

FINANCE AND POLICY COMMITTEE

AGENDA



Friday 2 December, 2016

at 2.00 pm

in the Council Chamber,
Civic Centre, Hartlepool.

MEMBERS: FINANCE AND POLICY COMMITTEE

Councillors C Akers-Belcher, Barclay, Beck, Buchan, Clark, Cranney, James, Loynes, Moore, Thomas and Thompson.

1. APOLOGIES FOR ABSENCE

2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS

3. MINUTES

- 3.1 To receive the minutes of the meeting of the Finance and Policy Committee held on 31 October, 2016 (*for information as previously published*)

4. BUDGET AND POLICY FRAMEWORK ITEMS

- 4.1 Local Council Tax Support 2017/18 – *Chief Finance Officer*
4.2 Council Plan and Overall Medium Term Financial Strategy – Capital and Revenue – *Corporate Management Team*
4.3 Savings Programme 2017/18 – Chief Executive's Department – *Chief Executive*
4.4 Three Year Savings Programme – Public Health Department – *Director of Public Health*

5. KEY DECISIONS

- 5.1 Disposal of Surplus Assets - Sale of Gardner House – *Director of Regeneration and Neighbourhoods*
5.2 Community Hubs – *Director of Public Health*



PLEASE NOTE CHANGE OF DATE AND TIME

6. OTHER ITEMS REQUIRING DECISION

- 6.1 Quarter 2 – Council Overview of Performance and Risk 2016/17 – *Assistant Chief Executive / Director of Regeneration and Neighbourhoods / Director of Public Health*
- 6.2 Strategic Financial Management Report - As At 30th September 2016 – *Corporate Management Team*

7. ITEMS FOR INFORMATION

- 7.1 Corporate Procurement Quarterly Report on Contracts – *Director of Regeneration and Neighbourhoods*
- 7.2 Healthwatch Hartlepool – *Director of Child and Adult Services and Chief Solicitor*

8. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT

FOR INFORMATION

Date of next meeting – Monday 9 January, 2017 at 10.00 am in the Civic Centre, Hartlepool.



FINANCE AND POLICY COMMITTEE

MINUTES AND DECISION RECORD

31 OCTOBER, 2016

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

Present:

Councillor Christopher Akers Belcher (In the Chair)

Councillors: Allan Barclay, Bob Buchan, Alan Clark, Kevin Cranney, Marjorie James, Brenda Loynes, Shane Moore, and Stephen Thomas.

Officers: Gill Alexander, Chief Executive
Chris Little, Chief Finance Officer
Peter Devlin, Chief Solicitor
Louise Wallace, Director of Public Health
Deborah Clark, Health Improvement Practitioner
Sally Robinson, Director of Child and Adult Services
Danielle Swainston, Assistant Director, Children's Services
Steve Hilton, Public Relations Officer
David Cosgrove, Democratic Services Team

57. Apologies for Absence

Councillors Paul Beck and Paul Thompson

58. Declarations of Interest

None.

59. Minutes of the meeting held on 26 September, 2016

Confirmed.

60. Minutes of the meeting of the Health and Wellbeing Board held on 13 June, 2016

Received.

61. Minutes of the meeting of the Safer Hartlepool Partnership held on 29 July, 2016

Received.

62. Hartlepool Child and Family Poverty Strategy 2016 – 2020 (*Director of Child and Adult Services*)

Type of decision

Budget Policy Framework.

Purpose of report

To share with Members a revised Child and Family Poverty Strategy for Hartlepool which included consultation with a range of stakeholders across the town.

For members to approve the updated Child and Family Poverty Strategy 2016 – 2020 submitted as an appendix to the report.

Issue(s) for consideration

The Assistant Director, Children's Services reported on the background and need for the Council to develop a Child and Poverty Strategy. Poverty was defined in many different ways and The Joseph Rowntree Foundation defined poverty as "when a person's resources are not enough to meet their basic needs." The indicator most widely used to measure poverty and to assess progress on 2020 target is:

"Relative poverty: each household's income, adjusted for family size, is compared to median income. Those with less than 60 per cent of median income are classified as poor. The measure is broadly used by many countries and the European Union. In the UK this information is taken from the Households Below Average Income (HBAI) survey."

The new Welfare Reform and Work Act has retained the relative poverty measurement and included new reporting obligations:-

- Children living in workless households
- Children living in long – term workless households
- Educational attainment of children at end of Key Stage 4
- Educational attainment of disadvantaged children at end of Key Stage 4.

The overall level of child poverty in Hartlepool is currently 31% (Child Poverty Commission, 2015).

Extensive consultation has taken place over a period of 6 months between January and August 2016 in developing the strategy. Appendix C of the

strategy detailed the consultation process, the methods used and the stakeholders that participated. A brief outline was also given in the report.

Hartlepool's key strategic priorities to reduce child and family poverty in Hartlepool were:

- Mitigate the impact of poverty on children and families
- Build pathways out of poverty for children and young people
- Create new opportunities for adults to reduce child and family poverty.

The strategy sets out the actions needed to take place to address these priorities as identified with key stakeholders during the consultation period. The Assistant Director also highlighted that the strategy also included specific reference to food poverty and child holiday hunger.

If poverty levels continued to rise potentially more families would require support from the Local Authority. The impact of the next round of Welfare Reform was expected to further increase demands on services.

Members had allocated funding for Child and Family Poverty reserve. The commitment of this additional funding could support system change to prevent children and young people being affected by poverty in the longer term.

The Assistant Director highlighted at the meeting that the strategy would need to be forwarded to Council for adoption as part of the Budget and Policy Framework.

The Chair referred to the section in the action plan relating to transport and requested that Members be provided with details of the work that underpinned the two actions.

The following recommendation was agreed unanimously.

Decision

That the Child and Family Strategy 2016 – 2020 be approved and referred to Council for adoption as part of the Budget and Policy Framework.

63. Consider Options to Deliver a 0-19 Healthy Child Programme *(Director of Public Health)*

Type of decision

Key Decision test (i) and (ii) applies - Forward Plan Reference No PH03/16.

Purpose of report

To seek approval for a preferred option from the Finance and Policy Committee to secure a 0 -19 Healthy Child Programme (HCP) to be funded

through the Public Health Grant to commence from 1 May 2017.

Issue(s) for consideration

The Director of Public Health reported that in January 2016, Public Health England published a range of guidance to support the commissioning of the Healthy Child Programme 0-19: Health Visiting and School Nursing Services. The guidance was designed to support local authorities in commissioning public health services for children and young people and in particular delivering the 0-5 and 5–19, highlighting the importance of giving every child the best start in life and in reducing health inequalities throughout life.

Since the transfer of responsibility from NHS England to the local authority, the Health Visitor and Family Nurse Partnership Service 0-5 and Children and Young People Health and Wellbeing (CYPHWB) Service 5-19 have been provided by North Tees and Hartlepool NHS Foundation Trust and contract managed by the Tees Valley Public Health shared Service, under two separate contracts.

Hartlepool Borough Council commission a Health Visitor (HV) Service and the Family Nurse Partnership (FNP) Service which included the statutory responsibilities of the five mandated development reviews and also a CYPHWB service which includes the mandated provision of the National Child Measurement programme. These services are funded through the public health grant.

The contract values of the current service provision was set out in a confidential appendix to the report which outlined the cost and savings projections of each option and contained exempt information under schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to information) (Variation Order 2006) namely, (Para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).

Following a comprehensive review of preventative and early intervention services in Hartlepool, a set of proposals for the fundamental redesign of prevention and early intervention provision were agreed. It was proposed, based on the Better Childhood findings, that an integrated, preventative and early intervention service for children and young people aged 0-19 years is created.

The Better Childhood in Hartlepool Integrated Locality Teams became operational on 1st August 2016 and integrated Children's Services and Health Staff. Currently the Health Staff had integrated into the Teams as part of their existing contract. The Teams consisted of: Family Support Workers, Social Workers, Community Nursery Nurses, School Nurses and Health Visitors including Family Nurse Partners.

Taking account of Public Health England guidance and recommendations

to support the commissioning of the Healthy Child Programme, local considerations including budget constraints and feedback from consultation with stakeholders, the following options for the future provision of a children's 0-19 integrated public health service had been identified: -

Option A – Alignment of existing contracts

Option B – Re-procure through a competitive tender exercise

Option C – In house service

The options were appraised in detail within the report and the Director gave a brief overview of each to the Committee. The Director suggested that based on the detailed appraisal of the options, Option C, the development of an in-house service, had the most advantages for Hartlepool. An in-house service would provide increased operational management and control, improve information sharing, provide a fully integrated service, the flexibility to respond to changing needs and the service could be accommodated within the existing Integrated Locality Teams. Clinical Governance and safeguarding supervision would be required, which would be new to the local authority and the service would also be subject to CQC registration and inspection but the Director believed the service could be safely delivered and within the agreed resource envelope.

Following a comment by a Member the Director confirmed the Poverty Impact Assessment should show a positive impact for those from minority ethnic backgrounds.

The Chair questioned how the in-house service would integrate with the Council's proposed Community Hub structure. The Director indicated that through utilising the integrated locality model, the services would be targeted at those areas with highest need. The Director of Child and Adult Services added that as the Community Hub model developed, the locality model would align with the community hubs. Work was ongoing on the future structure of the integrated services and a further report setting out how this would be accomplished and the staffing structure would be brought to the Committee. The Chair indicated that all staffing structures that affected posts at Band 15 and above were required to be reported to Members.

Members questioned if the current provider had made comment on the Council's proposals. The Director indicated that they had been made aware of the report but no response had been forthcoming. Members questioned if there was an intention that teams would be based within the community hubs or would operate from the centre out to the hubs. The Director of Child and Adult Services stated that the locality teams already worked out of their locality bases and not the Civic Centre.

The following recommendation was agreed unanimously.

Decision

That Option C, an in-house service, be supported as the preferred option for service delivery of a 0 -19 Healthy Child Programme.

64. Workforce Arrangements (*Chief Executive and Assistant Chief Executive*)**Type of decision**

Non-key decision.

Purpose of report

To advise Finance and Policy Committee regarding proposed changes to employees conditions of service and the process to be followed towards implementation.

Issue(s) for consideration

The Chief Finance Officer reported that a package of proposed changes to employees' conditions of service was developed by the Council during 2015. The proposed changes were put to a trade union ballot and the outcome of the vote was the Trade Unions had not been mandated to enter into a collective agreement to reflect the specific changes to terms and conditions. At the meeting on the 27th July 2015, the Finance and Policy Committee noted that the outcome of ballot resulted in a failure to achieve the £200,000 of savings which left a residual shortfall of £123,000 in 2015/16, which would be the first call on the 2015/16 outturn. The budget deficit for 2016/17 was then increased to reflect the non achievement of the forecast recurring saving.

The Committee had agreed to the implementation of the Hartlepool Living Wage proposals and Officers were requested to recommence negotiations directly with the Trade Unions in respect of:

- Reduction in car allowances
- Unsocial working and overtime enhancements at a revised rate
- Protection arrangements; and
- Five over seven working

The Chief Finance Officer indicated that since the previous report Officers had undertaken detailed negotiations with the Hartlepool Joint Trade Union Committee (HJTUC) on a revised package of Workforce Arrangement Proposals. The package of proposed changes to current terms and conditions, on a phased basis, had been developed encompassing the following:-

- Saturday working
- Holiday Pay
- Buying Annual Leave
- Ability to Claim Travelling Time
- Cancellation of Requirement to Work at Short Notice
- Car Allowances
- Subsistence
- UNISON Ethical Care Charter
- Taking Vehicles Home
- Future Protection

Standby payments, which related to out of working hours call out arrangements, had been discussed with the Trade Unions and a revised Standby scheme was being devised outside of the package of proposals. Standby arrangements do not form part of employee's contract of employment.

Full details of the proposed changes, were set out in a confidential appendix to the report which contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 4) Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority. Details of the risks around the proposals and the detailed financial savings and one-off protection costs were also included in the confidential appendix.

HJTUC had indicated that they would need to obtain approval from their national offices, before they can move to a ballot of members. Headteachers of all Hartlepool schools and academies would also be consulted on the proposed package of changes.

The Chief Finance Officer drew Members attention to the detailed legal considerations set out in the report, particularly the potential final option available of dismissing and re-engaging the workforce; though this option was not considered an appropriate course of action.

The Vice-Chair referred to taking Council vehicles home that was available to some staff. The Chief Finance Officer stated that these vehicles should only be used for travel to and from work and appropriate checks were in place. Members questioned how confident Officers were that the new proposals would receive staff support through the union ballot. The Chief Finance Officer stated that the Assistant Chief Executive had undertaken lengthy discussions with the Trade Unions in reaching the proposals reported to Committee. The Chief Executive indicated that the proposals would be recommended to union members by HJTUC but would, at the end of the day be decided by ballot. Members considered that following the ballot last year, some additional information should be provided to staff so

they understood how these new proposals would assist in the delivery of the savings that the Council had to identify over the next few years and that should these not be agreed, then savings would have to come from another area of the Council budget. The Chief Executive added that in those areas where the Council was seeking to trade commercially, those issues that made the operation uncompetitive had to be tackled.

Decision

That the report be noted and the detailed recommendations set out in the confidential appendix to the report be approved.

The appendix contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 4) Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.

65. The 2017/18 Local Government Finance Settlement – Technical Consultation *(Chief Finance Officer)*

Type of decision

Non-key decision.

Purpose of report

The purposes of the report were to:-

- (i) update the Committee on the impact of the 2017 Business Rates revaluation; and
- (ii) To provide details of the 2017/18 Local Government Finance Settlement – Technical Consultation and the Council's response; which was agreed with the Leader to meet the Government's consultation deadline.

Issue(s) for consideration

The Chief Finance Officer reported that the Valuation Office Agency (VOA) had been undertaking a full revaluation of all Rateable Values (RV's); this was the first revaluation since the Business Rates retention system was implemented on 1 April 2013. It was understood that there would be variation in the change in RV's between regions and different authorities. An initial comparison of the 2010 RV's (net of RV appeals) and the 2017 RV's has been completed and this highlights the following key issues:

- The total RV for England has increased by 9.6%;
- The total RV for the North East has reduced by 0.9%;
- The total RV for all five Tees Valley Authorities has reduced.

Redcar and Cleveland has suffered the highest reduction and this reflects the closure of the SSI steel works;

Hartlepool's headline RV reduction of 1.7% is the second lowest in the Tees Valley. However, when the impact of the increase in the Power Station RV is excluded the RV reduction for other sectors is 6.2%, which is broadly in line with the 6.5% RV reduction for both Darlington and Middlesbrough.

One of the key changes for Hartlepool relates to the RV for the Power Station which the VOA has determined should increase from £17.5m to £20.010m, which is a 14% increase. The latest RV determined by the VOA for the Power Station follows on from their previous decision in May 2015 to reduce the original 2010 RV from £33.7m to £17.5m, which was a reduction of 48%.

The latest VOA decision regarding the Power Station RV clearly supports the Council's view that the financial risks from reductions in the RV and unplanned outages cannot be managed at a local level and these facilities should be transferred to the national list. The Council's concerns regarding this issue were again raised in the response to the current consultation.

The Leader will also be writing to the current Secretary of State for Communities and Local Government requesting an urgent meeting to again express the Council's concerns regarding the impact of the changes the VOA make to the RV of Power Station and the continued failure of the funding system to address this issue.

The increase in the Power Station RV means there is likely to be an appeal against the latest RV. In relation to appeals, the Chief Finance Officer stated that a new process for dealing with RV appeals was to be introduced, though with the current backlog of appeals it was anticipated new appeals could take several years to be completed.

The consultation detailed the Government proposals in relation to a range of issues which would impact on funding for Councils for 2017/18 and the following two years, assuming 100% Business Rates retention is not implemented until 2020/21. The key issues relate to the following areas:

- Multi-year settlement offer

The consultation confirmed the Government offer to provide a multi-year settlement covering core grants and seeks councils views on which additional grants should be included in a multi-year settlement offer. It was understood that the vast majority of local authorities had opted for this offer.

- Distribution of the improved Better Care Fund (BCF)

The Government previously indicated that they would consult during the summer on the proposed approach to distribute these resources. Under the new arrangements more BCF would be provided to authorities who

benefit less from the adult social care council tax precept. These arrangements would be beneficial to the Council and would provide additional resources, which will help reduce the previously forecast budget deficit.

- Council Tax referendum principles

The Government has indicated that for 2017/18 it will again set a core referendum limit of 2%, plus the 2% Adult Social Care precept.

- The Business Rates Revaluation adjustment

At a national level the new rateable values applying from 1st April 2017 will be revenue neutral, after allowing for appeals. At an individual local authority level the amount raised will increase or fall depending upon whether the rateable values in that area have performed above or below the average for England, after allowing for appeals. When the 50% Business Rates retention scheme was introduced the Government indicated that it would adjust each authority's tariff or top up following a revaluation to ensure, as far as is practical, that their retained income is the same after revaluation as immediately before.

The Chair commented that it was essential that another meeting with the Secretary of State was sought to discuss again the rateable value of the Power Station.

A Member commented that even with the changes to the retention system, London Borough Councils were benefitting greatly from the current and revised system, effectively keeping the system affordable. The Chief Finance Officer indicated that the government had stated that there would be no revaluation of council tax bandings.

Decision

1. That the report be noted and the consultation response, detailed in Appendix A to the report, as agreed with the Leader of the Council and submitted to meet the Government's deadline of 28th October 2016 be received.
2. That the Committee notes that the Leader of the Council will be writing to the Secretary of State Communities and Local Government to outlining the Council's continuing concerns regarding the Business Rate Retention system and to seeking a further meeting to address these issues.

66. Medium Term Financial Strategy - Review of Reserves as at 31 March 2016 *(Corporate Management Team)*

Type of decision

Non-key Decision.

Purpose of report

To enable Members to consider:

- (i) the detailed review undertaken by the Corporate Management Team of the existing reserves that are held to manage financial risks or one-off commitments; and
- (ii) the Corporate Management Team recommendations in relation to the areas where risks have reduced, enabling reserves to be released to either support the Medium Term Financial Strategy (MTFS) over the period 2017/18 to 2019/20, or to fund other one-off priorities.

