors Atkinson, Cook, Hind, Jackson, Dr Morris and Riddle

#### 108. DECLARATIONS OF INTEREST FROM MEMBERS

None. Interests were declared later in the meeting as noted in the minutes.

#### 109. BUSINESS REQUIRED BY STATUTE TO BE DONE BEFORE ANY OTHER BUSINESS

None

#### 110. MINUTES OF PROCEEDINGS

The Minutes of Proceedings of the Council held on the 10 December 2015, having been laid before the Council.

RESOLVED - That the minutes be confirmed.

The minutes were thereupon signed by the Chairman.

#### 111. QUESTIONS FROM MEMBERS OF THE COUNCIL ON THE MINUTES OF THE PREVIOUS MEETING OF THE COUNCIL

Councillor Thompson advised that he had neglected to declare an interest at the meeting held on 10 December in relation to minute number 99(2) – Licensing Act – Licensing Policy. Council was informed that Councillor Thompson had spoken to the Chief Solicitor after that Council meeting and formally declared an interest at this meeting, retrospectively, as a licence holder.

112. BUSINESS REQUIRED BY STATUTE

None.

113. ANNOUNCEMENTS

None.

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

None.

### 115. TO RECEIVE REPORTS FROM THE COUNCIL'S COMMITTEES

1. Proposed Merger of the Teesside and Hartlepool Coroner Services – Report of Finance and Policy Committee

The Chair of the Finance and Policy Committee referred to the Chief Solicitor who advised Members of the salient issues associated with the above report.

Members were advised that the Committee had considered that Council should be made aware of the current position upon the proposal to amalgamate the Hartlepool and Teesside coroner areas and to seek Council's views as to the appointment process for a Senior Coroner in any merger. The Committee had always endorsed the view that the appointment of a Senior Coroner through a

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merger, should be through the 'slotting in' of the existing Hartlepool Senior Coroner. That was the understanding when an initial Business Case was approved by the four local authorities and submitted to the Ministry of Justice for the approval of the Lord Chancellor in consultation with the Chief Coroner. However, Council noted that Middlesbrough Borough Council now favoured 'open competition' for the position of Senior Coroner in any merger and the Chief Solicitor had been informed that both Redcar & Cleveland and Stockton Borough Council's had similarly aligned themselves to this position. The 'Addendum' to the Business Case which had been appended to the report, supported a 'Full Time' Senior Coroner appointment, which was universally accepted, but there was a clear divergence of views upon the appointment process.

The following recommendations of the Finance and Policy Committee were moved by Councillor C Akers-Belcher and seconded by Councillor Richardson subject to the addition of 'the Chair of Council to write to the Lord Chancellor and the Chief Coroner indicating support for the Senior Coroner for Hartlepool and that appointment to the role of Senior Coroner in any amalgamated area should be through the option of 'slotting in'.

- 1. Support the endorsement of the Committee to the proposed 'slotting in' of the Hartlepool Senior Coroner in any amalgamated coroner area, as opposed to appointment through 'open competition'.
- 2. That there is acceptance to the principle that a Senior Coroner position in any amalgamated area should be 1.0 FTE and that the model of coroner support is that of a 0.8 FTE Assistant Coroner (as a designated deputy) and that any additional support is decided by the relevant authority in conjunction with the other authorities.
- 3. That further reports be received once the views of the Ministry of Justice and the Chief Coroner have been obtained, following their consideration of the addendum to the Business Case and the respective views of each local authority.

During the debate, clarification was sought on the savings which would be achieved from a more streamlined service in the absence of a formal merger. The Chief Solicitor advised that any savings would relate to the use of support staff rather than from the post of Senior Coroner. A Member expressed his disagreement with the recommendations of the Committee The view was expressed that 'open competition' would not preclude the existing Senior Coroner being potentially successful and potential streamlining of the service would be secured if this Council compromised and supported the position of the other Local Authorities in support of 'open competition.'

The Ceremonial Mayor took a vote by a show of hands. The vote was carried and the recommendations of the Finance and Policy Committee were agreed, subject to the addition of the following additional recommendation:-

'That the Chair of Council write to the Lord Chancellor and the Chief Coroner indicating support for the Senior Coroner for Hartlepool and that appointment to the role of Senior Coroner in any amalgamated area should be through the option of 'slotting in'.

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

None

### 117. REPORT FROM THE POLICY COMMITTEES

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

None.

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

None.

#### 118. MOTIONS ON NOTICE

The Ceremonial Mayor advised that due notice had been given of 16 Motions as follows:-

 'Currently car mileage allowance payable to HBC councillors is 52.5p per mile. This is considerably higher than the 45p per mile recommended by HMRC. Indeed, in light of fiscal pressures, over 100 of the 350 local authorities across the country now limit mileage allowance to 45p. We propose a motion that HBC reduce mileage allowance payable to councillors to the 45p rate recommended by HMRC'.

Signed by Councillors:-David Riddle Jonathan Brash Kelly Atkinson Steve Gibbon Paul Thompson

In the absence of Cllr Riddle who had submitted his apologies for the meeting, the Motion was moved by Councillor Brash and seconded by Councillor Thompson. On moving the Motion, Councillor Brash explained the rationale for submission of the Motion.

The Chair of the Finance and Policy Committee responded by reminding Members of a report which had been considered by that Committee, in August 2015, related to workforce changes and the implementation of the HMRC rate for Members had been linked to those considerations. As the outcome of the ballot was known, the changes to member rates could be progressed separately. The Chair advised that he was happy, therefore, to support the Motion. However, based on the average member mileage claims over the previous three years implementing the HMRC rate would save annually £90 per annum which equated to .00029% reduction in Council Tax. Councillor Brash responded that he appreciated the issues highlighted by the Chair but reiterated that the intention of the Motion had been to 'send a message to the public'.

The Ceremonial Mayor took a vote by show of hands. The vote was carried.

2. 'In August 2015, the leader of the Labour Party, the Rt Hon Jeremy Corbyn, said:-

"I am opposed to new nuclear on the basis of the dangers posed to our ecosystems" He went in to state that if he became Prime Minister he would end the UK government's political and financial support for a new generation of Nuclear Power stations.

This is a profoundly worrying statement for Hartlepool.

Our local MP, lain Wright, has said:

"Hartlepool nuclear power station continues to play a vital role in the local economy" and that "Nuclear power has to be part of the mix for future energy provision."

"Therefore, Council resolves to write to Central Government (copied to our MP) to offer our full support for an industry that is vital in employment and other terms to the Borough and continue the fight for a new build nuclear power station for the town'

Signed by Councillors:-David Riddle Jonathan Brash Kelly Atkinson Steve Gibbon Paul Thompson

The Motion was moved by Councillor Brash and seconded by Councillor Thompson. On moving the Motion, the rationale for submission of the Motion was presented to Members with emphasis on the importance of nuclear power to the economy of the Borough.

The Chair of the Finance and Policy Committee expressed his bewilderment that the Motion had been submitted as the issue raised in the Motion had been addressed in a presentation he had made previously to Council. He added that the issue was included already in the Devolution deal which had been agreed by all Tees Valley Councils. The view was expressed that it would embarrass this Council to ask for something of Central Government which was included in paragraph 34 of the Deal that 'Government will continue to make clear that it welcomes new nuclear investment in Hartlepool as one of the potential sites listed in the Nuclear National Policy Statement'. Work was ongoing with the Department for Energy and Climate Change towards achieving that goal. Members debated issues arising from the Motion. Whilst expressing support of the sentiments of the Motion, Members reiterated comments made earlier in the debate that the issue had been addressed in the Devolution Deal. It was suggested that a copy of the relevant paragraph of the Devolution Deal be resent to all Members of the Council. The mover of the Motion advised that he believed that he continued to believe it was correct to express a unified statement to the Government by Council agreeing to the Motion.

During the debate Members were reminded, by the Chief Solicitor, of the requirements of the Members' Code of Conduct and requested Members to avoid personal statements.

The Ceremonial Mayor took a vote by a show of hands. The vote was lost.

Councillor S Akers-Belcher requested that his vote against the Motion be recorded and Councillor Thompson requested that his vote for the Motion be recorded.

3. "That supplementary questions for members of the public be reinstated in their previous form"

Signed by Councillors:-David Riddle Jonathan Brash Kelly Atkinson Steve Gibbon Paul Thompson

The Motion was moved by Councillor Thompson and seconded by Councillor Brash.

Amendment moved by Councillor C Akers-Belcher and seconded by Councillor Richardson:-

"That all constitutional matters, in the first instance, be referred to the Monitoring Officer automatically as part of his 6 monthly constitution review and this should be articulated in the Council's Constitution. The Monitoring Officer be requested at the same time to take soundings from Members on how best to deal with Motions to Council. This will still ensure Members make constitutional decisions in line with the reports presented by the Council's Monitoring Officer on a six monthly basis. This amendment to apply also to Motions 6, 9 and 13."

Following an exchange between Members, the Monitoring Officer advised Members of the need to progress the meeting. He advised that he would submit a report to Council in relation to a review of the Council's Constitution and requested Members, Officers and public to come forward with proposals they considered should be included in the review.

The Monitoring Officer asked the mover of the Motion whether he would concede to the amendment to this Motion and Motions 6, 9 and 13.

4.

The mover of the Motion advised that he did not accept the amendment.

The Ceremonial Mayor took a vote on the amendment by a show of hands. The vote was carried.

A vote on the substantive motion was taken by a show of hands. The vote was carried.

4. 'That Council supports the delegation of power to local authorities and that all private and public sector employers within their area should endeavour to pay the Living Wage. The rate of the Living Wage to be determined in accordance with the rates set by the Living Wage Foundation. As such Council resolves to write to Government to request that this power be legislated for and included as part of the devolution deal for the Tees Valley, either now or in the future.'

Signed by Councillors:-David Riddle Jonathan Brash Kelly Atkinson Steve Gibbon Paul Thompson

The Motion was moved by Councillor Brash and seconded by Councillor Thompson.

An amendment was moved by Councillor James:-

That the Motion be approved subject to the deletion of the sentence "The rate of the Living Wage to be determined in accordance with the rates set by the Living Wage Foundation"

The proposer of the Motion sought clarification on the amendment. The proposer of the amendment responded that there was nothing to add to the amendment which had been moved. The proposer of the Motion advised that he could not accept the amendment as he continued to be unclear as to the basis for removal of the sentence from the Motion.

On seconding the amendment, Councillor C Akers-Belcher added that correspondence should be forwarded to the shadow combined authority to be considered as part of the devolution deal.

A vote on the amendment was taken by a show of hands. The vote was carried.

Prior to a vote being taken on the substantive motion, Councillor C Akers-Belcher responded to a request for clarification on the terms of the substantive motion. A vote on the substantive motion was taken by a show of hands. The vote was carried.

5. "That this Council supports the Justice for Coalfields Campaign, launched by the Labour Party in January 2014, and calls on the Government to make a formal apology for the actions of the previous Conservative Government during the time of the strike and set out all details of the interactions between the Government and the police at the time of the strike by way of a public inquiry if necessary. We ask the Chair of Council to write to the Prime Minister to this effect"

Signed by Councillors:-David Riddle Jonathan Brash Kelly Atkinson Steve Gibbon Paul Thompson

Motion moved by Councillor Brash and seconded by Councillor Thompson:-

Whilst expressing support for the motion, the view was expressed that the letter to the Prime Minister should be sent from the Leader of the Council rather than the Chair of Council.

An amendment was moved by Councillor C Akers-Belcher and seconded by Councillor Richardson:-

"That a letter of support also be sent to Justice for Coalfields Campaign and the Orgreave Truth and Justice Campaign to demonstrate solidarity and referral to the Regeneration Services Committee to explore advertising opportunities for Hartlepool within the programme of 'Durham Miners Gala"

Members debated issues arising from the Motion, during which passionate support was expressed for the Campaign. Members spoke fervently about the strike, the actions of the Government at the time and the importance of the Motion.

During the debate, reference was made to the recent announcement of further job losses in the steel industry arising from the loss of jobs at Tata Steel, Brenda Road.

The following addendum was moved by Councillor Clark and seconded by Councillor Thompson:-

"That this Council afford the same support to those people affected by job losses at Tata Steel, Hartlepool mill, as the support provided to people who lost their jobs at Caparo" Further debate took place on the issues arising from the Motion. During the debate the mover of the Motion accepted the amendment and the addendum which had been moved during the earlier debate.

Cllr James advised that her partner worked for Tata Steel and declared a prejudicial interest and left the meeting.

The Chair of Regeneration Services Committee advised Council that the Council's Economic Development Team were supporting already employees of Tata Steel.

A vote taken on the addendum was carried unanimously.

A vote on the substantive motion was taken by a show of hands. The vote was carried.

Councillor Brash requested that due to time issues, consideration of Motion 15 be brought forward as the Motion was 'time sensitive'. Council agreed to the request.

15. "Taxes are the price we pay for a civilized society", so said Oliver Wendell Holmes and surely there can be no greater sign of our civility than the way in which we treat our elderly and vulnerable. With the announcement that councils will able to levy a 2% increase in council tax, specifically to pay for social care this council resolves to instruct officers to produce a full quantitative and qualitative analysis of the implications for social care of such a tax being levied and the implications for our most vulnerable citizens of not introducing such a rise?"

Signed by Councillors:-David Riddle Jonathan Brash Kelly Atkinson Steve Gibbon Paul Thompson

Motion moved by Councillor Brash and seconded by Councillor Thompson.

On moving the Motion, Councillor Brash referred to the rationale for submission of the Motion and requested that it be made as clear as possible to the residents of Hartlepool what the social care levy would be used for and who would benefit from the stronger services resulting from the levy. The role of the Council's Public Relations Team, in terms of associated publicity, was highlighted.

The Chair of the Finance and Policy Committee advised that he had discussed this with the Chief Executive and Monitoring Officer and had asked for that information to be included in the Council Tax report to Council.

A vote taken on the Motion was carried unanimously

6. "It has been indicated that some members may feel that the 'clear 7 days' rule for the submission of motions and questions is not practicable. Council therefore resolves to shorten that period to 3 days."

Signed by Councillors:-David Riddle Jonathan Brash Kelly Atkinson Steve Gibbon Paul Thompson

The motion had been dealt with earlier in the meeting during consideration of Motion 3 when it had been agreed to refer this Motion to the Monitoring Officer to consider as part of his 6 monthly review of the Constitution.

7. "The Rt Hon Jeremy Corbyn MP has stated that 'Deregulation in the bus sector has created the ludicrous situation of some routes being oversupplied, as companies cause congestion and lower air quality while competing for market share. Meanwhile the young, the elderly and the disabled are left without any means of effective transport if they happen to live on a route that is declared 'unprofitable'"

Council agrees and resolves to write to the secretary of state for transport making clear its view that bus services should be re-regulated, so as to truly be called a public service".

Signed by Councillors:-David Riddle Jonathan Brash Kelly Atkinson Steve Gibbon Paul Thompson

The Motion was moved by Councillor Brash and seconded by Councillor Thompson.

The Chair of Finance and Policy Committee advised that the Shadow Combined Authority had identified already a new Bus Franchising Model so the issue was included in negotiations.

The mover of the Motion explained that the Motion was not about 'powers to influence'; it related to 'control'.

A vote on the Motion was taken by a show of hands. The vote was lost.

8. "That Hartlepool Council sets a strategic goal of being carbon neutral by 2020"

Signed by Councillors:-David Riddle Jonathan Brash Kelly Atkinson Steve Gibbon Paul Thompson

The Motion was moved by Councillor Brash and seconded by Councillor Thompson.

The Chief Solicitor highlighted that the time was approaching 9.30 p.m. and referred Members to the terms of Council Procedure Rule 10. Members were asked if they were minded to extend the duration of the meeting.

A Member proposed that Council agree to extend the duration of the meeting to ensure all the subjects set out in the agenda were concluded.

#### The Ceremonial Mayor vacated the Chair.

#### The Deputy Ceremonial Mayor in the Chair.

The meeting was adjourned for a comfort break.

Upon reconvening the meeting, Council proceeded to continue consideration of Motion 8 and to consider the remaining subjects set out in the agenda.

Referring to Motion 8, the Chair of Finance and Policy Committee proposed that the issue be referred to the Regeneration Services Committee for environment modelling exercise and a financial business case before a final decision is taken.

The proposal made by the Chair of Finance and Policy Committee was agreed unanimously.

16. "Last month it was revealed that 'feminism' was to be dropped as a topic from A Level politics courses, along with any mentioned of gender equality. A few weeks prior to that, the British Passport Office unveiled the new Creative United Kingdom passport, celebrating 500 years of British talent, but was able to think of only *two* women against seven men: the mathematician and writer Ada Lovelace and the architect Elisabeth Scott. This is from a Government that prides itself of having one third of its Cabinet women, in a country where over 50% of the population are women. It is worrying trend.

This Council believes that women have made, and continue to make, an equal and fundamentally invaluable contribution to British society as men and that the current Conservative Government does not reflect that fact. Surely, if we are serious about achieving gender equality, we need to educate and inform our children, in fair and even handed way.

Therefore, Council resolves:

- To write to the Secretary of State for Education to pledge our support for the reintroduction of feminism onto the A level politics course and to consider ways to ensure that the achievement of women in British society are more fairly reflected by our education system.
- To develop a programme of celebration to highlight women's achievements and the struggle for gender equality, in conjunction with our local schools and college's to coincide with International Women's Day 2016 on March 8<sup>th</sup>".

Signed by Councillors:-David Riddle Jonathan Brash Kelly Atkinson Steve Gibbon Paul Thompson

Motion moved by Councillor Brash and seconded by Councillor Thompson.

The Chair of Finance and Policy Committee advised that although he had no problems with the terms of the Motion, there had been a "U turn" by the Government who had responded to concerns highlighted as a response to the consultation. His understanding was that the "feminism" topic had been reinstated on A level politics courses.

In relation to the second issue included in the Motion, it was proposed that the issue of International Women's Day 2016 be referred to the Regeneration Services Committee for the Council's Events Team to organise.

The mover of the Motion clarified that the 'feminism' topic had been reintroduced but to a lesser extent than that which had existed previously. The amendment to the motion was welcomed and a request made for engagement with schools and colleges for International Women's Day 2016.

The proposals made at the meeting were agreed unanimously.

9. "That the requirement for signatories to call in a policy committee decision be reduced to 5 Members"

Councillors:-David Riddle Jonathan Brash Kelly Atkinson Steve Gibbon Paul Thompson The motion had been dealt with earlier in the meeting during consideration of Motion 3 when it had been agreed to refer this Motion to the Monitoring Officer to consider as part of his 6 monthly review of the Constitution.

10. "That Council restates its desire to see every primary school child in Hartlepool receive a free breakfast at school, and request that the chair of children services to give an update at every council meeting as to the progress toward that aim"

Signed by Councillors:-David Riddle Jonathan Brash Kelly Atkinson Steve Gibbon Paul Thompson

The Motion was moved by Councillor Brash and seconded by Councillor Thompson:-

The Chair of Children's Services Committee referred to previous discussion on this issue and advised that a report was expected to be submitted to the meeting of the Children's Services Committee in March on the findings of the breakfast club pilot undertaken in a number of schools. The Chair was content for a report to be submitted to Council but advised that he considered it appropriate for the issue to be considered initially by the Children's Services Committee.

Members debated issues arising from the Motion. Reference was made to the role of the voluntary sector in breakfast clubs.

Cllr Clark declared a personal interest as a Trustee of Belle Vue Centre which ran a breakfast club in partnership with three local schools.

It was proposed that Council recognise the contribution of all organisations and individuals involved in the provision of breakfast clubs.

Amendment moved by Councillor Simmons and seconded by Councillor Clark:-

"That Council receive an update annually as to the progress toward the aim that every primary school child in Hartlepool receives a free breakfast at school"

The amendment was accepted by the mover of the Motion.

The amendment was agreed unanimously.

A vote taken on the substantive motion was agreed unanimously.

11. "Sir Michael Wilshaw's fourth annual Ofsted report will have made unpleasant reading for us all. In it he names 16 local authority areas in England where fewer than 60% of children attend good or outstanding secondary schools, have lower than national GCSE attainment and make less than national levels of expected progress. Hartlepool is one of them.

Although it is hard to argue about the statistics, there can be much debate about the responsibility for and causes of the difficulties faced by our schools.

This Council believes that our dedicated teachers and school staff do an amazing job, in trying circumstances, and national leaders would be better employed putting forward solutions, rather than pointing fingers.

Nevertheless inaction is not an option and council therefore resolves to invite Mr Wilshaw's to Hartlepool to discuss with councillors, officers and education leaders in the town about how he believes we can address these shortfalls and continue our pursuit of academic excellence in all our educational establishments."

Signed by Councillors:-David Riddle Jonathan Brash Kelly Atkinson Steve Gibbon Paul Thompson

Motion moved by Councillor Brash and seconded by Councillor Thompson. On moving the motion, Councillor Brash explained the background and rationale for the Motion.

The Chair of Children's Services Committee provided a comprehensive response to the terms of the Motion. He advised that whilst appreciating the sentiment of the Motion, he was concerned that he did not want to undermine progress made by Officers who were working already with the Regional Inspector, OFSTED. The Chair suggested, therefore, that this issue be referred to the Children's Services Committee and that the Schools Forum also consider this issue. The suggestions were accepted by the mover of the Motion.

The substantive Motion was agreed by Council unanimously.

12. "Funding per pupil in England's schools can range dramatically from around £3,950 to as much as £8,595.

Hartlepool in 14/15 received toward the lower end of this with around  $\pounds4700$  per pupil.

As part of the CSR in November 2015 the chancellor announced a review of the funding formula, prompted by the demands of Conservative MPs.

It is imperative that Hartlepool makes the strongest possible response to this consultation to ensure that our schools get the funding they deserve.

Therefore this Council resolves to pull together the expertise of education providers right across Hartlepool, along with our officers, to craft the strongest possible argument in defence of our school funding for submission to this consultation.

Signed by Councillors:-David Riddle Jonathan Brash Kelly Atkinson Steve Gibbon Paul Thompson

The Motion was moved by Councillor Brash and seconded by Councillor Thompson.

The Chair of Children's Services Committee advised that it was credit to Officers that this issue had been highlighted in advance of the commencement of consultation. Discussions had started already with the Schools Forum and a report had been submitted to the Children's Services Committee. Officers were preparing the strongest case for Hartlepool to receive a bigger share of the funding formula.

Councillor Simmons, the Chair of Children's Services Committee, proposed that the Motion be amended and replaced with the Council agreeing to send a congratulatory message to appropriate Officers for being so astute and supporting schools so well.

In response to concerns expressed by the mover of the Motion, the Chair of Children's Services Committee provided assurance that any representations would be submitted for endorsement by the Children's Services Committee.

The amendments to the Motion were agreed by Council unanimously.

13. That this Council believes the current rules around debate with the context of a full council meeting are too restrictive and prevent full and reasoned debate. Therefore Council resolves to conduct a full review of Part 4 of our constitution (Rules of Procedure) and invite contributions from officers, members and the public"

Signed by Councillors:-David Riddle Jonathan Brash Kelly Atkinson Steve Gibbon Paul Thompson The motion had been dealt with earlier in the meeting during consideration of Motion 3 when it had been agreed to refer this Motion to the Monitoring Officer to consider as part of his 6 monthly review of the Constitution.

- 14. "That all advertising, within the control of HBC, of payday loans will be banned"
  - Councillors:-David Riddle Jonathan Brash Kelly Atkinson Steve Gibbon Paul Thompson

Motion moved by Councillor Brash. On moving the Motion, the proposer accepted that there was no such advertising in the Borough but that advertising across other Boroughs was increasing.

The Motion was seconded by Councillor Thompson subject to the addition of 'including restrictions on websites within the control of the Local Authority'.

The Chair of the Finance and Policy Committee advised that he was content to support the Motion which endorsed the current practice of this Council.

The Motion was agreed unanimously.

#### 119. TIMING OF COUNCIL MEETINGS

The Chief Executive reported that the views of the Neighbourhood Forums had been sought as to the timings of full Council meetings. The Council's Constitution provided that meetings 'shall unless otherwise directed or determined by the Council be held at the Civic Centre, Hartlepool commencing at 7.00pm.' Although, meetings did alternate between 2.00pm and 7.00pm this was some years previous to the present arrangements.

Members were advised that on the 7 October the Forums had met and the South and Central Forum had been of the view that the timings of Council meetings should be left at the 7.00pm start time, although there were some suggestions of a slightly earlier time (6.00pm being mentioned). The North and Coastal Forum similarly suggested the retention of the 7.00pm commencement time, but there were suggestions of returning to an alternative format of afternoon/evening meetings, particularly with seasonal influences with afternoon meetings being more conducive in the autumn/winter months and evening meetings over the spring/summer.

Members were reminded that the view had been expressed, at the Council meeting, that wider consultation should be undertaken also. Arrangements had been made for a survey to be undertaken, the results of which were summarised in the report. The views of Council were requested.

RESOLVED – That the view expressed by the majority of respondents be supported and Council meetings commence at 7.00pm

#### 120. OUTSIDE BODY APPOINTMENTS

Council was requested to note that Councillor Clark had resigned from the Tees Valley Local Access Forum. It was suggested that a replacement Member be sought when all outside body appointments were reviewed, prior to the Annual meeting of Council.

Council was advised also that Councillor Cook had resigned from Housing Hartlepool. The Chief Executive informed Council that she had been advised that it was proposed that Councillor James replace Councillor Cook. Council was requested to approve the change in representation.

RESOLVED – The resignations were noted and the proposed change of representation on Housing Hartlepool was approved.

#### 121. RESPONSE TO MOTION

At the meeting of Council, held on 12 November 2015, it had been agreed that letters should be sent to outline the opposition of this Council to Transatlantic Trade and Investment Partnership proposals.

Response letters had been appended to the report. Members were advised that any further responses would be circulated to Members

RESOLVED - Council noted the responses.