Issue(s) for consideration

The Chief Finance Officer reported, that as Members were aware, the Council had through the MTFS put in place a series of measures to reduce the budget deficit over the next three years, however, the Council still faced a budget deficit of £12.7m, which equated to a 15% reduction in the current budget. The MTFS for 2016/17 to 2019/20 was based on using reserves (i.e. use of Budget Support Fund, the Business Rates Risk Reserve and for 2017/18 the allocation of additional one-off support of £1 million from the forecast 2016/17 managed under-spend) to partly mitigate the impact of continuing funding reductions and, therefore, provide a slightly longer lead time to implement efficiencies and budget reductions. The use of reserves was front loaded and the phased use was designed to avoid carrying an unfunded budget pressure into 2020/21. Over the four years up to 2019/20 the MTFS was based on using reserves of £11.151m.

The long term approach to managing reserves had been a key component of the Council's strategy of seeking to protect services as far as possible and to minimise compulsory redundancies over the last few years. In relation to the Power Station, for example, in 2015/16 the reserves strategy enabled the Council to manage this income reduction without needing to make in-year budget cuts.

The level of reserves would reduce significantly over the next few years as those resources were used to support the revenue budget, or to meet known expenditure commitments. The Council would still need to maintain some reserves to manage risks and those resources will become increasingly important as the overall size of the budget reduces. It also had to be recognised that as the overall budget and reserves reduced the financial risks being managed by the Council would not. This is particularly the case in relation to demand led services.

The Audit Commission report published in 2013 on the use of local authority reserves identified a range of questions which remained relevant and would help Members in their decision making on reserves, which includes a 'good-quality, annual review to ensure the purpose and level of reserves align with medium-term financial planning'. The report identified five key areas for Members to consider:

- (i) How much is held in reserves;
- (ii) What are reserves held for, including information provided to Members;
- (iii) Does the Authority hold any contingency fund other than reserves to protect against unplanned costs;
- (iv) The relationship between reserves and Council Tax;
- (v) Unplanned movements on reserves.

The Chief Finance Officer indicated that the report and detailed appendices dealt with (i) and (ii). In relation to items (iii) to (v) these were reflected in detail in the report which referenced -

- Contingency funds other than reserves to protect against unplanned costs
- Relation between reserves and Council Tax
- Unplanned movements on reserves

As reported in previous years the starting point for the reserves review was the Statement of Accounts which detailed the total reserves held by the Council at the end of the financial year. For this review the relevant Statement of Accounts shows the position at 31st March 2016 and at that date the Council held total reserves of £60.859m (£61.896m at 31st March 2015). The report included a detailed summary of the individual reserves and their purpose.

The Chief Finance officer reported that the review had identified a number of areas where the original financial risk or financial commitment the reserves was established to fund had reduced and resources can now be released, as detailed in Appendix A to the report. This includes the release of £2.620m from the Local Council Tax Support Scheme Reserve (LCTS). The Council has operated a LCTS scheme since 2013/14 and the LCTS reserve was allocated to support a 12% LCTS scheme, to manage potential demand risks if claimant numbers increased and to manage potential write-offs. Based on experience of operating a LCTS scheme for four years up to 2016/17 these risks have not materialised and a 12% scheme could be sustained for 2017/18 to 2019/20 without needing contributions from this reserve. It would be prudent to retain a residual reserve of £300,000 to manage potential in-year volatility over the next three years. The remaining reserve of £2.620m can be released. The Chief Finance Officer highlighted that the LCTS scheme in Hartlepool at 12% offered residents the highest level of support of any local authority in the Tees Valley.

In summary the review of all reserves held at 31st March 2016 has identified areas where the original financial risk or financial commitment the reserves was established to fund has reduced and resources totalling £4.089m can now be released, as summarised as follow:-

	Reserve Value 31.03.16 £'m	Amount released £'m
Un-earmarked General Fund Balance	4.753	0
Earmarked Budget Support Fund 2016/17 to 2018/19	5.781	0
School Balances	3.916	0
Earmarked Capital Reserves	6.517	0.287
Earmarked Revenue Reserves	39.892	3.802
Total	60.859	4.089

The one off resources identified from the reserves reviews had previously not been anticipated and were, therefore, not reflected in the current MTFS. In view of the continuing financial challenges and risks facing the Council the one off resources released from the reserves review could be allocated to support a number of potential initiatives and there were advantages and disadvantages to each of these options. However, as these proposals do not add to the ongoing budget deficit any of these proposals could be progressed. The Chief Finance Officer indicated that there was an increasing probability these resources could be allocated for one off capital priorities, as recent Government announcements are confirming revenue funding allocation. However, it was recommended that a final decision on a preferred option is made as part of the detailed budget process for 2017/18. In concluding the Chief Finance Officer drew Members attention to the section within the report setting out his professional advice to the Committee on the reserves review.

Members welcomed the report though again voiced their concern at the level of cuts being faced by the Council. The Chair welcomed the identified reserves that could be released to further the Council's strategic aims and considered the recommendation to review how they could be utilised alongside the MTFS proposals in the new year appropriate.

Decision

1. That the Committee notes that a comprehensive review of existing reserves and risks had been completed and this had identified that one-off resources of £4.089m could be released. This amount included £0.287m of income recovered in relation to former City Challenge initiatives which Members may wish to allocate to support investment in the former City Challenge area, although this funding did not need to be earmarked for this area and can be used for any purpose;

2. That the Committee notes the potential issues which may need to be funded using the available one-off resources as detailed in the report;
3. That the Committee notes that at this stage there was insufficient information available on a range of issues to enable officers to provide their best professional advice on the use of the one-off resources released from the reserves review and, therefore, approves the proposal that a strategy for using these resources is developed when more information becomes available and then reflected in the MTFS proposals to be considered by this Committee January 2017, prior to these proposals being referred to Council in February.
4. That a determination of whether the residual balance of £24,000 on the Community Grant Pool reserve is released and added to the amount detailed in recommendation (i), or is allocated to supplement the Child and Family Poverty Reserve be considered as part of the MTFS report.

67. Corporate Complaints Annual Monitoring Report 2015-16 *(Assistant Chief Executive)*

Type of decision

For information.

Purpose of report

To inform Finance and Policy Committee of the number of Corporate Complaints received in 2015/16.

Issue(s) for consideration

The Chief Finance Officer reported that overall in 2015-16 there were twenty complaints investigated using the Corporate Complaints procedure with five of those complaints being upheld/partly upheld. Although there is a slight reduction in the number of complaints investigated there was a small increase in the number of complaints that were upheld or partly upheld.

One of the complaints that was upheld then progressed to the Local Government Ombudsman who also completed a detailed investigation and agreed that the complaint should be partly upheld and the complainant paid to obtain independent advice. The Council had already offered this remedy after its investigation but the complainant wanted to take it to the LGO. The complainant had been issued with the remedy and the case closed. The remaining partly upheld complaints mainly dealt with improving process and procedures within the services and improvements these have been implemented in all cases. The detailed breakdown of complaints was set out in an appendix to the report.

The Chief Finance Officer referred to the comparative information set out in the Local Government Ombudsman's letter to the authority which showed the annual statistics on complaints made to the LGO about Hartlepool Borough Council for the year ended 31 March 2016. The Chief Finance Officer reported that officers had attended a LGO seminar recently at which comparative statistics for local authorities was shared and which showed that Hartlepool had a much lower number of complaints than many other authorities where the average of rulings against the authority was around 50%. In Hartlepool this figure was half that and reflected the approach of the Council to resolving complaints at as earlier stage as possible and reviewing and amending practices and procedures in light of complaints received.

Decision

That the 2015/16 position with regards to Corporate Complaints and the Annual Review Letter 2016 from the Local Government Ombudsman be noted.

68. Any Other Items which the Chairman Considers are Urgent

None.

The Committee noted that the next meeting would be held on Monday 28 November, 2016 commencing at 10.00 am in the Civic Centre, Hartlepool.

The meeting concluded at 10.40 am.

P J DEVLIN

CHIEF SOLICITOR

PUBLICATION DATE: 7 NOVEMBER 2016

Finance and Policy Committee

2 December 2016



Report of: Chief Finance Officer

Subject: LOCAL COUNCIL TAX SUPPORT 2017/18

1. TYPE OF DECISION / APPLICABLE CATEGORY

1.1 Budget and Policy Framework Decision.

2. PURPOSE OF REPORT

The purposes of the report are to:

- i) Update Members on the operation of the Local Council Tax Support (LCTS) scheme and the scheme's future financial risks associated with the Government's national welfare reforms;
- ii) set out a proposed LCTS scheme for 2017/18;
- iii) Provide details of an "Independent Review of Local Council Tax Support Schemes" commissioned by the Department for Communities and Local Government.

3. BACKGROUND

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

3.2 This was a fundamental change to the Welfare State which transferred responsibility for Council Tax support from the national Government to individual Councils. Previous reports to Members have set out three key issues arising from this change:-

- (i) Funding transferred by the Government for 2013/14 LCTS schemes was cut overall by 10% nationally. However, when

account was taken of the value of awards, the initial grant cut for Hartlepool for 2013/14 was 13.4%;

- (ii) Councils are required to fully protect low income Pensioners eligible for LCTS support, which means the initial funding cut falls on working age households and effectively built a 20% reduction for this group into the system;
- (iii) Since April 2014 Central Government funding for LCTS is no longer provided as a separate grant allocation but has been included in the annual Core Revenue Grant allocation for individual Councils. This means Councils face having to implement higher reductions in LCTS support for working age households, as pensioners remain fully protected, or limit the LCTS cut by implementing higher General Fund budget cuts.

- 3.3 These issues have a fundamental impact on the affordability and sustainability of LCTS schemes for Councils. It would have been much clearer for Councils and the public, if funding for LCTS schemes continued to be paid as a specific grant. The new arrangements have a significantly greater impact on Councils which are more dependent on Government Grant and have higher levels of deprivation.
- 3.4 Previous Medium Term Financial Strategy reports have highlighted the implications of this change and the difficult policy decision individual Councils must now make on the use of the Core Revenue Grant. This is a choice between supporting services and providing LCTS support to low income households.
- 3.5 The Council had recognised the impact of these changes before they were implemented and allocated one off resources. They also earmarked additional council tax yield through the Council Tax Base associated with policy changes to Council Tax discounts and exemptions to help mitigate the impact on low income working age households. As a result of this action the Council has been able to avoid implementing LCTS cuts of 20% over the last four years and has limited the reduction in support to:
- 8.5% in 2013/14;
 - 12% in 2014/15;
 - 12% in 2015/16;
 - 12% in 2016/17.
- 3.6 Details of the number of households and the value of support they have received in Hartlepool, as compared to a 20% LCTS scheme are provided in section 7. All other Tees Valley councils have operated LCTS schemes involving cuts of 20% since April 2013.
- 3.7 Members have been advised that nationally significantly higher cuts in LCTS support are likely to be required in future years, as Councils will

find it increasingly difficult to balance supporting LCTS schemes and General Fund services if Central Government grant cuts continue. This trend is emerging as set out in a recent report by the New Policy Institute (NPI). The NPI report identifies that for 2016/17, 39 councils have either increased the level of LCTS cut or have moved to introducing a minimum payment towards Council Tax from working age households. For 2016/17, the NPI report has identified that:

- a 20% LCTS cut is the most common
- 67 councils have LCTS schemes with cuts greater than 20%
- 11 councils have LCTS schemes with cuts greater than 30%

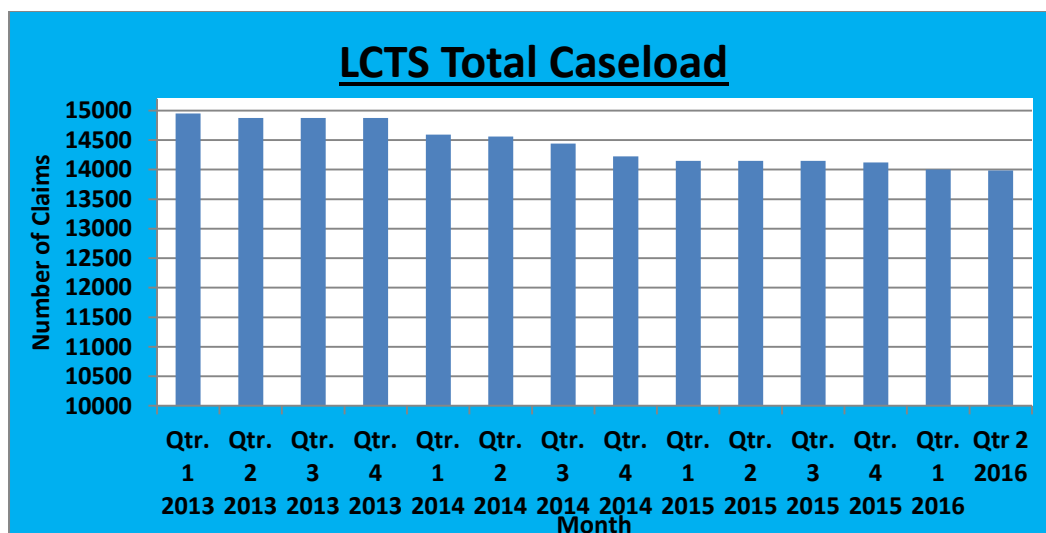
4. 2016/17 and future years LCTS financial modelling

4.1 The actual cost of the Council's LCTS scheme is determined by a range of external factors including, the total number of households accessing support, the balance of claimants between pensionable age and working age and the particular financial circumstances of individual claimants as Council Tax support continues to be means tested support. The Council now has four years experience of operating a LCTS scheme covering:

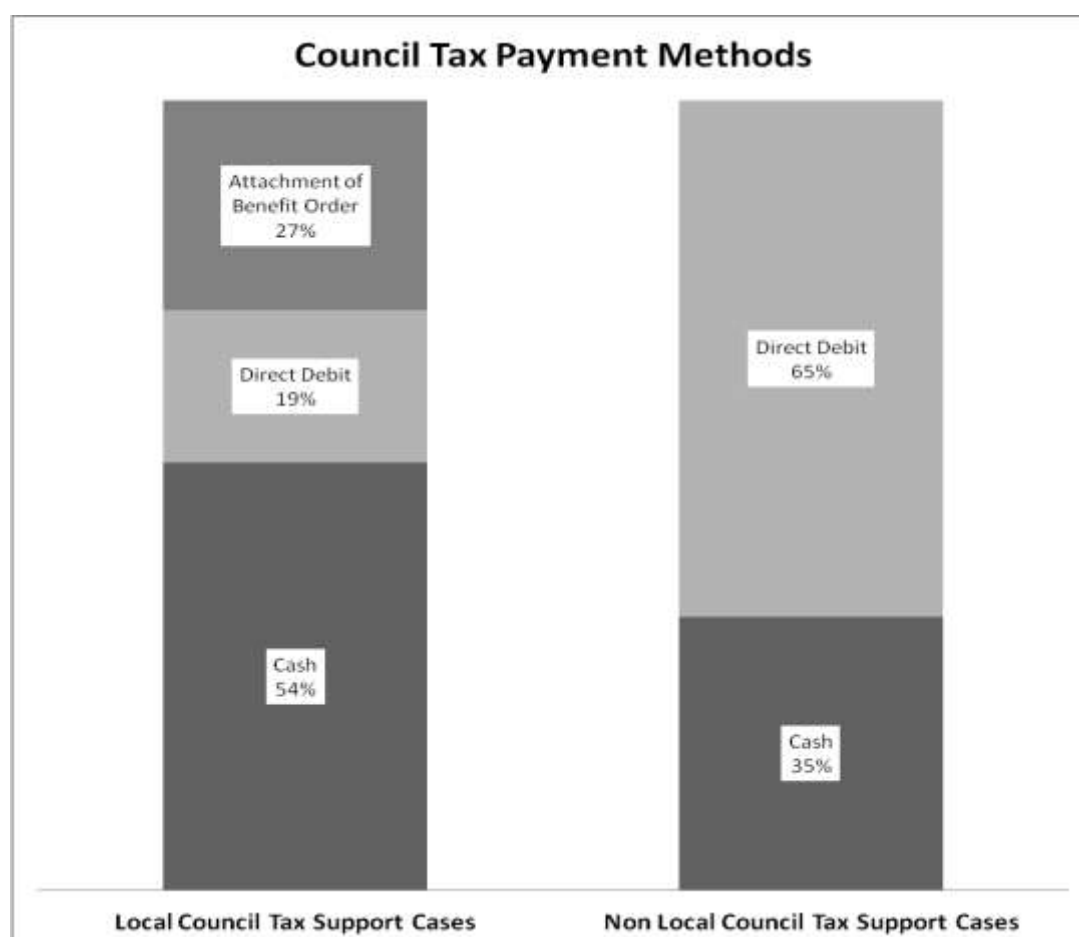
- 2013/14, 2014/15, 2015/16 – both estimated costs and outturn costs;
- 2016/17 – estimated costs

4.2 On the basis of this experience, the LCTS financial model has been updated to reflect changes in the key cost drivers – i.e. claimant numbers and Council Tax collection levels, as detailed in the following paragraphs.

4.3 **Claimant numbers** - Since June 2013, there has been a gradual reduction in the numbers of households receiving LCTS covering both Pensioner Households (a protected group under LCTS) and Working Age Households.

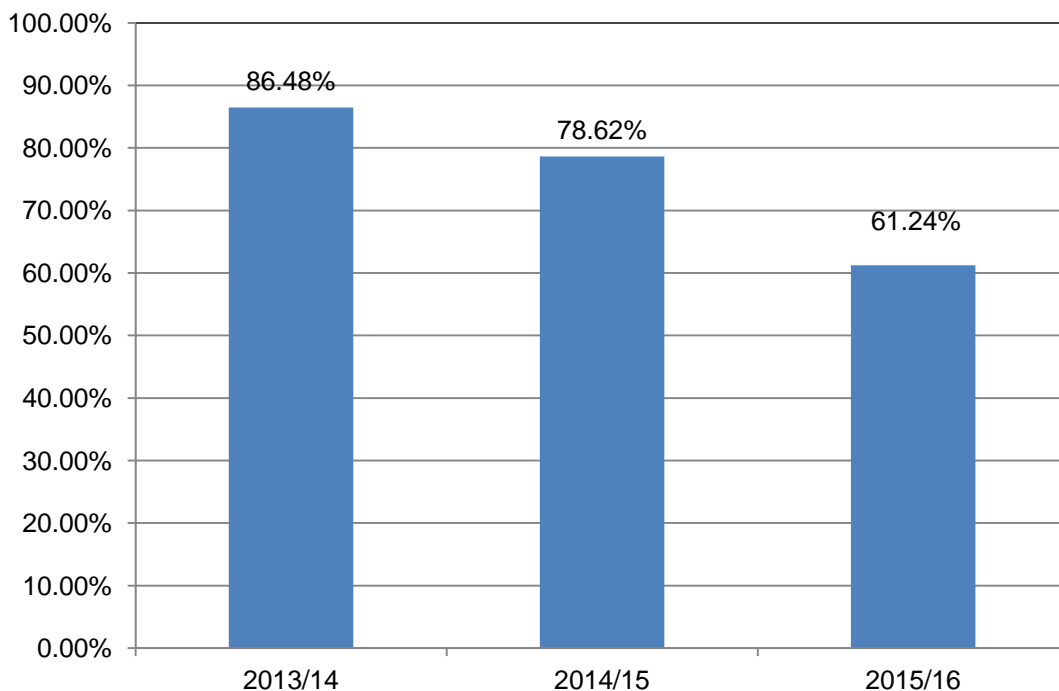


- 4.4 This trend was reflected in the 2016/17 LCTS scheme modelling. An updated assessment of caseload trends has been completed and further reductions in claimant numbers are anticipated for future years and these have been factored into scheme forecasts. However, as well as global economic volatilities, there are economic and employment uncertainties following the decision to leave the European Union, which may impact in the medium term. In addition, the LCTS scheme will in future years be impacted by further national welfare reforms.
- 4.5 **Collection Levels** – in Hartlepool, the operation of the LCTS scheme means that in 2016/17 about 5,800 working age households have received a Council Tax Bill who would have been exempt under Council Tax Benefit; and a further 2,600 working age households have received a higher Council Tax Bill. Robust and proportionate arrangements for collecting Council Tax from LCTS households are embedded within the Council's recovery arrangements to reflect the financial circumstances of households, whilst balancing the needs of the Council to collect this income to pay for services.
- 4.6 Collecting Council Tax from LCTS households is more difficult and resource intensive, as these households are significantly less likely to pay by Direct Debit and make payments in different ways, as highlighted in the following graphs.



- 4.7 The Council monitors particularly closely levels of collection from those households, who prior to April 2013, received full Council Tax Benefit. The graph below shows that collection of Council Tax from these households is positive, albeit there is the anticipated time lags in securing collection. This positive position has been reflected in the revised scheme forecasts for 2017/18 onwards

**Levels of Council Tax Collection for Working Age LCTS Households
formerly receiving 100% Council Tax Benefit prior to April 2013
Position as at 31st August 2016**



5. 2017/18 and future years LCTS Scheme Financial Modelling

- 5.1 Modelling the LCTS scheme costs beyond the forthcoming financial year is complex and challenging owing to the many variables affecting scheme costs, including the total number of claimants, both pensioner households and working age households, individual claimants' financial circumstances and eligibility for support. In addition, there is a growing lobby proposing that pensioners should no longer receive the same levels of LCTS that they would have received under the former Council Tax Benefit scheme. This issue is covered in more detail in section 8.
- 5.2 Against this uncertain background, the LCTS scheme forecasts for 2017/18 and future years have been updated to reflect experience of operating the LCTS scheme to date and the latest caseload forecasts. These scheme cost forecasts are based on annual Council Tax increases of 3.9% (including the 2% social care precept) for 2017/18 to

2019/20. The proposed future national welfare reforms will suppress household incomes and thereby increase LCTS entitlements, as LCTS awards are based on means tested calculations. However, there remains ongoing uncertainty regarding the timing and scope of these further reforms.

- 5.3 As previously reported to Members, a LCTS Risk Reserve had been established to support the LCTS scheme and to provide one-off funding to manage the risk of an unexpected in-year increase LCTS costs arising from increased caseloads. A review of the LCTS Risk Reserve was included within the corporate review of reserves reported to this Committee on 31st October. It has previously been recommended that a reserve of £0.3m should be retained to manage in-year financial risks. This remains the recommended level and equates to about 3% of the Council's share of the annual scheme cost
- 5.4 In summary, the updated financial forecasts for the LCTS scheme for the period 2017/18 to 2019/20 are based on the following planning assumptions:

Planning assumptions underpinning LCTS forecasts for 2017/18 to 2019/20

- i) The actual grant cuts for 2017/18 to 2019/20 being in line with the existing planning assumptions and the multi-year settlement offer from DCLG;
 - ii) The existing Working Age caseload continuing to incrementally reduce;
 - iii) The retention of an un-committed LCTS Risk Reserve of £0.3m to manage LCTS financial risks to provide a slightly longer lead time for the Council to respond to changes in forecasts ;
 - iv) Council Tax increases of 3.9% (including the 2% social care precept) in each of the years 2017/18 to 2019/20;
 - v) LCTS entitlements continue to reduce linked to the impacts of DWP counter fraud and error initiatives ;
 - vi) Increased LCTS awards cost impacts are consistent with planned future national Welfare Reforms.
- 5.5 Regular reviews of these factors will continue to be undertaken to assess the implications of any changes in these planning assumptions

which are inevitable and unavoidable, as the majority of factors are outside the Council's direct control.

- 5.6 There is a direct inter- relationship between the LCTS scheme, the level of cut in LCTS awards, adjustments for forecast non collection of Council Tax from LCTS households and the Council Tax Base calculation. The Council Tax Base calculation is also significantly impacted by future housing growth within the Borough.
- 5.7. The following table summarises how the value of LCTS awards is forecast to increase over the period of the MTFS (based on sustaining a 12% LCTS cut). This has been factored into the MTFS Tax Base forecasts reported separately to Members.

Forecast Cost of LCTS Awards
2016/17 to 2019/20

	16/17 £m	17/18 £m	18/19 £m	19/20 £m
Cost of LCTS Support	12.46	12.86	13.04	13.28
Working Age Contribution 12%	0.90	0.94	0.98	1.02
Net Cost of LCTS Awards	<u>11.56</u>	<u>11.92</u>	<u>12.06</u>	<u>12.26</u>

- 5.8 Continuing with a 12% LCTS cut for 2017/18 would avoid an increase in the Council Tax liability of low income working age households at a time when households will be adjusting to the Government's ongoing welfare savings programme. This level of LCTS support will also increase the likelihood of the Council maintaining high levels of Council Tax collection in 2017/18.

6. 2017/18 LCTS Scheme Principles

- 6.1 In common with LCTS schemes established by many other Councils, the Hartlepool LCTS scheme has been centred on a number of core principles for the period 2013/14 to 2016/17. For 2017/18, it is proposed that the existing scheme principles should continue to be applied, as they are clear, fair and have been generally supported in previous consultation, as follows:

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

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

B - Everyone in the Household should contribute appropriately

Hartlepool will implement Central Government changes to the value of non dependant adult deductions from Council Tax Support entitlements.

C - The LCTS scheme should encourage work

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

D - Streamline / Simplify the LCTS Scheme

The Hartlepool LCTS scheme will continue to remove 2nd Adult Rebate, and restrict backdating of LCTS to a maximum of 4 weeks.

E - Retain War Widows / War Pensions Local disregards framework

Under the national CTB regulations Local Authorities are required to disregard the first £10 per week of War Pension Scheme and Armed Forces Compensation Scheme payments. In addition Local Authorities have the discretion to top up the disregard to the full amount. Hartlepool have historically applied the discretionary top up and this continues to apply in the Council's LCTS scheme.

- 6.2 In relation to Parish Councils, the national regulations require Billing Authorities (ie. Hartlepool Borough Council) to pass on an element of the Council Tax Support Grant received to individual Parish Councils. For some Local Authorities with a large number of Parish Councils levying relatively high Parish Council Tax precepts this may be a significant issue. This is not the case for Hartlepool as the total share of the grant for all Parish Councils is estimated at around £4,000 for 2017/18.
- 6.3. LCTS entitlements are determined using a complex means tested calculation. Many Councils are intending to apply within their LCTS schemes those changes being applied by the DWP to the national Housing Benefit scheme. It is proposed that Hartlepool should “mirror” in its LCTS scheme, those calculation changes made to the Housing Benefit scheme. This “mirroring” promotes consistency and simplifies administrative processes.

7. FINANCIAL / ADMINISTRATION RISKS

- 7.1. The proposals detailed in this report are based on the current forecast grant cuts for 2017/18 to 2019/20 and the multi-year grant settlement data provided by the Department for Communities and Local Government. If the future settlement funding profile and the Council's Tax Base projections are significantly different to current forecasts, the ability of the Council to sustain a scheme involving a 12% LCTS cut will need to be re-evaluated.
- 7.2. There is also a financial risk from the measures outlined by the former Chancellor in the July 2015 Budget to achieve a further £12bn of Welfare Reform reductions by 2019/20. The changes to the Welfare Benefits and the National Living Wage will have an impact on the cost of the LCTS, the former will increase costs, the latter may reduce costs. Financial modelling of these impacts is difficult because of the range of variables including the timing of changes by the Government. It is anticipated there will be a net increase in LCTS scheme costs and this has been factored into the Scheme cost estimates. There remain risks surrounding the scope and timing of these future welfare changes.
- 7.3. The scope of the DWP's Universal Credit (UC) initiative continues to expand and all councils are now live with UC. Nationally, as at October 2016 there are 338,000 working age people on UC and the DWP forecast that numbers will grow significantly over the next 2 years. Under UC where a household has a housing support entitlement ie housing benefit, in most scenarios this support will be paid monthly by the DWP within UC and will no longer be paid by councils. These households will continue to have a LCTS entitlement but the administration of LCTS will become more challenging covering the claim process and validating financial information to support the current income based means tested calculations.
- 7.4. There are current economies and efficiencies in administering LCTS as many of the underlying principles mirror the national Housing Benefit scheme and funding is provided annually by the DWP to councils to administer Housing Benefit. Many claims for support are dual, covering both Housing Benefit and LCTS and the process and calculations of entitlement are undertaken together. However, it is predicted that at a future date the DWP will reduce the Housing Benefit administration grant it pays to Councils, as working age cases move to UC. It should be noted that there are no national plans at this stage to move pension age housing benefit away from Councils and some working age claimants in specific types of accommodation are likely to continue to receive Housing Benefit from councils.
- 7.5. In future, Councils will face the challenge of administering LCTS against a background of reduced central government administration funding. The Council is developing a plan to address this challenge by devising more

streamlined processes for claiming and assessing entitlements. Details covering the potential shape and cost of a new type of LCTS scheme that the Council will need to implement in the medium term will be reported to Members at a future date. This will reflect Members objective to maintain future LCTS support at a 12% contribution for working age LCTS claimants.

8 NATIONAL INDEPENDENT REVIEW OF LOCAL COUNCIL TAX SUPPORT SCHEMES

8.1. An independent review of Local Council Tax Support Schemes was launched in December 2015 on behalf of the Department for Communities and Local Government (DCLG) chaired by Eric Ollerenshaw OBE. The terms of reference of the review were to consider:

- the efficiency, fairness, transparency and effectiveness of different LCTS schemes;
- the impact of LCTS schemes on the localism agenda;
- Whether or not LCTS schemes should be brought within Universal Credit.

8.2. The overarching review conclusion, is that Council's have implemented LCTS schemes effectively and professionally, all Councils having LCTS schemes operational by April 2013, impressive considering the tight deadlines and late announcements from Government. **Key conclusions from the review are detailed in the following paragraphs.**

8.3. Efficiency, Fairness, Transparency and Effectiveness

The review concluded that collecting Council Tax from LCTS working age recipients is more time consuming and costly compared with normal Council Tax collection. In Hartlepool, members recognised this issue and agreed to the appointment of a Revenues member of staff on a fixed term contract and 2 modern apprentices to assist with this additional recovery workload responsibility.

8.4. The review identified nationally significant proportions of LCTS recipients with Council Tax arrears from previous years and some Councils facing an accumulation of arrears that are unlikely to be paid off. Analysis as set out at section 4.7 indicates this is less of an issue in Hartlepool, reflecting effective recovery arrangements and the impact of Members approving schemes that have minimised the cuts to LCTS awards and thereby minimised Council Tax bills for less well off working age households.

8.5. The review highlighted that the national LCTS scheme for pensioners (protected group) has led to an additional cost burden on low income

working age households. In Hartlepool, various LCTS reports to members have emphasised this fundamental unfairness. The review recommends that the Government should consider localising at least part of the LCTS scheme for pensioners, thereby allowing Councils to decide how much support they wish to provide for all low income residents. Furthermore, that the Government should consider granting more local flexibility over nationally set council tax discounts such as single person discount. Whilst these flexibilities would be welcome they carry associated reputational, political and financial risks.

- 8.6. The review has confirmed that since 2014/15 it has not been possible for Councils to identify how much funding Government is providing for LCTS schemes. This issue has been referenced in various LCTS reports to members at Hartlepool which have emphasised the difficult choices faced by members between cuts to the General Fund budget or higher levels of cuts to LCTS awards.

8.7 Localism

In terms of the impact of LCTS schemes on localism, the review recognises that Councils have had to work within the parameters of budgets, decision making deadlines and the Government set scheme for pensioners which have constrained LCTS schemes.

8.8 Universal Credit

Whilst the review acknowledges that there may have been a strong argument for putting the successor of Council Tax Benefit into Universal Credit in 2012/13, this is no longer a viable option. The review concludes that it would be extremely difficult for the Government to integrate 326 different local schemes into Universal Credit. Furthermore the review identifies that such a move could have dire consequences on Council Tax collection rates impacting on council finances. These conclusions are consistent with observations made by the Council to the Review Team.

9 CONCLUSION

- 9.1 As reported previously, the replacement of the national Council Tax Benefit scheme with Local Council Tax Support schemes determined by individual Councils and a 10% national funding cut transferred a significant new financial risk to Councils. The requirement to protect low income pensioners means the whole of the funding cut falls on low income working age households, which effectively results in an in-built 20% LCTS scheme cut for this group. The national change continues to have a greater impact on Councils serving more deprived communities, including Hartlepool.

- 9.2 The Council had recognised the risk from the Council Tax Benefit scheme abolition. Accordingly, the Council had set aside one-off resources and also earmarked additional council tax yield through the Council Tax Base associated with policy changes to Council Tax discounts and exemptions to manage the impact of this unprecedented transfer of responsibility for an element of Welfare Support from Central Government to Local Government. This approach enabled the Council to limit the cut in Local Council Tax Support to 8.5% in 2013/14 and 12% in 2014/15, 2015/16 and 2016/17.
- 9.3 If the Council had not taken this pro-active multi-year strategy, a 20% LCTS would have had to be implemented in 2013/14. This is the level of cut implemented by the other Tees Valley Councils since LCTS was introduced in 2013/14.
- 9.4 Following the Government's decision to mainstream the Local Council Tax Support grant within the main revenue grant allocation from 2014/15 individual Councils now face a difficult choice over the use of the overall grant. This is particularly challenging for Hartlepool as further significant grant cuts are forecast over the next three years requiring the Council to identify significant further budget cuts.
- 9.5. Against this background, Members need to determine a LCTS scheme for 2017/18 that is financially viable and balanced providing for sustainability in future year's schemes.
- 9.6 Updated financial modelling indicates that the 2017/18 LCTS scheme reduction should be able to be maintained at 12%, the same level as 2014/15, 2015/16 and 2016/17. This is predicated on the actual grant cut for 2017/18 being consistent with the indicative data provided in the DCLG multi-year settlement offer and a range of forecast scheme cost pressures and savings linked to welfare reforms, economic factors and fraud / error initiatives.
- 9.7. On the basis, of sustaining a 12% LCTS cut for 2017/18, the Council's locally approved LCTS scheme will have provided the following financial support to low income working age households compared to annual LCTS cuts of 20% over the 5 years up to March 2018. All other Tees Valley councils have operated LCTS schemes involving cuts of 20% since April 2013. This position is summarised overleaf:

Impact of Hartlepool's actual 2013/14 to 2016/17 LCTS scheme and proposed 2017/18 LCTS cut compared to annual cuts of 20%.

	Band A	Band B
Council Tax Liability with a 20% LCTS cut in 2013/14, to 2017/18.	£ 1,140	£ 1,330
Council Tax Liability with <u>HBC phased LCTS cuts</u> of 8.5 % in 13/14 and 12% in 14/15, 15,16, 16/17 & 17/18.	£ 644	£ 753
Cumulative Support to Households 2013/14 to 2017/18	£ 496	£ 577
Number of Households Supported (i.e. who previously received 100% Council Tax Benefit)	5230	415
Percentage of LCTS Households (i.e. who previously received 100% Council Tax Benefit)	90%	7%

- 9.8 It is currently anticipated that a 12% LCTS scheme should be sustainable in 2018/19 and 2019/20 for working age households.

10. EQUALITY IMPACT ASSESSMENT

- 10.1. An Impact Assessment covering LCTS has been reviewed and is included as Appendix A.

11. RECOMMENDATIONS

- 11.1 It is recommended that Members:

- i. Note the future financial and administrative risks associated with the LCTS scheme;
- ii. Approve a 2017/18 LCTS scheme involving a cut of 12% to be referred to full Council in December 2016.

12. REASONS FOR RECOMMENDATIONS

- 12.1 To update Finance and Policy Committee on latest available data on the LCTS scheme costs and the future financial risks associated with the funding settlement and the Government's national welfare reforms.

- 12.2. To enable Members to agree a LCTS scheme for 2017/18 to refer to full Council.

13. BACKGROUND PAPERS

- 13.1 Medium Term Financial Strategy 2017/18 to 2019/20 report - Finance and Policy Committee 20th June 2016.