#### 122. PUBLIC QUESTION

1. Question from Mr Corbett to Chair of Regeneration Services Committee

"Could Councillor Cranney give the costs of the purchase, refurbishment, legal and architectural fees for the old Andersons Bakery, could he also inform us when the work is likely to be completed?"

The Vice-Chair of the Regeneration Services Committee responded that the purchase costs for the project to date were £118,000, the refurbishment, legal fees and architectural fees had or would all be done in-house keeping in a cost envelope commensurate to other housing refurbishments the Council had undertaken. A planning application for the conversion of the premises into 2 housing units was currently being processed. Depending on the outcome of the decision it was anticipated that the works would take no more than 24 weeks.

A Member referred to the financial information which had been supplied in relation to the former bakery and questioned whether similar information could be released for Jacksons Landing and the Domes. The Chief Solicitor responded that each case was considered on its own merits and the financial information relating to the Bakery was no longer confidential. Further research would be required in relation to the additional information which had been requested. Councillor Thompson requested that advice be provided to all Members. In response the Chief Solicitor suggested that the Member correspond with him to elaborate on the details requested and the Chief Solicitor would take client instructions and report back directly to the Member.

#### 2. Question from Mr Corbett to Chair of Regeneration Services Committee

"Could Cllr Cranney inform whether land to the south & east of the Historic Quay, I understand that various Masterplans/ Visions are proposed for the site, has any Council agreement with the owners relating to proposed development & if so, when is it envisioned that such a development will be completed ?"

The Vice-Chair of the Regeneration Services Committee reported that Jomast who owned the Trincomalee Wharf site contributed towards the development of the Hartlepool Regeneration Masterplan and were a key partner on the Masterplan's Steering Group. They were fully engaged and consulted on all of the Masterplan's recommendations and were supportive of the Council's plans for the Marina and Jacksons Landing.

The timing and eventual development of the site would be based on the commercial demand for development. The Council would work with Jomast to ensure the appropriate and well designed development of the site in line with the recommendations of the Masterplan. Jomast had agreed with the Council around the need for high quality design around the waterfront and the need for improved connectivity throughout the area including through their site.

The key projects within the Masterplan such as the National Museum of the Royal Navy's plans for Hartlepool Maritime Experience would act as a catalyst for further development and investment in the area which would improve the development potential and opportunities for Trincomalee Wharf.

It was highlighted that it was important to recognise that Masterplans were not rigid blueprints for development and design; rather they set the context within which individual projects come forward. The objective was to create a Masterplan that could respond positively to changes that added value, whilst promoting design quality and regeneration.

#### 123. QUESTIONS FROM MEMBERS OF THE COUNCIL

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

None.

- b) Questions on notice to the Chair of any Committee or Forum under Council Procedure Rule 12.2
- 1. Councillor Riddle to Chair of Regeneration Services Committee

"According to the data in the local development framework monitoring report, the number of long term empty properties (properties which have been empty for more than 2 years) in Hartlepool is 330. This is more than the whole of Darlington and Middlesbrough combined. What strategies are your committee implementing to address this issue?"

The Vice-Chair of the Regeneration Services Committee responded that the Council was delivering a range of projects set out within the Housing Strategy which aimed to reduce the number of long term empty properties in Hartlepool. The Housing Market Renewal Programme was nearing completion with over 1,000 properties demolished to date.

There were 165 long term empty properties which were owned by Hartlepool Borough Council primarily in the Carr/Hopps Street area which were due to be demolished or remodelled (which is 50% of the long term empty properties which have been empty for two years or more). The Council was also implementing the Empty Homes Strategy (which is now part of the Housing Strategy 2015 to 2020). In 2013 to 2015 100 long term empty homes were purchased by the Council, refurbished and are now tenanted. The 2015 to 2018 Empty Homes Programme is now underway and will result in a further 60 long term empty properties being brought back into use by 2018. Enforcement action of long term empty homes has also been a key priority with a number of successful Compulsory Purchase Order's (CPO's) completed and number of properties improved through Section 215 powers to improve the external appearance of empty residential dwellings and persuade owners to bring these properties back into use".

2. Councillor Brash to Chair of Finance and Policy Committee

"Can the Chair of F and P outline what qualification he believes a suitable candidate for policy chair needs to do their job effectively?"

The Chair of Finance and Policy Committee noted that Councillor Brash sought to distinguish the 'suitability' of a Policy Chair away from those other chairing roles, particularly of our regulatory and advisory committees, forums and working groups. He advised that he hoped that all Councillors would have qualities suitable to exercise these roles and particularly given that they had been deemed suitable for office by the electorate. He also trusted that a Chair and Vice Chair and members of a committee showed an interest in the work of their committee with a commitment to attend and participate in the committee meetings.

Councillor Brash responded by providing the rationale for submission of his question.

#### 3. Councillor Riddle to Chair of Regeneration Services Committee

"According to the data in the local development framework monitoring report, the vacancy rate in the town centre has reduced to 11.9% from the previous years 12.3%. Although this is a slight reduction of 0.4% the vacancy rate remains high when compared to national averages. What strategies do your committee have to help commercial premises owners increase occupancy rates across the town."

The Vice-Chair of the Regeneration Services Committee responded that Hartlepool Master Plan had now been adopted and had identified the Town Centre as one of the key sites. As a result of this the Council had submitted an outline Local Growth Bid to Tees Valley Unlimited to support private sector investment within the Town Centre. The Middleton Grange Centre had been purchased by the Mars Group and they were currently developing a multi million pound investment programme that would transform the Centre. The former Marks and Spencer's unit was being refurbished for a new let and the upper floor had been identified for a leisure use.

It was highlighted that Hartlepool had seen some success in attracting new retail to the Town including the Range and the return of TK Max. In addition the new owner of the Vision Retail Park was investing in a multi million pound regeneration of the site.

During the discussion which followed the response, the role of small businesses was recognised as a key element in the future of Hartlepool.

4. Councillor Riddle to Chair of Finance and Policy Committee

"According to the data in the local development framework monitoring report there were 731 incidences of burglary (of one form or another) in Hartlepool. This equates to an average of 2 burglaries in Hartlepool literally every day of the year. What strategies do your committee have to ensure residents of Hartlepool feel safe and secure in their homes."

The Chair of the Finance and Policy Committee advised that of the 731 burglary incidents referred to by Councillor Riddle, 351 had been classified as dwelling house burglary and 380 had been classified as burglary other ie everything not relating to an occupied residential property. Strategies which provided reassurance and ensured residents felt safe in their home were 3 fold: to provide Victim Support services to help victims cope and recover from their ordeal; to Catch and Convict burglars; and to prevent others from becoming victims.

It was recognised that burglary dwelling could have a huge impact on individuals and families. The Council's Victim Support Service provided emotional and practical support to help victims. The service aimed to make victims feel safe in their home and reduce their risk of repeat victimisation. During the period referred to the Councils Victim Support Service supported over 590 victims and of those supported 86% reported increased feelings of safety.

Members were advised that it was an essential strand of burglary reduction strategy that offenders were caught and convicted - a number of prolific burglars had been caught by the Police and had been convicted towards the end of last year. As a result the burglary figures for the last quarter October – December 2015 had shown a 42.2% reduction in comparison to the same time period in the previous year.

It was noted that the delivery of effective crime prevention messages to home owners was important also. Over the last year a number of campaigns had been undertaken carrying key preventative messages including the 'door step caller initiative' and the 'lights on against crime initiative'.

c) Questions on notice to the Council representatives on the Police and Crime Panel and Cleveland Fire Authority

None.

d) Minutes of the meetings held by the Cleveland Fire Authority and the Police and Crime Panel

The minutes of the meeting of the Cleveland Fire Authority held on 16 October 2015 were noted.

Referring to minute 40.1, a member sought an explanation of the reasons that this Council's representatives on the Cleveland Fire Authority had left the Fire Authority meeting. It was highlighted that as a formal complaint had been submitted to the Monitoring Officer, details of the incident could not be disclosed until the complaint had been dealt with. In response to a request that the issue be discussed by this Council when the investigation of the complaint was completed, the Council's Monitoring Officer advised that the issue was within the jurisdiction of Cleveland Fire Authority and the representations made at this Council meeting would be conveyed to the Fire Authority.

The meeting concluded at 10.50 p.m.

CEREMONIAL MAYOR

# **COUNCIL REPORT**

18 February 2016

**Report of:** Finance and Policy Committee

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

### 1. PURPOSE OF REPORT

- 1.1 The purposes of the report are:
  - to provide details of the provisional Local Government Finance Settlement announcement on 17<sup>th</sup> December 2015, including the introduction by the Government of the 2% Social Care precept, and the impact on the MTFS approved by Council in December 2015; and
  - ii) to enable Council to consider the final recommendations from the Finance and Policy Committee in relation to the 2016/17 Budget and Council Tax level.

#### 2. BACKGROUND

- 2.1 In accordance with the Constitution the Finance and Policy Committee's detailed budget proposals were considered and approved by Council on 10<sup>th</sup> December 2015. The report to Council advised Members that a decision on the 2016/17 Council Tax level would be considered at the February 2016 Council meeting, as this issue could not be considered until the Government had issued the 2016/17 Council Tax referendum threshold and determined whether the Council Tax freeze grant regime would continue.
- 2.2 The detailed report considered by Finance and Policy Committee on the 11<sup>th</sup> January 2016 is attached at Appendix A. This report enables Council to approve the 2016/17 Council Tax for Hartlepool Council services and key information is provided in section 3. The separate booklet issued with the agenda provides the detailed supporting information for the 2016/17 budget (Appendix B).
- 2.3 Details of the statutory 2016/17 Council Tax calculations, including the Council Tax levels approved by the Police and Crime Commissioner, Cleveland Fire Authority and Parish Councils, will be reported to Council on 25<sup>th</sup> February 2016.

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#### 3. MTFS UPDATE

3.1 A copy of the detailed MTFS report considered by the Finance and Policy Committee on 11<sup>th</sup> January 2016 is attached at Appendix A and the key issues are summarised in the following paragraphs:

# 3.2 Impact of 2016/17 Local Government Finance settlement announcement

- 3.3 The actual grant cuts for the next three years are higher than forecast and for 2016/17 the actual Revenue Support Grant cut is **£4.474m**, a reduction of **19.7%**.
- 3.4 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, an increase of nearly 30%.
- 3.5 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 any future decision regarding the 2019/20 Council Tax increase and potential Better Care Fund gain and New Homes Bonus reduction in 2019/20.
- 3.6 As indicated in the report to the Finance and Policy Committee the immediate issue facing the Council is the impact of the actual 2016/17 Government grant cut being higher than forecast. This risk was recognised by not committing the 2015/16 outturn and resources released from the reserves review. The overall impact is partly mitigated by the actual 2016/17 Council Tax base being higher than forecast. However, these measures are not sufficient to address the actual Government grant and the resulting additional 2016/17 budget deficit of £2.1m. Consequently the Council still faces a residual additional deficit of £570,000.
- 3.7 As summarised in the next section the Finance and Policy Committee is recommending that this amount is addressed by implementing the 2% Social Care precept, in addition to the 1.9% Council Tax increase.

#### 3.8 Council Tax 2016/17

- 3.9 The Local Government Finance settlement announcement confirms the end of the Government funded Council Tax freeze regime. Hartlepool is the only Council in the Tees Valley which has frozen Council Tax for the last 5 years.
- 3.10 This approach recognised the financial pressure on households. For the 55.8% of households in a Band A property the 5 year freeze avoided the Council's element of Council Tax increasing from £945.80 in 2010/11 to £1,039.13 in 2015/16 if annual increases of 1.9% had applied (the maximum

increase permitted by the relevant Council Tax capping or referendum limits). This has provided a cumulative saving for Band A properties of  $\pounds 276.50$ .

- 3.11 The Government'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 in a regime that is generally recognised as being underfunded and facing ongoing and significant demographic pressures.
- 3.12 Increased Social Care costs include the impact of the Government's National Living Wage which is effective from 1<sup>st</sup> April 2016 and will increase the Council's costs by an estimated £500,000 in 2016/17, increasing to £2.5m by 2019/20. No additional core funding will be provided by the Government to offset these increases and the Government effectively anticipates that Councils will fund these additional commitments through a combination of the 2% Social Care precept and Better Care Fund allocations (which will slowly begin to provide additional funding from 2017/18).
- 3.13 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.
- 3.14 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.
- 3.15 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 the Finance and Policy is recommending a 2016/17 Council Tax increase of 1.9% plus a 2% Social Care precept.
- 3.16 This recommendation provides the most robust financial base for 2016/17 and future years as it secures a higher Council Tax base, which partly mitigates the impact of the continuing Government grant cuts.
- 3.17 For the majority of Hartlepool households (i.e. the 72% of households living in a Band A or B property) the increase equates to 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.

- 3.18 The report to the Finance and Policy Committee advised Members that if the recommended Council Tax increase is not implemented that 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.
- 3.19 The report to the Finance and Policy Committee advised Members that not increasing Council Tax by the maximum amount allowed by the Government would leave the Council in a much weaker financial position as:
  - The Council Tax base would be permanently lower and this could not be made up in future years by implementing higher Council Tax increases;
  - Additional budget savings would need to be made for 2016/17, which would mean these cuts could not then be implemented in 2017/18. This would mean even more difficult cuts would be required in 2017/18.
- 3.20 As a result of the impact of continuing Government grant cuts in 2016/17 and the changes in the Governments Council Tax policy the proportion of the budget funded from Council Tax in 2016/17 will be 40%, compared to 36.3% in 2015/16. This shift in funding reflects an increase in Council Tax income of **£2.660m**, including growth in the Council Tax base, as summarised in the following table:

Increase in Council Tax income 2015/16 to 2016/17

	£'m
Growth in Council Tax Base	1.384
(i.e. increase in the number of properties – actual 2015/16 growth	
plus forecast 2016/17 growth)	
1.9% Council Tax increase	0.621
2.0% Social Care Precept	0.655
Council Tax increase 2015/16 to 2016/17	2.660

3.21 The increase in 2016/17 Council Tax income only offsets approximately **one third** of the 2016/17 reduction in the total in Government Grant funding and the reduction in Business Rates income arising from the 48% reduction in Rateable Value for the Power Station. These issues reduce the Council's recurring resources by **£8.274m**, as summarised in the following table: Reduction in Government Grant and Business Rates income 2015/16 to 2016/17

	£'m
Government Revenue Support Grant cut (19.7% reduction)	4.474
Business Rates Reduction (impact of 48% reduction in Power	3.800
Station Rateable Value)	
Total Reduction RSG Business Rates income	8.274

#### 4. ROBUSTNESS OF BUDGET FORECASTS - CHIEF FINANCE OFFICERS PROFESSIONAL ADVICE

- 4.1 The MTFS report submitted to Finance and Policy Committee on 23<sup>rd</sup> November 2015 and Council on 10<sup>th</sup> December 2015 provided detailed advice on the robustness of the budget forecasts. This advice remains appropriate. The following additional factors were brought to the attention of the Finance and Policy Committee and are equally relevant when full Council is considering the final 2016/17 Budget and Council Tax proposals:
  - **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 is 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 includes using £1.131m of one-off resources to offset the Power Station Rateable Value reduction.

The proposals in this report increase the one-off funding to £6.680m. The additional use of one-off resources helps protect services in 2016/17 and provides a longer lead time to address the impact of higher actual Government grant cuts than forecast.

- 4.2 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 proposals are robust.
- 4.3 If Members do not approve these proposals the Chief Finance Officer's advice would be caveated until alternative permanent savings had been identified and approved by both the Finance and Policy Committee and full Council.

#### 5. CONCLUSION

- 5.1 The 2016/17 budget is the most difficult financial year faced by the Council so far as resources available to fund services will be **£8.274m** less than they were in 2015/16. This is a reduction of **19.6%** and reflects the combined impact of:
  - a further cut in Government Revenue Support Grant of £4.474m a reduction of 19.7%; and
  - the permanent reduction in the Rateable Value of Power Station, which reduces recurring total Business Rates income by £3.8m - a reduction of 19.4%.
- 5.2 The Council also faces 2016/17 inflationary pressures, including a forecast of the impact of the Government's National Living Wage which will not be funded from additional Government grant as a new financial burden.
- 5.3 The development of the MTFS and management of the 2015/16 budget anticipated these financial risks and earmarked one-off resources to provide a longer lead time to identify permanent budget cuts.
- 5.4 The 2016/17 Local Government Finance 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 resources raised locally from Business Rates and Council Tax, with very limited resource equalisation. This will increase financial risks for the Council, including an increased reliance on Business Rates income from the Power Station.
- 5.5 The Local Government Finance settlement also confirms the end of the Government funded Council Tax freeze era, which has lasted for 5 years.

Hartlepool is the only Tees Valley Authority to have frozen Council Tax for this period.

- 5.6 The Government is also implementing the 2% Social Care precept as part of its strategy for funding increased financial pressures of providing Adult Social Services, including demographic pressures and annual increases in the National Living Wage for 4 years commencing April 2016.
- 5.7 The changes to Council Tax introduced by the Government are a significant policy change and by 2019/20 the Government forecasts that the amount raised from Council Tax at a national level will be £5.278 billion more than it was in 2015/16. This is a 24% increase and includes the Government's forecast for national housing growth and an assumption that all Social Care Authorities will increase Council Tax by 3.9% (inclusive of the 2% Social care precept).
- 5.8 Against this background and a combined reduction in Government Grant and reduced Business Rates income of £8.274m the Council needs to consider the Council Tax increase recommended by the Finance and Policy Committee, which will generate additional Council Tax income of £1.276m. The balance of the funding reduction will be funded from a combination of using one-off resources, budget cuts and growth in the Council Tax base.
- 5.9 The increase in Council Tax income of **£1.276m** includes £655,000 arising from the 2% Social Care precept. The 2% Social Care precept partly funds the impact of inflation pressures on Adult Social services, including the impact of the National Living Wage, of £1.3m.
- 5.10 The 2016/17 Council Tax recommendation increases the Council Tax income base and therefore provides the strongest financial foundations for future financial years. This is increasingly important as a result of the Government policy to make Councils 'self funded' from local resources, as foregoing Council Tax increases cannot be made up by implementing higher increases in future years.
- 5.11 As the Council has frozen Council Tax for the last 5 years the recommended increase will result in a Band A Council Tax for 2016/17 of £982.69 for Council services. In real terms this takes Council Tax to the level it would have been in 2012/13 if annual increases of 1.9% had applied in 2010/11, 2011/12 and 2012/13.
- 5.12 For Band A and B properties, which account for 72% of Hartlepool households, the weekly increase will be no more than 83p per week. For 96% of Local Council Tax Support scheme households the weekly increase will be no more than 10p per week.
- 5.13 The budget proposals for 2016/17 are based on using one-off resources of £6.680m, including £1.131m of one-off resources to partly offset the Power Station Rateable Value reduction. These resources have been built up over a number of years to support the budget. Use of these one-off resources will

help protect services in 2016/17 and provide a longer lead time to address the impact of continuing Government grant cuts.

- 5.14 This report has had to be prepared before the final 2016/17 Local Government Finance Settlement is presented to Parliament. The Department of Communities and Local Government has indicated that the final settlement will be presented before Parliament goes into recess on 11<sup>th</sup> February 2016, although they have not given a date. Based on experience in previous years it is not anticipated there will be any significant changes in the grant allocations announced before Christmas and if there are any changes an updated report will be issued.
- 5.15 The report to the Finance and Policy Committee on 11<sup>th</sup> January 2016 highlighted the recurring financial impact of the shift in Government Council Tax policy and the Government's expectation that by 2019/20 Council Tax will raise an additional £5.278 billion, which is an increase of 24% on 2015/16. The Government's forecasts include the impact of the Social Care precept.
- 5.16 In view of the Government's Council Tax policy shift, the scale of the reduction in Government grant and the impact of the Power Station Business Rates income reduction the Corporate Management Team (CMT) recommended a 3.9% Council Tax increase (including the 2% Social Care precept) to Finance and Policy Committee. The CMT recommendation reflects officers' professional advice that the recommended Council Tax increase provides the most robust basis for the 2016/17 budget and ensures the most sustainable resource base for future years. The advice of CMT is equally relevant when Council are considering the Council Tax increase recommended by the Finance and Policy Committee.

### 6. PROPOSALS

6.1 Details of the final budget proposals referred by the Finance and Policy Committee following their meeting on 11<sup>th</sup> January 2016 are provided in section 14 of Appendix A. For Members convenience these issues are detailed below and for ease of reference the paragraph numbers detailed are the same as the MTFS Report attached at Appendix A.

#### **Extract from Finance and Policy Committee Report**

- 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 for 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.

## 7. CONTACT OFFICER

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

# 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 17<sup>TH</sup> SETTLEMENT (ISSUED ON 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;
  - To enable Members to determine the final 2016/17 budget and Council Tax proposals to be referred to Council on 18<sup>th</sup> 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 23<sup>rd</sup> November 2015 and detailed proposals referred to Council on 10<sup>th</sup> 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 25<sup>th</sup> 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 17<sup>th</sup> December 2015, the final working day before Parliament broke for Christmas. This ensured the LGF settlement was presented to Parliament before the 31<sup>st</sup> 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 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 a 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 2019/20**

- 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 Topup grant);

4

- 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	2019/20	Increase/(cut)	
	£'million	£'million	£'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

North East Councils		10 Lowest Percentage Reductions	
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> East Dorset	83%
Gateshead	29%	Elmbridge, Reigate and Banstead,	83 <i>%</i> 80%
Hartlepool	27%	Mole Valley, Surrey Heath,	to 75%
Middlesborough	26%	Chiltern	
Newcastle	26%	Wokingham	74%
South Tyneside	26%	Tandridge	72%
,		Maidstone	69%
Sunderland	25%	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 2/3<sup>rd's</sup> 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	2017/18	2018/19
	£'m	£'m	£'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%

- 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

<u>Revenue Support Grant continuing cuts and 100% Business Rates</u>
 <u>Retention</u>

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

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.

<u>Reform of New Homes Bonus system</u>

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 10<sup>th</sup> 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.

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<u>Apprenticeships Payroll Levy</u>

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 23<sup>rd</sup> 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  $\pounds$ 1.058m and  $\pounds$ 1.278m, from the 2015/16 forecast outturn and review of reserves. Based on the latest assessment the outturn forecast of  $\pounds$ 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	621	621
into MTFS (as detailed in paragraph 5.1)		
Add Net additional 2016/17 Budget deficit (as	570	570
detailed in paragraph 4.36)		
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	536	(85)
2016/17/(Value of 2015/16 Outturn which can		
be released to support the 2017/18 budget)		

- 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	Property	Percentage of	Option 2 –
Percentage of	Band	Hartlepool	increase per
Households		Households	week
24.1%	Α	55.8%	71p
19.7%	В	16.6%	83p
21.8%	С	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%	Н	0.2%	£2.12

#### Local Council Tax Support Scheme Households

Property	Percentage of	Option 2 –	
Band	Households	increase per	
		week	
Α	88%	9p	
В	8%	10p	
С	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 <u>is not</u> 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		Revised Forecast	Revised Forecast
reported		based on actual	based on actual
23.11.15 based		grant cut and	grant cut and
on 1.9% Council		1.9% Council Tax	1.9% Council Tax
Tax increase		increase	increase and 2%
			Social Care
			Precept
£'m		£'m	£'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	21%	19%
	15/16 budget		

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 DEFICTS

- 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 approached 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 mutli-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 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 quality 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 23<sup>rd</sup> November 2015 and Council on 10<sup>th</sup> 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 10<sup>th</sup> 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):

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

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

- 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 dependent 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 1<sup>st</sup> 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 29<sup>th</sup> June 2015. Medium Term Financial Strategy Review of Reserves as at 31<sup>st</sup> March 2015 report to Finance and Policy Committee 15<sup>th</sup> September 2014. Medium Term Financial Strategy 2016/17 to 2018/10 report to Finance and Policy Committee 23<sup>rd</sup> November 2015.

#### 17. CONTACT OFFICERS

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# MEDIUM TERM FINANCIAL STRATEGY

# SUPPORTING DOCUMENTATION BOOKLET

February 2016

#### OVERVIEW

This document provides details of a summary of the overall General Fund budget and detailed departmental budgets for 2016/17, which reflect the budget decisions approved by Council on 10th December 2015 and proposals to be referred to Council on 18th February 2016.