14. CONTACT OFFICER

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

Department	Division	Section	Owner/Officer
Chief Executives	Finance	Revenues & Benefits	John Morton
Function/ Service	Local Council Tax Support Scheme 17/18, Universal 12% reduction in LCTS Awards (excl. low income pensioners).		
Information Available	HBC data on caseload / awards, financial modelling of local scheme options savings, CLG full EIA, Family Resources Survey data, Census 2011, DWP		
Relevance	Age		
Identify which strands are relevant to the area you are reviewing or changing	<p>The Government considered the position of low income pensioners associated with the abolition of Council Tax Benefit and the introduction of LCTS. The Government determined that unlike most other groups, pensioners cannot reasonably be expected to seek paid employment to increase their income. Therefore the Government determined that as a specific vulnerable group, low income pensioners should be protected from any reduction in support as a result of this reform. The Government has not changed its position on this core principle for 2017/18.</p> <p>In Hartlepool 5,647 low income pensioners account for 40% of all LCTS claimants and the Council is required by Government to continue to protect this group.</p>		
	Disability		
	<p>It is difficult to quantify accurately either the number of disabled people living in Hartlepool or the number of households in receipt of LCTS and where an individual in that household is receiving a disability related benefit.</p> <p>Broad modelling analysis indicates that to protect those households from the LCTS scheme cut where individuals are in receipt of a Disability Premium would cost about £260,000 pa or would increase the level of LCTS cut on non protected groups to 16%.</p> <p>The 2017/18 Hartlepool LCTS scheme continues with the core equity Principle that every working age household should pay something to towards Council Tax and that the level of cut should be equal. The Council endeavours to minimise the impact of LCTS but the LCTS scheme does not provide for protection / detriment for any specific working age group.</p>		
	Race / Gender / Gender Re-assignment		
	<p>The Government does not believe 'that this nationally driven policy change will disproportionately affect any particular gender or ethnicity'. The Government has not changed its position on this core principle for 2017/18. However both nationally and locally, there are almost twice as many female as male council tax benefit claimants, reflecting the number of single female claimants with child dependants.</p> <p>Only 2.3% of Hartlepool's population are non-white. It is</p>		

Appendix A

	not known how many of this group claim LCTS, as data within the LCTS system is incomplete for this group (claimants often do not complete this section of the application form). The 2017 / 18 Hartlepool LCTS scheme does not provide for protection / detriment for any specific working age group			
	Religion			
	No effect			
	Sexual Orientation			
	No effect			
	Marriage & Civil Partnership			
	No effect			
	Pregnancy & Maternity			
	No effect			
Information Gaps	Nil.			
What is the Impact	<ul style="list-style-type: none">• Every working age household will pay some Council Tax• Other non dependant adults in the household will be expected to contribute to council tax• The scheme will encourage work• The 2017/18 LCTS scheme will continue to be based on the key features of the former CTB scheme and will “mirror” 2017/18 Housing Benefit regulation changes• A universal 12% reduction in the value of the award will be made for all working age low income households.• Low income pensioner households are protected in line with Central Government Policy.• The 2017/18 LCTS scheme will continue to comply with the Armed Forces Covenant.• The 2017/18 LCTS scheme will continue to fully disregard child maintenance when assessing LCTS awards. This is consistent with national Housing Benefit regulations.			
Addressing the impact	1. No Major Change - The proposal is robust there is no potential for discrimination across working age claimants. (The council has no choice on the protection of low income pensioners).			
	The maintenance in the level of cuts to LCTS awards for 2017/18 at 12% reflects funding issues and is after the Council committing resources to support the scheme. The 2017/18 Hartlepool scheme continues to provide no protection/ detriment for any specific working age group and is centred on equality of impact.			
Actions				
<i>The 2017/18 LCTS scheme has been developed with the aim of removing any potential for discrimination.</i>				
Action identified	Responsible Officer	By When	How will this be evaluated?	
Scheme Principles review	Liz Cook Principal Benefits Officer	Oct 17	Peer review by Chief Executive’s Department Diversity Lead officer.	

FINANCE AND POLICY COMMITTEE

2 December 2016



Report of: Corporate Management Team

Subject: COUNCIL PLAN AND MEDIUM TERM FINANCIAL STRATEGY – CAPITAL AND REVENUE

1. TYPE OF DECISION/APPLICABLE CATEGORY

Budget and Policy Framework Decision.

2. PURPOSE OF REPORT

2.1 The purposes of the report are to:-

- i) Set out the Council's ambitions for the Borough and the strategic plan for achieving this;
- ii) To update Members on the strategy for delivering the Council's revenue priorities, within the available resources for the next three years; and
- iii) To enable Members to determine priorities to be addressed through a five year capital strategy, reflecting the Council's own capital resources and potential external capital grant funding.

3. Shaping the Future of Hartlepool: our long term plan

- 3.1 As a Council we are ambitious for the Borough. Despite the fact that we continue to face unprecedented financial and demographic pressure it is important that we remain focused on securing the future prosperity and wellbeing of our residents. Whilst managing government funding cuts we need to remain committed to realising the potential of Hartlepool to be a place that is truly exceptional and use our unique spirit and assets to grow as a vibrant, dynamic and welcoming place to live, learn, work, play and invest.
- 3.2 Hartlepool is a place with a strong sense of community. Whether you live or work here the sense of belonging and being part of something bigger is very strong. This community spirit is a great asset and the Council needs to build on it to make the Borough the best it can be in the future.

- 3.3 Part of the role of the Council is to harness this community spirit and Hartlepudlian pride to improve the Borough and meet local needs. The Council alone cannot do everything that needs to be done to make Hartlepool the best it can be. We need the support of our community and partners to achieve our ambition.
- 3.4 Most people are aware that the Council is facing a difficult time financially and at the same time the pressure on our services is increasing particularly on those services for the most vulnerable in our community. The financial challenges we face are covered in detail in this report. What these financial challenges do make clear is that the Council will need to think differently about how it delivers services and also build a new understanding within the community about the part that we all need to play in supporting our own. There are some things that we do and spend money on that we shouldn't have to. If everyone took pride in our area and realised the role that they could play in improving it then we wouldn't have to spend as much as we do on things like clearing up litter and dealing with fly tipping. This money could be spent elsewhere on helping us achieve our ambition.
- 3.5 We are therefore proposing an approach to meeting the financial and demographic challenges based upon a three year strategic and financial plan. This will deliver an improvement and efficiency programme focused on new ways of delivering services within and with communities; better integration of early help services to help people live healthier independent lives to reduce pressure on high cost services; increasing income by promoting growth and a more commercial approach to traded services/ income generation.

3.6 Challenges and Achievements

- 3.7 Hartlepool faces a range of challenges in addition to the financial ones detailed in this report. We have made great progress against these challenges over recent years particularly around youth unemployment and education. In October 2011 Youth unemployment was 17.6% but this reduced to 3.7% in April 2016, the largest drop across the UK and it is now less than the Tees Valley average. We are making great progress towards achieving our ambition that every school, academy and college in Hartlepool is rated as Good or Outstanding by the end of 2017. Currently 67% of secondary pupils are educated in a school rated good or outstanding, 89% of primary schools are rated good or outstanding and 100% of colleges are rated good. We also have well-formed plans in place to improve our outcomes in other areas in spite of the ongoing challenges that we face. We have invested £16.7m in delivering affordable social housing; invested £5.8m in CCAD, HLF, Managed workspace; invested £750k in new innovation service delivery model in children's services attracting national interest. Secured visitor destination NMRN, launched Vision for 21st century health and social care system and launched the local plan.
- 3.8 However, we continue to face significant demographic pressures, We have an increasing elderly population and it is projected that by 2032 over 1 in 4 of our population will be over the age of 65 and the number of people aged over 85 years will have doubled to over 4,000. Many of these people will have complex

care needs caused by illnesses including dementia, COPD or diabetes. The poor lifestyle choices that some people are making now (smoking, excessive alcohol consumption, poor diet and little to no exercise) will lead to increased need for care and support services in later life. We are working to improve people's health and wellbeing through a range of activities including those detailed in this report.

- 3.9 We are bringing increasing numbers of children into care and a third of the Children's Services budget is used to provide placements for and support to children looked after. Babies or teenagers aged over 15 are the main groups that come into care and domestic violence and drug misuse are the main reasons that children and young people become looked after by the Council. Our children's services are judged as good or outstanding by OFSTED and we are working with our partners and the community to ensure that early help is available to those families who need extra support to overcome their difficulties.
- 3.10 There are also big differences within Hartlepool with levels of deprivation varying greatly across the Borough. Hartlepool has some of the highest levels of child and family poverty in the country and there are a significant number of people living in workless households. Recent research by Sheffield Hallam University into the impact of welfare reform has estimated a loss of £430 per working age adult by March 2016 and this is anticipated to increase to a loss of £950 per working age adult by 2010-21.. Through our Council Tax Support Scheme we have reduced the impact on nearly 6,000 households and for 90% of households who the Council support this is worth £496 over five years (2013/14 to 2017/18).
- 3.11 Some of the challenges that we face are outside of our control. What we can control though is our response to them and that is what we are looking to do through a Plan and Financial Strategy. By being aware of our challenges and the impact that they could have on the Council and the Borough we can be as prepared as possible for the future we face. We also need our residents to play their part in reducing the potential impact of these challenges by looking after themselves their families and their communities.
- 3.12 Your say our future**
- 3.13 Over the summer we launched the 'Your Say, Our Future' programme. This involved a town wide conversation involving residents, our staff and children and young people. What we heard has given us a lot to think about and we have used it to inform the preparation of our proposed strategic priorities and financial strategy. It is clear though that there is an appetite from the residents of Hartlepool to be involved in helping shape Council services but also in helping shape the future of the Borough through their own actions. It was refreshing to hear that those who took part over the summer shared our ambition for Hartlepool and that the priorities that were put forward closely matched our own.
- 3.14 Overall, people had a positive view of the town and its potential and felt that we should be building on and promoting our assets like our community spirit, the

coast and green spaces and also our unique history and heritage. A number of key themes emerged including improving the local environment (litter), increasing enforcement (particularly around litter, dog fouling, car parking, anti-social behaviour, non-payment of council tax etc), tackling empty buildings, improving public spaces, attracting visitors and investors to the town, increasing employment opportunities, apprenticeships and skills programmes improving transport and accessibility within and beyond Hartlepool.

- 3.15 We are using the findings of this exercise to inform our services and the budget proposals that are coming forward through this MTFS. In addition we will be looking to continue with the Your Say, Our Future programme because we recognise that in order to achieve the long-term ambition we have for Hartlepool we need to work together with our community to make improvements happen. The activity over the summer has only been the start of the conversation.
- 3.16 The plans that we are now putting in place and which then drive the financial strategy are based on both the challenges we face and the aspirations and ambitions that are shared between the Council and those who live in the town.

3.17 Our Plans and Priorities

- 3.18 It is important that we are clear about what we intend to do, by when and how this affects the financial position of the Council. It is for these reasons that we are developing a three year Council Plan and Financial Strategy and a five year Capital Investment Plan.
- 3.19 To deliver our longer term aims we have identified a series of key objectives to be underpinned by clear plans and commitments which will enable us to ensure that the town is a better place to live, learn, work and play. These have been informed by the findings of the Your Say, Our Future exercise. We will be working these plans up further over the next few months as they will form the key commitments the Council will be making for the next 3 years.

Our plans are shaped by an ambitious vision that Hartlepool will be an exceptional place to live, learn, grow up, play and invest. To achieve our overall vision we will work with partners to achieve 14 strategic outcomes under the themes of people and place as follows;

People

- Better education and skills
- Fewer people in poverty
- Stable and independent families
- Fewer children in the care system
- Healthier people
- More vulnerable adults being cared for in their homes and communities
- Increased capacity in residential and nursing care.
- Larger more balanced population
- Reduced unemployment

Place

- Regenerated town with more businesses and jobs
- Better sustainable transport connections
- Better housing and neighbourhoods
- Cleaner and greener environment
- Less crime and safer communities

3.20 To deliver on these longer term ambitions we have identified strategic priorities that will most quickly accelerate delivery of our vision and shape a sustainable financial future for the Council.

3.21 Growing our Economy, Jobs and Skills

The Council has a key role to play in stimulating jobs and growth in the local economy. Our heritage, cultural assets and distinctive history already attract tourists from far and wide. However our historic partnership with the National Museum of the Royal Navy will unlock the potential of Hartlepool's vibrant heritage and our tourism sector and transform it into a different league. We will build on this to establish a visitor offer of national and international significance. We will also build upon our strengths in the marine and offshore industries to unlock growth in advanced manufacturing and engineering and by developing our partnership with the Cleveland College of Art and Design Hartlepool we will become a leading centre in the creative and cultural industries. Our ambitious plans for Church Street and Church Square will create the environment for new creative industries to flourish and encourage students to come to and stay in Hartlepool. We will continue to encourage new business start ups and build upon the success of Queens Meadow Enterprise Zone to attract new investors. We will work actively with the Tees Valley Combined Authority to improve transport links to Hartlepool and within it. Whilst creating and sustaining jobs within the Borough we need to ensure our residents and young people have the skills and qualifications they need to move into sustained employment. We will deliver a £20 million programme across the Tees Valley to provide new opportunities and pathways for young people at risk of unemployment and work with businesses, schools, colleges and universities to increase apprenticeships, and through a lifelong learning offer we will help residents gain the skills employers need and move into quality work.

3.22 Regenerating our town

We have already set out our game changing plans to regenerate the physical environment in Hartlepool in our Hartlepool Vision. Delivering the Hartlepool Vision will be critical to creating jobs, improving health and generating greater opportunities for future generations. We have already attracted investment into improving our flood defences and sea wall at the Headland and Seaton Carew and we will complete our regeneration of Seaton seafront to maximise its potential as a tourist destination. Over 2017/18 we will complete our £5.5m investment programme in Church Street and Church Square and improve pedestrian connectivity and gateway features across Stockton Street. Coinciding with the opening of the new £11m CCAD campus on Church street

the area will be established as a dynamic focal point in the town that promotes our cultural and heritage offer, provides an exciting space for events and stimulates an attractive retail offer. Our plans for the waterfront will be brought to fruition over the lifetime of this plan. Working with the National Museum of the Royal Navy we will improve connectivity around the waterfront and establish a new visitor attraction of international significance, an improved public realm and quality hotel and leisure offer. In the town centre we will initiate a master planning process for the Millhouse and surrounding area and develop proposals for addressing derelict buildings and developing new sport and leisure facilities.

3.23 Developing and promoting Hartlepool as a great place to live

We want Hartlepool to be known as a great place to live as well as invest and visit. We will adopt a local plan that sets our vision for the sustainable development of Hartlepool over the next 20 years. We will work with partners across all sectors to provide more and greater access to quality homes as well as the specialist support that our vulnerable adults need. We will build more affordable homes and refurbish empty properties for rent that revitalise local neighbourhoods and provide a return on investment. Over the period of this plan our goal is to enable 6000 houses to be built and to provide 1000 affordable homes.

We will develop a new approach to working in neighbourhoods. Working with partners we will prioritise improving the environment, public realm and play spaces through a co-ordinated neighbourhood investment programme. We also recognise that our residents want us to take strong action to make sure our neighbourhoods are clean, green and safe. We will work with Cleveland Police and Fire Authority to develop a joined up approach to enforcement and community safety so that we can respond to issues quickly and efficiently.

3.24 Developing new services for people and communities

New and re-designed community based services will help us improve the way we work with communities, intervene early to support vulnerable families and adults to prevent problems worsening and provide specialist support services for those in need, in an efficient and joined up way. Through the feedback we received from the Your Say, Our Future conversation we know there is more we can do to provide access to information, advice and support in a more co-ordinated and visible way. We also know there is more we can do to harness the Hartlepool community spirit to help people work together to shape the future of our town, our neighbourhoods and the lives of people who live within them. In response we propose to establish three community hubs that will be at the heart of our approach to developing a more connected approach to providing access to information, advice, help and support services. We will redesign the way we deliver council advice, information and library services and healthy lifestyles and employment and skills support in establishing this new approach. We will also work with citizens to develop new ways in which we can harness the capacity within our communities in finding new ways to improve the

prosperity and wellbeing of families and adults and the quality of life in local neighbourhoods.

Many residents and families in Hartlepool face significant challenges as a result of poverty. 31% of children are growing up in poverty in Hartlepool and in one in four households the adults are workless. Poverty blights lives. It impacts on health and opportunities. We recognise that quality work is critical to building sustainable pathways out of poverty. However we also need to focus on reducing the impact of poverty on lives and life chances. We will protect the Local Council Tax Support Scheme and Discretionary Housing Payments. Community hubs will provide access to advice and guidance and we will address food poverty and deliver our programme of free swims, provide subsidised access to sport and leisure facilities and make sure children have access to food during school holidays.

The future of health and social care services is a critical issue for residents and the Council. Working with partners we have produced an independent report Hartlepool Matters which sets out a vision for a 21st century health and social care system in the town which provides services as close to where people live as possible. With resources reducing and demand rising we will work with health partners to achieve greater join up of services and information sharing and we will make sure people get the support they need to stop problems worsening. As a Council we will prioritise the delivery of community based teams of social care and health workers to strengthen our arrangements that enable people who have care and support needs to live independent lives in their own homes and we will take action with health partners to improve the quality and availability of residential and nursing care. We will also open our new Centre for Independent Living and continue to promote training and employment support schemes to enable adults with disabilities to live active and purposeful lives making a positive contribution to their local communities.

3.25 Building better beginnings and better futures for our children and young people.

We know that to compete for the best jobs in the global economy our children and young people will have to be the best educated ever. We are committed to working with our schools and colleges to make sure Hartlepool has a reputation as a town with a first class education and skills system. We have seen significant improvements over the past three years with; 67% of secondary pupils are educated in schools rated good or excellent, 89% of our primary schools graded as good or outstanding and both of the town's colleges graded good. However there is much more to do to ensure that as many young people as possible can leave school with the qualifications they need to compete for the best jobs, apprenticeships and university places. We will therefore remain focussed on working with schools, colleges, employers and universities to provide all our children and young people with a first class education, including the opportunity to access high quality vocational as well as academic courses.

However education isn't just about being prepared for the world of work. It is also about helping our children and young people to grow up as happy, healthy,

confident and active citizens. The information we received from children and young people through the Your Say, Our Future conversations emphasised this and highlighted their concern about the mental and physical health of young people. We will therefore work with our schools and partner agencies to promote a safe, healthy environment in which our children can flourish and achieve.

We also know that we are facing increasing demand for services from families struggling to provide their children with a healthy and safe childhood. We will deliver new and re designed multidisciplinary early help and specialist teams to build on family strengths and ensure we provide help and intensive support to families as early as possible. We will also work with schools to improve the emotional wellbeing of young people. When children come into the care of the local authority we will ensure that they receive the best possible care, education and health support, and when children have complex needs and disabilities we will transform the way health, education and social care services work together to make sure they and their families get the right support at the right time and in the right way. We recognise that the youth service and the voluntary and community sector play a vital role in giving our children and young people a good start in life and that as resources diminish this sector is under increasing pressure. We will therefore focus on shaping a new approach to work with children and young people outside of school that can attract external investment and establish a better co-ordinated offer within neighbourhoods.

3.26 Providing effective leadership based upon innovation and efficiency

In 2019/20 Government funding will be £45m less than in 2010/11, a reduction of 70%. Over the next three years we will need to deliver a further budget reduction of £20.8m in efficiencies whilst also managing increasing pressures in demand led services. Important decisions will need to be made as we redesign services, consider ways of increasing income and work with partners and communities to reduce demand. We will need to make sure we provide the leadership that will be needed to manage change effectively and have a clear focus on delivery.

We recognise that the Council has a critical role to play in providing strong community leadership which enables residents to participate in shaping Council priorities. We will therefore review and strengthen our arrangements for engaging meaningfully with the public and in making sure we keep citizens up to date with the progress we are making in achieving our ambitions for the Borough.

We recognise that our staff are our greatest asset and they have a key role to play in shaping a sustainable future for the Borough and the Council. We will encourage a collaborative approach to innovative problem solving amongst our workforce and invest in a workforce and leadership development programme to support our staff in gaining the skills that will be needed to achieve efficiencies, reduce demand and increase income whilst improving outcomes for residents.

We recognise the crucial role elected members play in their position as democratically elected community champions. Through our committee system we will strengthen our performance management arrangements to ensure elected members play a key role ensuring clarity on the strategic direction of the Council and ‘grip’ on our change programme. We will also invest in providing development opportunities to assist councillors in fulfilling their roles and responsibilities.

The Council plays a vital role in making sure the voice of the Borough is heard at a national and regional level. We have pressed the case of the Council in Whitehall in relation to the level of financial pressures we have had to deal with particularly as a result to changes in business rates and we have attracted significant external investment from European and national development funds through our leadership at a regional level. Going forward we will work closely with Tees Valley Authorities to make sure Hartlepool benefits from major investment programmes and that we can shape the Borough’s future within the context of the wider Tees Valley economy.

3.27 Key deliverables

Details of the key deliverables to achieve the Council’s strategic priorities are set out in Appendix A.

3.28 How the Priorities link to the MTFS

3.29 It is these objectives that are driving our ambition and our approach to the budget. The objectives give rise to a combination of;

- shorter term reviews of service which are aligned to longer term goals
- longer term transformational work

3.30 The plans and the financial context are inextricably linked. These plans are based on an understanding of the ambitions that have been articulated very clearly through Your Say, Our Future, the challenges we know we face and the objectives that will drive improvement. It is important in establishing the context for the Council Plan, the Medium Term Financial Strategy and the Capital plan that it is clear that these three elements make one plan. Together they articulate the ambition but also the practical steps that will be taken to ensure they can be delivered.

3.31 The following sections outline in more detailed how the five year capital strategy and three year revenue plan will be delivered.

4. FIVE YEAR CAPITAL PLAN

4.1 As indicated in the background section the Council will continue to play a significant role in the physical regeneration and development of the town over the next five years. The Council’s key regeneration and development priorities are:

- Development of the Waterfront;
- Development of Church Street;
- Development of Sports and Leisure facilities;
- Development at Seaton Carew;
- Investment in new roads to enable housing developments to be implemented;
- Continued investment in social housing.
- Civic and community buildings.

- 4.2 Capital investment will also be needed to address priorities identified during the 'Your say, our future' consultation in relation a broad range of local quality of life, public realm and infrastructure investment. These issues are not unique to Hartlepool and reflect many years of funding for these schemes having a low national priority and the impact of cuts in Government revenue funding.
- 4.3 To deliver major parts of the five year capital plan the Council will need to attract external grants and private sector investment. To secure this investment the Council needs to provide the confidence to invest in Hartlepool and this has been underpinned by actions taken to progress the Local Plan, master plan major development sites (including sites for housing developments), the acquisition of the Waterfront site, support of the CCAD development by relocating the former depot site and the completion of the Housing Market Renewal programme.
- 4.4 Work to secure future external grants and private sector investment is progressing and details will be reported to future meetings when funding is secured. In addition, the availability of external funding will be reviewed after the Chancellor's Autumn Statement, as it is expected there will be additional national funding and this is likely to be directed towards addressing housing issues.
- 4.5 The Council will also be able to allocate its own resources towards the five year capital plan as the following resources have been identified:

- **One-off funding from reserves review and 2016/17 managed revenue outturn**

As detailed in the review of reserves report considered by the Committee on 31st October 2016 one-off resources have been identified. In addition, it is anticipated that the 2016/17 managed outturn will provide additional one-off resources. In total these resources amount to £4.949m (£4.089m from the reserves review and £0.860m from the 2016/17 managed outturn).

- **Additional capital receipts**

It is anticipated that the existing capital receipts target should be achieved in 2017/18, although this is dependent on planned land sales being achieved. These resources have been achieved during a period of economic uncertainty and have taken longer to achieve than initially anticipated,

although the Council has been able to manage this position using temporary prudential borrowing at historically low interest rates.

The Council has limited remaining land holdings available for development and an assessment of future potential receipts indicates that additional capital receipts of between £1.5m and £3.5m may be achievable over the next two years (2017/18 and 2018/19). These resources would then be available to support capital priorities, although these resources cannot be committed until they have been received, or contracts exchanged.

- **Departmental Capital priorities**

Over the last few years departments have developed business cases to use Prudential Borrowing to invest in capital projects which are self funded, either by achieving service efficiencies, such as LED street lighting and the new CIL, or achieving new income streams, such as housing developments.

The current low level of long term interest rates continues to provide the opportunity to implement further capital investment where there is a robust business case and no revenue subsidy is required from the General Fund revenue budget. Detailed business cases will need to be developed on a case by case basis.

- 4.6 On the basis of Members approving the capital priorities for the next five years a detailed funding strategy will be developed and reported as part of the final 2017/18 budget report. The funding strategy will be dependent on securing external capital grants / investment and these resources will be underpinned using the Council's own resource (i.e. one off resources released from reserves reserve and 2016/17 outturn, plus future potential capital receipts).

5. REVENUE BUDGET - THREE YEAR SERVICE TRANSFORMATION PLAN

- 5.1 As detailed in section 3 the Council will implement a series of initiatives over the next three years to address the impact of continued austerity. Development of these plans commenced earlier in the year and reflected the impact of a range of initiatives to reduce the gross budget deficit covering corporate savings and housing growth.
- 5.2 Further work has recently been completed to update these forecasts to reflect announcements made by the Government over the summer in relation to the improved Better Care Fund and changes to the New Homes Bonus (NHB) regime. These changes will have a positive net financial benefit for the Council as the Government will target the improved Better Care Fund to those authorities that benefit least from 2% Social Care precept.
- 5.3 The Government has confirmed their intention to use the improved Better Care Fund to equalise the total resources individual authorities generate from this grant plus the 2% Social Care precept.

- 5.4 In relation to the NHB reforms the change from paying this grant for six years to four years will be delayed until 2018/19, this is a year later than previously indicated by the Government.
- 5.5 When account is taken of these changes the forecast budget deficit for the next three years reduced to **£8.891m** as summarised below:

	£'m
Gross Deficit	20.800
Less – Forecast Council Tax increase and housing growth	(5.710)
Less – Corporate savings	(2.400)
Sub Total – Net Forecast Deficit reported 20.06.16	12.690
Less - changes in forecast improved Better Care Fund, New Homes Bonus and Employers Pension contribution increase	(3.799)
Revised Forecast Net Deficit	8.891

- 5.6 In terms of the phasing of the revised deficit there is a positive benefit in each of the next three financial years as summarised in the following table.

Phasing of 2017/18 to 2018/19 Forecast Budget Deficit

	Forecast reported 20.06.16 £'m	Latest Forecast £'m
2017/18	5.634	4.031
2018/19	2.784	2.672
2019/20	4.272	2.188
Total	12.690	8.891
Total deficit as a percentage of 2016/17 Budget	15%	10.5%

- 5.7 The revised deficits are after reflecting the use of one-off corporate reserves (i.e. Budget Support Fund reserve and the Power Station Rateable Value Reserves) to support the budget and services over the next three years. These resources are front loaded to provide a slightly longer lead time to make permanent budget reductions. In addition, support in 2019/20 is limited to £1.054m to avoid deferring a significant budget deficit until 2020/21, which will be the first year of the 100% Business Rates retention system. The following table summarises the phasing of one-off corporate reserves allocated to support the budget and for completeness includes the 2016/17 support.

Phased use of one-off corporate reserves

	Latest Forecast £'m
2016/17	6.488
2017/18	2.400
2018/19	2.300
2019/20	1.054
Total	12.242

- 5.8 In terms of developing a three year strategy to address the revised deficit detailed proposals will be submitted to individual Policy Committees in early December. These reports will detail the service transformation proposals to be implemented over the next three years.
- 5.9 As indicated earlier in the report the approach for 2017/18 is predicated on implementing service reviews. Across the Council this will include further rationalisation of staffing structures and operational capacity. Whilst, these proposal can be implemented across a range of services, these changes continue to reduce capacity to manage services and/or to respond to increased demand.
- 5.10 For 2018/19 and 2019/20 the strategy is based on a combination of detailed savings proposals, where these can be quantified, and a broader framework of proposed savings requiring further work – including initiatives to reduce demand.
- 5.11 On the basis of the proposals identified so far, including income proposals, it is anticipated that a balanced budget can be set for 2017/18. In relation to 2018/19 and 2019/20 the savings proposals identified so far are not sufficient to bridge the forecast deficits and further savings of £0.887m and £1.407m respectively will be required in these years, as summarised below. Further work is needed to identify these additional savings and details will be reported to a future meeting.

	2017/18 £'m	2018/19 £'m	2019/20 £'m	Total £'m
Forecast Budget Deficit	4.031	2.672	2.188	8.891
Less - Savings Proposals	(4.031)	(1.785)	(0.781)	(6.597)
Savings still to be identified	0	0.887	1.407	2.294

5.12 Budget Pressures

- 5.13 The overall budget forecasts make no provision for budget pressures as it is assumed, in line with practice adopted in previous years, that departments will fund pressures from within existing resources, or where this is not possible by identifying additional budget savings. These pressures are forecast to arise over the next three years and related to the following areas:

- **Children's Services**

Volatility in this budget area has previously been recognised and a specific reserve earmarked to manage these risks. Significant pressures have arisen in the current year in relation to Looked after Children and the costs of care proceedings. These areas are affecting other authorities. In total the increase in demand has resulted in a recurring pressure of £1.6m. On the basis of current caseloads continuing the existing reserve will only be sufficient to fund additional costs in 2017/18 and for part of 2018/19.

Therefore, in order to address this pressure in the medium term and to avoid this issue increasing the overall budget deficit the Director of Child and Adult Services is seeking to manage demand to reduce costs back down to the level of the recurring budget. This will be extremely challenging and if demand cannot be reduced alternative savings will need to be identified as part of the 2018/19 budget.

- **Adult Services**

There is increasing evidence across the country of continuing pressures on Adult Services, including pressure on authorities from the financial challenges facing the NHS. An assessment of the local picture has been completed and this indicates potential annual pressures over the next three years. These pressures are likely to be phased and by 2019/20 the recurring pressure could be up to £2.065m. A specific reserve has also been earmarked to manage these potential risks and if they materialise the reserve will only be sufficient to support the shortfall in the budget in 2017/18 and 2018/19.

The Director of Child and Adult Services is also seeking to manage demand to reduce costs in this area and further work is required to assess the pressures and the scope for achieving demand management savings. For planning purposes it is anticipated that for 2017/18 the increased demand can be accommodated with the existing available budget and by using part of the reserve. The position for future years is less certain and a further update will be provided when the position is clearer.

- **Regeneration and Neighbourhood Services**

The Council is facing growth of the town pressures in relation to waste and environmental services (£0.300m), income shortfalls (£0.233m) and a shortfall in the 2016/17 savings target (£0.157m). The Director of Regeneration and Neighbourhood Services will identify budget savings and efficiencies of £0.690m to offset these pressures.

- 5.14 The majority of the forecast pressures relate to Child and Adult Services issues and will be phased over the next three years. Departmental reserves will be used to provide a longer lead to address these issues by implementing measures to manage demand and thereby reduce recurring costs. As demand

measures will take time to implement the use of reserve will be front loaded as summarised below:

Phased use of Child and Adult Services Reserves

	Children's Service Reserve £'m	Adult Services Reserve £'m
Total Reserve	1.600	1.765
Less - Planned use 17/18	(1.600)	(0.825)
Less - Planned use 18/19	0	(0.400)
Less- Planned use 18/19	0	0
Forecast Uncommitted Reserve	0	(0.540)

- 5.15 The strategy of using reserves avoids the Child and Adult Services pressures impacting on the 2017/18 budget position. There is a risk that measures to reduce demand for Child and Adult Services may take longer to implement than anticipated, or achieve a lower reduction in recurring costs than forecast. If these pressures cannot be addressed this would increase the overall budget gap.
- 5.16 An initial assessment of the actions to mitigate these pressures has been completed and for planning purposes it is anticipated that departmental actions will absorb approximately half the forecast pressures. However, this would still leave a residual unfunded recurring pressure by 2019/20 of £2m, which would then increase the overall forecast budget shortfall still to be addressed to £4.294m, as summarised below:

	£'m
Forecast shortfall in departmental savings as detailed in paragraph 5.11	2.294
Potential Pressures	2.000
Additional Savings to be identified	4.294

- 5.17 Further work is needed to assess the budget pressures and to then develop a strategy to identify further savings, which will include implementing further service reviews, potential increases in income and the development of new income streams. This will be completed over the next few months and a further report submitted in May/June 2017 to address the remaining forecast budget deficit of between £2m and £4.294m. The report will also include the impact of the Chancellor's Autumn Spending Statement and the final Local Government Finance Settlement announcement in January 2017.

6. RISK IMPLICATIONS

- 6.1 A risk assessment of the measures identified to address the gross budget deficit of £20.8m has been completed and is summarised below:

Measure to reduce gross budget deficit	£'m	Risk	RAG rating
Forecast Council Tax increase and housing growth	5.710	Government change referendum limits or housing growth not achieved	Amber
Corporate savings	2.400	None	Green
Changes in forecast improved Better Care Fund, New Homes Bonus and Employers Pension contribution increase	3.799	Government make further unexpected changes to the improved Better Care fund	Green/ Amber
Savings Proposals 2017/18 to 2018/19	6.597	Council does not approve initial savings proposal to be considered in February 2017.	Amber
Additional savings proposals to be identified	2.294	Council does not approve initial savings proposal to be considered in June 2017.	Red
	20.780		

- 6.2 The MTFS forecasts are predicated on significant growth in Council Tax income over the next three years, reflecting both housing growth and annual increases in line with the Government's national Council Tax policy, including implementing annual Adult Social Care precepts. If these increases are not achieved there will be an increase in the forecast budget deficits and the budget cuts which will need to be implemented.
- 6.3 It will become increasingly difficult to explain to the public that services are being cut at the same time that Council Tax is increasing. The Council will need to explain that as a result of continuing Government grant cuts that a greater proportion of a smaller budget is funded from Council Tax.
- 6.4 There are also risks in relation to budget pressures, which are detailed in paragraphs 5.12 to 5.17, including proposals for managing these issues in the short and long term.
- 6.5 The MTFS forecasts anticipate continued low levels for annual cost of living increases and inflation. Following the BREXIT referendum the risks in relation to inflation have increased. These factors will need to be reviewed on an annual basis.

- 6.6 Financial risks continue in relation to Business Rates income over the period 2016/17 to 2019/20, including appeals against the 2017 rating list and risks arising from NHS Foundation Trusts applying for Mandatory Business Rate Relief. This is a national issue and the Local Government Association has raised concerns regarding this issue with the Department for Communities and Local Government as the NHS funding regime is based on Business Rates being payable by individual Trusts.
- 6.7 From 2020/21 there is a risk that the implementation of the 100% Business Rates retention system will place additional financial risks on local authorities. These risks will need to be assessed when the Government provide more details on how the 100% Business Rate retention system will operate, including the arrangements for equalising resources across the country. In addition, at a national level, the value of additional Business Rates income to be allocated to local authorities will exceed Revenue Support Grant which will be removed when the 100% system is implemented. This is an extremely complex issue and whilst the Government may get the balance of additional services and funding right at a national level, there is a significant risk that this may not be the case at a local level. There have been a number of examples over the years where additional responsibilities transferred to the Council have not been matched by additional funding allocations, particularly where additional responsibilities are driven by deprivation factors. For example, localisation of Council Tax support has had the greatest impact on deprived areas and these authorities suffered disproportionate grant cuts over the last 6 years.

7. PUBLIC ENGAGEMENT AND COMMUNICATION

- 7.1 The report reflects feedback received from the “Your say, our future” consultation and further proposals to continue this public engagement and communication will be developed.

8. FINANCIAL CONSIDERATIONS

- 8.1 Detailed in previous paragraphs.

9. LEGAL, EQUALITY AND DIVERSITY, STAFF, ASSET MANAGEMENT CONSIDERATIONS AND CHILD AND FAMILY POVERTY ISSUES

- 9.1 None – although there will be issues arising in relation to detailed savings proposals and these will be reported to future meetings of this Committee, or the relevant Policy Committee, as appropriate.