STATEMENT OF GENERAL FUND REQUIREMENTS FOR 2016/17	
	2016/2017
	BUDGET
	£m.
DEPARTMENTAL REQUIREMENTS	۲
Child & Adult Services Department	46.830
Chief Executives Department	4.26
Rent Allowances/C. Tax benefit not subsidised	1.62
Rent Allowances Grant	(1.376
Public Health Department	1.05
Regen & Neighbourhoods	19.94
TOTAL DEPARTMENTAL REQUIREMENTS	72.34
Property Budgets	2.785
EXTERNAL REQUIREMENTS	
Magistrates, Probation and Coroners Court	0.192
North Eastern Sea Fisheries Levy	0.027
Flood Defence Levy	0.073
CORPORATE COMMITMENTS	
I.T.	2.654
Free Swims	0.031
Audit Fees	0.125
Centralised Estimates	5.339
Insurances	0.267
Designated Authority Costs	0.033
Pensions	0.413
Members Allowances	0.284
Living Wage	0.150
Increased External contract Prices	0.500
Emergency Planning	0.066
Parish Precepts	0.028
Pressure from loss of funding for academies programme	0.185
Shopping Centre	(0.343)
LCTS 2016/17 Cost Pressure to maintain a 20% scheme	1.089
Pensions Employers Saving	(0.380)
Holiday Pay	0.190
Ward Members Budgets	0.132
GROSS BASE BUDGET REQUIREMENT	86.188
Council Tax Percentage Increase	3.90%
Formula Grant	25.720
Retained Business Rates	15.873
Council Tax	34.294
Council Tax - Precept Income	0.022
Collection Fund Surplus/(deficit)	0.963
Specific Grants	3.362
Use of Budget Support Fund / Risk Reserves	5.954
BUDGET LIMIT	86.188
DEFICIT/(SURPLUS)	0.000
Less Cumulative cuts in previous years	0.000
New Annual Savings	(0.000

#### **CHILD & ADULT SERVICES**

# DETAILED REVENUE BUDGETS 2016/2017

#### 2016/2017 BUDGET - CHILD AND ADULT SERVICES SUMMARY

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2016/2017 (2+3+4+5+6 +7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
2000	Child	2000	2 000	2000	2000	2000	2.000	2000
197	Access to Education	210	(2)	0	0	59	(59)	208
	Central Support Services	120	0	0	0	0	0	120
	Children & Families	12,122	(250)	0	0	532	(532)	11,872
	Early Intervention Services	4,735	(550)	0	0	0	0	4,185
542	Other School Related Expenditure	556	(33)	0	0	0	0	523
4	Play & Care	4	0	0	0	0	0	4
561	Raising Educational Achievement	584	(61)	0	0	195	(195)	523
219	Special Educational Needs	240	(3)	0	0	0	0	237
56	Strategic Management	18	(1)	0	0	0	0	17
418	Youth Offending	429	0	0	0	0	0	429
0	Dedicated Schools Grant - Early Years Block	0	0	0	0	77	(77)	0
0	Dedicated Schools Grant - Schools Block	47	0	0	0	0	0	47
0	Dedicated Schools Grant - High Needs Block	0	0	0	0	0	0	0
18,467	Sub-Total Child	19,065	(900)	0	0	863	(863)	18,165
	Adult							
0	Carers Support	0	0	0	0	0	0	0
3,475	Commissioning - Adults	3,658	(175)	202	(202)	0	0	3,483
1,300	Commissioning - Mental Health	1,340	0	71	(71)	337	(337)	1,340
9,910	Commissioning - Older People	10,164	(250)	276	(276)	0	0	9,914
7,803	Commissioning - Working Age Adults	7,999	(145)	205	(205)	0	0	7,854
204	Complaints, Investigations & Public Information	172	(3)	0	0	31	(31)	169
456	Departmental Running Costs	460	(250)	0	0	0	0	210
760	Direct Care & Support Team	783	0	0	0	0	0	783
390	Learning Disability & Transition Social Work Teams	402	0	0	0	0	0	402
2,705	Locality & Safeguarding Social Work Teams	3,011	0	0	0	0	0	3,011
652	Mental Health Services	705	(20)	0	0	43	(43)	685
			(7)	0	0	0	0	372
370	Occupational Therapy Services & Disability Equipment	379	(7)					
		202	0	0	0	0	0	202
198	Equipment			0	0	0	0	202 1,174
198 1,150	Equipment Workforce Planning & Development	202		-	0 0 (754)	-		
198 1,150 <b>29,373</b>	Equipment Workforce Planning & Development Working Age Adults Day Services	202 1,174	0 0 <b>(850)</b>	0 <b>754</b>	0 (754)	0	0 (411)	1,174

#### 2016/2017 BUDGET - SERVICE UNIT: ACCESS TO EDUCATION

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions	00010	2016/2017
2010/2010	Octvice Onit	2010/2017	Reductions	110330103	to Fund		(2+3+4+5
					Pressures		+6)
					1 16350165		+0)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
2000	Buildings and School Places	2000	2000	2000	2000	2000	2000
80	Direct costs - Employees	83	0	0	0	0	83
13		13	0	0	0	59	
93	Total Direct Cost	96	0	0	0	59	155
14	Support Recharges	14	0	0	0	0	14
	Income	0	0	0	0	0	0
107	Gross Budget Requirement	110	0	0	0	59	169
	Attendance and Behaviour						
294	Direct costs - Employees	292	0	0	0	0	292
27	- Other	18	(1)	0	0	0	17
	Total Direct Cost	310	(1)	0	0	0	309
31	Support Recharges	32	(1)	0	0	0	31
( /	Income	(242)	0	0	0	0	(242)
	Gross Budget Requirement	100		0	0	0	98
197	Total Gross Budget Requirement	210	(2)	0	0	59	267
	Use Of Departmental Reserves			-		(59)	(59)
197	Net Budget Requirement	210	(2)	0	0	0	208

<u>Corporate Budget Reductions</u> Inflationary savings identified from supplies and services budget.

#### 2016/2017 BUDGET - SERVICE UNIT: CENTRAL SUPPORT SERVICES

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
£ 000		£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
	Central Support Services						
0	Direct costs - Employees	0	0	0	0	0	0
0	- Other	0	0	0	0	0	0
0	Total Direct Cost	0	0	0	0	0	0
461	Support Recharges	473	0	0	0	0	473
(353)	Income	(353)	0	0	0	0	(353)
108	Gross Budget Requirement	120	0	0	0	0	120
	Use Of Departmental Reserves						0
108	Net Budget Requirement	120	0	0	0	0	120

#### 2016/2017 BUDGET - SERVICE UNIT: CHILDREN & FAMILIES

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Children & Families						
5,880	Direct costs - Employees	5,848	0	0	0	299	6,147
6,870	- Other	7,215	0	0	0	233	7,448
12,750	Total Direct Cost	13,063	0	0	0	532	13,595
120	Support Recharges	118	0	0	0	0	118
(912)	Income	(1,059)	(250)	0	0	0	(1,309)
11,958	Gross Budget Requirement	12,122	(250)	0	0	532	12,404
	Use Of Departmental Reserves					(532)	(532)
11,958	Net Budget Requirement	12,122	(250)	0	0	0	11,872

#### **Corporate Budget Reductions**

This relates to (i) further integration of early help and intervention services across social care, education and public health. By working more closely with Public Health it is proposed that the Public Health grant can be utilised across Children's Servi

#### One off costs Funded from Department Reserves

These relate to the Troubled Families Programme, Adoption Reform Grant and use of the Social Care and Early Intervention reserve to fund additional Social Work requirements.

#### 2016/2017 BUDGET - SERVICE UNIT: EARLY INTERVENTION SERVICES

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Early Intervention Services						
3,108	Direct costs - Employees	3,409	(11)	0	0	0	3,398
1,782	- Other	1,867	(89)	0	0	0	1,778
4,890	Total Direct Cost	5,276	(100)	0	0	0	5,176
31	Support Recharges	32	0	0	0	0	32
(517)	Income	(573)	(450)	0	0	0	(1,023)
4,404	Gross Budget Requirement	4,735	(550)	0	0	0	4,185
	Use Of Departmental Reserves						0
4,404	Net Budget Requirement	4,735	(550)	0	0	0	4,185

#### **Corporate Budget Reductions**

This relates to (i) further integration of early help and intervention services across social care, education and public health. By working more closely with Public Health it is proposed that the Public Health grant can be utilised across Children's Servi

#### 2016/2017 BUDGET - SERVICE UNIT: OTHER SCHOOL RELATED EXPENDITURE

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Other School Related Expenditure						
201	Direct costs - Employees	206	(5)	0	0	0	201
1,497	- Other	1,226	(28)	0	0	0	1,198
1,698	Total Direct Cost	1,432	(33)	0	0	0	1,399
0	Support Recharges	0	0	0	0	0	0
(1,156)	Income	(876)	0	0	0	0	(876)
542	Gross Budget Requirement	556	(33)	0	0	0	523
	Use Of Departmental Reserves						0
542	Net Budget Requirement	556	(33)	0	0	0	523

<u>Corporate Budget Reductions</u> The reduction mainly relates to a reduction in ongoing pension costs.

#### 2016/2017 BUDGET - SERVICE UNIT: PLAY & CARE

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Play & Care						
104	Direct costs - Employees	104	0	0	0	0	104
27	- Other	27	0	0	0	0	27
131	Total Direct Cost	131	0	0	0	0	131
0	Support Recharges	0	0	0	0	0	0
(127)	Income	(127)	0	0	0	0	(127)
4	Gross Budget Requirement	4	0	0	0	0	4
	Use Of Departmental Reserves		-	-	-		0
4	Net Budget Requirement	4	0	0	0	0	4

# 2016/2017 BUDGET - SERVICE UNIT: RAISING EDUCATIONAL ACHIEVEMENT

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Raising Educational Achievement						
1,070	Direct costs - Employees	1,115	(55)	0	0	165	1,225
389	- Other	400	(6)	0	0	0	394
1,459	Total Direct Cost	1,515	(61)	0	0	165	1,619
0	Support Recharges	0	0	0	0	0	0
(898)	Income	(931)	0	0	0	30	(901)
561	Gross Budget Requirement	584	(61)	0	0	195	718
561	Total Gross Budget Requirement	584	(61)	0	0	195	718
	Use Of Departmental Reserves					(195)	(195)
561	Net Budget Requirement	584	(61)	0	0	0	523

# **Corporate Budget Reductions**

The reductions relate to restructuring efficiencies and inflationary savings relating to supplies and services.

# 2016/2017 BUDGET - SERVICE UNIT: SPECIAL EDUCATIONAL NEEDS

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Special Educational Needs						
897	Direct costs - Employees	934	0	0	0	0	934
111	- Other	93	(2)	0	0	0	91
1,008	Total Direct Cost	1,027	(2)	0	0	0	1,025
33	Support Recharges	19	(1)	0	0	0	18
(822)	Income	(806)	0	0	0	0	(806)
219	Gross Budget Requirement	240	(3)	0	0	0	237
	Use Of Departmental Reserves						0
219	Net Budget Requirement	240	(3)	0	0	0	237

# **Corporate Budget Reductions**

Inflationary savings identified from supplies and services budget.

# 2016/2017 BUDGET - SERVICE UNIT: STRATEGIC MANAGEMENT

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
		(2)		<i>(</i> <b>1</b> )	(=)		(-)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Strategic Management						
248	Direct costs - Employees	191	0	0	0	0	191
47	- Other	52	(1)	0	0	0	51
295	Total Direct Cost	243	(1)	0	0	0	242
0	Support Recharges	0	0	0	0	0	0
(239)	Income	(225)	0	0	0	0	(225)
56	Gross Budget Requirement	18	(1)	0	0	0	17
	Use Of Departmental Reserves			-	-		0
56	Net Budget Requirement	18	(1)	0	0	0	17

# **Corporate Budget Reductions**

Inflationary savings identified from supplies and services budget.

# 2016/2017 BUDGET - SERVICE UNIT: YOUTH OFFENDING

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Youth Offending						
719	Direct costs - Employees	699	0	0	0	0	699
190	- Other	175	0	0	0	0	17
909	Total Direct Cost	874	0	0	0	0	874
0	Support Recharges	0	0	0	0	0	(
(491)	Income	(445)	0	0	0	0	(445
418	Gross Budget Requirement	429	0	0	0	0	429
	Use Of Departmental Reserves						(
418	Net Budget Requirement	429	0	0	0	0	429

# 2016/2017 BUDGET - SERVICE UNIT: DEDICATED SCHOOLS GRANT - EARLY YEARS BLOCK

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Dedicated Schools Grant - Early Years Block						
2,257	ISB	2,342	0	0	0	0	2,342
34	Direct costs - Employees	35	0	0	0	27	62
2,143	- Other	2,057	0	0	0	25	2,082
4,434	Total Direct Cost	4,434	0	0	0	52	4,486
53	Support Recharges	53	0	0	0	25	78
(4,487)	Income	(4,487)	0	0	0	0	(4,487)
0	Gross Budget Requirement	0	0	0	0	77	77
	Use Of Departmental Reserves			_		(77)	(77)
0	Net Budget Requirement	0	0	0	0	0	0

This is an indicative budget which is subject to change due to participation levels.

### 2016/2017 BUDGET - SERVICE UNIT: DEDICATED SCHOOLS GRANT - SCHOOLS BLOCK

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Dedicated Schools Grant - Schools Block						
41,986	ISB	41,986	0	0	0	0	41,986
202	Direct costs - Employees	259	0	0	0	0	259
1,469	- Other	1,486	0	0	0	0	1,486
43,657	Total Direct Cost	43,731	0	0	0	0	43,731
325	Support Recharges	325	0	0	0	0	325
(43,982)	Income	(44,009)	0	0	0	0	(44,009)
0	Gross Budget Requirement	47	0	0	0	0	47
	Use Of Departmental Reserves						0
0	Net Budget Requirement	47	0	0	0	0	47

The funding received in respect of the schools block is net of funding for Academies. The increase in budget relates to the transfer of staff to the Admissions Service which were previous budgeted for within in Strategic Management.

# 2016/2017 BUDGET - SERVICE UNIT: DEDICATED SCHOOLS GRANT - HIGH NEEDS BLOCK

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Dedicated Schools Grant - High Needs Block						
1,107	ISB	1,107	0	0	0	0	1,107
151	Direct costs - Employees	151	0	0	0	0	151
6,312	- Other	6,312	0	0	0	0	6,312
7,570	Total Direct Cost	7,570	0	0	0	0	7,570
536	Support Recharges	536	0	0	0	0	536
(8,106)	Income	(8,106)	0	0	0	0	(8,106)
0	Gross Budget Requirement	0	0	0	0	0	0
	Use Of Departmental Reserves						0
0	Net Budget Requirement	0	0	0	0	0	0

### 2016/2017 BUDGET - SERVICE UNIT: CARERS SUPPORT

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		(2) £'000	£'000	£'000	£'000	£'000	£'000
£ 000	Ocean Overset	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
0	Carers Support	0		0		0	0
	Direct costs - Employees	0	0	0	0	0	0
180	- Other	180	0	0	0	0	180
180	Total Direct Cost	180	0	0	0	0	180
0	Support Recharges	0	0	0	0	0	0
(180)	Income	(180)	0	0	0	0	(180)
0	Gross Budget Requirement	0	0	0	0	0	0
	Use Of Departmental Reserves						0
0	Net Budget Requirement	0	0	0	0	0	0

### 2016/2017 BUDGET - SERVICE UNIT: COMMISSIONING - ADULTS

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Commissioning - Adults						
1,229	Direct costs - Employees	1,264	0	0	0	49	1,313
3,793	- Other	3,857	(174)	0	(202)	0	3,481
5,022	Total Direct Cost	5,121	(174)	0	(202)	49	4,794
197	Support Recharges	197	(1)	0	0	0	196
(1,744)	Income	(1,660)	0	202	0	0	(1,458)
3,475	Gross Budget Requirement	3,658	(175)	202	(202)	49	3,532
	Use Of Departmental Reserves					(49)	(49)
3,475	Net Budget Requirement	3,658	(175)	202	(202)	0	3,483

### Corporate Budget Reductions

These relate to services being provided through greater integration between health and social care and not applying an inflationary increase to various contracts and a review of all non-pay budgets.

### Departmental Budget Pressures

The Care Act Grant was mainstreamed into the Revenue Support Grant but was £0.2m lower than the 2015/16 allocation.

Departmental Budget Reductions to Fund Pressures The element of the Care Act grant in 2015/16 that was allocated towards Early Assessments and the introduction of the Care Cap had not been fully allocated owing to the government delaying the introduction of the Care Cap until April 2020. This uncommitted funding has been used to fund the above pressure.

### One off costs Funded from Department Reserves

This relates to a temporary post funded from the Better Care Fund reserve.

### 2016/2017 BUDGET - SERVICE UNIT: COMMISSIONING - MENTAL HEALTH

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Commissioning - Mental Health						
69	Direct costs - Employees	74	0	0	0	152	226
2,161	- Other	2,212	0	71	0	185	
2,230	Total Direct Cost	2,286	0	71	0	337	2,694
0	Support Recharges	0	0	0	0	0	0
(930)	Income	(946)	0	0	(71)	0	(1,017)
1,300	Gross Budget Requirement	1,340	0	71	(71)	337	1,677
	Use Of Departmental Reserves					(337)	(337)
1,300	Net Budget Requirement	1,340	0	71	(71)	0	1,340

Departmental Budget Pressures This relates to increased costs for residential and community based care owing to demographic pressures.

Departmental Budget Reductions to Fund Pressures This relates to increased income from the CCG as a contribution towards joint packages of care.

One off costs Funded from Department Reserves This relates to the Deprivation of Liberty Safeguards budget pressure to be funded from reserves in 2016/17.

### 2016/2017 BUDGET - SERVICE UNIT: COMMISSIONING - OLDER PEOPLE

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Commissioning - Older People						
0	Direct costs - Employees	0	0	0	0	0	0
22,439	- Other	22,336	(250)	276	0	0	22,362
22,439	Total Direct Cost	22,336	(250)	276	0	0	22,362
0	Support Recharges	0	0	0	0	0	0
(12,529)	Income	(12,172)	0	0	(276)	0	(12,448)
9,910	Gross Budget Requirement	10,164	(250)	276	(276)	0	9,914
	Use Of Departmental Reserves						0
9,910	Net Budget Requirement	10,164	(250)	276	(276)	0	9,914

### **Corporate Budget Reductions**

These relate to services being provided through greater integration between health and social care, not applying an inflationary increase to various contracts and a review of all non-pay budgets. In addition, through delivery of the Better Care Fund plan initiatives around early intervention, prevention and low level services it is hoped there will be a reduction in demand for services.

Departmental Budget Pressures This relates to increased costs for residential and community based care owing to demographic pressures.

### Departmental Budget Reductions to Fund Pressures

This relates to increased income from the CCG as a contribution towards joint packages of care.

### 2016/2017 BUDGET - SERVICE UNIT: COMMISSIONING - WORKING AGE ADULTS

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Commissioning - Working Age Adults						
0	Direct costs - Employees	0	0	0	0	0	0
11,850	- Other	12,130	(145)	205	0	0	12,190
11,850	Total Direct Cost	12,130	(145)	205	0	0	12,190
0	Support Recharges	0	0	0	0	0	0
(4,047)	Income	(4,131)	0	0	(205)	0	(4,336)
7,803	Gross Budget Requirement	7,999	(145)	205	(205)	0	7,854
	Use Of Departmental Reserves						0
7,803	Net Budget Requirement	7,999	(145)	205	(205)	0	7,854

<u>Corporate Budget Reductions</u> Through initiatives around early intervention, prevention and low level services it is hoped there will be a reduction in demand for services.

Departmental Budget Pressures This relates to increased costs for residential and community based care owing to demographic pressures.

Departmental Budget Reductions to Fund Pressures This relates to increased income from the CCG as a contribution towards joint packages of care.

### 2016/2017 BUDGET - SERVICE UNIT: COMPLAINTS, INVESTIGATIONS & PUBLIC INFORMATION

· · ·			<b>0</b>			0.0%	<b>- - - -</b>
Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
2000	Compleinte Investigations & Dublis Information	2000	2,000	2000	2,000	2,000	2,000
	Complaints, Investigations & Public Information		-	_	-		
	Direct costs - Employees	134	0	0	0	31	165
164	- Other	169	(3)	0	0	0	166
294	Total Direct Cost	303	(3)	0	0	31	331
0	Support Recharges	0	0	0	0	0	0
(90)	Income	(131)	0	0	0	0	(131)
204	Gross Budget Requirement	172	(3)	0	0	31	200
	Use Of Departmental Reserves					(31)	(31)
204	Net Budget Requirement	172	(3)	0	0	0	169

### **Corporate Budget Reductions**

These relate to not applying an inflationary increase to various contracts and a review of all non-pay budgets.

### One off costs Funded from Department Reserves

This relates to a temporary post funded from the Better Care Fund reserve.

# 2016/2017 BUDGET - SERVICE UNIT: DEPARTMENTAL RUNNING COSTS

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Departmental Running Costs						
284	Direct costs - Employees	269	(250)	0	0	0	19
166	- Other	191	0	0	0	0	191
450	Total Direct Cost	460	(250)	0	0	0	210
6	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
456	Gross Budget Requirement	460	(250)	0	0	0	210
	Use Of Departmental Reserves						0
456	Net Budget Requirement	460	(250)	0	0	0	210

<u>Corporate Budget Reductions</u> This relates to the introduction of a Child & Adults departmental salary abatement target to account for vacant posts and incremental drift.

# 2016/2017 BUDGET - SERVICE UNIT: DIRECT CARE & SUPPORT TEAM

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	(0) £'000	£'000
2000	Direct Care & Support Team	2000	2000	2000	2000	2000	2000
1 /51	Direct costs - Employees	1,472	0	0	0	0	1,472
163		165	0	0	0	0	165
			0		0	-	
,	Total Direct Cost	1,637	0	0	0	0	1,637
0	Support Recharges	0	0	0	0	0	0
(854)	Income	(854)	0	0	0	0	(854)
760	Gross Budget Requirement	783	0	0	0	0	783
	Use Of Departmental Reserves						0
760	Net Budget Requirement	783	0	0	0	0	783

# 2016/2017 BUDGET - SERVICE UNIT: LEARNING DISABILITY & TRANSITIONS SOCIAL WORK TEAMS

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
		(-)			(=)	(-)	( <b>-</b> )
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Learning Disability & Transitions Social Work Teams						
398	Direct costs - Employees	410	0	0	0	0	410
9	- Other	9	0	0	0	0	9
407	Total Direct Cost	419	0	0	0	0	419
0	Support Recharges	0	0	0	0	0	0
(17)	Income	(17)	0	0	0	0	(17)
390	Gross Budget Requirement	402	0	0	0	0	402
	Use Of Departmental Reserves						0
390	Net Budget Requirement	402	0	0	0	0	402

### 2016/2017 BUDGET - SERVICE UNIT: LOCALITY & SAFEGUARDING SOCIAL WORK TEAMS

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	(+) £'000	£'000	(0) £'000	£'000
2000	Locality & Safeguarding Social Work Teams	2000	2000	2000	2000	2000	2000
3,492	Direct costs - Employees	3,583	0	0	0	0	3,583
132	- Other	135	0	0	0	0	135
3,624	Total Direct Cost	3,718	0	0	0	0	3,718
	Support Recharges	0	0	0	0	0	0
(919)	Income	(707)	0	0	0	0	(707)
2,705	Gross Budget Requirement	3,011	0	0	0	0	3,011
	Use Of Departmental Reserves						0
2,705	Net Budget Requirement	3,011	0	0	0	0	3,011

## 2016/2017 BUDGET - SERVICE UNIT: MENTAL HEALTH SERVICES

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Mental Health Services						
587	Direct costs - Employees	604	(1)	0	0	43	646
112	- Other	118	(19)	0	0	0	99
699	Total Direct Cost	722	(20)	0	0	43	745
0	Support Recharges	0	0	0	0	0	0
(47)	Income	(17)	0	0	0	0	(17)
652	Gross Budget Requirement	705	(20)	0	0	43	728
	Use Of Departmental Reserves					(43)	(43)
652	Net Budget Requirement	705	(20)	0	0	0	685

# Corporate Budget Reductions

These relate to not applying an inflationary increase to various contracts and a review of all non-pay budgets.

### One off costs Funded from Department Reserves

This relates to the temporary funding of a post within the Mental Health Team.

### 2016/2017 BUDGET - SERVICE UNIT: OCCUPATIONAL THERAPY SERVICES & DISABILITY EQUIPMENT

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(-)	(-)		(=)	(-)	()
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Occupational Therapy Services & Disability Equipment	<u>nt</u>					
0	Direct costs - Employees	0	0	0	0	0	0
429	- Other	436	(7)	0	0	0	429
429	Total Direct Cost	436	(7)	0	0	0	429
60	Support Recharges	62	0	0	0	0	62
(119)	Income	(119)	0	0	0	0	(119)
370	Gross Budget Requirement	379	(7)	0	0	0	372
	Use Of Departmental Reserves			-			0
370	Net Budget Requirement	379	(7)	0	0	0	372

# **Corporate Budget Reductions**

These relate to not applying an inflationary increase to various contracts and a review of all non-pay budgets.

# 2016/2017 BUDGET - SERVICE UNIT: WORKFORCE PLANNING & DEVELOPMENT

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Workforce Planning & Development		~~~~				
159	Direct costs - Employees	162	0	0	0	0	162
51	- Other	95	0	0	0	0	95
210	Total Direct Cost	257	0	0	0	0	257
	Support Recharges	0	0	0	0	0	0
	Income	(55)	0	0	0	0	(55)
	Gross Budget Requirement	202	0	0	0	0	202
	Use Of Departmental Reserves		-				0
198	Net Budget Requirement	202	0	0	0	0	202

# 2016/2017 BUDGET - SERVICE UNIT: WORKING AGE ADULTS DAY SERVICES

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Working Age Adults Day Services						
762	Direct costs - Employees	771	0	0	0	0	771
455	- Other	472	0	0	0	0	472
1,217	Total Direct Cost	1,243	0	0	0	0	1,243
0	Support Recharges	0	0	0	0	0	0
(67)	Income	(69)	0	0	0	0	(69)
1,150	Gross Budget Requirement	1,174	0	0	0	0	1,174
	Use Of Departmental Reserves		-	-			0
1,150	Net Budget Requirement	1,174	0	0	0	0	1,174

# CHIEF EXECUTIVE'S

# DETAILED REVENUE BUDGETS 2016/2017

# 2016/2017 BUDGET - CHIEF EXECUTIVES SUMMARY

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2016/2017 (2+3+4+5+6 +7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
(195)	Benefits	(166)	(11)	25	0	37	(37)	(152)
(859)	Central Administration Recharges	(881)	0	0	0	0	0	(881)
987	Corporate Finance	1,056	(50)	0	0	0	0	1,006
658	Corporate Strategy & Public Consultation	680	(34)	0	0	54	(54)	646
(143)	Council Tax & Housing Benefits	(143)	0	0	0	0	0	(143)
882	Customer and Support Services	906	(50)	0	0	0	0	856
186	Democratic Services	191	0	0	0	0	0	191
98	Fraud	101	0	0	(25)	0	0	76
453	Human Resources & Health and Safety	469	(18)	0	0	0	0	451
230	Internal Audit	237	0	0	0	0	0	237
424	Legal Services	440	(30)	0	0	36	(36)	410
193	Municipal Elections and Registration of Electors	198	0	0	0	0	0	198
(79)	Other Office Services	(80)	0	0	0	0	0	(80)
81	Public Relations	84	0	0	0	0	0	84
(104)	Registration Services	(107)	0	0	0	5	(5)	(107)
858	Revenues	876	(12)	0	0	44	(44)	864
(407)	Revenue & Benefits Central	(379)	(18)	0	0	0	0	(397)
629	Shared Services	674	(9)	0	0	34	(34)	665
67	Scrutiny Function	70	0	0	0	0	0	70
119	Support to Members	122	0	0	0	0	0	122
18	Training & Equality	18	(3)	0	0	9	(9)	15
369	Corporate Management Running Expenses	385	0	0	0	0	0	385
4,465	Net Budget Requirement	4,751	(235)	25	(25)	219	(219)	4,516

### 2016/2017 BUDGET - SERVICE UNIT: BENEFITS

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
2000	Benefits	2000	2 000	2000	2000	2 000	2000
667	Direct costs - Employees	696	(10)	0	0	0	686
50	- Other	50	(1)	0	0	37	86
717	Total Direct Cost	746	(11)	0	0	37	772
0	Support Recharges	0	0	0	0	0	0
(912)	Income	(912)	0	25	0	0	(887)
(195)	Gross Budget Requirement	(166)	(11)	25	0	37	(115)
	Use Of Departmental Reserves					(37)	(37)
(195)	Net Budget Requirement	(166)	(11)	25	0	0	(152)

<u>Corporate Budget Reductions</u> The reduction relates to savings made on non-pay budgets across the Benefits Section.

### Departmental Budget Pressures

The pressure relates to the reduction in the Housing Benefit Subsidy Administration Grant.

### One off costs Funded from Department Reserves

To fund Revenues and Benefits project development work.

# 2016/2017 BUDGET - SERVICE UNIT: CENTRAL ADMINISTRATION RECHARGES

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Central Administration Recharges						
0	Direct costs - Employees	0	0	0	0	0	0
0	- Other	0	0	0	0	0	0
0	Total Direct Cost	0	0	0	0	0	0
0	Support Recharges	0	0	0	0	0	0
(859)	Income	(881)	0	0	0	0	(881)
(859)	Gross Budget Requirement	(881)	0	0	0	0	(881)
	Use Of Departmental Reserves						0
(859)	Net Budget Requirement	(881)	0	0	0	0	(881)

# 2016/2017 BUDGET - SERVICE UNIT: CORPORATE FINANCE

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Corporate Finance						
1,426	Direct costs - Employees	1,469	(50)	0	0	0	1,419
96	- Other	99	0	0	0	0	99
1,522	Total Direct Cost	1,568	(50)	0	0	0	1,518
0	Support Recharges	0	0	0	0	0	0
(535)	Income	(512)	0	0	0	0	(512)
987	Gross Budget Requirement	1,056	(50)	0	0	0	1,006
	Use Of Departmental Reserves						0
987	Net Budget Requirement	1,056	(50)	0	0	0	1,006

# Corporate Budget Reductions

The reduction relates to the deletion of vacant posts within the Corporate Finance Section.

## 2016/2017 BUDGET - SERVICE UNIT: CORPORATE STRATEGY & PUBLIC CONSULTATION

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Corporate Strategy & Public Consultation						
643	Direct costs - Employees	665	(6)	0	0	0	659
24	- Other	25	(9)	0	0	54	70
667	Total Direct Cost	690	(15)	0	0	54	729
0	Support Recharges	0	0	0	0	0	0
(9)	Income	(10)	(19)	0	0	0	(29)
	Gross Budget Requirement	680	(34)	0	0	54	700
	Use Of Departmental Reserves					(54)	
658	Net Budget Requirement	680	(34)	0	0	0	646

### **Corporate Budget Reductions**

The reduction relates to savings made on training and non pay budgets across the Corporate Strategy and Corporate ICT Section, and additional income generation.

One off costs Funded from Department Reserves To fund further development of the Council's ICT infrastructure and system upgrades.

### 2016/2017 BUDGET - SERVICE UNIT: COUNCIL TAX & HOUSING BENEFITS

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Council Tax & Housing Benefits						
0	Direct costs - Employees	0	0	0	0	0	0
48,500	- Other	48,500	0	0	0	0	48,500
48,500	Total Direct Cost	48,500	0	0	0	0	48,500
0	Support Recharges	0	0	0	0	0	0
(48,643)	Income	(48,643)	0	0	0	0	(48,643)
(143)	Gross Budget Requirement	(143)	0	0	0	0	(143)
	Use Of Departmental Reserves						0
(143)	Net Budget Requirement	(143)	0	0	0	0	(143)

### 2016/2017 BUDGET - SERVICE UNIT: CUSTOMER/SUPPORT SERVICES

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Customer/Support Services						
798	Direct costs - Employees	819	(35)	0	0	0	784
109	- Other	112	(15)	0	0	0	97
907	Total Direct Cost	931	(50)	0	0	0	881
0	Support Recharges	0	0	0	0	0	0
(25)	Income	(25)	0	0	0	0	(25)
882	Gross Budget Requirement	906	(50)	0	0	0	856
	Use Of Departmental Reserves				-		0
882	Net Budget Requirement	906	(50)	0	0	0	856

<u>Corporate Budget Reductions</u> The reduction relates to savings resulting from a restructure within the Customer and Support Services Section, and some savings made on non pay budgets.

## 2016/2017 BUDGET - SERVICE UNIT: DEMOCRATIC SERVICES

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Democratic Services						
167	Direct costs - Employees	172	0	0	0	0	172
20	- Other	20	0	0	0	0	20
187	Total Direct Cost	192	0	0	0	0	192
0	Support Recharges	0	0	0	0	0	0
(1)	Income	(1)	0	0	0	0	(1)
186	Gross Budget Requirement	191	0	0	0	0	191
	Use Of Departmental Reserves						0
186	Net Budget Requirement	191	0	0	0	0	191

# 2016/2017 BUDGET - SERVICE UNIT: FRAUD

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(2)	(4)	(5)	(6)	(7)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Fraud						
89	Direct costs - Employees	92	0	0	(25)	0	67
9	- Other	9	0	0	0	0	9
98	Total Direct Cost	101	0	0	(25)	0	76
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
98	Gross Budget Requirement	101	0	0	(25)	0	76
	Use Of Departmental Reserves						0
98	Net Budget Requirement	101	0	0	(25)	0	76

Departmental Budget Reductions to Fund Pressures Deletion of a vacant post within the Fraud Section is part funding the pressure of the reduction in Housing Benefit Subsidy Grant.

# 2016/2017 BUDGET - SERVICE UNIT: HUMAN RESOURCES & HEALTH AND SAFETY

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Human Resources & Health and Safety						
714	Direct costs - Employees	736	(8)	0	0	0	728
11	- Other	11	0	0	0	0	11
725	Total Direct Cost	747	(8)	0	0	0	739
0	Support Recharges	0	0	0	0	0	0
	Income	(278)	(10)	0	0	0	(288)
453	Gross Budget Requirement	469	(18)	0	0	0	451
	Use Of Departmental Reserves		-		-		0
453	Net Budget Requirement	469	(18)	0	0	0	451

Corporate Budget Reductions The savings made relate to the deletion of vacant hours within the Human Resources Section and additional income generation.

### 2016/2017 BUDGET - SERVICE UNIT: INTERNAL AUDIT

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		(2) £'000	£'000	(4) £'000	£'000	(0) £'000	£'000
2000	Internal Audit	2,000	2,000	2,000	2000	2000	2 000
245	Direct costs - Employees	253	0	0	0	0	253
13	- Other	13	0	0	0	0	13
258	Total Direct Cost	266	0	0	0	0	266
0	Support Recharges	0	0	0	0	0	0
(28)	Income	(29)	0	0	0	0	(29)
230	Gross Budget Requirement	237	0	0	0	0	237
	Use Of Departmental Reserves		-	-	-		0
230	Net Budget Requirement	237	0	0	0	0	237

### 2016/2017 BUDGET - SERVICE UNIT: LEGAL SERVICES

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		(2) £'000	£'000	(4) £'000	£'000	(0) £'000	£'000
£ 000		2,000	£ 000	£ 000	£ 000	£ 000	£ 000
	Legal Services						
525	Direct costs - Employees	543	(30)	0	0	0	513
37	- Other	38	0	0	0	0	38
562	Total Direct Cost	581	(30)	0	0	0	551
0	Support Recharges	0	0	0	0	0	0
(138)	Income	(141)	0	0	0	36	(105)
424	Gross Budget Requirement	440	(30)	0	0	36	446
	Use Of Departmental Reserves					(36)	(36)
424	Net Budget Requirement	440	(30)	0	0	0	410

<u>Corporate Budget Reductions</u> The reduction relates to staffing changes within the Legal Section.

One off costs Funded from Department Reserves To fund reduced income generated from Land and Property conveyance.

# 2016/2017 BUDGET - SERVICE UNIT: MUNICIPAL ELECTIONS AND REGISTRATION OF ELECTORS

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Municipal Elections and Registration of Electors						
131	Direct costs - Employees	135	0	0	0	0	135
63	- Other	65	0	0	0	0	65
194	Total Direct Cost	200	0	0	0	0	200
0	Support Recharges	0	0	0	0	0	0
(1)	Income	(2)	0	0	0	0	(2)
193	Gross Budget Requirement	198	0	0	0	0	198
	Use Of Departmental Reserves						0
193	Net Budget Requirement	198	0	0	0	0	198

## 2016/2017 BUDGET - SERVICE UNIT: OTHER OFFICE SERVICES

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Other Office Services						
55	Direct costs - Employees	56					56
0	- Other	0					0
55	Total Direct Cost	56	0	0	0	0	56
7	Support Recharges	8					8
(141)	Income	(144)					(144)
(79)	Gross Budget Requirement	(80)	0	0	0	0	(80)
	Use Of Departmental Reserves						0
(79)	Net Budget Requirement	(80)	0	0	0	0	(80)

# 2016/2017 BUDGET - SERVICE UNIT: PUBLIC RELATIONS

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Public Relations						
159	Direct costs - Employees	164					164
69	- Other	70					70
228	Total Direct Cost	234	0	0	0	0	234
0	Support Recharges	0					0
(147)	Income	(150)					(150)
81	Gross Budget Requirement	84	0	0	0	0	84
	Use Of Departmental Reserves						0
81	Net Budget Requirement	84	0	0	0	0	84

### 2016/2017 BUDGET - SERVICE UNIT: REGISTRATION SERVICES

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Registration Services						
16	Direct costs - Employees	16	0	0	0	0	16
9	- Other	9	0	0	0	5	14
25	Total Direct Cost	25	0	0	0	5	30
0	Support Recharges	0	0	0	0	0	0
(129)	Income	(132)	0	0	0	0	(132)
(104)	Gross Budget Requirement	(107)	0	0	0	5	(102)
	Use Of Departmental Reserves				-	(5)	(5)
(104)	Net Budget Requirement	(107)	0	0	0	0	(107)

# One off costs Funded from Department Reserves To fund Registrars software maintenance costs.

### 2016/2017 BUDGET - SERVICE UNIT: REVENUES

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Revenues						
695	Direct costs - Employees	714	(10)	0	0	32	736
181	- Other	181	(2)	0	0	12	191
876	Total Direct Cost	895	(12)	0	0	44	927
14	Support Recharges	14	0	0	0	0	14
(32)	Income	(33)	0	0	0	0	(33)
858	Gross Budget Requirement	876	(12)	0	0	44	908
	Use Of Departmental Reserves					(44)	(44)
858	Net Budget Requirement	876	(12)	0	0	0	864

<u>Corporate Budget Reductions</u> The majority of the savings are from a restructure within the Cashiers Section.

One off costs Funded from Department Reserves To fund additional staffing and apprentiships from Council Tax Reform Grant.

# 2016/2017 BUDGET - SERVICE UNIT: REVENUE & BENEFITS CENTRAL

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Revenue & Benefits Central						
244	Direct costs - Employees	252	0	0	0	0	252
131	- Other	171	(18)	0	0	0	153
375	Total Direct Cost	423	(18)	0	0	0	405
0	Support Recharges	0	0	0	0	0	0
(782)	Income	(802)	0	0	0	0	(802)
(407)	Gross Budget Requirement	(379)	(18)	0	0	0	(397)
	Use Of Departmental Reserves						0
(407)	Net Budget Requirement	(379)	(18)	0	0	0	(397)

<u>Corporate Budget Reductions</u> The replacement of the Council Telephony System has meant the externally hosted self-service facility can be brought in house, creating savings.

# 2016/2017 BUDGET - SERVICE UNIT: SHARED SERVICES

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Shared Services						
884	Direct costs - Employees	910	(9)	0	0	24	925
180	- Other	185	0	0	0	10	195
1,064	Total Direct Cost	1,095	(9)	0	0	34	1,120
0	Support Recharges	0	0	0	0	0	0
(435)	Income	(421)	0	0	0	0	(421)
629	Gross Budget Requirement	674	(9)	0	0	34	699
	Use Of Departmental Reserves					(34)	(34)
629	Net Budget Requirement	674	(9)	0	0	0	665

<u>Corporate Budget Reductions</u> The saving relates to the deletion of vacant hours within the Payroll Section.

One off costs Funded from Department Reserves To fund additional staffing in the Recovery Section and to fund IT projects.

### 2016/2017 BUDGET - SERVICE UNIT: SCRUTINY FUNCTION

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		(2) £'000	£'000	(+) £'000	£'000	(0) £'000	£'000
2,000	Scrutiny Function	2,000	2000	2,000	2000	2000	2000
88	Direct costs - Employees	91	0	0	0	0	91
1	- Other	1	0	0	0	0	1
89	Total Direct Cost	92	0	0	0	0	92
0	Support Recharges	0	0	0	0	0	0
(22)	Income	(22)	0	0	0	0	(22)
67	Gross Budget Requirement	70	0	0	0	0	70
	Use Of Departmental Reserves						0
67	Net Budget Requirement	70	0	0	0	0	70

### 2016/2017 BUDGET - SERVICE UNIT: SUPPORT TO MEMBERS

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Support to Members						
68	Direct costs - Employees	70	0	0	0	0	70
51	- Other	52	0	0	0	0	52
119	Total Direct Cost	122	0	0	0	0	122
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
119	Gross Budget Requirement	122	0	0	0	0	122
	Use Of Departmental Reserves						0
119	Net Budget Requirement	122	0	0	0	0	122

# 2016/2017 BUDGET - SERVICE UNIT: TRAINING & EQUALITY

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Training & Equality						
3	Direct costs - Employees	3	0	0	0	9	12
15	- Other	15	(3)	0	0	0	12
18	Total Direct Cost	18	(3)	0	0	9	24
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
18	Gross Budget Requirement	18	(3)	0	0	9	24
	Use Of Departmental Reserves			-		(9)	(9)
18	Net Budget Requirement	18	(3)	0	0	0	15

# **Corporate Budget Reductions**

Reduction of non pay budgets within the Training Section.

One off costs Funded from Department Reserves The reserve will be used to fund development and training provision, to support the development of the Council.

# 2016/2017 BUDGET - SERVICE UNIT: CORPORATE MANAGEMENT RUNNING EXPENSES

These are 5 budgets, lettered from (A) to (E), which either do not fall within a specific Service unit, or are recharged to service units as a support charge.

Approved			Budget	Corporate	Dept	Dept	One Off	Total
Budget			Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit		2016/2017	Reductions	Pressures	Reductions	00010	2016/2017
2013/2010	Service Offic		2010/2017	Reductions	116350165	to Fund		(2+3+4+5
								(
						Pressures		+6)
								(
(1)			(2)	(3)	(4)	(5)	(6)	(7)
£'000			£'000	£'000	£'000	£'000	£'000	£'000
	<u>Victoria Park</u>							
0	Direct costs - Employees		0	-	0		0	0
0	- Other		0	0	0	0	0	0
0	Total Direct Cost		0	0	0	0	0	0
0	Support Recharges		0	0	0	0	0	0
(18)	Income		(18)	0	0	0	0	(18)
(18)	Gross Budget Requirement	4	(18)	0	0	0	0	(18)
	Corporate Management Running Expenses							
263	Direct costs - Employees		267	0	0	0	0	267
11	- Other		11	0	0	0	0	11
274	Total Direct Cost		278	0	0	0	0	278
0	Support Recharges		0	0	0	0	0	0
	Income		0	0	0	0	0	0
274	Gross Budget Requirement E	3	278	0	0	0	0	278
	Trade Union Representative							
28	Direct costs - Employees		37	0	0	0	0	37
0	- Other		0	0	0	0	0	0
28	Total Direct Cost		37	0	0	0	0	37
17	Support Recharges		18	0	0	0	0	18
	Income		0	0	0	0	0	0
45		0	55	0	0	0	0	55
	Central Council Expenses							
0	Direct costs - Employees		0	0	0	0	0	0
75	- Other		77	0	0	0	0	77
	Total Direct Cost		77	0	0	0	0	77
	Support Recharges		0	0	0	0	0	0
	Income		0	0	0	0	0	C
75		)	77	0	0	0	0	77
	<u>Smallholdings</u>							
	Direct costs - Employees		0	0	0	0	0	0
0	- Other		0	0	0	0	0	0
0	Total Direct Cost		0	0	0	0	0	0
	Support Recharges		0	0	0	0	0	C
	Income	_	(7)	0	0	0	0	(7)
			(7)	0	0	0	0	(7)
369	Gross Budget Requirement of (A) to (E)		385	0	0	0	0	385
	Use Of Departmental Reserves							
369	Net Budget Requirement		385	0	0	0	0	385

# PUBLIC HEALTH

# DETAILED REVENUE BUDGETS 2016/2017

# 2016/2017 BUDGET - PUBLIC HEALTH SUMMARY

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2016/2017 (2+3+4+5+6 +7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
	Public Health (funded from ringfenced grant)							
1,020	Children's Public Health	1,511	0	0	0	0	0	1,511
50	Health Protection	50	0	0	(50)	0	0	0
1,199	General Public Health Services	750	0	0	(75)	23	(23)	675
20	NHS Health Programme	113	0	0	0	0	0	113
180	Obesity	154	0	0	0	0	0	154
290	Physical Activity	290	0	0	(125)	0	0	165
817	Prescribing	973	0	0	0	0	0	973
852	Public Health Advice	930	0	0	(162)	0	0	768
810	Sexual Health	700	0	0	0	0	0	700
459	Smoking & Tobacco	303	0	0	(50)	0	0	253
2,789	Substance Misuse	2,712	0	0	(110)	0	0	2,602
(8,486)	Public Health Main Grant	(8,486)	0	572	0	0	0	(7,914)
0	Public Health Ringfenced Grant Subtotal	0	0	572	(572)	23	(23)	0
	Public Health (funded from General Fund)							
669	Consumer Services	693	(13)	0	0	30	(30)	680
2	Environmental Protection	2	(6)	0	0	0	0	(4)
(89)	Environmental Standards	(91)	0	0	0	0	0	(91)
501	Sport & Recreation	530	(60)	0	0	0	0	470
1,083	Public Health General Fund Subtotal	1,134	(79)	0	0	30	(30)	1,055
1.083	Net Budget Requirement	1,134	(79)	572	(572)	53	(53)	1,055

# 2016/2017 BUDGET - SERVICE UNIT: CHILDREN'S PUBLIC HEALTH

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Children's Public Health						
0	Direct costs - Employees	0	0	0	0	0	0
1,781	- Other	3,033	0	0	0	0	3,033
1,781	Total Direct Cost	3,033	0	0	0	0	3,033
0	Support Recharges	0	0	0	0	0	C
(761)	Income	(1,522)	0	0	0	0	(1,522)
1,020	Gross Budget Requirement	1,511	0	0	0	0	1,511
0	Use Of Departmental Reserves					0	0
1,020	Net Budget Requirement	1,511	0	0	0	0	1,511

# 2016/2017 BUDGET - SERVICE UNIT: HEALTH PROTECTION

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Health Protection						
0	Direct costs - Employees	0	0	0	0	0	0
50	- Other	50	0	0	(50)	0	0
50	Total Direct Cost	50	0	0	(50)	0	0
0	Support Recharges	0	0	0	0	0	0
-	Income	0	0	0	0	0	0
50	Gross Budget Requirement	50	0	0	(50)	0	0
	Use Of Departmental Reserves					0	0
50	Net Budget Requirement	50	0	0	(50)	0	0

### **Departmental Budget Reductions to Fund Pressures**

Savings relate to a reduction in contributions towards Environmental Health initiatives. These reductions were required to meet the £572,000 cut to the ringfenced Public Health Grant in 2016/17.

# 2016/2017 BUDGET - SERVICE UNIT: GENERAL PUBLIC HEALTH SERVICES

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	General Public Health Services						
48	Direct costs - Employees	0	0	0	0	0	0
1,260	- Other	750	0	0	(75)	23	698
1,308	Total Direct Cost	750	0	0	(75)	23	698
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
,	Gross Budget Requirement	750	0	0	(75)	23	698
(109)	Use Of Departmental Reserves					(23)	(23)
1,199	Net Budget Requirement	750	0	0	(75)	0	675

### **Departmental Budget Reductions to Fund Pressures**

Savings relate to a reduction in Health Improvement initiatives. These reductions were required to meet the £572,000 cut to the ringfenced Public Health Grant in 2016/17.

# One off costs Funded from Department Reserves

One-off funding earmarked to support the costs associated with the 50+ Forum in 2016/17.

# 2016/2017 BUDGET - SERVICE UNIT: NHS HEALTH CHECK PROGRAMME

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	NHS Health Check Programme						
0	Direct costs - Employees	0	0	0	0	0	(
30	- Other	113	0	0	0	0	11;
30	Total Direct Cost	113	0	0	0	0	11:
0	Support Recharges	0	0	0	0	0	(
0	Income	0	0	0	0	0	(
30	Gross Budget Requirement	113	0	0	0	0	113
(10)	Use Of Departmental Reserves					0	(
20	Net Budget Requirement	113	0	0	0	0	113

# 2016/2017 BUDGET - SERVICE UNIT: OBESITY

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Obesity						
162	Direct costs - Employees	136	0	0	0	0	136
18	- Other	18	0	0	0	0	18
180	Total Direct Cost	154	0	0	0	0	154
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
180	Gross Budget Requirement	154	0	0	0	0	154
0	Use Of Departmental Reserves					0	0
180	Net Budget Requirement	154	0	0	0	0	154

# 2016/2017 BUDGET - SERVICE UNIT: PHYSICAL ACTIVITY

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Physical Activity						
	Direct costs - Employees	0	0	0	0	0	0
290	- Other	290	0	0	(125)	0	165
290	Total Direct Cost	290	0	0	(125)	0	165
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
290	Gross Budget Requirement	290	0	0	(125)	0	165
0	Use Of Departmental Reserves					0	0
290	Net Budget Requirement	290	0	0	(125)	0	165

# Departmental Budget Reductions to Fund Pressures

Savings relate to a reduction in the range of physical activities initiatives on offer. These reductions were required to meet the £572,000 cut to the ringfenced Public Health Grant in 2016/17.

# 2016/2017 BUDGET - SERVICE UNIT: PRESCRIBING

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Prescribing						
0	Direct costs - Employees	0	0	0	0	0	0
817	- Other	973	0	0	0	0	973
817	Total Direct Cost	973	0	0	0	0	973
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
817	Gross Budget Requirement	973	0	0	0	0	973
0	Use Of Departmental Reserves					0	0
817	Net Budget Requirement	973	0	0	0	0	973

# 2016/2017 BUDGET - SERVICE UNIT: PUBLIC HEALTH ADVICE

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	(0) £'000	£'000	£'000	£'000	£'000
2000	Public Health Advice	2000	2000	2000	2000	2000	2000
411	Direct costs - Employees	474	0	0	(35)	0	439
441	- Other	456	0	0	(127)	0	329
852	Total Direct Cost	930	0	0	(162)	0	768
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
852	Gross Budget Requirement	930	0	0	(162)	0	768
0	Use Of Departmental Reserves					0	0
852	Net Budget Requirement	930	0	0	(162)	0	768

# **Departmental Budget Reductions to Fund Pressures**

Savings relate to a reduction in contract values following negotiations with providers, and the deletion of a vacant nutritionist post. These budget reductions were required to meet the 2.2% cut to the ringfenced Public Health Grant of £572,000 in 2016/17.

Approved		Budget	Corporata	Dont	Dept	One Off	Total
		Ŭ	Corporate	Dept	•		
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
							- /
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Sexual Health						
0	Direct costs - Employees	0	0	0	0	0	0
810	- Other	700	0	0	0	0	700
810	Total Direct Cost	700	0	0	0	0	700
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
810	Gross Budget Requirement	700	0	0	0	0	700
0	Use Of Departmental Reserves					0	0
810	Net Budget Requirement	700	0	0	0	0	700

# 2016/2017 BUDGET - SERVICE UNIT: SEXUAL HEALTH

### 2016/2017 BUDGET - SERVICE UNIT: SMOKING AND TOBACCO

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions	00010	2016/2017
2010/2010		2010/2017	reductions	110350105	to Fund		(2+3+4+5
					Pressures		+6)
					1 16350163		+0)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Smoking & Tobacco						
0	Direct costs - Employees	0	0	0	0	0	0
459	- Other	303	0	0	(50)	0	253
459	Total Direct Cost	303	0	0	(50)	0	253
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
459	Gross Budget Requirement	303	0	0	(50)	0	253
0	Use Of Departmental Reserves					0	0
459	Net Budget Requirement	303	0	0	(50)	0	253

Departmental Budget Reductions to Fund Pressures Savings relate to a reduction in contract values following negotiations with providers. These budget reductions were required to meet the 2.2% cut to the ringfenced Public Health Grant of £572,000 in 2016/17.