10. CONCLUSIONS

- 10.1 Despite the impact of continuing austerity and cuts in Government funding the Council needs to remain ambitious for the town. This ambition is based upon achieving our key strategic objectives which will be focused around:

- Growing our Economy, Jobs and Skills
- Regenerating our town;

- Developing and promoting Hartlepool as a great place to live;
 - Developing new services for people and communities;
 - Building better beginning and better futures for our children and young people;
 - Providing effective leadership based upon innovation and efficiency.
- 10.2 The five year capital plan sets out our key priorities and to deliver on these issues we will need to attract external investors, secure capital grants and invest our own resources.
- 10.3 The position in relation to the revenue budget is extremely challenging. Local Authorities have already faced 6 years of austerity (2011/12 to 2016/17). Government grant cuts implemented over the last 6 years have had a disproportionate impact on Authorities, including Hartlepool, with the greatest dependency on Government Grant, with the least ability to raise resources locally from Council Tax or Business Rates and higher levels of need and deprivation.
- 10.4 The Council has implemented significant efficiencies and budget reductions over the last 6 years to manage the impact of Government grant cuts. These measures cannot be repeated as the budget has either been removed completely, or cut to a minimal level. These measures have had a fundamental impact on how services are delivered and on capacity. To put the scale of the efficiencies and budget reductions implemented over the last 6 years into context the Council has removed approximately 430 posts over this period – this equates to a reduction 12% on the 2010/11 staffing baseline.
- 10.5 The Government has confirmed that Local Authorities will continue to face further significant funding cuts over the next three years (2017/18 and 2019/20) and by 2019/20 Government funding will be £45m less than in 2010/11, which is a reduction of 70%.
- 10.6 The report sets out how we will manage a gross budget deficit of £20.8m over the next three years. The deficit will be reduced through a combination of measures which protect services and include increasing Council Tax in line with Government forecasts (including the Adult Social Care precept), achieving housing growth, implementing corporate budget savings and use of the improved Better Care Fund. In total these measures cover 57% (£11.889m) of the gross deficit and this significantly reduced the impact on front line services.
- 10.7 However, the measures to manage the remaining budget deficit of £8.891m will impact on services. The use of the one-off Budget Support Fund avoids a significant deficit in 2017/18 and helps phase the remaining deficit over three years; £4.031m in 2017/18, £2.672m in 2018/19 and £2.188m in 2019/20.
- 10.8 A balanced budget can be set for 2017/18. The proposals for the following two years do not yet fully address the budget deficits for these years, although good progress has been made for these years. Proposals to achieve further savings to address the residual deficit of £2.294m (£0.781m in 2018/19 and £1.407m in 2019/20) will be developed. In addition, based on an initial assessment of

pressures, additional savings of £2m may need to be made in 2018/19 and 2019/20 if these pressures cannot be offset by achieving demand management savings. This may increase the savings still to be identified to £4.294m, as summarised below:

	Total £'m
Savings still to be identified as address core budget deficit.	2.294
Add Forecast Child and Adult Pressures	2.000
Total Savings still to be identified	4.294

- 10.9 A strategy for achieving additional savings will be developed over the next few months and reported in June 2017. This will be based on reviewing preventative services, maximising income through commercial and trading activities, potential terms and conditions savings, work to achieve greater social care integration with health, early intervention and a programme of service reviews.
- 10.10 In the meantime Members are asked to note the good progress made in developing a robust strategy for addressing the impact of continuing Government funding reductions over the next three years, which will enable a balanced budget to be set for 2017/18.

11. RECOMMENDATIONS

11.1 It is recommended that Members:

- i) Note the report and the reductions in the forecast deficit from £20.8m to £8.891m, detailed in paragraph 5.5;
- ii) Note the proposed savings address the net forecast 2017/18 budget deficit and enable a balanced 2017/18 budget to be set;
- iii) Note that detailed savings proposals will be considered by individual Policy Committees at their December meetings (Finance and Policy Committee proposals are detailed in a separate report on the agenda for this meeting);
- iv) Note that Finance and Policy Committee will consider feedback from individual Policy Committees on 9th January 2017 and then refer the recommended budget proposals to Council on 23rd February 2017;
- v) Note that a further report to address the additional forecast savings detailed in paragraph 10.8 will be presented in May/June 2017.
- vi) Approve the capital priorities detailed in section 4.

12. REASONS FOR RECOMMENDATIONS

- 12.1 The recommendations outline the key issues Members will need to make final decisions on at the Finance and Policy Committee on 9th January 2017, prior to these proposals being referred to Council on 23rd February 2017.

13. BACKGROUND PAPERS

Medium Term Financial Strategy 2016/17 to 2018/19 report Finance and Policy Committee 20th June 2016.

14. CONTACT OFFICER

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

Appendix A**Summary of Strategic Priorities and Key Deliverables****Growing our Economy, Jobs and Skills – Key Deliverables**

- In partnership with private and public sector operators launch a new tourist marketing and promotion campaign ‘ Destination Hartlepool’ supported by a co-ordinated events, exhibitions and festivals programme by 2017
- In partnership with the NMRN establish a world class visitor attraction by 2019
- Open ‘ the Bis’ in partnership with CCAD – a new world class managed workspace for emerging creative industries by September 2017
- Promote Hartlepool as a location for Film production by Summer 2018
- Extend the lifespan and promote the development of the Queens Meadow, The Port and Oaksway Enterprise Zones as centres of excellence in advance manufacturing and engineering.
- Expand the Youth employment initiative by 2018.
- Launch a partnership with learning providers and employers to deliver a new approach to targeting learning, skills and employment pathways for unemployed adults and parents.
- Improve the commercial land and premises offer in Hartlepool to attract new business investment and grow existing businesses
- Increase local and public sector spending in the local supply chain in Hartlepool and expand employment and apprenticeship opportunities in the procurement of construction schemes

Regenerating our town – Key Deliverables

- Complete Church street and Church Square to coincide with the completion of the new CCAD campus by 2018.
- Deliver improvements to Stockton Street by 2018.
- Rephase and deliver the regeneration plan for Seaton Carew seafront by 2018.
- Complete a phased regeneration of the Waterfront to include a landmark visitor attraction complemented by hotel and leisure facilities by 2020.
- Complete a master plan for the Millhouse area and deliver investment in new sport and leisure facilities by 2019/20.

Developing and promoting Hartlepool as a great place to live – Key Deliverables

- Facilitate the sustainable development of Hartlepool through the adoption of the Local Plan by 2018
- Build more affordable and low carbon homes through a new housing investment programme

- Establish an investment programme for improvements to neighbourhoods, open spaces, parks and play sites
- Deliver more supported accommodation for vulnerable adults
- Launch new joined up approach to enforcement and community safety
- Expand the wildflower programme
- Improve sustainable transport and travel patterns for pedestrians and cyclists
- Improve the allotment infrastructure to meet the diverse needs of our communities

Developing new services for people and communities – Key Deliverables

- Launch a co-ordinated approach to engaging citizens in becoming actively involved in meeting local needs and shaping the future of their communities by September 2017.
- Implement a new approach to supporting the development of the community and voluntary sector by 2017.
- Deliver three community hubs across Hartlepool by 2018
- Implement a new model for encouraging and supporting healthy lifestyles by 2018.
- Work with health partners to establish new integrated health and social care services as set out in Hartlepool Matters by 2018.
- Widen participation in sport and leisure activities by April 2018.
- Increase the availability high quality residential and nursing care in Hartlepool by the end of 2018.
- Implement a new model for supporting drug and alcohol recovery by September 2017.
- Fully open and maximise the benefits of the new Centre for Independent Living for people with learning disabilities.

Building better beginnings and better futures for our children and young people – Key Deliverables

- Get every school to good or outstanding by 2019.
- Launch a new centre for excellence in technical education in creative industries at the Northern Lights Academy by September 2017.
- Establish a youth foundation to co-ordinate investment in and deliver youth provision within neighbourhoods by 2019.
- Launch a programme to improve the emotional wellbeing of children and young people by 2017.
- Implement four multidisciplinary locality based teams which meet the health, development and care needs of children and help families provide the stability and security their children need to prevent problems from getting worse by 2017.

- Implement improvements in the way organisations work together to protect and safeguard children at risk of harm by 2018.
- Deliver the specialist support services children in care need to ensure they are cared for and feel cared about in stable and secure placements and that they are healthy, happy and making good educational progress.
- Implement improvements to the support provided to children with special educational needs and disabilities by 2018.
- Establish a new high quality alternative education provision for children and young people who don't access mainstream education.

Providing effective leadership based upon innovation and efficiency – Key Deliverables

- Implement new ways of communicating the change that is happening in Hartlepool both within and outside of the Borough
- Review arrangements for facilitating public involvement and participation in shaping the future of Hartlepool
- Introduce a new workforce and leadership and management development programme to unlock the potential of our staff to play a key role in finding alternative ways of delivering efficiencies and increasing income.
- Expand apprenticeship opportunities provided by the Council

FINANCE AND POLICY COMMITTEE

2 December 2016



Report of: Chief Executive

Subject: SAVINGS PROGRAMME 2017/18 – CHIEF EXECUTIVE'S DEPARTMENT

1.0 TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Budget and Policy Framework.

2.0 PURPOSE OF REPORT

2.1 The purpose of this report is to enable Members to consider the 2017/18 savings proposals relating to the Committees remit to contribute towards achieving the overall savings requirement.

3.0 BACKGROUND

3.1 CL to provide standard section once main MTFS F and P report agreed.

4.0 PROPOSALS

4.1 Proposals to deliver savings in the Chief Executive's department in 2017/18 are set in the context of a three year strategy and reflect the overall approach adopted by the Corporate Management Team for identifying achievable savings and aiming to protect front line services, while recognising that not all areas can be protected in the current financial climate.

4.2 Within the Chief Executive's department savings of £2,028,000 have been made over the last five financial years:

- 2012/13 £621,000
- 2013/14 £200,000
- 2014/15 £457,000
- 2015/16 £515,000
- 2016/17 £235,000

- 4.3 This report covers the specific savings proposals identified for the Chief Executive's Department for 2017/18. As reported in the Medium Term Financial Strategy report considered by the Finance and Policy Committee on 20th June 2016 officers within the Chief Executive's Department have identified a range of permanent budget savings which can be achieved from 2017/18 and have been allocated to reduce the overall budget deficit. These savings total approximately £3 million, consisting of:-

- £2 million saving from work done to restructure loan repayment costs, which provides this level of saving for the next 12 years and fully repays pre 31st March 2008 loans by 2056/57. Under the previous loan repayment arrangements 13% (£9.4m) of these loans would have still been outstanding at 31st March 2057.

The revised repayment arrangements are more prudent than the previous arrangements as they do not increase the overall level of debt, but they do provide a more equitable annual charge to the revenue budget and ensure the pre 31st March 2008 loans are fully repaid by 2056/57.

- £1 million saving in a number of corporate budgets covering support for the Local Council Tax Support Scheme, IT contract costs, insurance costs and energy costs.

The update of the Local Council Tax Support scheme detailed how a budget saving can be achieved whilst maintaining the 12% Local Council Tax Support scheme for the period 2017/18 to 2019/20.

The IT contract saving reflects the financial benefits of continued rationalisation of the IT estate and the benefits of the inflation cap included in the contract.

The insurance cost savings reflects an assessment of existing/future insurance claims and is predicated on maintaining the existing Insurance Fund to manage these risks over the period of the MTFS.

The energy saving reflects continued lower actual energy costs.

- 4.4 The departmental approach to identifying savings has been to focus on service re-modelling, whilst seeking to protect front line services provided by the Chief Executive's department. The approach has been underpinned by considering requests for voluntary redundancies, within the rolling process for considering Voluntary Redundancy and Early retirement costs, where there is a business case for approving. Vacant or fixed term posts have also been considered as part of the options for savings in this year. Whilst it is not possible to manage all of the savings in this way it has been an underpinning principle for the budget for 2017/18.

- 4.5 The proposals for the department services will contribute £900,000 towards achieving the overall savings requirement over the next three years; £365,000 in 2017/18, £300,000 in 2018/19 and a further £235,000 in 2018/19. The specific savings proposals in relation to 2017/18 are detailed in the following paragraphs.

4.6 ASSISTANT CHIEF EXECUTIVE

- 4.7 Total savings for the Divisions of £189,000 are proposed, as detailed in the following paragraphs:

4.8 Removal of vacant posts/changes in operations and management arrangements - £124,000

These savings will be achieved by undertaking a further review of existing management and operational structures and other operations across the Corporate Strategy Division. The review that has been undertaken has identified that whilst there are a broad range of potential risks from these actions that these risks can be managed in the context of the service to be delivered. However, these changes are not without risks, and in relation to those savings which affect the front facing services within the Division these proposals reduce the capacity to manage increases in workload if there is an increase in workload. In relation to internal services the proposals will reduce capacity available within the services further.

4.9 Running Costs and ICT infrastructure costs - £65,000

Reconsideration of a range of central support costs / non pay budgets across the division in conjunction with the renegotiation and revision of a number of ICT infrastructure costs which don't form the basis of the main ICT contract to deliver ongoing savings.

4.10 CHIEF FINANCE OFFICER

- 4.11 Total savings for the Division of £140,000 are proposed, as detailed in the following paragraphs:

4.12 Removal of vacant posts/changes in operations and management arrangements - £116,000

These savings will be achieved by undertaking a further review of existing management structures and other operations across the Finance Division. The review that has been undertaken has identified that whilst there are potential risks from these actions that these risks can be managed in the context of the service to be delivered. However, these changes are not without risks, and in relation to those savings which affect the front facing services within the Division these proposals reduce the capacity to manage increases in workload if there is an economic downturn and increase in caseload associated with the Local Council Tax Support Scheme, or

increase in workload recovering Council Tax. In relation to internal services the proposals will reduce capacity to support new initiatives.

4.13 Running Costs - £24,000

Renegotiation of software and outsourced contracts relating to specialist support services and review of non pay budgets to reflect historic spend.

4.14 CHIEF SOLICITOR

- 4.15** As detailed in the Chief Executive's recent review of the departmental management structure a net saving for the Legal Division of £36,000 has been achieved for 2017/18. This net saving is after reflecting the saving achieved from removing the Legal Services Manager post, less the resulting restructuring costs from operational changes within the Legal Services division to enable this change to be implemented and the cost of other changes within the Chief Executive's Department approved as part the recently approved proposals.

The review of Legal Services identified that whilst there are a broad range of potential risks from these actions, that these risks can be managed in the context of the service to be delivered. However, these changes are not without risks, and the proposals reduce the capacity to manage increases in workload if these arise. Of note, there has been significant pressures nationally relating to the care and protection of children (124% increase in the last 10 years) and a further review of meeting such pressures through adequate resourcing, is presently being considered.

4.16 CHIEF EXECUTIVE'S DEPARTMENT SAVINGS 2018/19 AND 2019/20

- 4.17** An initial assessment of potential savings proposals for 2018/19 and 2019/20 has commenced. However, as a large part of Department's work is primarily focused on supporting service departments and corporate functions, the initial assessment will need to be refined when service departments have defined savings proposals for the three years up to 2019/20, as this will define the support services which are required. Savings for 2018/19 and 2019/20 will reflect further reviews of existing management and operational structures across the Chief Executive's Division.

4.18 HOUSING BENEFIT ADMINISTRATION GRANT SAVINGS 2017/18

- 4.19** The savings detailed in the previous paragraph exclude the additional savings which will be required to address a further forecast cut in the Housing Benefit Administration grant in 2017/18 of £50,000. This will be the seventh year this grant has been cut and the 2016/17 grant is 39% less than the grant received in 2010/11. In line with the approach adopted for the General Fund budget vacant posts and requests for voluntary redundancy will be considered to address the funding reduction alongside further measures to redesign services. However, it is becoming increasingly difficult

to maintain service standards in this area, against a background of continuing cuts in the Housing Benefit Administration grant. There will be more significant changes in this service area and the level of Government funding in 2018/19 owing to the impact of the roll-out of Universal Credit by the Government. Further information will be reported when it is provided by the Government.

5. RISK IMPLICATIONS

- 5.1 There are a number of risks implicit in the delivery of any package of savings and it is important to recognise these as part of any decision making. The primary risk relates to maintaining capacity to deliver the front line services and support to the Council/departments.
- 5.2 It is considered that the proposed 2017/18 savings can be delivered, although not without difficulty or some degree of risk. This can be managed in the coming year; however achieving these savings becomes more difficult each year. A summary of the risks considered as part of the proposals has been identified below.

6. FINANCIAL CONSIDERATIONS

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

6.3 The proposals deliver the following proposed 2017/18 savings:-

Service	Proposed Savings 2017/18	Proposed Savings 2018/19	Proposed Savings 2019/20
	(£k)	(£k)	(£k)
Assistant Chief Executive's Division	189		
Chief Finance Officer's Division	140		
Chief Solicitor's Division	36		
Further review of management and operational structures	0	300	235
Total	365	300	235

7 EQUALITY AND DIVERSITY CONSIDERATIONS

- 7.1 For each of the proposed savings areas where there is likely to be a direct impact on customers/service users and/or staff, consideration is given to the impact across each of the protected characteristic groups. This is recorded through an Equality Impact Assessment.
- 7.2 Approximately 76% of the above savings will be made by reducing staffing levels (mainly from vacant posts and ER/VR applications) with the remaining 24% reflecting changes to day to day running costs and external contract savings.
- 7.3 This impact assessment will be reviewed by the Corporate Equality Group alongside those for the other Department savings proposals. An overall Equality Impact Assessment will be undertaken to identify if there is any Council-wide cumulative impact on protected groups from the savings proposals for 2017/18.

8 LEGAL CONSIDERATIONS

- 8.1 None.

9 CHILD AND FAMILY POVERTY

- 9.1 None.

10 STAFF CONSIDERATIONS

- 10.1 It is anticipated that the staffing reduction can be achieved on a voluntary basis, although until this process is work through in detailed this cannot be guaranteed.

11 ASSET MANAGEMENT CONSIDERATIONS

11.1 None.

12 CONCLUSION

12.1 The achievement of further savings over the next three years will be challenging and will require further changes, whilst ensuring services are maintained as far as practical, or the implications of reducing capacity are reflected in service requirements. The proposals set out in this report to achieve savings of £365,000 in 2017/18 and further savings of £300,000 in 2018/19 and £235,000 in 2019/20; a total over three years of £900,000. These savings are largely based on reviewing existing management and operational structures.

13 RECOMMENDATIONS

13.1 That Members of the Committee note the content of the report and formulate a response to be presented to Council on 9th January 2017.

14 REASON FOR RECOMMENDATIONS

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

15 BACKGROUND PAPERS

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

15.2 Finance and Policy Committee - Medium Term Financial Strategy (MTFS) 2017/18 to 2019/20 - 20th June 2016

16 CONTACT OFFICERS

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

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

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

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

FINANCE AND POLICY COMMITTEE

2 December 2016



Report of: DIRECTOR OF PUBLIC HEALTH

Subject: THREE YEAR SAVINGS PROGRAMME – PUBLIC HEALTH DEPARTMENT

1.0 TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Budget and Policy Framework.

2.0 PURPOSE OF REPORT

2.1 The purpose of this report is to enable Members to consider the initial 2017/18 savings proposals relating to the Committees remit for public health to contribute towards achieving the overall savings requirement.

3.0 BACKGROUND

3.1 A comprehensive report on the “Council Plan and Medium Term Financial Strategy – Capital and Revenue” was considered by Finance and Policy on 28th November 2016. The report advised Members that as a Council we are ambitious for the Borough. Despite the fact that we continue to face unprecedented financial and demographic pressure it is important that we remain focused on securing the future prosperity and wellbeing of our residents. Whilst managing government funding cuts we need to remain committed to realising the potential of Hartlepool to be a place that is truly exceptional and use our unique spirit and assets to grow as a vibrant, dynamic and welcoming place to live, learn, work, play and invest.

3.2 The Council plan is currently being developed and will be based around six strategic priorities:

- Growing our Economy, Jobs and Skills;
- Regenerating our town;
- Developing and promoting Hartlepool as a great place to live;
- Developing new services for people and communities;
- Better beginnings and better futures for our children and young people;
- Providing effective leadership based upon innovation and efficiency.

- 3.3 The report to Finance and Policy Committee reminded Members that Government funding for the Council will be reduced further over the next three years. As a result we are therefore proposing an approach to meeting the financial and demographic challenges based upon a three year strategic and financial plan that will deliver an improvement and efficiency programme focused on new ways of delivering services within and with communities; better integration of early help services to help people live healthier independent lives to reduce pressure on high cost services; and increasing income by promoting growth and a more commercial approach to traded services.
- 3.4 In relation the development of the five year capital plan the report to Finance and Policy Committee sort Members views on the Council's key regeneration and development priorities. Once these priorities have been approved a further report will be prepared detailing an investment strategy for delivering the capital plan, which will include identify those areas where the Council will need to secure capital grant and external investment.
- 3.5 There will be a presentation at the start of the Committee meeting to provide an overview of the issues reported to Finance and Policy Committee which will provide the context and background for the issues detailed in this report.
- 3.6 Public health services are funded through a ring fenced public health grant. This grant has been provided to Local Authorities since 2013 when the Local Authority assumed responsibility for public health from the NHS. Since 2013 new responsibilities have been bestowed upon Councils such as the commissioning of 0-5 health visitor services. However, despite this, the current public health grant continues to be cut year on year.
- 3.7 In the Chancellors 2015 Autumn Statement, it was confirmed that LA's funding for public health would see a reduction in cash terms of 3.9% each year until 20/21. It has been necessary therefore to find significant savings to accommodate these grant cuts year on year. The following table provides a summary the grant allocations each year and this shows that Public Health grant funding is expected to reduce by £1.244m in total by 19/20.

Year	Main Public Health Grant £m	0-5 Children's Public Health Grant £m	Total Public Health Grant £m
Original Grant 13/14	8.255	0	8.255
2014/15	8.486	0	8.486
2015/16	7.914	*0.761	8.675
2016/17	7.733	1.489	9.222
2017/18	7.543	1.452	8.995
2018/19 **	7.347	1.414	8.761
2019/20 **	7.156	1.377	8.533
Total Grant Cut	1.099	0.145	1.244

* The £761k 0-5 grant allocation in 15/16 was a part year allocation from October 2015

** These allocations are estimates based on the reductions expected.

3.8 Service Aims

Public health is focused on improving and protecting the health of the population. The department commissions and provides a range of services to support people across the town to adopt healthier lifestyles, as well as protect them from diseases. The department has 5 functions:

- Health improvement
- Drug and alcohol services
- Commissioning and clinical quality
- Sport and recreation
- Public protection.

It is noteworthy that the saving proposals for the core revenue grant funded services within sport and recreation and public protection will not be covered in this report, but in a separate report to be presented to Regeneration Committee in keeping with the council constitution.

3.9 Service Users – the services commissioned and provided by public health are a mixture of universally accessible services for all ages as well as bespoke and specialist services.

3.10 The current cost of the services delivered by the Public Health Department which is funded through a grant is £9.222 million in 2016/17.

3.11 Outputs and Outcomes

Public Health seeks to deliver the following outcomes:

- More people adopting a healthier lifestyle through not smoking, taking exercise and reducing alcohol use.
- Early intervention through the earlier detection and treatment of disease such as cancer, diabetes, cardio-vascular disease, respiratory disease etc.
- Protecting the health of the population through preventing outbreaks of disease and dealing with them effectively to minimise impact.
- Promoting population healthcare that is equitable and accessible.

4.0 PROPOSALS AND FINANCIAL CONSIDERATIONS

4.1 The proposals deliver the following proposed savings:-

Proposal	Proposed Savings 2017/18 £'000	Proposed Savings 2018/19 £'000	Proposed Savings 2019/20 £'000	Total Proposed Savings £'000
Transforming drug and alcohol services	400	124	20	544
Review public Health capacity and advice	42	50	58	150
Review health Improvement services and integration into new service models	55	0	0	55
Review public protection tobacco control	30	0	0	30
Transforming services 0-19 children's health services	600	250	150	1,000
Review of externally commissioned public health services				
Review of internally commissioned public health services				
Rebase of prescribing budgets				
Total	1,127	424	228	1,779

4.2 The savings proposals for the Public Health department total £1.779 million over the next three financial years. This includes grant cuts of £689,000 over the three year period and £900,000 which will be reinvested into transforming services across the Council to deliver public health outcomes in 2017/18.

4.3 In addition, budget pressures have been identified within Sport and Recreation and the proposal is to provide £190,000 from the Public Health Grant to support eligible expenditure in this service area. This will mean that the service is subsidised to ensure access to services for all residents particularly those in poor health. People in Hartlepool have poorer health than the England average, so it is essential that there is good access for all too high quality leisure services. This support is critical to maintain the current service provision as it is unlikely that these pressures can be achieved in 17/18 through internal improvements to service delivery, and additional income generation.

- 4.4 As part of the considerations for the options to deliver these savings considerable thought has been given to how these may be delivered in the light of previously required savings. The proposals and options considered as part of the potential savings package have been set in the context of the financial challenges and the changes in requirements of the Authority.
- 4.5 The proposals in respect of the services in the Public Health Department reflect the overall approach adopted by the Corporate Management Team for identifying achievable savings, as part of an approach aimed at protecting front line services, recognising that not all areas can be protected in the current financial climate.
- 4.6 The savings proposals for the service areas in public health funded through the ring fenced public health grant are set out below.
- Transforming and integrating drug and alcohol support services (Committee decision July 2016)
 - Transforming 0-19 children's health services (Committee decision 31st October 2016).
 - Review commissioned public health services to seek efficiencies and inform new models of service delivery in relation to alcohol, smoking, health checks.
 - Rebase prescribing budgets to reflect actual budgets.
 - Review the departmental structure to ensure an optimum structure to deliver effective and efficient public health advice, interventions and services. Proposals include reviewing staffing structures.
 - Mainstream cancer awareness advice into the GP contract for NHS Health checks etc.
 - Reduce expenditure on public health resources and health promotion activities.
 - Reduce spend on public health support and advice particularly as a result of the disbanding of the Tees Valley Shared Public Health Service.
 - Reduce the grant contribution for the additional tobacco control activities undertaken by public protection, as since the grant was originally committed all planned legislation relating to tobacco control has been implemented.
 - Review services commissioned and provided by the Child and Adults Department on behalf of public health to ensure maximum efficiencies and public health outcomes.

- Integrate public health services into the community hub model.
- 4.7 It has been highlighted in previous reports that failure to take savings identified as part of the Savings Programme will only mean the need to make alternative unplanned cuts and redundancies elsewhere in the Authority to balance next year's budget.
- 4.8 The savings that have been identified have been assessed for their sustainability. As with all others parts of the Authority the sustainability of the savings required by the ongoing cuts which the Authority faces becomes increasingly difficult as the compound affect of these savings impacts on services. It is not necessary to remind Members of the level of savings which have been delivered in previous years or those which are likely to be required in future years. The savings have been identified as sustainable in the light of the need to make ongoing changes to both what is delivered and the scaling back of some activity. The principles that have been applied in determining the proposals for savings have been linked to protecting front line services, savings being realised in respect of vacant posts where this can be managed, considering early retirement / voluntary redundancy request where these have been received and reflecting the pressures, both internal and external that the Authority needs to address to maintain effective governance arrangements.

5. RISK IMPLICATIONS

- 5.1 There are a number of risks implicit in the delivery of any package of savings and it is important to recognise these as part of any decision making. A summary of the risks considered as part of the proposals has been identified in section 6.3.
- 5.2 There are a number of risks in these changes, particularly taken in the context of previous savings which have been made. At this time the proposals described are viewed as being manageable, but with there being a significant need to review workloads, priorities and for the potential scaling back of a number of current activities in line with the resources available.
- 5.3 It is considered that these savings can be delivered, although not without difficulty or some degree of risk but that this can be managed in this year, however achieving these savings becomes more difficult each year, which is the case in other departments. The following points highlight the key risks;
- Reduced staff morale. Where restructuring or reducing budgets has a continuing impact as the level of staff left to deliver services, it is essential to engage fully with those staff in order services are delivered in an effective and efficient way.
 - Reduced operational budgets can lead to a reduced ability to deliver key targets, outputs and outcomes.
 - Response times to enquiries and subsequent action

- Income targets not been met.
- Insufficient reserve to fund posts.
- Reputational damage for the Council. With the continued reduction in budgets and the ability to deliver frontline services through reduced staffing capacity, there is a real danger the Council's reputation will suffer. There may be an increase in the number of complaints or a reduction in the level of customer satisfaction
- Reduced resources to train key frontline staff.
- Reductions in public health resources and health promotion activities so opportunities to inform and educate the public are reduced.
- Negotiations with providers re contract efficiencies might lead to reduced service capacity and delivery.
- Risk of pressure on demand led budget such as prescribing.

6 EQUALITY AND DIVERSITY CONSIDERATIONS

- 6.1 For each of the proposed savings areas where there is likely to be a direct impact on customers/service users and/or staff, consideration is given to the impact across each of the protected characteristic groups. This is recorded through an Equality Impact Assessment **Appendix 1**.
- 6.2 This impact assessment will be reviewed by the Corporate Equality Group alongside those for the other Department savings proposals. An overall Equality Impact Assessment will be undertaken to identify if there is any Council-wide cumulative impact on protected groups from the savings proposals for 2017/18.

7 LEGAL CONSIDERATIONS

- 7.1 The services commissioned, provided and funded through the ring-fenced public health grant, are to assist in delivering public health statutory duties as outlined in the Health and Social Care Act 2012.

8 CHILD AND FAMILY POVERTY

- 8.1 Not required for this report.

9 STAFF CONSIDERATIONS

- 9.1 It is anticipated that there will be compulsory redundancies as part of the savings proposals outlined above.

10 ASSET MANAGEMENT CONSIDERATIONS

- 10.1 None.

11. CONCLUSION

- 11.1 The savings proposals for public health are based on a range of innovative and transformational service changes, as well as service reviews and efficiencies. The savings proposals allow for resources to be released to further embed and integrate public health delivery across the Council. The savings also rely on robust and effective commissioning of externally provided services.

12. RECOMMENDATIONS

- 12.1 That Members of the Committee note the content of the report and formulate a response to be presented to Finance and Policy Committee on 9th January 2017.

13 REASON FOR RECOMMENDATIONS

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

14 BACKGROUND PAPERS

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

Finance and Policy Committee - Medium Term Financial Strategy (MTFS)
2017/18 to 2019/20 - 20th June 2016

15 CONTACT OFFICERS

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

Impact Assessment Form

Department	Division	Section	Owner/Officer
Public Health			Director of Public Health
Service, policy, practice being reviewed/changed or planned	Savings proposals for public health 2017-2020.		
Why are you making the change?	Budget savings as part of the Mid Term Financial Strategy		
How might this impact (positively/negatively) on people who share protected characteristics?			
	Please tick	POSITIVELY	NEGATIVELY
Age			
Please describe...No impact			
Disability			
Please describe...No impact			
Gender Re-assignment			
Please describe...No impact			
Race			
Please describe...No impact			
Religion			
Please describe...No impact			
Gender			
Please describe...No impact			
Sexual Orientation			
Please describe...No impact			
Marriage & Civil Partnership			
Please describe...No impact			
Pregnancy & Maternity			
Please describe...No impact			
Has there been consultation /is consultation planned with people who will be affected by this policy? How has this affected your decision making?	The report is seeking views of members for the savings proposals and subject to agreement, further consultation with specific people may be required.		
As a result of your decision how can you mitigate negative/maximise positive outcomes and foster good relationships?	The proposals include a range of options to ensure the budget is delivered, including service transformation, service reviews, contract efficiencies and staffing reviews. Please refer to section 6 risk implications within main report.		
Describe how you will address and monitor the impact	1. No Impact - No Major Change		

		2. Adjust/Change Policy	
		<i>As the proposals are implemented subject to Council approval, then positive and negative impact of the changes will be monitored and addressed</i>	
		3. Adverse Impact but Continue as is	
		4. Stop/Remove Policy/Proposal	
Initial Assessment	15/11/16	Reviewed	00/00/00
Completed	00/00/00	Published	00/00/00

FINANCE AND POLICY COMMITTEE

2 December 2016



Report of: Director of Regeneration and Neighbourhoods

Subject: **DISPOSAL OF SURPLUS ASSETS - SALE OF GARDNER HOUSE**

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Key Decision (test (i)) Forward Plan Reference No. RN 1309

2. PURPOSE OF REPORT

2.1 To seek approval for the sale of Gardner House, Brierton Lane for residential redevelopment.

3. BACKGROUND

3.1 Gardner House site extends to 1.19 acres and is located in the Manor House ward towards the western end of Brierton Lane. It was built around 45 years ago as an elderly persons home and was run as such initially by the Council and from 1999 until mid 2015 by Community Integrated Care (CIC). CIC leased the premises from the Council but due to low demand decided to close the home and served the necessary notice on the Council to end the lease in July of last year. The property is shown hatched on the plan at **APPENDIX 1.**

3.2 Following vacation of the property, consideration was given to re-use by the Council; however no suitable use has been identified. A dilapidations claim was successfully concluded with CIC in relation to repairs outstanding at the end of the lease. Gardner House has been the target of growing levels of vandalism and it has thus become more urgent to dispose of it in the short term. The property has therefore been offered for sale by way of informal tender. Interest was received from a range of potential buyers including housing developers and parties interested in re-using the existing building.

- 3.3 A tender considered acceptable has been received and is outlined in **CONFIDENTIAL APPENDIX 2. This appendix contain exempt information under Schedule 12A of the Local Government Act 1972, (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely (Para 3), information relating to the financial or business affairs of any particular person (including the authority holding that information).**
- 3.4 The site is included within the Council's Capital receipt programme, the details of which are included in **CONFIDENTIAL APPENDIX 3. This appendix contain exempt information under Schedule 12A of the Local Government Act 1972, (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely (Para 3), information relating to the financial or business affairs of any particular person (including the authority holding that information).**
- 3.5 The proposed scheme is for a redevelopment of the site with 100% affordable housing.
- 3.6 The other tenders received are outlined in **CONFIDENTIAL APPENDIX 3. This appendix contain exempt information under Schedule 12A of the Local Government Act 1972, (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely (Para 3), information relating to the financial or business affairs of any particular person (including the authority holding that information).**

4. PROPOSALS

- 4.1 It is proposed to proceed with a sale of the property on the basis of the tender outlined in **CONFIDENTIAL APPENDIX 2. This appendix contains exempt information under Schedule 12A of the Local Government Act 1972, (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, information relating to the financial or business affairs of any particular person (including the authority holding that information).**

5. RISK IMPLICATIONS

- 5.1 The sale of a property in these circumstances is subject to certain conditions that need to be dealt with to the buyer's satisfaction. These are outlined in **CONFIDENTIAL APPENDIX 2. This appendix contain exempt information under Schedule 12A of the Local Government Act 1972, (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, information relating to the financial or business affairs of any particular person (including the authority holding that information).**

- 5.2 As noted above, the prospective purchaser is proposing to re-develop the site for housing. It will therefore be necessary for them to carry out various site investigations and surveys and to obtain planning permission and building regulation consent for their proposed scheme. The tender price may therefore be subject to re-negotiation if significant abnormal costs will be unavoidably incurred, or if the proposed scheme has to be significantly reduced to obtain planning permission. Abnormal costs can relate to a wide variety of matters but most commonly include decontamination costs, additional foundation costs and diversion of services. If the tender in this instance is significantly amended, a further report will be brought to committee.

6. FINANCIAL CONSIDERATIONS

- 6.1 The conclusion of the sale will result in a significant capital receipt to the Council and the termination of ongoing holding costs including security and maintenance.
- 6.2 The sale of the site will enable a development of 21 properties to be completed. Based on the estimated Council Tax bands for these properties this will provide recurring annual Council Tax income of between £27,000 and £31,000 towards the Council Tax growth forecasts included in the Medium Term Financial Strategy. In addition, similar annual amounts will also be received towards the New Homes Bonus (NHB) forecast included in the Medium Term Financial Strategy. On the basis of the Government confirming a reduction in the period NHB is paid for to four years this income will total between £108,000 and £124,000.
- 6.3 In considering the issues outlined in this report Members are reminded that significant additional Government Grant cuts will be made over the period 2017/18 to 2019/20. An update of the Medium Term Financial Strategy was submitted to the Finance and Policy Committee on 20th June 2016 and informed Members that the Council faces a budget deficit of £12.7 million over the next three years. This equates to a reduction from the 2016/17 budget of 15% and assumes annual Council Tax increases will be implemented in line with Government Council Tax policy, including the 2% Social Care precept, and Council Tax growth forecasts will be achieved. Achieving this level of reduction will be extremely challenging and detailed proposals for achieving saving of approximately £4 million per year for the next three years will be reported to future policy committees. Any additional budget pressures will increase the level of budget cuts which will need to be made and will need to be referred to the Finance and Policy Committee for consideration.
- 6.4 The MTFs approved by Council on 18th February 2016 reminded Members that the Council has an existing capital receipts target of £6.5m to fund capital schemes which have already commenced and recommended a new capital receipts target for 2016/17 of £1m, taking the total target to £7.5m.