### 2016/2017 BUDGET - SERVICE UNIT: SUBSTANCE MISUSE

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Substance Misuse						
333	Direct costs - Employees	343	0	0	0	0	343
2,496	- Other	2,369	0	0	(110)	100	2,359
2,829	Total Direct Cost	2,712	0	0	(110)	100	2,702
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
,	Gross Budget Requirement	2,712	0	0	(110)	100	2,702
(40)	Use Of Departmental Reserves					(100)	(100)
2,789	Net Budget Requirement	2,712	0	0	(110)	0	2,602

# Departmental Budget Reductions to Fund Pressures

Savings relate to a reduction in the budget for tier 4 treatments services, the contribution towards the taxi marshalling scheme and efficiencies in non pay budgets. These budget reductions were required to meet the 2.2% cut to the ringfenced Public Health Grant of £572,000 in 2016/17.

### One off costs Funded from Department Reserves

Funding supports the budget for tier 4 treatment services and also includes a contribution towards completion of the current taxi marshalling scheme.

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
							,
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Public Health Main Grant						
0	Direct costs - Employees	0	0	0	0	0	0
0	- Other	0	0	0	0	0	0
0	Total Direct Cost	0	0	0	0	0	0
0	Support Recharges	0	0	0	0	0	0
(8,486)	Income	(8,486)	0	572	0	0	(7,914)
(8,486)	Gross Budget Requirement	(8,486)	0	572	0	0	(7,914)
0	Use Of Departmental Reserves					0	0
(8,486)	Net Budget Requirement	(8,486)	0	572	0	0	(7,914)

# 2016/2017 BUDGET - SERVICE UNIT: PUBLIC HEALTH MAIN GRANT

### Departmental Budget Pressures

As part of the Spending Review the Government has announced that the Public Health Grant will reduce by 9.6% over the next 4 years. The reduction in 2016/17 is £572,000 which represents a 2.2% cut, and savings have been identified as part of the budget setting process to reduce the spend in relation to Public Health grant funded services.

### 2016/2017 BUDGET - SERVICE UNIT: CONSUMER SERVICES

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Consumer Services						
932	Direct costs - Employees	932	(1)	0	0	30	961
104	- Other	91	(12)	0	0	0	79
1,036	Total Direct Cost	1,023	(13)	0	0	30	1,040
30	Support Recharges	31	0	0	0	0	31
(397)	Income	(361)	0	0	0	0	(361)
669	Gross Budget Requirement	693	(13)	0	0	30	710
0	Use Of Departmental Reserves					(30)	(30)
669	Net Budget Requirement	693	(13)	0	0	0	680

<u>Corporate Budget Reductions</u> Savings relate to the cessation of the current Out of Hours Noise Service.

One off costs Funded from Department Reserves This funding is to support various Environmental Health Projects in 2016/17, including the Tobacco Control Project.

	2016/2017 BUDGET - SERVIO	CE UNIT: EN	VIRONMEN	ITAL PROT	ECTION		
Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
2,000	Environmental Protection	2000	2000	2000	2000	2000	2000
0	Direct costs - Employees	0	0	0	0	0	0
26	- Other	27	(6)	0	0	0	21
26	Total Direct Cost	27	(6)	0	0	0	21
10	Support Recharges	10	0	0	0	0	10
(34)	Income	(35)	0	0	0	0	(35)
2	Gross Budget Requirement	2	(6)	0	0	0	(4)
0	Use Of Departmental Reserves					0	0
2	Net Budget Requirement	2	(6)	0	0	0	(4)

Corporate Budget Reductions Savings relate to reductions in various non pay budgets accross the service area.

### 2016/2017 BUDGET - SERVICE UNIT: ENVIRONMENTAL STANDARDS

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Environmental Standards						
0	Direct costs - Employees	0	0	0	0	0	(
7	- Other	7	0	0	0	0	
7	Total Direct Cost	7	0	0	0	0	
0	Support Recharges	0	0	0	0	0	
(96)	Income	(98)	0	0	0	0	(98
(89)	Gross Budget Requirement	(91)	0	0	0	0	(91
0	Use Of Departmental Reserves					0	
(89)	Net Budget Requirement	(91)	0	0	0	0	(91

### 2016/2017 BUDGET - SERVICE UNIT: SPORT & RECREATION

			-	-	_		
Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
							-,
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Sport & Recreation						
1,755	Direct costs - Employees	1,822	(60)	0	0	0	1,762
619	- Other	491	0	0	0	0	491
2,374	Total Direct Cost	2,313	(60)	0	0	0	2,253
8	Support Recharges	8	0	0	0	0	8
(1,871)	Income	(1,791)	0	0	0	0	(1,791)
511	Gross Budget Requirement	530	(60)	0	0	0	470
(10)	Use Of Departmental Reserves	0				0	0
501	Net Budget Requirement	530	(60)	0	0	0	470

Corporate Budget Reductions Savings relate to a Senior Management restructure.

# **REGENERATION & NEIGHBOURHOODS**

# DETAILED REVENUE BUDGETS 2016/2017

# 2016/2017 BUDGET - REGENERATION AND NEIGHBOURHOODS SUMMARY

Approved Budget 2015/2016	Service Unit	Budget Projection 2016/2017	Corporate Budget Reductions	Dept Budget Pressures	Dept Budget Reductions to Fund Pressures	One Off Costs	One Off Costs Funded From Depts Reserves	Total Budget 2016/2017 (2+3+4+5+6 +7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000	(8) £'000
0	Adult Education	0	0	0	0	184	(184)	0
20	Archaeology	20	0	0	о	0	0	20
(25)	Asset Management	(24)	0	0	о	0	0	(24)
(368)	BDM - Building Design & Management	(373)	0	0	о	0	0	(373)
(26)	Building Control	(24)	0	0	о	0	0	(24)
(106)	Building Maintenance	(77)	0	0	о	0	0	(77)
(603)	Car Parking	(541)	0	0	0	51	(51)	(541)
47	Community Centres	49	0	0	0	0	0	49
1,095	Community Safety & Engagement	1,007	(50)	0	о	35	(35)	957
(5)	Council Housing	0	0	0	0	0	0	0
400	Cultural Services	409	0	0	о	0	0	409
870	Economic Regeneration	885	(113)	0	о	27	(27)	772
(20)	Economic Regeneration - External Funded	0	0	0	0	202	(202)	0
405	Engineering & Design	419	0	0	0	0	0	419
974	Facilities Management	1,007	(60)	0	0	0	0	947
29	General Allotments	30	0	0	о	0	0	30
1,759	Grounds Maintenance	2,127	(70)	0	о	0	0	2,057
213	Heritage and Countryside	198	0	0	о	0	0	198
1,413	Highway Maintenance	1,416	0	0	0	0	0	1,416
560	Highways Liability	552	0	0	0	0	0	552
(238)	Highways Trading	(224)	0	0	о	0	0	(224)
487	Highways Traffic & Transport Management	501	0	0	0	0	0	501
591	Housing Services	622	(50)	0	0	29	(29)	572
(52)	ITU Strategic Management	(53)	0	0	о	0	0	(53)
1,052	Libraries	1,080	(90)	0	о	0	0	990
(98)	Logistics	(91)	0	0	0	0	0	(91)
(1)	NDORS	(1)	0	0	о	0	0	(1)
1,245	Network Infrastructure	1,344	(180)	0	0	0	0	1,164
159	Parks & Countryside	(155)	(20)	0	о	0	0	(175)
1,417	Passenger Transport	1,435	(70)	0	о	0	0	1,365
216	Planning Services	227	(15)	0	о	0	0	212
88	Procurement	91	0	0	о	0	0	91
(42)	Reprographics	(43)	0	0	о	0	0	(43)
126	Road Safety	128	0	0	0	0	0	128

Approved		Budget	Corporate	Dept	Dept	One Off	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		Funded	2016/2017
					to Fund		From Depts	(2+3+4+5+6
					Pressures		Reserves	+7)
(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000
544	Strategic Management, Admin & Service Development	583	(161)	0	0	0	0	422
1,669	Street Cleansing	1,743	(90)	0	0	0	0	1,653
			(2.2)					
2,393	Sustainable Transport	2,443	(20)	0	0	0	0	2,423
0	Traffic Management	0	0	0	0	0	0	0
(100)		(100)						(100)
(133)	Vehicle Fleet	(123)	0	0	0	0	0	(123)
4 500	Wests & Fauitan mantel Comisso	4.5.44	(25)	0	0	0	0	4 500
4,509	Waste & Environmental Services	4,541	(35)	0	0	0	0	4,506
20 564	Sub-Total Regeneration and Neighbourhodds	21,128	(1,024)	0	0	528	(528)	20,104
20,304		21,120	(1,024)	U	U	520	(320)	20,104
0	Contribution from Reserves	0	(157)	0	0	0	0	(157)
·			()					()
20.564	Net Budget Requirement	21,128	(1,181)	0	0	528	(528)	19,947

# 2016/2017 BUDGET - REGENERATION AND NEIGHBOURHOODS SUMMARY

# 2016/2017 BUDGET - SERVICE UNIT: ADULT EDUCATION

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Adult Education						
908	Direct costs - Employees	908	0	0	0	0	908
114	- Other	114	0	0	0	184	298
1,022	Total Direct Cost	1,022	0	0	0	184	1,206
19	Support Recharges	19	0	0	0	0	19
(1,041)	Income	(1,041)	0	0	0	0	(1,041)
0	Gross Budget Requirement	0	0	0	0	184	184
0	Use Of Departmental Reserves	0				(184)	(184)
0	Net Budget Requirement	0	0	0	0	0	0

One off costs Funded from Department Reserves Reserve funding is used to cover the running costs associated with Victoria Buildings and also to fund specific projects in 2016/17.

# 2016/2017 BUDGET - SERVICE UNIT: ARCHAEOLOGY

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Archaeology						
92	Direct costs - Employees	93	0	0	0	0	93
10	- Other	8	0	0	0	0	8
102	Total Direct Cost	101	0	0	0	0	101
12	Support Recharges	12	0	0	0	0	12
(94)	Income	(93)	0	0	0	0	(93)
20	Gross Budget Requirement	20	0	0	0	0	20
0	Use Of Departmental Reserves					0	C
20	Net Budget Requirement	20	0	0	0	0	20

# 2016/2017 BUDGET - SERVICE UNIT: ASSET MANAGEMENT

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Asset Management						
252	Direct costs - Employees	254	0	0	0	0	254
40	- Other	47	0	0	0	0	47
292	Total Direct Cost	301	0	0	0	0	301
1	Support Recharges	1	0	0	0	0	1
(318)	Income	(326)	0	0	0	0	(326)
(25)	Gross Budget Requirement	(24)	0	0	0	0	(24)
0	Use Of Departmental Reserves					0	0
(25)	Net Budget Requirement	(24)	0	0	0	0	(24)

# 2016/2017 BUDGET - SERVICE UNIT: BDM - BUILDING DESIGN & MANAGEMENT

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	BDM - Building Design & Management						
1,019	Direct costs - Employees	973	0	0	0	0	973
82	- Other	83	0	0	0	0	83
1,101	Total Direct Cost	1,056	0	0	0	0	1,056
444	Support Recharges	455	0	0	0	0	455
(1,913)	Income	(1,884)	0	0	0	0	(1,884)
(368)	Gross Budget Requirement	(373)	0	0	0	0	(373)
0	Use Of Departmental Reserves					0	0
(368)	Net Budget Requirement	(373)	0	0	0	0	(373)

# 2016/2017 BUDGET - SERVICE UNIT: BUILDING CONTROL

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Building Control						
169	Direct costs - Employees	175	0	0	0	0	175
26	- Other	27	0	0	0	0	27
195	Total Direct Cost	202	0	0	0	0	202
12	Support Recharges	13	0	0	0	0	13
(233)	Income	(239)	0	0	0	0	(239)
(26)	Gross Budget Requirement	(24)	0	0	0	0	(24)
0	Use Of Departmental Reserves					0	0
(26)	Net Budget Requirement	(24)	0	0	0	0	(24)

# 2016/2017 BUDGET - SERVICE UNIT: BUILDING MAINTENANCE

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
		(0)	(0)	(4)	(5)	(0)	(7)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Building Maintenance						
2,340	Direct costs - Employees	2,575	0	0	0	0	2,575
3,012	- Other	3,012	0	0	0	0	3,012
5,352	Total Direct Cost	5,587	0	0	0	0	5,587
470	Support Recharges	470	0	0	0	0	470
(5,928)	Income	(6,134)	0	0	0	0	(6,134)
(106)	Gross Budget Requirement	(77)	0	0	0	0	(77)
	Use Of Departmental Reserves					0	0
(106)	Net Budget Requirement	(77)	0	0	0	0	(77)

### 2016/2017 BUDGET - SERVICE UNIT: CAR PARKING

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Car Parking						
265	Direct costs - Employees	354	0	0	0	51	405
581	- Other	597	0	0	0	0	597
846	Total Direct Cost	951	0	0	0	51	1,002
14	Support Recharges	14	0	0	0	0	14
(1,463)	Income	(1,506)	0	0	0	0	(1,506)
(603)	Gross Budget Requirement	(541)	0	0	0	51	(490)
0	Use Of Departmental Reserves	0				(51)	(51)
(603)	Net Budget Requirement	(541)	0	0	0	0	(541)

<u>One off costs Funded from Department Reserves</u> Funding earmarked to fund additional enforcements officers in 2016/17.

### 2016/2017 BUDGET - SERVICE UNIT: COMMUNITY CENTRES

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
2000	Community Centres	2000	2000	2000	2000	2000	2000
83	Direct costs - Employees	86	0	0	0	0	86
5	- Other	4	0	0	0	0	4
88	Total Direct Cost	90	0	0	0	0	90
0	Support Recharges	0	0	0	0	0	0
(41)	Income	(41)	0	0	0	0	(41)
47	Gross Budget Requirement	49	0	0	0	0	49
0	Use Of Departmental Reserves					0	0
47	Net Budget Requirement	49	0	0	0	0	49

## 2016/2017 BUDGET - SERVICE UNIT: COMMUNITY SAFETY & ENGAGEMENT

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Community Safety & Engagement						
598	Direct costs - Employees	717	(50)	0	0	35	702
971	- Other	489	0	0	0	0	489
1,569	Total Direct Cost	1,206	(50)	0	0	35	1,191
0	Support Recharges	0	0	0	0	0	0
(168)	Income	(199)	0	0	0	0	(199)
1,401	Gross Budget Requirement	1,007	(50)	0	0	35	992
(306)	Use Of Departmental Reserves	0				(35)	(35)
1,095	Net Budget Requirement	1,007	(50)	0	0	0	957

### **Corporate Budget Reductions**

Savings relate to the deletion of vacant posts.

# One Off Costs Funded from Department Reserves

One off funding earmarked to support staff employed on temporary contracts relating to a specific project.

### 2016/2017 BUDGET - SERVICE UNIT: COUNCIL HOUSING

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Council Housing						
0	Direct costs - Employees	0	0	0	0	0	C
389	- Other	830	0	0	0	0	830
389	Total Direct Cost	830	0	0	0	0	830
142	Support Recharges	152	0	0	0	0	152
(836)	Income	(982)	0	0	0	0	(982)
(305)	Gross Budget Requirement	0	0	0	0	0	C
300	Use Of Departmental Reserves	0				0	C
(5)	Net Budget Requirement	0	0	0	0	0	0

### 2016/2017 BUDGET - SERVICE UNIT: CULTURAL SERVICES

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
		(0)	(0)				(7)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Cultural Services						
698	Direct costs - Employees	689	0	0	0	0	689
315	- Other	288	0	0	0	0	288
1,013	Total Direct Cost	977	0	0	0	0	977
0	Support Recharges	0	0	0	0	0	0
(613)	Income	(568)	0	0	0	0	(568)
	Gross Budget Requirement	409	0	0	0	0	409
0	Use Of Departmental Reserves					0	0
400	Net Budget Requirement	409	0	0	0	0	409

### 2016/2017 BUDGET - SERVICE UNIT: ECONOMIC REGENERATION

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(2)	(4)	(5)	(6)	(7)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Economic Regeneration						
633	Direct costs - Employees	594	(66)	0	0	27	555
713	- Other	622	(32)	0	0	0	590
1,346	Total Direct Cost	1,216	(98)	0	0	27	1,145
1	Support Recharges	1	0	0	0	0	1
(348)	Income	(332)	(15)	0	0	0	(347)
999	Gross Budget Requirement	885	(113)	0	0	27	799
(129)	Use Of Departmental Reserves	0				(27)	(27)
870	Net Budget Requirement	885	(113)	0	0	0	772

### Corporate Budget Reductions

Savings have been identified across a range of budget headings including, the Statutory Economic Assessment, Local Initiatives, Tourism and Marketing, exhibitions etc and a management restructure. In addition, the service has been set an income target to offset part of the core budget.

### One Off Costs Funded from Department Reserves

Reserve funding earmarked to support the cost of staff employed on Fixed Term Contracts in relation to specific projects.

### 2016/2017 BUDGET - SERVICE UNIT: ECONOMIC REGENERATION - EXTERNALLY FUNDED

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
<i>(</i> <b>)</b>		(-)			(-)	(-)	(-)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Economic Regeneration - Externally Funded						
105	Direct costs - Employees	38	0	0	0	102	140
419	- Other	11	0	0	0	100	111
524	Total Direct Cost	49	0	0	0	202	251
2	Support Recharges	0	0	0	0	0	0
(485)	Income	(49)	0	0	0	0	(49)
41	Gross Budget Requirement	0	0	0	0	202	202
(61)	Use Of Departmental Reserves					(202)	(202)
(20)	Net Budget Requirement	0	0	0	0	0	0

### One Off Costs Funded from Department Reserves

Reserve funding earmarked to support the cost of staff employed on Fixed Term Contracts in relation to specific projects.

### 2016/2017 BUDGET - SERVICE UNIT: ENGINEERING & DESIGN

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Engineering & Design						
313	Direct costs - Employees	359	0	0	0	0	359
573	- Other	562	0	0	0	0	562
886	Total Direct Cost	921	0	0	0	0	921
19	Support Recharges	19	0	0	0	0	19
(500)	Income	(521)	0	0	0	0	(521)
405	Gross Budget Requirement	419	0	0	0	0	419
0	Use Of Departmental Reserves	0				0	0
405	Net Budget Requirement	419	0	0	0	0	419

### 2016/2017 BUDGET - SERVICE UNIT: FACILITIES MANAGEMENT

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Facilities Management						
3,945	Direct costs - Employees	4,028	0	0	0	0	4,028
3,033	- Other	3,232	(60)	0	0	0	3,172
6,978	Total Direct Cost	7,260	(60)	0	0	0	7,200
354	Support Recharges	355	0	0	0	0	355
(6,358)	Income	(6,608)	0	0	0	0	(6,608)
974	Gross Budget Requirement	1,007	(60)	0	0	0	947
0	Use Of Departmental Reserves	0				0	0
974	Net Budget Requirement	1,007	(60)	0	0	0	947

<u>Corporate Budget Reductions</u> Savings relate to reductions in overheads within the Building Cleaning and Catering budgets along with a reduction in the cleaning of council buildings.

### 2016/2017 BUDGET - SERVICE UNIT: GENERAL ALLOTMENTS

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	General Allotments						
1	Direct costs - Employees	1	0	0	0	0	1
95	- Other	97	0	0	0	0	97
96	Total Direct Cost	98	0	0	0	0	98
0	Support Recharges	0	0	0	0	0	C
(67)	Income	(68)	0	0	0	0	(68)
	Gross Budget Requirement	30	0	0	0	0	30
0	Use Of Departmental Reserves	0				0	C
29	Net Budget Requirement	30	0	0	0	0	30

### 2016/2017 BUDGET - SERVICE UNIT: GROUNDS MAINTENANCE

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		(2) £'000	(3) £'000	(4) £'000	£'000	(0) £'000	£'000
2,000	One we de Maintennen a	£.000	£ 000	£ 000	£ 000	£ 000	£ 000
	Grounds Maintenance						
2,149	Direct costs - Employees	1,237	(70)	0	0	0	1,167
2,177	- Other	487	0	0	0	0	487
4,326	Total Direct Cost	1,724	(70)	0	0	0	1,654
559	Support Recharges	574	0	0	0	0	574
(3,126)	Income	(171)	0	0	0	0	(171)
1,759	Gross Budget Requirement	2,127	(70)	0	0	0	2,057
0	Use Of Departmental Reserves	0				0	0
1,759	Net Budget Requirement	2,127	(70)	0	0	0	2,057

# Corporate Budget Reductions

Savings relate to a review of work programmes which have led to efficiencies and reduced the seasonal and casual staffing requirements.

### 2016/2017 BUDGET - SERVICE UNIT: HERITAGE & COUNTRYSIDE

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Heritage & Countryside						
178	Direct costs - Employees	197	0	0	0	0	197
81	- Other	48	0	0	0	0	48
259	Total Direct Cost	245	0	0	0	0	245
0	Support Recharges	0	0	0	0	0	0
(46)	Income	(47)	0	0	0	0	(47)
213	Gross Budget Requirement	198	0	0	0	0	198
0	Use Of Departmental Reserves	0				0	0
213	Net Budget Requirement	198	0	0	0	0	198

### 2016/2017 BUDGET - SERVICE UNIT: HIGHWAYS MAINTENANCE

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Highways Maintenance						
0	Direct costs - Employees	0	0	0	0	0	0
1,428	- Other	1,431	0	0	0	0	1,431
1,428	Total Direct Cost	1,431	0	0	0	0	1,431
0	Support Recharges	0	0	0	0	0	0
(15)	Income	(15)	0	0	0	0	(15)
1,413	Gross Budget Requirement	1,416	0	0	0	0	1,416
0	Use Of Departmental Reserves	0				0	0
1,413	Net Budget Requirement	1,416	0	0	0	0	1,416

### 2016/2017 BUDGET - SERVICE UNIT: HIGHWAYS LIABILITY

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Highways Liability						
0	Direct costs - Employees	0	0	0	0	0	C
560	- Other	552	0	0	0	0	552
560	Total Direct Cost	552	0	0	0	0	552
0	Support Recharges	0	0	0	0	0	C
0	Income	0	0	0	0	0	C
560	Gross Budget Requirement	552	0	0	0	0	552
0	Use Of Departmental Reserves	0				0	C
560	Net Budget Requirement	552	0	0	0	0	552

### 2016/2017 BUDGET - SERVICE UNIT: HIGHWAYS TRADING

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Highways Trading						
1,497	Direct costs - Employees	1,336	0	0	0	0	1,336
601	- Other	426	0	0	0	0	426
2,098	Total Direct Cost	1,762	0	0	0	0	1,762
717	Support Recharges	717	0	0	0	0	717
(3,053)	Income	(2,703)	0	0	0	0	(2,703)
(238)	Gross Budget Requirement	(224)	0	0	0	0	(224)
0	Use Of Departmental Reserves	0				0	0
(238)	Net Budget Requirement	(224)	0	0	0	0	(224)

### 2016/2017 BUDGET - SERVICE UNIT: HIGHWAYS TRAFFIC & TRANSPORT MANAGEMENT

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Highways Traffic & Transport Management						
473	Direct costs - Employees	486	0	0	0	0	486
47	- Other	49	0	0	0	0	49
520	Total Direct Cost	535	0	0	0	0	535
27	Support Recharges	27	0	0	0	0	27
(60)	Income	(61)	0	0	0	0	(61)
487	Gross Budget Requirement	501	0	0	0	0	501
0	Use Of Departmental Reserves	0				0	(
487	Net Budget Requirement	501	0	0	0	0	501

### 2016/2017 BUDGET - SERVICE UNIT: HOUSING SERVICES

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Housing Services						
896	Direct costs - Employees	925	0	0	0	0	925
164	- Other	158	0	0	0	0	158
1,060	Total Direct Cost	1,083	0	0	0	0	1,083
120	Support Recharges	139	0	0	0	0	139
(569)	Income	(600)	(50)	0	0	29	(621)
611	Gross Budget Requirement	622	(50)	0	0	29	601
(20)	Use Of Departmental Reserves	0				(29)	(29)
591	Net Budget Requirement	622	(50)	0	0	0	572

### **Corporate Budget Reductions**

Savings relate to income generation from the Social Lettings Agency and the in-house management of the Council's new build housing and empty property stock, previously managed by Thirteen Group.

One Off Costs Funded from Department Reserves Income risk reserve to manage the short term budget position while the Social Lettings Agency is established.

### 2016/2017 BUDGET - SERVICE UNIT: ITU STRATEGIC MANAGEMENT

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	ITU Strategic Management						
0	Direct costs - Employees	0	0	0	0	0	0
68	- Other	0	0	0	0	0	0
68	Total Direct Cost	0	0	0	0	0	0
0	Support Recharges	0	0	0	0	0	0
(120)	Income	(53)	0	0	0	0	(53)
(52)	Gross Budget Requirement	(53)	0	0	0	0	(53)
0	Use Of Departmental Reserves	0				0	0
(52)	Net Budget Requirement	(53)	0	0	0	0	(53)

### 2016/2017 BUDGET - SERVICE UNIT: LIBRARIES

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
2000	Libraries	2000	2 000	2000	2000	2000	2000
808	Direct costs - Employees	830	(48)	0	0	0	782
264		265	· · ·	0	0	0	246
1,072	Total Direct Cost	1,095	(67)	0	0	0	1,028
24	Support Recharges	27	0	0	0	0	27
(44)	Income	(42)	(23)	0	0	0	(65)
1,052	Gross Budget Requirement	1,080	(90)	0	0	0	990
0	Use Of Departmental Reserves	0				0	0
1,052	Net Budget Requirement	1,080	(90)	0	0	0	990

<u>Corporate Budget Reductions</u> Savings reflect the implementation of the Library Service review and include staff cost savings following a restructure to resource the new opening hours, income generation projects and a reduction in various non pay budget headings.

### 2016/2017 BUDGET - SERVICE UNIT: LOGISTICS

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Logistics						
396	Direct costs - Employees	404	0	0	0	0	404
633	- Other	614	0	0	0	0	614
1,029	Total Direct Cost	1,018	0	0	0	0	1,018
132	Support Recharges	132	0	0	0	0	132
(1,259)	Income	(1,241)	0	0	0	0	(1,241)
(98)	Gross Budget Requirement	(91)	0	0	0	0	(91)
0	Use Of Departmental Reserves	0				0	0
(98)	Net Budget Requirement	(91)	0	0	0	0	(91)

### 2016/2017 BUDGET - SERVICE UNIT: NDORS

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	NDORS						
34	Direct costs - Employees	35	0	0	0	0	35
1,215	- Other	1,214	0	0	0	0	1,214
1,249	Total Direct Cost	1,249	0	0	0	0	1,249
103	Support Recharges	103	0	0	0	0	103
(1,353)	Income	(1,353)	0	0	0	0	(1,353)
(1)	Gross Budget Requirement	(1)	0	0	0	0	(1)
0	Use Of Departmental Reserves	0				0	0
(1)	Net Budget Requirement	(1)	0	0	0	0	(1)

### 2016/2017 BUDGET - SERVICE UNIT: NETWORK INFRASTRUCTURE

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(2)	(4)	(5)	(6)	(7)
(1) £'000		(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £'000
		£ 000	£ 000	£ 000	2,000	£ 000	£ 000
	Network Infrastructure						
0	Direct costs - Employees	0	0	0	0	0	0
1,245	- Other	1,344	(180)	0	0	0	1,164
1,245	Total Direct Cost	1,344	(180)	0	0	0	1,164
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
1,245	Gross Budget Requirement	1,344	(180)	0	0	0	1,164
0	Use Of Departmental Reserves	0				0	0
1,245	Net Budget Requirement	1,344	(180)	0	0	0	1,164

### **Corporate Budget Reductions**

The Street Lighting LED and Column Replacement Programe will reduce the level of ongoing maintenance associated with the service.

### 2016/2017 BUDGET - SERVICE UNIT: PARKS & COUNTRYSIDE

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	(0) £'000	£'000
	Parks & Countryside						
314	Direct costs - Employees	334	(20)	0	0	0	314
650	- Other	440	0	0	0	0	440
964	Total Direct Cost	774	(20)	0	0	0	754
10	Support Recharges	10	0	0	0	0	10
(815)	Income	(939)	0	0	0	0	(939)
159	Gross Budget Requirement	(155)	(20)	0	0	0	(175)
0	Use Of Departmental Reserves	0				0	0
159	Net Budget Requirement	(155)	(20)	0	0	0	(175)

### **Corporate Budget Reductions**

Savings relate to a review of work programmes which have led to efficiencies and reduced the seasonal and casual staffing requirements.

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Passenger Transport						
824	Direct costs - Employees	932	0	0	0	0	932
1,204	- Other	1,212	0	0	0	0	1,212
2,028	Total Direct Cost	2,144	0	0	0	0	2,144
401	Support Recharges	401	0	0	0	0	401
(1,012)	Income	(1,110)	(70)	0	0	0	(1,180)
1,417	Gross Budget Requirement	1,435	(70)	0	0	0	1,365
0	Use Of Departmental Reserves	0				0	0
1,417	Net Budget Requirement	1,435	(70)	0	0	0	1,365

### 2016/2017 BUDGET - SERVICE UNIT: PASSENGER TRANSPORT

### Corporate Budget Reductions

Savings relate to a reduction in the Home to School Transport Budget which is set to fund higher levels of need which has resulted in underspends in previous years, therefore based on recent levels of demand it is possible to reduce this budget in 2016/17.

### 2016/2017 BUDGET - SERVICE UNIT: PLANNING SERVICES

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(2)	(4)	(5)	(6)	(7)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Planning Services						
705	Direct costs - Employees	728	(15)	0	0	0	713
165	- Other	41	0	0	0	0	41
870	Total Direct Cost	769	(15)	0	0	0	754
0	Support Recharges	0	0	0	0	0	0
(529)	Income	(542)	0	0	0	0	(542)
341	Gross Budget Requirement	227	(15)	0	0	0	212
(125)	Use Of Departmental Reserves	0				0	0
216	Net Budget Requirement	227	(15)	0	0	0	212

### **Corporate Budget Reductions**

Savings have been generated from a restructure carried out as a consequence of a request for voluntary redundancy.

### 2016/2017 BUDGET - SERVICE UNIT: PROCUREMENT

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Procurement						
171	Direct costs - Employees	176	0	0	0	0	176
1	- Other	1	0	0	0	0	1
172	Total Direct Cost	177	0	0	0	0	177
0	Support Recharges	0	0	0	0	0	0
(84)	Income	(86)	0	0	0	0	(86)
88	Gross Budget Requirement	91	0	0	0	0	91
0	Use Of Departmental Reserves	0				0	0
88	Net Budget Requirement	91	0	0	0	0	91

### 2016/2017 BUDGET - SERVICE UNIT: REPROGRAPHICS

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(-)	(-)	(	(-)	(-)	
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Reprographics						
79	Direct costs - Employees	81	0	0	0	0	81
237	- Other	243	0	0	0	0	243
316	Total Direct Cost	324	0	0	0	0	324
0	Support Recharges	0	0	0	0	0	0
(358)	Income	(367)	0	0	0	0	(367)
(42)	Gross Budget Requirement	(43)	0	0	0	0	(43)
0	Use Of Departmental Reserves	0				0	0
(42)	Net Budget Requirement	(43)	0	0	0	0	(43)

### 2016/2017 BUDGET - SERVICE UNIT: ROAD SAFETY

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Road Safety						
203	Direct costs - Employees	232	0	0	0	0	232
3	- Other	0	0	0	0	0	(
206	Total Direct Cost	232	0	0	0	0	232
0	Support Recharges	0	0	0	0	0	(
(80)	Income	(104)	0	0	0	0	(104
126	Gross Budget Requirement	128	0	0	0	0	128
0	Use Of Departmental Reserves	0				0	(
126	Net Budget Requirement	128	0	0	0	0	128

### 2016/2017 BUDGET - SERVICE UNIT: STRATEGIC MANAGEMENT, ADMIN & SERVICE DEVELOPMENT

Ammana		Durdmat	Components	Dent	Dant	0	Tetal
Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Strategic Management, Admin & Service Developme	nt					
1,273	Direct costs - Employees	1,290	(161)	0	0	0	1,129
52	- Other	72	0	0	0	0	72
1,325	Total Direct Cost	1,362	(161)	0	0	0	1,201
525	Support Recharges	538	0	0	0	0	538
(1,284)	Income	(1,317)	0	0	0	0	(1,317)
566	Gross Budget Requirement	583	(161)	0	0	0	422
(22)	Use Of Departmental Reserves	0				0	0
544	Net Budget Requirement	583	(161)	0	0	0	422

<u>Corporate Budget Reductions</u> A salary abatement target has been reintroduced which will account for temporary savings realised from vacant posts and incremental drift across the department. Savings also include the deletion of vacant posts and a restructure following requests for voluntary redundancy.

### 2016/2017 BUDGET - SERVICE UNIT: STREET CLEANSING

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Street Cleansing						
830	Direct costs - Employees	883	(55)	0	0	0	828
218	- Other	223	0	0	0	0	223
1,048	Total Direct Cost	1,106	(55)	0	0	0	1,051
719	Support Recharges	737	(35)	0	0	0	702
(98)	Income	(100)	0	0	0	0	(100)
1,669	Gross Budget Requirement	1,743	(90)	0	0	0	1,653
0	Use Of Departmental Reserves	0				0	0
1,669	Net Budget Requirement	1,743	(90)	0	0	0	1,653

### **Corporate Budget Reductions**

Savings relate to a review of work programmes which have led to efficiencies and reduced the seasonal and casual staffing requirements. This has enabled a reduction in the number of vehicles used by the service.

## 2016/2017 BUDGET - SERVICE UNIT: SUSTAINABLE TRANSPORT

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Sustainable Transport						
0	Direct costs - Employees	0	0	0	0	0	0
2,393	- Other	2,443	(20)	0	0	0	2,423
2,393	Total Direct Cost	2,443	(20)	0	0	0	2,423
0	Support Recharges	0	0	0	0	0	0
0	Income	0	0	0	0	0	0
2,393	Gross Budget Requirement	2,443	(20)	0	0	0	2,423
0	Use Of Departmental Reserves	0				0	0
2,393	Net Budget Requirement	2,443	(20)	0	0	0	2,423

<u>Corporate Budget Reductions</u> Savings reflect the current cost of concessionary fares.

## 2016/2017 BUDGET - SERVICE UNIT: TRAFFIC MANAGEMENT

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Traffic Management						
0	Direct costs - Employees	0	0	0	0	0	0
11	- Other	11	0	0	0	0	11
11	Total Direct Cost	11	0	0	0	0	11
0	Support Recharges	0	0	0	0	0	C
(11)	Income	(11)	0	0	0	0	(11)
0	Gross Budget Requirement	0	0	0	0	0	C
0	Use Of Departmental Reserves	0					C
0	Net Budget Requirement	0	0	0	0	0	C

### 2016/2017 BUDGET - SERVICE UNIT: VEHICLE FLEET

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Vehicle Fleet						
729	Direct costs - Employees	742	0	0	0	0	742
2,992	- Other	2,937	0	0	0	0	2,937
3,721	Total Direct Cost	3,679	0	0	0	0	3,679
363	Support Recharges	363	0	0	0	0	363
(4,217)	Income	(4,165)	0	0	0	0	(4,165)
(133)	Gross Budget Requirement	(123)	0	0	0	0	(123)
0	Use Of Departmental Reserves	0				0	0
(133)	Net Budget Requirement	(123)	0	0	0	0	(123)

### 2016/2017 BUDGET - SERVICE UNIT: WASTE & ENVIRONMENTAL SERVICES

Approved		Budget	Corporate	Dept	Dept	One Off	Total
Budget		Projection	Budget	Budget	Budget	Costs	Budget
2015/2016	Service Unit	2016/2017	Reductions	Pressures	Reductions		2016/2017
					to Fund		(2+3+4+5
					Pressures		+6)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	Waste & Environmental Services						
1,373	Direct costs - Employees	1,392	(35)	0	0	0	1,357
2,813	- Other	2,815	0	0	0	0	2,815
4,186	Total Direct Cost	4,207	(35)	0	0	0	4,172
785	Support Recharges	805	0	0	0	0	805
(462)	Income	(471)	0	0	0	0	(471)
4,509	Gross Budget Requirement	4,541	(35)	0	0	0	4,506
0	Use Of Departmental Reserves	0				0	0
4,509	Net Budget Requirement	4,541	(35)	0	0	0	4,506

<u>Corporate Budget Reductions</u> Relates to the deletion of a vacant post following a review of management structures and working arrangements in Operations.

COUNCIL

18<sup>th</sup> February 2016



**Report of:** Chief Executive

Subject: BUSINESS REPORT

# 1. TREASURY MANAGEMENT STRATEGY

- 1.2 BACKGROUND
- 1.2.1 The Local Government Act 2003 requires the Council to 'have regard to' the CIPFA Prudential Code and to set prudential indicators for the next three years to ensure that the Authority's capital investment plans are affordable, prudent and sustainable.
- 1.2.2 The Act therefore requires the Council to determine a Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy, which sets out the Authority's policies for managing its investments and for giving priority to the security and liquidity of those investments. The Secretary of State has issued Guidance on Local Government Investments which came into force on 1<sup>st</sup> April, 2004. This guidance recommends that all Local Authorities produce an Annual Investment Strategy that is approved by full Council, which is also included in this report.
- 1.2.3 The Council is required to nominate a body to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies, before making recommendations to Council. This responsibility has been allocated to the Audit and Governance Committee.
- 1.2.4 The recommended Treasury Management Strategy was considered by the Audit and Governance Committee on the 10<sup>h</sup> December 2015 and this report is attached as Appendix 1.
- 1.2.5 The Audit and Governance Committee carefully scrutinised the proposed Treasury Management strategy and approved that the recommended strategy be referred to full Council.
- 1.2.6 At the time of the Audit and Governance Committee it was not possible to calculate supporting Prudential Indicators as this is reliant on Government Capital Allocations which had not been issued. However, as the Treasury Management Strategy outlines the key principles covering the operation of the Authority's borrowing and investment strategy the unavailability of this

information did not prevent the Audit and Governance Committee from considering and scrutinising the proposed strategy.

- 1.2.8 Prudential indicators and other regulatory information have now been completed and are attached as Appendix 2 and cover the following:
  - Prudential Indicators;
  - Capital Expenditure and Financing Requirement
  - Affordability Prudential Indicators
  - Borrowing Prudential Indicators;
  - Investment Prudential Indicators and Other Limits on Treasury Activity;

# 1.3 RECOMMENDATIONS

1.3.1 It is recommended that Members note the report and the recommendation from the Audit and Governance Committee to approve the following detailed recommendations for the 2016/17 Treasury Management Strategy and related issues;

# 1.3.2 Borrowing Strategy 2016/17

- (i) Core borrowing requirement following the securing of exceptionally low interest rates approve that the remainder of the under borrowing is netted down against investments.
- (ii) To note that in the event of a change in economic circumstances that the Chief Finance Officer may take out additional borrowing if this secures the lowest long term interest cost.
- (iii) Borrowing required for business cases Approve the continuation of the strategy of fully funding the borrowing for individual project costs in order to secure fixed long term interest rates in line with the approved business case.

# 1.2.3 Investment Strategy 2016/17

- (iv) Approve the use of Government Treasury Bills/Gilts and the appointment of King and Shaxson as custodian.
- Approve the Counterparty limits as set out in paragraph 8.11 of Appendix 1.

# 1.3.4 <u>Minimum Revenue Provision (MRP) Statement</u>

- (vi) Approve the MRP statement outlined in paragraph 9.2 of Appendix 1.
- 1.3.5 Prudential Indicators 2016/17
  - (vii) Approve the prudential indicators outlined in Appendix 2.

2

# 2. EXPENDITURE RELEVANT TO MEMBERS' INTERESTS

- 2.1 Further to requests by Members this information has been compiled to provide the following:
- a) details of any contracts for works or services which were subject to the Council's tender process and awarded to a body/entity listed on the Member's Register of Interests during the 6 months – October to December 2015 (Appendix 3) and;
- b) details of any payments made to a body/entity listed on the Member's Register of Interests during the 6 months – October to December 2015 (Appendix 4).
- 2.2 It should be noted that the information presented in Appendix B includes the following categories of member interests:
  - Employment, Office Trade, Profession or Vocation
  - Sponsorship
  - Contracts with the Authority
  - Land in the area of the Authority
  - Securities
  - Other interests
  - Interested parties
- 2.3 The following categories are excluded:
  - Licence to occupy land
  - Corporate tenancies
- 2.4 All payments relating to benefits are excluded.
- 2.5 The report does not include information on those bodies listed on members interests forms which either do not have a supplier number on Integra or which cannot be identified on Integra given the information provided.
- 2.6 Members are asked to note the contents of the report.

# 3. SPECIAL URGENCY DECISIONS

Council is informed that there were no special urgency decisions taken in the period November 2015 to January 2016.

# 13. APPENDIX 1

# AUDIT AND GOVERNANCE COMMITTEE

10<sup>th</sup> December 2015

**Report of:** Chief Finance Officer

# Subject: TREASURY MANAGEMENT STRATEGY

# 1. PURPOSE OF REPORT

- 1.1 The purposes of the report are to:
  - i. Provide a review of Treasury Management activity for 2014/15 including the 2014/15 outturn Prudential Indicators;
  - ii. Provide a mid-year update of the 2015/16 Treasury Management activity; and
  - iii. Enable the Audit and Governance Committee to scrutinise the recommended 2016/17 Treasury Management Strategy before it is referred to the full Council for approval.

# 2. BACKGROUND

- 2.1 The Treasury Management Strategy covers the:
  - the borrowing strategy relating to the Council's core borrowing requirement arising from historic capital expenditure funded from Prudential Borrowing;
  - the borrowing strategy for the use of Prudential Borrowing for approved capital investment business cases, for example LED streetlight replacement, housing schemes and the development of a new 'Centre for Independent Living' where loan repayment costs are funded from budget savings and / or increased income; and
  - the annual investment strategy relating to the Council's cash flow.
- 2.2 The Treasury Management Strategy needs to ensure that the loan repayment costs of historic capital expenditure do not exceed the available General Fund revenue budget, which has been reduced as part of the Medium Term Financial Strategy. Similarly, for specific business cases the Treasury Management Strategy needs to ensure loan repayment costs do not exceed the costs built into the business cases. As detailed later in the report these issues are being managed successfully.



- 2.3 The Local Government Act 2003 requires the Council to 'have regard to' the CIPFA (Chartered Institute of Public Finance and Accountancy) Prudential Code and to set prudential indicators for the next three years to ensure capital investment plans are affordable, prudent and sustainable.
- 2.4 The Act therefore requires the Council to set out a Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy, which sets out the policies for managing investments and for giving priority to the security and liquidity of those investments. The Secretary of State has issued Guidance on Local Government Investments which came into force on 1<sup>st</sup> April, 2004.
- 2.5 The Council is required to nominate a body to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies, before making recommendations to full Council. This responsibility has been allocated to the Audit and Governance Committee.
- 2.6 This report covers the following areas:
  - Economic background and outlook for interest rates
  - Treasury management outturn position for 2014/15
  - Treasury Management Strategy 2015/16 mid-year review
  - Treasury Management Strategy 2016/17
  - Minimum Revenue Provision and Interest Cost and Other Regulatory
    Information 2016/17

# 3. ECONOMIC ENVIRONMENT AND OUTLOOK FOR INTEREST RATES

- 3.1 At the time the 2015/16 Treasury Management Strategy was proposed most economists anticipated that interest rates in the USA and the UK would begin to increase during 2015. This position reflected underlying economic conditions and statements from both the Federal Reserve and the Bank of England.
- 3.2 Members will recall from previous years that the Chairman of the Bank of England issued 'forward guidance' and set a number of tests for determining the time of interest rate increases. However, 'forward guidance' has been overtaken by world economic events and changes in the pattern of UK economic indicators. For example, initial forward guidance stated that the Bank rate of 0.5% would be reconsidered when unemployment reduced to 7%. This was almost immediately revoked and although unemployment has fallen to 5.4% the Bank rate has not changed. Guidance has since become much more fluid and not based on exact targets, but aims to influence ongoing market and consumer activity.
- 3.3 As a result of these changes most economists are now forecasting that the Bank rate increase will be delayed further. The timing of interest rate increases will need careful management by central banks as there is a risk that higher rates may be required if rate increases are delayed too long. The following paragraphs provide more detailed information.

# 3.4 **The Global Economy**

- 3.5 U.S.A. economy Following slow growth in the first quarter of 2015 the US economy rebounded very strongly in quarter two and strong growth was forecast to continue. This led to the expectation that the Federal Reserve might raise interest rates by September 2015. However, owing to the slowdown in Chinese growth the decision was taken not to increase rates. Following further disappointing economic data, expectations of the first rate rise in USA interest rates have now been pushed back from 2015 to 2016.
- 3.6 Eurozone economy In an effort to stimulate the Eurozone economy the European Central Bank (ECB) initiated a €1.1 trillion quantitative easing (QE) programme in January 2015, buying up high quality government debt of selected Eurozone countries. This programme is expected to run until September 2016 and already appears to have had a beneficial impact in improving confidence and sentiment. European growth has increased marginally (0.4% in the first and second quarters of 2015). The ECB has also stated that it would extend its QE programme if inflation failed to return to the target of 2% by September 2016.
- 3.7 During July 2015 Greece agreed to implement further austerity measures and is now fully cooperating with EU demands and a third bailout package has since been agreed. A surprise general election in September gave the Syriza Government a mandate to stay in power to implement austerity measures. However there are major doubts as to whether the size of the cuts and the degree of reforms required can be fully implemented. Therefore a Greek exit from the Euro may only have been delayed by this latest bailout.
- 3.8 China Government action in 2014 to stimulate the economy did not work as well as expected. The Chinese Government has continued to be very active in 2015 in implementing stimulus measures to try to ensure the economy hits the growth target of 7% for 2015 and to bring some stability after the major fall in the Chinese stock market in August 2015. Many commentators are concerned that recent growth figures have been "massaged" to hide a downturn to a lower growth figure. There are also major concerns as to the creditworthiness of Chinese bank lending and the sustainability of house prices. Overall the Chinese economy is still expected to achieve growth that is much stronger than the EU. However confidence in the Chinese economy remains fragile and lower growth is having a negative impact on the world economy.

# 3.9 The UK Economy

3.10 The economy grew in 2013 by 2.2% and in 2014 by 2.9%. The 2014 growth rate was the strongest UK rate since 2006. It is possible that the UK growth rate for 2015 will again lead the G7 (i.e. seven largest economies) and equal that of the US. However the first quarter was weak at 0.4% with the second quarter being slightly better at 0.7%. The Bank of England's August Inflation

Report included a forecast for growth to remain around 2.4% to 2.8% over the next three years. However subsequent economic data has indicated a likely slowdown in the overall rate of GDP growth. This reflects the appreciation of Sterling against the Euro and weak growth in the EU, China and emerging markets which has caused difficulties for UK exporters. Falls in business and consumer confidence in September owing to concerns over the economic outlook could also contribute to dampening growth through weakening investment and consumer expenditure. For the recovery to become more balanced and sustainable in the longer term, dependence on consumer expenditure and the housing market must reduce and move to manufacturing and investment expenditure. Economic growth since 2012 has resulted in unemployment falling over the last few years although part of this increase has been reversed.

- 3.11 In August the Bank of England forecast that inflation would barely get to the 2% target within the next 2-3 years. However, with the price of oil again reducing there could be several more months of low inflation, especially as world commodity prices have generally been depressed by the Chinese economic downturn.
- 3.12 Therefore there are considerable risks around whether inflation will rise in the near future as strongly as had previously been expected. This will make it more difficult for central banks in the UK and USA to raise rates as soon as previously forecast. The recent major concerns around the slowdown in Chinese growth, falling oil and commodity prices and volatility in equity and bond markets may delay interest rate increases. On the other hand, there are also concerns around the fact that the central banks of the UK and USA have few monetary policy options left to them, given that central rates are near to zero and huge Quantitative Easing is already in place. There are therefore arguments that they will need to raise rates sooner rather than later. However, they are unlikely to raise interest rates until they are sure that growth is securely embedded and zero/negative inflation is not a significant economic threat.
- 3.13 The forecast for the first increase in Bank Rate has therefore progressively been pushed back from quarter four 2015 to quarter two 2016. Increases after that are likely to be slower paced and to a lower levels than prevailed before 2008, as increases in the Bank Rate will have a much bigger effect on heavily indebted businesses and households than they did before 2008.

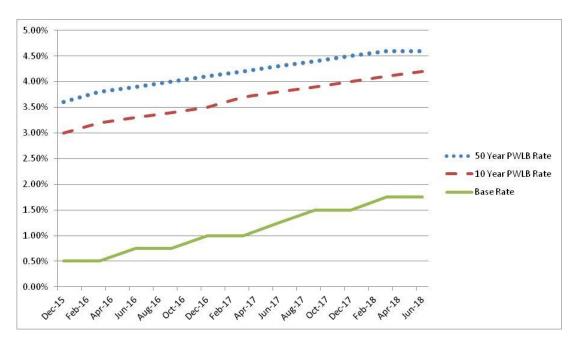
# 3.14 Interest Rate Forecasts

3.15 As indicated above forecasting future interest rates remains extremely challenging as the Base Rate has remained unchanged for significantly longer than most economists initially forecast. Capita Asset Services (the Council's Treasury Management advisors) continue to update their forecasts to reflect statements by the Governor of the Bank of England and changes in the economy. The latest forecasts up to June 2018 are provided in the following graph.

HARTLEPOOL BOROUGH COUNCIL

# 13. APPENDIX 1



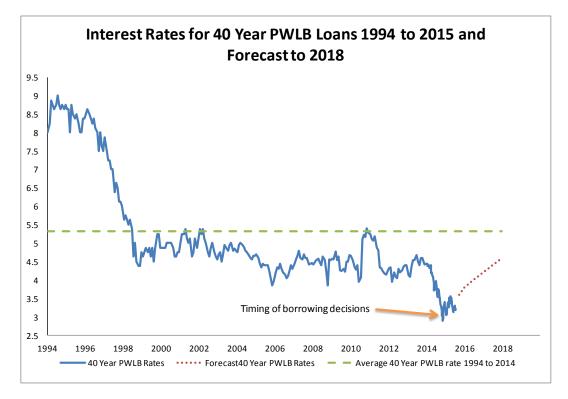


# 4. TREASURY MANAGMENT OUTTURN POSITION 2014/15

# 4.1 Capital Expenditure and Financing 2014/15

- 4.2 The Council's approved capital programme is funded from a combination of capital receipts, capital grants, revenue contributions and prudential borrowing.
- 4.3 Part of the Council's treasury management activities is to address the prudential borrowing need, either through borrowing from external bodies, or utilising temporary cash resources within the Council. The wider treasury activity also includes managing the Council's day to day cash flows, its previous borrowing activities and the investment of surplus funds. These activities are structured to manage risk foremost, and then optimise performance.
- 4.4 Actual capital expenditure forms one of the required prudential indicators. As shown at **Appendix A**, the total amount of capital expenditure for the year was £18.704m, of which £6.950m was funded by Prudential Borrowing.
- 4.5 The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is the accumulated value of capital expenditure which has been financed from Prudential Borrowing. Each year the Council is required to apply revenue resources to reduce this outstanding balance.
- 4.6 Whilst the Council's CFR sets a limit on underlying need to borrow, the Council can manage the actual borrowing position by either;

- borrowing externally to the level of the CFR; or
- choosing to use temporary internal cash flow funds instead of borrowing; or
- a combination of the two.
- 4.7 The Council's CFR for the year was £94.427m as shown at Appendix A comprising £77.316m relating to the core CFR and £17.111m relating to business cases. This is lower than the approved estimate of £98.242m owing to the rephasing of capital expenditure.
- 4.8 The Council's total long term external borrowing as at 31<sup>st</sup> March, 2014 was £54.5m and increased to £83.9m at 31<sup>st</sup> March 2015. It was always recognised that the strategy of netting down borrowing and investments was unsustainable in the longer term, as investments are temporary and reflect reserves which the Council will use over the next three years (i.e. to support the MTFS, to support the Local Council Tax Support Scheme and to fund other one-off commitments). Therefore long term borrowing was undertaken during 2014/15.
- 4.9 The borrowing reflects reductions in long term interest rates which began falling at the start of 2014 and a watching brief was kept on interest costs. In December 2014 PWLB rates fell to their lowest level since 1994 (the earliest date available for PWLB data). However, forecasts indicated that these interest rates were expected to rise in late 2015. Therefore, in line with the approved strategy decisions were taken to secure existing business cases at exceptionally low interest rates. Borrowing was also undertaken to fund the core CFR to secure the longer term financial position of the Council. This action ensures the ongoing annual saving from locking into lower interest rates of £1.270m, which was built into the 2015/16 base budget, is achieved on a sustainable basis.
- 4.10 The borrowing taken out is summarised as follows:
  - Core borrowing to secure ongoing annual savings £15.0m
  - Business case borrowing approved and implemented over the financial years 2012/13 to 2014/15 totalling £14.4m.
- 4.11 In total £29.4m was borrowed at an average interest rate of 2.48%, which was achieved through a combination of exceptionally low long term interest rates and use of shorter term loans (also at exceptionally low rates) to reflect the forecast reduction in the Council's CFR.
- 4.12 The following graph shows long term PWLB rates from 1994 to present and includes the average rate for that period (approximately 5.3%), the current forecast rates and the timing of borrowing undertaken as outlined above.



4.13 The total borrowing remains below the CFR and there continues to be an element of netting down investments and borrowing but to a level that is expected to be sustainable.

# 4.14 **Prudential Indicators and Compliance Issues 2014/15**

- 4.15 Details of each Prudential Indicator are shown at Appendix A. Some of the prudential indicators provide either an overview or specific limits on treasury activity. The key Prudential Indicators to report at outturn are described below.
- 4.16 The **Authorised Limit** is the "Affordable Borrowing Limit" required by Section 3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. Appendix A demonstrates that during 2014/15 the Council has maintained gross borrowing within its Authorised Limit.
- 4.17 **Net Borrowing and the CFR** In order to ensure that borrowing levels are prudent, over the medium term the Council's external borrowing, net of investments, must only be for a capital purpose. Net borrowing should not exceed the CFR for 2014/15 plus the expected changes to the CFR over 2015/16 and 2016/17. The Council has complied with this Prudential Indicator.

# 4.18 **The treasury position 31<sup>st</sup> March 2015**

4.19 The table below shows the treasury position for the Council as at the 31<sup>st</sup> March, 2015 compared with the previous year:

HARTLEPOOL BOROUGH COUNCIL

Treasury position	31st March 2014		31st Ma	rch 2015
	Principal	Average Rate	Principal	Average Rate
Fixed Interest Rate Debt				
- Tees Valley Unlimited Loan	£1.6m	0.00%	£1.6m	0.00%
- PWLB	£7.9m	4.54%	£37.3m	2.91%
- Market Loans (LOBOs)	£45.0m	4.00%	£45.0m	4.00%
Total Long Term Debt	£54.5m	3.97%	£83.9m	3.44%
Total Investments	£40.1m	0.32%	£68.2m	0.40%
Net borrowing Position	£14.4m		£15.7m	

- A key performance indicator shown in the above table is the very low average rate of external debt of 3.44% for debt held as at 31<sup>st</sup> March, 2015. This is a historically low rate for long term debt and the resulting interest savings have already been built into the Medium Term Financial Strategy.
- 4.21 The Council's investment policy is governed by Department of Communities and Local Government (DCLG) guidance, which has been implemented in the annual investment strategy approved by Council on 6<sup>th</sup> February, 2014.
- 4.22 The Council does not rely solely on credit ratings and takes a more pragmatic and broad based view of the factors that impact on counterparty risk. As part of the approach to maximising investment security the Council has also kept investment periods short (i.e. in most cases up to 3 months but a maximum of 6 months). The downside of this prudent approach is that the Council achieved slightly lower investment returns than would have been possible if investments were placed with organisations with a lesser financial standing and for longer investment periods. However, during 2014/15 the risk associated with these higher returns would not have been prudent.
- 4.23 A prudent approach will continue to be adopted in order to safeguard the Council's resources, although some changes are recommended later in the report.

# 4.24 Regulatory Framework, Risk and Performance 2014/15

- 4.25 The Council's treasury management activities are regulated by a variety of professional codes, statutes and guidance:
  - The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
  - The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions have been made since this power was introduced);
  - Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act, and requires the Council to undertake any

borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;

- The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
- Under the Act the DCLG has issued Investment Guidance to structure and regulate the Council's investment activities;
- Under section 238(2) of the Local Government and Public Involvement in Health Act 2007 the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8<sup>th</sup> November, 2007.
- 4.26 The Council has complied with all of the above relevant statutory and regulatory requirements which limit the levels of risk associated with its Treasury Management activities

# 5. TREASURY MANAGEMENT STRATEGY 2015/16 MID YEAR REVIEW

5.1 The Treasury Management Strategy for 2015/16 was approved by Council on 5<sup>th</sup> February 2015. The Council's borrowing and investment position as at 30<sup>th</sup> September 2015 is summarised as follows:

	£m	Average Rate
Market Loans (LOBOs)	45.0	4.00%
PWLB Loans	42.5	2.95%
Tees Valley Unlimited Loan	1.6	0.00%
Gross Debt	89.1	3.43%
Investments	81.3	0.42%
Net Debt as at 30-09-15	7.8	

- 5.2 As outlined in section 4, owing to exceptionally low interest rates in the final quarter of 2014/15 borrowing was undertaken in line with the approved Strategy. Additional borrowing of £6.2m has been undertaken in 2015/16 to secure new business cases in line with the approved Strategy, for the following schemes:
  - Street Lighting
  - CCAD Loan
  - Coastal Defences
  - Raby Road Bungalow
- 5.3 Net Debt has decreased since 31<sup>st</sup> March 2015 owing to positive cash flows. It is anticipated that the net debt will increase towards the end of the year in line with previous years as a result of reducing cash flows.
- 5.4 As part of the Treasury Strategy for 2015/16 the Council set a number of prudential indicators. Compliance against these indicators is monitored on a regular basis and there are no breaches to report.

# 6. TREASURY MANAGEMENT STRATEGY 2016/17

- 6.1 Owing to the timing of the Audit and Governance Committee meeting it is not possible to provide detailed prudential indicators as part of the Treasury Management Strategy for 2016/17 prior to this being reported to Council as part of the Annual Budget and Policy Framework process. This is because detailed Capital Allocations have not yet been released by the Government and the Net Revenue Budget has not yet been set. However this does not prevent the Committee from scrutinising the proposed Treasury Management Strategy which is presented below.
- 6.2 The key elements of the Treasury Management Strategy which Members need to consider are the Borrowing and Investment Strategies, detailed in section 7 and 8.

# 7. BORROWING STRATEGY 2016/17

7.1 As indicated earlier in the report borrowing strategies are needed for the Core Borrowing Requirement and the borrowing requirement related to specific business cases, as outlined in the following paragraphs.

# 7.2 Core Borrowing Requirement

- 7.3 The continuing objective of the Council's Treasury Management Strategy is to fund the core annual borrowing requirement at the lowest possible long term interest rate.
- 7.4 Since the unprecedented reduction in Base Rate to 0.5% in March 2009 the Treasury Management Strategy has been to net down investments and borrowings resulting in annual savings reflected in the outturn strategy. The existing Treasury Management Strategy has always recognised that this approach was not sustainable in the longer term as the one-off resources which have been used to temporarily avoid long term borrowing would be used up. The MTFS for 2016/17 to 2018/19 recommends proposals for using significant resources to support the budget, the Council Tax Support Scheme and to mitigate the impact of the 48% reduction in the rateable value of the power station. Therefore significant reserves will be used up over the next three years and will not be available to net down the borrowing requirement. Therefore, in advance of this as outlined in section 4 the decision was taken to partially fund the core borrowing requirement when long term PWLB interest rates fell to unprecedentedly low levels in January 2015.
- 7.5 This decision has secured exceptionally low long term interest rates, meeting the objective of funding the borrowing requirement at the lowest possible long term interest rate. This action has also secured the Treasury Management savings already built into the 2015/16 base budget of £1.270m.
- 7.6 As stated in section 4 the total borrowing remains below the CFR and the strategy continues an element of netting down investments and borrowing. This is at a level that is forecast to be sustainable. However owing to the

unprecedented financial environment it may be appropriate to take out further borrowing and the position will be kept under constant review. A decision to borrow up to the CFR may be taken by the Chief Finance Officer if it is in the best interests of the Council to do so.

# 7.7 Borrowing Requirement Business Cases

- 7.8 The financial viability of each business case is assessed on an individual basis reflecting the specific risk factors for individual business cases. This includes the repayment period for loans and fixed interest rates for the duration of the loan. This assessment is designed to ensure the business case can be delivered without resulting in a General Fund budget pressures and corresponding increase in the overall budget deficit.
- 7.9 Therefore, in order to ensure the above objectives are achieved it is recommended that the strategy of fully funding the borrowing for business cases is continued.

# 7.10 Borrowing in Advance of Need

7.11 The Council has some flexibility to borrow funds for use in future years. The Chief Finance Officer may do this under delegated power where, for instance, a sharp rise in interest rates is expected. In these circumstances borrowing early at fixed interest rates may be undertaken where this will secure lower fixed interest rates for specific business cases, or to fund future debt maturities (i.e. if the LOBOs were called). Any borrowing in advance of need will be reported to the Council in the next Treasury Management report.

# 8. INVESTMENT STRATEGY 2016/17

- 8.1 The Department for Communities and Local Government (CLG) issued investment guidance in 2010 and this forms the structure of the Council's policy. The key intention of the Guidance is to maintain the current requirement for authorities to invest prudently and that priority is given to security and liquidity before interest return. This Council has adopted the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes and applies its principles to all investment activity. In accordance with the Code, the Chief Finance Officer has produced Treasury Management Practices covering investment counterparty policy which requires approval each year.
- 8.2 The primary objectives of the Council's investment strategy in order of importance are:
  - safeguarding the re-payment of the principal and interest of its investments on time;
  - ensuring adequate liquidity; and
  - investment return.

# 8.4 **Counterparty Selection Criteria**

- 8.5 The Council's criteria for providing a pool of high quality investment counterparties uses the credit rating information produced by the three major ratings agencies (Fitch, Moody's and Standard & Poor's) and is supplied by our treasury consultants. All active counterparties are checked against criteria outlined below to ensure that they comply with the criteria. Any counterparty failing to meet the criteria would be omitted from the counterparty list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered on a daily basis before investments are made. For instance a negative rating watch applying to a counterparty at the minimum criteria will be suspended from use, with all others being reviewed in light of market conditions.
- 8.6 The **lowest common denominator** method of selecting counterparties and applying limits is used. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution will fall outside the lending criteria
- 8.7 The Chief Finance Officer will continue to adopt a vigilant approach resulting in what is effectively a 'named' list. This consists of a select number of counterparties that are considered to be the lowest risk.
- 8.8 As the market continues to return to more "normal" conditions a review of the current counterparty list has been completed. The current counterparty list continues to be limited and the surplus cash flow continues to be invested with the Government's Debt Management Office which offers extremely low investment rates. It is possible to invest with the UK Government at a higher rate of interest through the purchase of Treasury Bills/Gilts and it is recommended that these instruments are added to the counterparty list. UK Treasury Bills/Gilts have the same credit rating (i.e. AAA/AA+) as deposits placed with the Government Debt Management Office (DMO). They are issued weekly for a duration of one, three or six months and in the case of Gilts, for longer periods. Treasury Bills/Gilts are Government debt whereby money is invested with the Government for a specified period of time at a fixed rate of interest and there is no risk to the principal invested.
- 8.9 The Council cannot invest in these instruments directly without opening a 'custody account' which is required for purchasing these instruments, the costs of which range from £50,000 to £130,000. However access can be gained using a custodian who administer and manage Treasury Bills/Gilts on behalf of the Council. The decisions regarding the investment of temporary cash in UK Treasury Bills/Gilts remains the Council's decision and on a day to day basis will be managed by myself as Chief Finance Officer. It is recommended that the Council approve the use of Treasury Bills/Gilts and engage King and Shaxson as a custodian. King and Shaxson, is regulated by the Financial Conduct Authority (FCA) and currently provide custody

services to 235 local authorities, typically managing £4 billion of Local Authority investments.

- 8.10 The provision of the custodian account is free and the administrative cost of using the custodian account, which equate to 3 basis points (i.e. 0.03%) will be funded from the increased investment income earned from investing in UK Government Treasury Bills/Gilts.
- 8.11 The table below shows the proposed limits in 2016/17 for the Council:

Category	Fitch	Moody's	Standard & Poor's	Proposed Counterparty Limit	Proposed Time Limit
A	F1+/AA-	P-1/Aa3	A-1+/AA-	£15m	1 Year
В	F1/A-	P-1/A3	A-1/A-	£10m	1 Year
С	Debt Manageme	ent Office/Treasu	ry Bills/Gilts	£40m	1 Year
D	Part Nationalise UK Government	d Banks and Ba Guarantee	nks covered by	£15m	1 Year
E	-	per Authority: Metropolitan or L	Initary Councils or Fire Authorities	£35m	1 Year
F	Three Money Ma investment of £3	,	A) with maximum	£9m	Liquid (instant access)
G	Svenska Handel	sbanken		£3m	3 Months

# 8.12 Specified and Non-Specified Investments

- 8.13 CLG regulations classify investments as either Specified or Non-Specified. Specified Investment is any investment not meeting the Specified definition.
- 8.14 The investment criteria outlined above is different to that used to define Specified and Non-Specified investments. This is because it is intended to create a pool of high quality counterparties for the Council to use rather than defining what its investments are.
- 8.15 Specified Investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within twelve months if it wishes. These are low risk assets where the possibility of loss of principal or investment income is small. These would include investments with:

- The UK Government (such as the Debt Management Office, UK Treasury Bills or a Gilt with less than one year to maturity).
- Other Councils
- Pooled investment vehicles (such as Money Market Funds) that have been awarded a high credit rating (AAA) by a credit rating agency.
- A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society). This covers bodies with a minimum rating of A- (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies. Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies.
- 8.16 Non-specified Investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any investments with:
  - Building societies not meeting the basic security requirements under the specified investments. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings.
  - Any bank or building society that has a minimum long term credit rating of A- for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).

# 8.17 Benchmarking

- 8.18 A requirement in the revised Codes is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance, however as outlined in paragraph 8.2, investment return is less important to the Council than security and liquidity of investments. Security and liquidity benchmarks significantly less developed. The application of these is also more subjective in nature.
- 8.19 These benchmarks are simple targets (not limits) and the purpose of the benchmark is to assist monitoring and illuminate any changes to the strategy.
- 8.20 The benchmark for monitoring security is based on the historical risk of default associated with the credit rating of an organisation. The higher rated counterparties have a lower rate of historic default.
- 8.21 The following table sets out the historic default percentages for each type of credit rated institution and the period of deposit.

HARTLEPOOL BOROUGH COUNCIL

		Maturity Period						
Years	1	2	3	4	5			
AAA	0.04%	0.09%	0.17%	0.25%	0.34%			
AA	0.01%	0.03%	0.13%	0.28%	0.43%			
Α	0.06%	0.20%	0.37%	0.58%	0.81%			
BBB	0.15%	0.50%	0.91%	1.43%	1.91%			
BB	0.71%	2.21%	3.94%	5.68%	7.20%			
В	3.15%	7.44%	11.46%	15.20%	18.40%			
CCC	22.21%	31.48%	37.72%	41.81%	45.20%			

- 8.22 The Council has an extremely cautious investment strategy and this has avoided investment default. As a result the Council has never suffered investment loss. It is expected that the recommended changes to the investment strategy will avoid investment default. However the Council still needs to set a formal limit. It is therefore suggested that the Council will aim to ensure that the historic default probability of its investment portfolio will not exceed 0.2%.
- 8.23 An additional proposed benchmark is the average risk of default. This is based on the historic risk of default multiplied by the value of each investment. It does not constitute the actual expectation of loss. Rather it is intended to give a guide as to the relative security of investments. For the forthcoming year this is expected not to exceed £100,000.
- 8.24 To ensure adequate Liquidity the Council maintains a bank overdraft facility of £1.5m. In addition the Council will make use of call accounts to enable cash to be obtained with immediate notice. The proposed benchmark for monitoring liquidity is 'Weighted Average Life'. This reflects the average number of days to maturity for investments and therefore gives an indication of the liquidity profile of investments held. For the forthcoming year because of the lack of value obtainable for deposits exceeding 12 months and the need to ensure maximum security this benchmark is expected to be 0.5 years, with a maximum of 1 year.

# 9. MINIMUM REVENUE PROVISION AND INTEREST COSTS AND OTHER REGULATORY INFORMATION FOR 2015/16 & 2016/17

- 9.1 There are two elements to the Councils annual loan repayment costs the statutory Minimum Revenue Provision (MRP) and interest costs. The Council is required to pay off an element of the CFR each year through a revenue charge called the Minimum Revenue Provision (MRP).
- 9.2 CLG regulations require the Council to approve **an MRP Statement** in advance of each year. This will determine the annual loan repayment charge to the revenue account. The budget strategy is based on the following MRP statement and Council is recommended to formally approve this statement:

HARTLEPOOL BOROUGH COUNCIL

- For capital expenditure incurred before 1<sup>st</sup> April, 2008 the Council's MRP policy will calculate MRP at either 4% (in accordance with former CLG Regulations), or other prudent level determined by the Chief Finance Officer where this optimises the Council's position.
- From 1<sup>st</sup> April, 2008 the Council calculates MRP based on asset life for all assets or where prudential borrowing is financed by a specific annuity loan, MRP will be calculated according to the actual annuity loan repayments.

# 9.3 **CIPFA Treasury Management Code of Practice**

9.4 The Council has adopted CIPFA Treasury Management Code of Practice. Confirmation of this is the first prudential indicator.

# 9.5 **Treasury Management Advisors**

- 9.6 The Council uses Capita Asset Services Treasury Solutions (formerly known as Sector) as its external treasury management advisors.
- 9.7 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.
- 9.8 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

# 10. CONCLUSION

- 10.1 The Capital Finance Requirement has been funded via a combination of existing long term borrowing that was taken out prior to March 2009 and new long term borrowing to lock into historically low interest rates to secure business cases and the netting down of borrowing and investments.
- 10.2 The Treasury Management Strategy has always recognised that netting down is only temporary and the MTFS for 2016/17 to 2018/19 recommends proposals for using significant resources to support the budget, the Council Tax Support Scheme and to mitigate the impact of the 48% reduction in the rateable value of the power station. Therefore significant reserves will be used up over the next three years and will not be available to net down the borrowing requirement. In advance of this, borrowing has been undertaken at historically low interest rates and this has helped secure business cases and the £1.270m annual saving included in the base budget for 2015/16 and helps to achieve the additional saving to be included in the 2016/17 MTFS.
- 10.3 The report sets out the borrowing strategy for the core CFR of netting down the remaining under borrowing against investments but highlights the continued economic uncertainty and the possibility that it if circumstances

change further borrowing may be required. The report also outlines the continued strategy for fully funding borrowing to secure business cases.

10.4 In relation to the investment strategy the Council has adopted an extremely prudent approach over the last few years. An updated assessment of potential risk has been completed and in response to reductions in investment counterparties it is recommended that the Council approves the revised counterparty criteria as set out in paragraphs 8.8 to 8.11.

# 11. **RECOMMENDATIONS**

11.1 It is recommended that Members approve the following proposals:

# 11.2 Treasury Management Outturn Position 2014/15

i) Note the 2014/15 Treasury Management Outturn detailed in section 4 and Appendix A.

# 11.3 Treasury Management Strategy 2015/16 Mid-Year Review

ii) Note the 2015/16 Treasury Management Mid-year Position detailed in section 5.

# 11.4 Treasury Management Strategy 2016/17 (Prudential Indicators)

iii) Note that detailed prudential indicators will be reported to full Council in February 2016.

# 11.5 Borrowing Strategy 2016/17

- iv) **Core borrowing requirement** following the securing of exceptionally low interest rates approve that the remainder of the under borrowing is netted down against investments.
- v) To note that in the event of a change in economic circumstances that the Chief Finance Officer may take out additional borrowing if this secures the lowest long term interest cost.
- vi) **Borrowing required for business cases** Approve the continuation of the strategy of fully funding the borrowing for individual project costs in order to secure fixed long term interest rates in line with the approved business case.

# 11.6 Investment Strategy 2016/17

- vii) Approve the use of Government Treasury Bills/Gilts and the appointment of King and Shaxson as custodian.
- viii) Approve the Counterparty limits as set out in paragraph 8.11.

# 11.7 Minimum Revenue Provision (MRP) Statement

ix) Approve the MRP statement outlined in paragraph 9.2 above.

# 12. REASON FOR RECOMMENDATIONS

12.1 To allow Members to fulfil their responsibility for scrutinising the Treasury Management Strategy

# 13. CONTACT OFFICER

Chris Little Chief Finance Officer <u>Chris.Little@hartlepool.gov.uk</u> 01429 523003

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# Appendix A

# Prudential Indicators 2014/15 Outturn

# 1. Ratio of Financing Costs to Net Revenue Stream

This indicator shows the proportion of the total annual revenue budget that is funded by the local tax payer and Central Government, which is spent on servicing debt. The outturn is lower than the estimate, mainly as a result of savings achieved from long term borrowing repayment and the very low rates of interest on short term loans.

2014/15 Estimate		2014/15 Outturn
6.62%	Ratio of Financing costs to net revenue stream	5.34%

# 2. <u>Capital Expenditure</u>

This indicator shows the total capital expenditure for the year.

2014/15		2014/15
Estimate		Outturn
£'000		£'000
22,506	Capital Expenditure	18,704

The actual is lower than estimated owing to the phasing of overall expenditure between years.

# 3. <u>Capital Expenditure Financed from Borrowing</u>

This shows the borrowing required to finance the capital expenditure programme, split between core expenditure and expenditure in relation to business cases.

2014/15		2014/15
Estimate		Outturn
£'000		£'000
1,464	Core Capital Expenditure Financed by Borrowing	763
8,855	Business Case Capital Expenditure Financed by Borrowing	6,187
10,319	Total Capital Expenditure Financed by Borrowing	6,950

The actual is lower than estimated owing to the phasing of overall expenditure between years.

# 4. Capital Financing Requirement

CFR is used to determine the minimum annual revenue charge for capital expenditure repayments (net of interest). It is calculated from the Council's Balance Sheet and is shown below. Forecasts for future years are directly influenced by the capital expenditure decisions taken and the actual amount of revenue that is set aside to repay debt.

2014/15		2014/15
Estimate		Outturn
£'000		£'000
78,402	Core Capital Financing Requirement	77,316
19,840	Business Case Capital Financing Requirement	17,111
98,242	Total Capital Financing Requirement	94,427

The capital financing requirement is lower than estimated owing to the timing of capital expenditure differing from that forecast i.e. the phasing of capital expenditure and Minimum Revenue Provision (MRP), the revenue charge to pay off debt, being slightly higher than initially forecast.

# 5. <u>Authorised Limit for External Debt</u>

The authorised limit determines the maximum amount the Council may borrow at any one time. The authorised limit covers both long term borrowing for capital purposes and borrowing for short term cash flow requirements. The authorised limit is set above the operational boundary to provide sufficient headroom for operational management and unusual cash movements. In line with the Prudential Code, the level has been set to give the Council flexibility to borrow up to three years in advance of need if more favourable interest rates can be obtained.

2014/15 Limit £'000		2014/15 Peak £'000
	Authorised limit for external debt	84,031

The above Authorised Limit was not exceeded during the year. The level of debt as per the Balance Sheet at the year end, excluding accrued interest was £83.900m. The peak level during the year was £84.031m.

# 6. Operational Boundary for External Debt

The operational boundary is the most likely prudent, but not worst case scenario, level of borrowing without the additional headroom included within the authorised limit. The level is set so that any sustained breaches serve as an early warning that the Council is in danger of overspending or failing to

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achieve income targets and gives sufficient time to take appropriate corrective action.

2014/15		2014/15
Limit		Peak
£'000		£'000
115,000	Operational boundary for external debt	84,031

The operational limit was not exceeded in the year. The peak level of debt was £84.031m.

# 7. Interest Rate Exposures

This indicator is designed to reflect the risk associated with both fixed and variable rates of interest, but must be flexible enough to allow the Council to make best use of any borrowing opportunities.

2014/15 Limit £'000	Upper limits on fixed and variable interest rate exposure	2014/15 Peak £'000
	Fixed Rates Variable Rates	84,031 -

The figures represent the peak values during the period.

# 8. <u>Maturity Structure of Borrowing</u>

This indicator is designed to reflect and minimise the situation whereby the Council has a large repayment of debt needing to be replaced at a time of uncertainty over interest rates, but as with the indicator above, it must also be flexible enough to allow the Council to take advantage of any borrowing opportunities.

	Upper Limit	Lower Limit	Actual by	Actual by
			Maturity Date	soonest call
				date
	£000	£000	£000	£000
Less than one year	105,000	0	3,881	43,881
Between one and five years	115,000	0	9,842	14,842
Between five and ten years	115,000	0	6,243	6,243
Between ten and fifteen years	115,000	0	2,066	2,066
Between fifteen and twenty years	115,000	0	1,735	1,735
Between twenty and twenty-five years	115,000	0	1,784	1,784
Between twenty-five and thirty years	115,000	0	1,964	1,964
Between thirty and thirty-five years	115,000	0	2,350	2,350
Between thirty-five and forty years	115,000	0	6,185	6,185
Between forty and forty-five years	115,000	0	2,395	2,395
More than forty-five years	115,000	0	45,455	455

# 9. Investments over Maturing over One Year

This sets an upper limit for amounts invested for periods longer than 364 days. The limit was not exceeded as a prudent approach to investment has been taken owing to uncertainties in the economy this is in line with the Treasury Management Strategy. Consequently all investments made during the year were limited to less than one year.

	1 year	2 year	3 year
	£000	£000	£000
Maximum Limit	0	0	0
Actual		0	0

# TREASURY MANAGEMENT STRATEGY 2016/17 REGULATORY INFORMATION AND PRUDENTIAL INDICATORS

# 1. INTRODUCTION

1.1 The Audit and Governance Committee considered the Treasury Management Strategy for 2016/17 on 10<sup>th</sup> December 2015. The Audit and Governance Committee approved the recommended Borrowing and Investment Strategy. However, owing to the timing of funding announcements from the Government, it was not possible to present detailed prudential indicators to the Audit and Governance Committee. The Audit and Governance Committee noted that these would be reported to full Council and are detailed in this Appendix. The late announcement of this information does not impact on the recommended strategy as the capital funding announcements relate to capital grant allocations which fully fund defined Government capital spending priorities.

## 2. PRUDENTIAL INDICATORS

- 2.1 The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code and set prudential indicators. Each indicator either summarises the expected capital activity or introduces limits upon that activity.
- 2.2 The first prudential indicator is confirmation that the Council has adopted the CIPFA Treasury Management Code of Practice, which the Treasury Management Strategy report confirms.
- 2.3 Details of the proposed prudential limits are set out in the following sections.

# 3. CAPITAL EXPENDITURE AND FINANCING REQUIREMENT

- 3.1 The Council's Borrowing Strategy is driven by the Capital Financing Requirement (CFR) and the Council's view of interest rates. The CFR is the amount the Council needs to borrow to fund capital expenditure incurred in previous financial years and forecast capital expenditure in the next three years which is funded from borrowing. Historically the majority of the Council's CFR related to capital expenditure supported by Government borrowing approvals.
- 3.2 Government borrowing approvals are authority to fund capital expenditure from loans. Prior to the introduction of the prudential borrowing system in the Local Government Act 2003 Councils could only borrow for capital expenditure authorised by a Government borrowing approval.

- 3.3 Following the introduction of the prudential borrowing systems Councils can determine their own borrowing levels, subject to revenue affordability. The Council has managed the new flexibility carefully owing to the ongoing revenue commitment of taking on new additional borrowing. The Council has only approved specific self funding business cases, for example affordable housing schemes and a limited amount of General Fund capital expenditure where the resulting loan repayment and interest costs have been funded as a revenue budget pressure.
- 3.4 Councils ultimately need to fund the CFR by borrowing money from the Public Works Loan Board (PWLB) or banks. The CFR is then repaid over a number of years reflecting the long term benefits of capital expenditure. In simple terms the CFR represents the Council's outstanding mortgage, although the legislation and accounting requirements are significantly more complex.

Capital Financing & Borrowing	2015/16	2016/17	2017/18	2018/19
Requirement	Revised	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000
CFR at 1st April	94,427	103,034	109,141	105,284
Capital Expenditure Financed by New	4,136	1,578	1,087	848
Borrowing Approved Borrowing Rephased from	18,092	0	0	0
2014/15 and Borrowing Profiled for	10,092	0	0	0
Future Years				
Less Borrowing to be Rephased to	(9,249)	9,249	0	0
2016/17 and Borrowing Profiled for				
Future Years				
Less Repayment of CFR	(4,372)	(4,720)	(4,944)	(4,835)
CFR at 31st March	103,034	109,141	105,284	101,297
Less assets held under Finance Lease	(230)	(221)	(212)	(203)
Borrowing Requirement	102,804	108,920	105,072	101,094
Corporate Borrowing Requirement	74,247	71,346	68,215	65,165
Business Case Borrowing Requirement	28,557	37,574	36,857	35,929
Borrowing Requirement	102,804	108,920	105,072	101,094

3.5 The estimated Capital Finance & Borrowing Requirement is shown in the following table:

3.6 As part of the Medium Term Financial Strategy the Council is required to approve the 2016/17 capital programme summarised as follows:

Capital Expenditure	2015/16 Revised £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
New Approved Capital Expenditure	22,542	6,826	7,325	4,959
Rephased Capital Expenditure from	29,070	0	0	0
2014/15 and Expenditure Profiled for				
Future Years				
Approved Capital Expenditure Profiled for	(17,366)	17,366	0	0
Future Years				
2015/16 Capital Expenditure to be	(5,149)	5,149	0	0
Rephased				
Capital Expenditure for the Year	29,097	29,341	7,325	4,959
Financed by:				
Capital grants and contributions	14,676	3,620	5,610	3,483
Other Capital Funding	3,730	1,628	628	628
Capital Expenditure to be funded from	4,136	1,578	1,087	848
New Prudential Borrowing				
Capital Resources Rephased from	29,070	0	0	0
2014/15 and Capital Resources Profiled				
for Future Years				
Rephased Capital Resources from	(22,515)	22,515	0	0
2015/16 and Capital Resources Profiled				
for Future Years				
Total Funding	29,097	29,341	7,325	4,959

# 4. AFFORDABILITY PRUDENTIAL INDICATORS

4.1 The affordability of the approved Capital Investment Programme was assessed when the capital programme was approved and revenue costs are built into the Medium Term Financial Strategy or individual business cases. The 'Affordability Prudential Indicators' are detailed below and are intended to give an indication of the affordability of the planned capital expenditure financed by borrowing in terms of the impact on Council Tax and the Net Revenue Stream.

# 4.2 Incremental Impact of Capital Expenditure on Council Tax

4.3 This indicator identifies the revenue costs associated with new schemes included in the three year Capital Programme recommended in the budget strategy report compared to the Council's existing approved commitments and current plans. The incremental impact of capital expenditure on Council Tax is expected to decrease in line with the anticipated decrease in prudential borrowing.

	Forward	Forward	Forward	Forward
	Projection	Projection	Projection	Projection
	2015/16	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000
CouncilTax - Band D	£8.75	£2.26	£1.55	£1.21

## 4.4 Ratio of Financing Costs to Net Revenue Stream

4.5 This shows the net cost of capital borrowing as a percentage of the net budget. The slight increase reflects historic borrowing costs against a decreasing net revenue budget which is reducing as a result of continued Government grant cuts. However, the revenue budget has benefited from significant savings from locking into historically low interest rates which provide recurring annual savings of £1.67m from 2016/17 (£1m built into the 2014/15 budget, £0.27m in 2015/16 and £0.4m in 2016/17).

	2015/16	2016/17	2017/18	2018/19
	Estimate	Estimate	Estimate	Estimate
Ratio	6.56%	6.40%	6.65%	6.73%

## 5. BORROWING PRUDENTIAL INDICATORS

- 5.1 <u>Debt Projections 2015/16 2018/19</u>
- 5.2 The following table sets out the Council's projected Capital Financing Requirement (CFR) and level of debt:

Debt and Investment Projections	2015/16	2016/17	2017/18	2018/19
	Revised	Estimated	Estimated	Estimated
	£'000	£'000	£'000	£'000
Long Term Borrowing 1 April	83,900	87,664	91,178	88,036
Expected change in Long Term Debt	3,764	3,514	(3,142)	(1,875)
Debt at 31 March	87,664	91,178	88,036	86,161
Borrowing Requirement	102,804	108,920	105,072	101,094
Under Borrowing	(15,140)	(17,742)	(17,036)	(14,933)

- 5.3 Although the Council has reduced its under borrowing the table shows that an element of core borrowing can continue to be temporarily deferred by netting down investments and borrowing.
- 5.4 Limits to Borrowing Activity
- 5.5 Within the prudential indicators there are a number of key indicators to ensure the Council operates its activities within well defined limits.

5.6 The Council needs to ensure that total borrowing does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2016/2017 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes. The following table demonstrates that borrowing will not exceed the CFR.

External Debt	2015/16 Revised	2016/17 Estimated	2017/18 Estimated	2018/19 Estimated
	£'000	£'000	£'000	£'000
Gross Borrowing	87,664	91,178	88,036	86,161
Other Long Term Liabilities	230	221	212	203
Total Gross Borrowing	87,894	91,399	88,248	86,364
Borrowing Requirement	102,804	108,920	105,072	101,094

5.7 The following table shows two key limits for the monitoring of debt. The Operational Limit is the likely limit the Council will require and is aligned closely with the actual CFR on the assumption that cash flow is broadly neutral. The Authorised Limit for External Debt is a further key prudential indicator to control the overall level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Council. In practice it needs to take account of the range of cash flows that might occur for the Council in addition to the CFR. This also includes the flexibility to enable advance refinancing of existing loans.

Borrowing Limits	2015/16	2016/17 Estimated	2017/18 Estimated	2018/19 Estimated
	£'000	£'000	£'000	£'000
Operational Limit	115,000*	121,000*	115,000	111,000
Authorised limit	125,000*	131,000*	125,000	121,000

\*These Limits include provision for potential temporary borrowing related to the phasing of capital receipts over the period of the MTFS.

# 6. INVESTMENT PRUDENTIAL INDICATORS AND OTHER LIMITS ON TREASURY ACTIVITY

## 6.1 <u>Investment Projections 2015/16 – 2018/19</u>

6.2 The following table sets out the estimates for the expected level of resource for investment or use to defer long term borrowing.

2014/15	Year End Resources	2015/16	2016/17	2017/18	2018/19
Outturn		Revised	Estimate	Estimate	Estimate
£'000		£'000	£'000	£'000	£'000
61,896	Balances and Reserves	38,800	25,600	15,300	11,000
2,512	Collection Fund Adjustment Account*	0	0	0	0
2,466	Provisions	2,000	2,000	2,000	2,000
66,874	Total Core Funds	40,800	27,600	17,300	13,000
12,389	Working Capital**	17,500	17,500	17,500	17,500
79,263	Resources Available for Investment	58,300	45,100	34,800	30,500
(10,527)	(Under)/over borrowing	(15,140)	(17,742)	(17,036)	(14,933)
68,736	Expected Investments	43,160	27,358	17,764	15,567

\* It is not possible to estimate the Collection Fund Adjustment Account balance owing to the uncertainty in relation to business rates.

\*\* The working capital balance is an estimate of debtors and creditors at year end based on the average working capital over the last three years.

#### 6.3 <u>Sensitivity to Interest Rate Movements</u>

6.4 Sensitivity to Interest Rate Movements is a prudential indicator that the Authority is required to disclose. The following table highlights the estimated impact of a 1% increase/decrease in all interest rates to the estimated treasury management costs/income for next year. These forecasts are based on a prudent view of a +/- 1% change in interest rates for the borrowing requirement that has not yet been fixed (i.e. under borrowing). Equally for investments they are based on a prudent view of the total amount invested. That element of the debt and investment portfolios which are of a longer term, fixed interest rate nature will not be affected by short interest rate changes. The "Treasury Management Risk Reserve" of £0.870m was established to manage this risk.

Impact on Revenue Budgets	2016/17	2016/17
	Estimated	Estimated
	1%	-1%
	£'000	£'000
Interest on Borrowing	177	(177)
Investment income	(274)	274
Net General Fund Borrowing Cost	(96)	96

- 6.5 There are four further treasury activity limits and the purpose of these are to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates.
- 6.6 The limits are:
  - i) Upper limits on variable interest rate exposure This identifies a maximum limit for the percentage of the Council's borrowing and

investments that are held with variable interest rates. The proposed limits are detailed in the following table.

Limits on Variable Interest Rates	2016/17 Upper £'000	2017/18 Upper £'000	2018/19 Upper £'000
Borrowing	91,000	85,000	81,000
Investments	35,000	30,000	25,000

 Upper limits on fixed interest rate exposure – Similar to the previous indicator this covers a maximum limit for the percentage of the Council's borrowing and investments that are held with fixed interest rates.

Limits on Fixed Interest Rates	2016/17 Upper £'000	2017/18 Upper £'000	2018/19 Upper £'000
Borrowing	121,000	115,000	111,000
Investments	70,000	60,000	50,000

iii) Maturity structure of borrowing – Limits for the 'Maturity Structure of Borrowing' are intended to reduce exposure to large fixed rate sums falling due for refinancing. In the opinion of the Chief Finance Officer limits on fixed and variable rates for **borrowing** are unhelpful and could lead to higher costs of borrowing. Previous experience has shown that it is possible to move from a position of predominantly fixed rate borrowing to variable rate borrowing and then back to fixed rate borrowing over a period of two years. In the Chief Finance Officer's professional opinion this proactive management of investments and borrowing continues to provide the most cost effective strategy for the Council, whilst not exposing the Council to unnecessary risk. The Council should ensure maximum flexibility to minimise costs to the revenue budget in the medium term. These limits are detailed in the following table:

Maturity Structure of fixed interest rat	e borrowing 2	2016/17		
	2015/16	2015/16	2016/17	2016/17
	£000	£000	£000	£000
	Lower Limit	Upper Limit	Lower Limit	Upper Limit
Under 12 months	0	105,000	0	111,000
12 months to 2 years	0	115,000	0	121,000
2 years to 5 years	0	115,000	0	121,000
5 years to 10 years	0	115,000	0	121,000
10 years to 20 years	0	115,000	0	121,000
20 years to 30 years	0	115,000	0	121,000
30 years to 40 years	0	115,000	0	121,000
40 years to 50 years	0	115,000	0	121,000
50 years to 60 years	0	115,000	0	121,000
60 years to 70 years	0	115,000	0	121,000

 iv) Maximum principal sums invested – Total principal funds invested for greater than 364 days – These limits are set with regard to the Council's liquidity requirements and reflect the current recommended advice that investments are limited to short term investments i.e. up to one year.

Limit for Maximum Pincipal Sums Invested > 364 days			
	1 year	2 years	3 years
	£000	£000	£000
Maximum	30,000	0	0

## 6.7 <u>Performance Indicators</u>

- 6.8 The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking. The Council will produce the following performance indicators for information and explanation of previous treasury activity:
  - Average rate of borrowing for the year compared to average available
  - Debt Average rate movement year on year
  - Investments returns compared to the 7 day LIBID rate

Contracts awarded to a body/entity listed on the Member's Register of Interests.

Date of Contract Award	Contract Name and Reference Number	Description of Goods / Services being procured	Contract Value		
	NIL				

# **APPENDIX 4**

Details of payments made to a body/entity listed on the Member's Register of Interests.

		2015 /	2016		
Supplier Ref	Supplier Name	Quarter 3 Payments Oct 15 to Dec 15) £	Cumulative Payments (Apr 2015 to Dec 2015) £	Member	Type of Interest ( as at 1st Sept 2015)
700025200	Belle Vue Community Sports	34,813.45	77,770.15	Kevin Cranney Alan Clark	Other Interests Other Interests
701780500	Changing Futures North East	24,808.44	61,871.95	Gerard Hall	Other Interests
700395100	Hartlepool Access Group	4,567.00	7,693.00	Kevin Cranney	Contracts with the Authority / Other Interests
701780000	Hartlepool Carers	61,909.98	201,169.94	Mary Fleet	Other Interests
701392200	Hartlepool Carnival Committee	1,386.83	1,386.83	Stephen Thomas	Other Interests
700121300	Hartlepool Citizens Advice Bureau	1,650.00	2,906.95	Allan Barclay	Other Interests
705354500	Hartlepool Credit Union Limited	5,744.00	16,244.00	Gerard Hall George Springer	Other Interests Other Interests
701981200	Hartlepool Families First	36,194.91	132,658.01	Paul Thompson Jonathan Brash	Employment, Office Trade, Profession or Vocation / Contracts with the Authority Other Interests
700122900	Hartlepool Stage Society	1,700.00	1,700.00	Peter Jackson	Other Interests
700122200	Hartlepool Voluntary Development Agency	32,867.95	119,895.85	Christopher Akers-Belcher	Employment, Office Trade, Profession or Vocation
701117200	Owton Rossmere Community Enterprise Limited	1,026.33	3,374.31	Allan Barclay	Other Interests
701891900	Oxford Road Baptist Church	10.00	810.00	John Lauderdale	Licence to Occupy Land
705144300	Rift House East Residents Association	0.00	3,200.00	Christopher Akers-Belcher Stephen Akers-Belcher	Other Interests Other Interests
750133800	Tees Valley Arts	275.00	275.00	James Frederick Ainslie	Other Interests
750157400	The Rifty Youth Project	0.00	6,449.87	Christopher Akers-Belcher Stephen Akers-Belcher Sandra Belcher Paul Beck	Other Interests Other Interests Other Interests Other Interests

# **APPENDIX 4**

		2015 /	2016
Supplier Ref	Supplier Name	Quarter 3 Payments Oct 15 to Dec 15) £	Cumulative Payments (Apr 2015 to Dec 2015) £
700300500	West View Advice & Resource Centre Ltd	27,194.00	96,252.00
700300600	West View Project	97,374.75	292,634.25
750054000	Xivvi Limited	4,029.00	8,583.00

Member	Type of Interest ( as at 1st Sept 2015)
Robin Cook	Other Interests
Sheila Griffin	Other Interests
Christopher Simmons	Other Interests / Corporate Tenancies
Rob Cook	Other Interests
Sheila Griffin	Other Interests
Christopher Simmons	Other Interests
Paul Thompson	Securities / Employment, Office Trade, Profession or
Jonathan Brash	Vocation / Contracts with the Authority
	Interested Parties

335,551.64 1,034,875.11

# **Cleveland Police and Crime Panel**

A meeting of Cleveland Police and Crime Panel was held on Thursday, 10th December, 2015.

**Present:** Cllr Norma Stephenson (Chairman), Cllr Charles Rooney, Cllr Bob Norton, Cllr Chris Jones, Cllr Neil Bendelow, Cllr David Coupe, Cllr Bernie Taylor, Cllr Ken Dixon, Cllr Matthew Vickers, Cllr David Wilburn, Gwen Duncan, Chu Chu Nwajiobi

Officers: Michael Henderson, Julie Nixon (SBC),

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

Apologies: Cllr Jim Lindridge, Cllr Jonathan Brash

#### PCP Evacuation Procedure /Mobile Phones

#### 30/15

Members were advised of the evacuation procedures

#### PCP Declarations of Interest

31/15

There were no declarations of interest.

#### PCP Minutes of the meeting held on 21st September 2015

32/15

The minutes of the meeting held on 21st September 2015 were confirmed as a correct record.

#### PCP Members' Questions to the Commissioner

33/15

There were no members' questions.

#### PCP Retirement of Chief Constable

34/15

The Chairman took the opportunity to highlight the recent announcement that the Chief Constable of Cleveland Police, Jacqui Cheer, would be retiring from the Police Service in March 2016. The Chairman and Panel thanked her for the work she had done for the residents of Cleveland and wished her the best for the future.

# PCP Q2 Monitoring Report on progress against Police and Crime Plan 35/15

Members considered a report that provided an update of performance scrutiny undertaken by the Police and Crime Commissioner to support the delivery of the priorities of the Police and Crime Plan for the Q2 2015/16.

The following summarises discussion and issues raised:

- the Commissioner would be commissioning Victim Referral Services and an update on this would be reported to a future meeting.

- the Commissioner was working with other PCCs and the public sector as services, in the future, were likely to be provided through the pooling of resources, collaboration agreements and shared buildings.

- sickness rates and Time off in Lieu was not included in the report and it was indicated that it would be included in the future. Members noted that the position with regard to sickness rates was improving and the Force was now in the 3rd quintile, nationally. The Force was creating a preventative framework that would support staff and help reduce sickness further.

- 15 new PCSOs were due to commence work in January 2016.

- Crime data would be starting to balance out, following the improvements to crime recording last October. Members asked if national comparator figures could be provided in future reports.

#### **RESOLVED** that:

1. an update relating to the victim referral service be provided to a future meeting.

2. sickness rates and Time off in Lieu figures be included in future performance reports.

3. Performance Reports would include some National Comparators in the future.

# PCP Programme of Engagement for Police and Crime Commissioner 36/15

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

The Panel noted that an event relating to Youth anti social behaviour was planned for 19th January 2016 reporting on some work undertaken by Durham University.

RESOLVED that the report be noted.

## PCP Decisions of the Police and Crime Commissioner

## 37/15

Members considered a report that provided an update in relation to the decisions made by the Police and Crime Commissioner, between 2015 and 6 November 2015.

Members noted the arrangements following the retirement of the Chief Constable. The appointment of a new Chief Constable would take place after the Police and Crime Commissioner elections in May. The Panel would be involved in the Confirmation Process. With regard to decision 88 'Additional Income' it was indicated that a breakdown of additional income received by the PCC would be provided to members.

RESOLVED that the report be noted and members be provided with the breakdown of additional income for additional work undertaken by the force.

# PCP Financial Overview and Comprehensive Spending Review 38/15

The Chairman explained that she had agreed to this report being presented as an urgent item, as she considered that it was important that members received the information contained in the report at an early stage and ahead of the next scheduled meeting in February 2016.

The report provided an update in relation to the finances of the PCC, and an initial overview of the likely impact of the Comprehensive Spending Review on the finances for Policing in Cleveland over the next 4 years.

RESOLVED that the report be noted.

#### PCP Commissioner's Update

#### 39/15

Members considered a report that provided an update on key activities and issues relating to the Commissioner and his office.

These activities/issues were:

- Cleveland Police Estates Update
- Community Safety Hub
- HMIS Peel Inspection 2015
- Transparency Quality Mark
- Funding Formula for Policing
- Autumn Statement 2015

Members considered the information in the report and discussion, of it, could be summarised as follows:

- it was noted that the Estates service was exploring opportunities to co locate with public sector partners such as Cleveland Fire Brigade and local Council's and the ability to accommodate partner multi-agency teams within Police premises. It was explained that the Police would have a presence in the Fire Brigade's HQ but the main Police HQ (Community Safety Hub) could not be located with it adue to issues around proximity to the Nuclear Power Station.

- members were reminded that there had been consultation on Police Commissioner's taking on responsibility for Fire Services. The Commissioner noted that this had been put forward in the consultation document as an option but was not being actively considered at present in Cleveland. However, opportunities to work closely together would continue to be vigorously pursued.

- the report highlighted concerns the Commissioner had raised, with the HMIC, about its Peel Inspection of Cleveland Police Force. Those concerns mainly

focused on:

- there were many factual inaccuracies.

- the inspection team had not spoken with the Commissioner's Chief Finance Officer during its visit.

- the findings of the report were not published until 6 months after the inspection, fieldwork was therefore out of date and conclusions were misleading to the public, as the Force had moved on considerably since the inspection. Attempts to receive clarity on the grading criteria and copies of collated inspection information and notes, that supported the overall judgement, had been unsuccessful. The HMIC had indicated that information was mostly gleaned from anonymous sources. The Commissioner and Force considered that the Peel report flagged up issues about the HMIC inspection process and were particularly concerned that an out of date/out of context message was being sent to force employees and local residents. The findings of the inspection did not reflect the Force at the time the report was issued and the report authors had failed to understand the Force and how it delivered to the community. The Commissioner indicated that he would circulate the response he had received from the HMIC to the concerns he had raised.

- there was a brief discussion on staff morale and it was noted that surveys and 1:1s suggested a high level of commitment but some frustration at the lack of time to do what they would wish, given the smaller organisation they now worked in. It was essential that capacity was created to allow staff to deliver services to the level they wanted.

- Members noted that the 'simplified' funding formula for policing had been found to be incorrect and had therefore been delayed to 2017/18. Allocations for 2016/17 would be made on the basis of current arrangements.

- The Commissioner explained that during a meeting of the NPAS board, members discussed the implementation of the new operating model and were advised of delays in the procurement of three fixed wing aircraft, including late confirmation by the Home Office regarding some funding aspects. The Commissioner had therefore proposed, and the board accepted, that NPAS continue to operate from the Durham Tees Valley base until April 2017 and that the implementation of the new operating model continue to be kept under review.

## **RESOLVED** that:

1. the report be noted.

2. the response from the HMIC, to issues the Commissioner had raised about its Peel Inspection report, be forwarded to members.

# PCP Commissioning Update 15/16

40/15

Members considered a report that provided a brief update regarding the

Commissioner's Commissioning Programme.

It was explained that the PCC had allocated a budget of £2,125k to support Community Safety and PCC Initiatives and deliver Victims and Witnesses services during 2015/16. £1,410k was allocated to the Community Safety and PCC Initiatives budget and £715k to Victims and Witnesses Services.

In addition to this the PCC established a Community Safety fund during 2014/15 which was earmarked for expenditure in this area. The fund had £494k in at the start of 2015/16 and would be used as needed in the current financial year. The position as at the end of September was provided.

There was a significant amount of work on going around these areas in terms of assessing areas to spend some of the funds that had yet been allocated, ensuring those schemes that had been awarded funding delivered against the expected outcomes and also embedded new services such as Victims Referral Services.

It was noted that regular meetings were held to discuss the allocation of funds based on bids received, how they aligned with the PCC's objectives, taking into account available resources. The funding allocations would be updated as the year progressed. At this stage it was assumed that all funds would be spent.

All grants over  $\pm 10,000$  allocated in 2015/16 were provided to the Panel in a schedule.

Members discussed Victim Support services which would be commissioned shortly. It was noted that the commissioned service would have to take into account the vulnerability of victims. A further update in this regard would be reported to a future meeting of the Panel.

## **RESOLVED** that:

1. the update be noted.

2. an update report on Victim Support Services be reported to a future meeting.

# PCP Forward Plan

41/15

The Panel considered the current Forward Plan.

RESOLVED that the Forward Plan

## PCP Public Questions

42/15

There were no public questions.