- 6.5 Based on experience achieving the previous target, which has taken longer to achieve than initially forecast owing to challenging market conditions, achieving further capital receipts will remain challenging and require careful management
- 6.6 The monies from the sale of the land of Gardner House will contribute to the achievement of the £7.5m capital receipts target. Further details regarding the programmed capital receipt for this property are given in **CONFIDENTIAL APPENDIX 3. This appendix contain exempt information under Schedule 12A of the Local Government Act 1972, (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, information relating to the financial or business affairs of any particular person (including the authority holding that information).** An update on the progress in achieving the overall target is included in the Strategic Financial Monitoring Report also included on the agenda for this meeting.

7. LEGAL CONSIDERATIONS

- 7.1 There are no significant legal considerations in this instance. The Chief Solicitor will be instructed to draft the contract and complete the sale to the buyer.

8. CHILD AND FAMILY POVERTY

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

9. EQUALITY AND DIVERSITY CONSIDERATIONS

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

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

- 10.1 The re-use of the site will end the anti-social behaviour and vandalism that has recently occurred.

11. STAFF CONSIDERATIONS

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

12. ASSET MANAGEMENT CONSIDERATIONS

- 12.1 The decision to adopt a commercial approach to asset management requires the Council to realise the full value of any properties or property rights that it disposes of.

13. RECOMMENDATIONS

- 13.1 It is recommended that approval is given to the sale of the property on the basis of the terms outlined in **CONFIDENTIAL APPENDIX 2. This appendix contain exempt information under Schedule 12A of the Local Government Act 1972, (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, information relating to the financial or business affairs of any particular person (including the authority holding that information).**

14. REASONS FOR RECOMMENDATIONS

- 14.1 The recommended tender is considered to represent the market value of the site in the current market and will result in a capital receipt to the Council. The other tenders received were at lower prices and with less detail.
- 14.2 The proposed development is for 100% affordable 2, 3 & 4 bed housing, the successful completion of which will enhance the supply of good quality affordable housing in Hartlepool.
- 14.3 Issues with crime and anti-social behaviour around the building have recently worsened and it would therefore be advantageous to dispose of it in the short term rather than incorporate in to the development company. Furthermore the recommended bid provides for 100% affordable housing and the offer exceeds that for private housing developments

15. BACKGROUND PAPERS

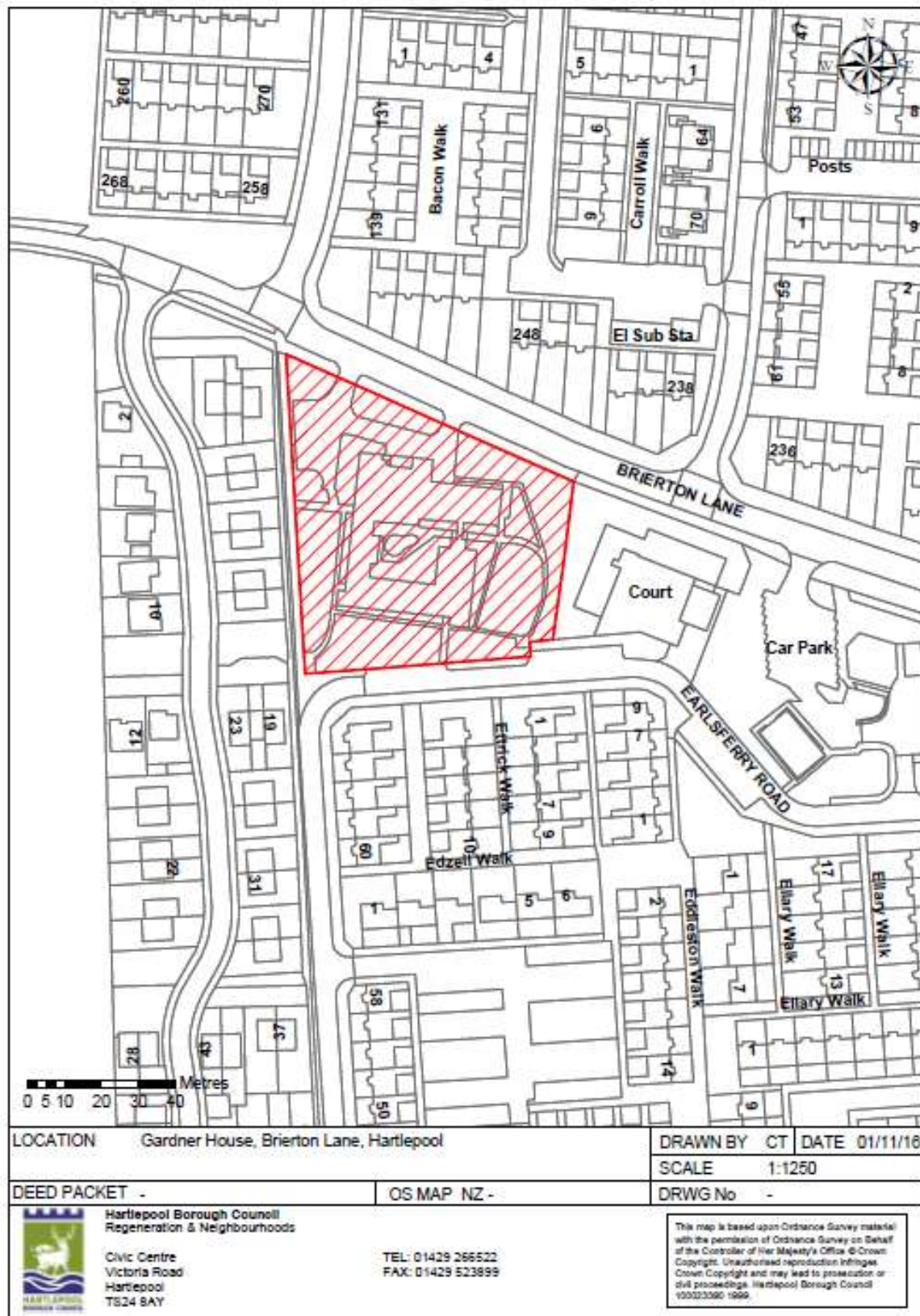
- 15.1 There are no background papers in this instance.

16. CONTACT OFFICERS

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

Dale Clarke
Estates Manager
Civic Centre
Victoria Road
Hartlepool
TS24 8AY
Email: dale.clarke@hartlepool.gov.uk
Tel: 01429 523386

Plan of Gardner House



FINANCE AND POLICY COMMITTEE

2 December 2016



Report of: Director of Public Health

Subject: COMMUNITY HUBS

1. TYPE OF DECISION/APPLICABLE CATEGORY

Key Decision (test (i)/(ii)) Forward Plan Reference No.PH05/16.

2. PURPOSE OF REPORT

- 2.1 The purpose of this paper is to present to Committee for approval a proposal to develop community hubs across the town.

3. BACKGROUND

- 3.1 The concept of community hubs has emerged as part of the discussion, to shape the Hartlepool of the Future Programme. This project has been framed as part of the reducing demand through prevention and integration of health, social care and employability services workstream. Political commitment to the project, as part of the Hartlepool of the Future Programme, was given at Finance and Policy Committee as part of the Medium Term Financial Strategy in January 2016.
- 3.2 It is well evidenced that Hartlepool has higher levels of poor health and people who are unemployed than the England average. Therefore, the proposal for community Hubs is focused on improving health and reducing health inequalities and improving employability of individuals and reducing long term unemployment.

4. PROPOSAL

- 4.1 What is a hub?

It is proposed that a community hub is a physical space, rooted in communities most in need. Hubs will build on community assets and capacity

as well as offering a range of advice, guidance, health, learning, employment and community support and services.

Services offered out of the hub will not operate in silos, tackling single issue needs, but will be perfectly positioned to meet the diverse needs of each person. Community hubs will be a tangible resource that people can access to self help, seek help and offer help through volunteering and community action.

Community hubs will be more than just physical locations, they will be a network of partners across all services and sectors that have agreed and defined assessment and pathways. Individuals can expect to have access to the same service options regardless of where their first point of contact is. Physical Hubs will be universal but targeted, anyone will be able to access one, but they will be located in areas of most need and services will be targeted to those most in need based on an identified set of triggers. Hubs will be located in areas of BOTH employment and health inequality.

Community hubs will further strengthen the locality based approach to service delivery and integration with early help locality teams.

Functions and services of a community hub illustrated below:



4.2 In the first instance, the following are service areas are proposed to be in scope for the Community Hub project:

- Libraries
- Community centres
- Smoking Cessation service
- NHS health checks

- Health Trainers
 - Public Health Resource Library
 - Community Safety
 - Hartlepool Adult Education
 - Parenting Academy
 - Digital inclusion team
 - Hartlepool Working Solutions
 - Advice and financial inclusion
- 4.3 As hubs are intended to be places where people can access information and learning, it is proposed that the provision of a library service is streamlined, focusing on development of a quality provision from fewer sites. Therefore, a Hub model would subsume the functions of the branch libraries and provide services from three Hub centres along with a mobile provision. This would free up library staff capacity to develop other functions, and deliver an enhanced service at the remaining sites.
- 4.4 It is proposed that there are community led spaces in the hubs with a focus on building on community assets and capacity. Therefore, the function of community centres would be accommodated in the hubs.
- 4.5 It is proposed that services to improve health and well being are also consolidated into the community hub offer, therefore allowing for some currently commissioned public health services to be decommissioned as they will be provided through an integrated service model in the hub.
- 4.6 The physical presence of Community Hubs will be driven by a number of basic, physical characteristics, which will necessarily drive the decision of where in the town they will be located.
- Hubs will be located in areas with demonstrated health AND employment inequality, however everyone in the town will be within 2 km of a hub.
 - Hubs will be suitable to deliver the entire core service offer illustrated above.
 - Hubs will be accessible to all and meet Equality Act standards
 - Hubs will have appropriate infrastructure in place e.g. IT, telephony
- 4.7 As such, a number of requisites and a scoring matrix have been developed, against which buildings in the town have been assessed for suitability. These requirements are as follows:
- Sufficient office space for staff
 - Staff ICT compatible
 - Private consultation room
 - Community Space
 - Equality Act compliant
 - Public facing facilities
 - Accessible operational hours

- HSE Staff welfare compliant
- Possible capacity to provide a library offer
- Public ICT suite

4.8 Various buildings located in the town, have been assessed and matched against the criteria above and around areas of inequality. They were allocated a score based on their ability to meet the above requirements. Where buildings had facilities that added value, this was scored in addition. In central Hartlepool, Central Library scored most highly, and in the south, Owton Manor Community Centre and Library. There currently is not a HBC owned and run centre in the north of the town to meets the requirements as a Community Hub.

However the West View Advice and Resource Centre closely match the physical criteria for a hub. If West View was identified as a suitable hub in the north of the town, then this option would allow for the continuation of specialist universal welfare benefits and financial Support to continue. It would ensure the expertise in advice and guidance could be shared across all hubs and continue to be delivered from accessible community venues across Hartlepool. It would also provide the opportunity to integrate welfare support and advice services with other services linked to Community Hubs such as employment, training and volunteering opportunities; housing advice and support; and healthier lifestyle initiatives; to improve personal living standards and health and well being.

This holistic approach would be more closely aligned to the Welfare Reform Act 2016 in relation to Child Poverty and its additional emphasis upon education and employment. In the light of this for 17/18 and 18/19 the West View and Advice Resource Centre could be commissioned as a community hub through use of the Child and family Poverty Reserve and mainstreamed in 19/20. This supports three key strategic priorities to reduce child and family poverty within the Council's Child Poverty Strategy:

- Mitigate the impact of poverty on children and families
- Build pathways out of poverty for children and young people
- Create new opportunities for adults to reduce child and family poverty

5. RISK IMPLICATIONS

5.1 At this stage consultation regarding the development of community hubs has only been carried out with stakeholders. There is a risk that the public and specifically the communities we wish to target with this initiative will not engage. This risk may be mitigated to some degree with a considered and well developed communications plan. Communities which are actively engaged in development, kept informed, and understand the potential benefits are more likely to support the project and use the resultant services.

5.2 It is anticipated that staff in services considered within the scope of the project will be reconfigured and upskilled to provide some of the additional functions

which are required. Staff competencies and current roles will need to be mapped. There is a risk that the current work force will be unsuitable, or unwilling, to fulfil these new roles. This risk will be mitigated through the timely and thorough understanding of the services, and the engagement of the managers and heads of service involved. In addition, a change management plan that entails thoughtful planning and sensitive implementation, and above all, consultation with, and involvement of, the people affected by the changes.

- 5.3 If as outlined above, it is found that there are staff that are not aligned to the new model, or there is a surplus of capacity, there is a risk that it will be necessary to make compulsory redundancies.
- 5.4 As a statutory responsibility, the authority must provide a comprehensive library service. By changing the manner in which the library service is delivered, and reducing the number of sites from which it is delivered, HBC may be at risk of a legal challenge. This risk has already been somewhat mitigated through a full and comprehensive review of the library service in 2015. The proposed changes and service development will be undertaken in a cautious and considered manner, with advice from authority legal services. In addition, changes should be made in the context of the development of a library strategy which explicitly addresses equity of access and service improvements.

6. FINANCIAL CONSIDERATION

- 6.1 The full financial impact of the proposals will need to be assessed as part of a full business case. This will include assessing the likely staffing costs associated with each Hub and this can only be calculated after the detailed workforce mapping exercise has been carried out.
- 6.2 The community hub proposals have the potential to generate the following savings:-

- **Library Service £150,000**

It is proposed that the provision of a library service is streamlined, focusing on development of a quality provision from fewer sites. The proposals that the Hub model would subsume the functions of the branch libraries will generate property savings which are estimated to total £50,000 p.a.

It will be possible for the Library service to restructure its services further and it is anticipated that it will be possible to generate a further £100,000 over a three year period.

- **Contract Savings £50,000**

It will be possible to review contracts currently delivering health and wellbeing services and look at how these may be delivered as part of the

Community Hub setting. It is expected that this will generate savings of £50,000 p.a. however further work is required as part of the full business case to fully assess this potential saving.

6.3 Budget pressures to consider:

- **Community Centres**

The proposals have identified Owton Manor Community Centre as the most suitable location for a Community Hub in the South of the Town. Members will recall that one off funding has previously been approved to fund Community Centre running costs until 2016/17, on the basis that this service would be removed in 2017/18. The achievement of this saving was included in the updated budget forecasts considered by the Finance and Policy Committee on 20th June 2016. Funding will therefore need to be identified to cover the running costs associated with Owton Manor Community Centre in future years and this is estimated to be £60,000 p.a. It is proposed to use the savings identified in the table above to offset this budget pressure.

6.4 After reflecting the budget pressures above the net saving to the general fund will be £30,000 p.a.

6.5 The table below provides a summary of the financial implications associated with the proposals over the next three years:-.

	Proposed Savings/ Cost 2017/18 £'000	Proposed Savings/ Cost 2018/19 £'000	Proposed Savings/ Cost 2019/20 £'000	Total Proposed Savings/ Cost £'000
<u>Savings Generated</u>				
Branch Libraries – Property Running Costs	0	50	0	50
Contract Savings	50	0	0	50
Library Service Savings	33	33	34	100
Total Savings	83	83	34	200
<u>Less Budget Pressures to Fund</u>				
Community Centres	(60)	0	0	(60)
West View Community Hub	0	0	(110)	(110)
Total Pressures	(60)	0	(110)	(170)
Net Saving	23	83	(76)	30

Note: Commissioning of West View Advice and Resource Centre will be funded by the Child and Family Poverty Reserve in 17/18 and 18/19 and from community hub savings in 19/20.

- 6.6 In addition to a reduction in running costs for all three branch libraries, Throston and Seaton libraries are in poor condition and have exceeded their anticipated life span. It is estimated that continuing to run these buildings would require additional investment. A building condition survey in 2014 identified a backlog in relation to maintenance work totalling £170,000 at Throston library, £271,000 at Seaton Library, and £20,000 at Headland and Harbour Library.
- 6.7 Condition surveys estimate the maintenance backlog at Owton Manor Library to be £200,000 however operationally this is the only branch that is considered fit for purpose for the provision of a Community Hub and would require a programme of investment to maintain the property in the long term. Funding has been set aside to address asset condition pressures across Council buildings and if the proposals are approved, this work would need to be carried out in the short term to ensure the Community Hubs are fully operational within the required timescales.
- 6.8 It is anticipated that further work may be required to modify the buildings to accommodate the functions of a Community Hub. This will need to be considered as part of the detailed business case, and further work will need to be carried out to ascertain the level of funding required for the potential capital works associated with any adaptations.

7. LEGAL CONSIDERATIONS

- 7.1 Library Provision
Local authorities have a statutory duty under the Public Libraries and Museums Act 1964 'to provide a comprehensive and efficient library service for all persons' in the area that want to make use of it (section 7). In considering how best to deliver the statutory duty each library authority is responsible for determining, through consultation, the local needs and to deliver a modern and efficient library service that meets the requirements of their communities within available resources.
- 7.2 Lord Justice Ousely, Brent (2011), offered the following advice on the interpretation of 'comprehensive and efficient'.
- 7.3 'A comprehensive service cannot mean that every resident lives next to a library. This has never been the case. Comprehensive... means a service accessible to all residents using reasonable means, including digital technologies...
An efficient service must make the best use of assets available... to meet its core objectives and vision, recognising the constraints on council resources. Decisions about the service need to be embedded within a clear strategic framework which draws upon evidence about needs and aspirations across the diverse communities of the borough.'
(Department for Media, Culture and Sport 2016).

- 7.4 In 2015 Hartlepool Borough Council undertook a library service review which included an extensive consultation a wide range of stakeholders including library users, non-library users, community groups and organisations, library staff and schools. The review also considered information supplied by other council services e.g. Estates and Regeneration.
- 7.5 It is felt that this review is a solid foundation upon which to build a new library strategy and provision which provides the best quality service possible within current financial constraints meets the statutory requirements of the authority and also meets the needs of the community in a way that is dynamic.

8. CHILD AND FAMILY POVERTY

- 8.1 Levels of poverty in Hartlepool currently stand at 33% based on children (aged 0-19 years old) living in families where household income is 60% below median income. See **Appendix 1**
- 8.2 The community hub model proposes to target council services aimed at improving health and employability in areas of highest deprivation in the town. This makes it likely that developments would improve the council's impact on levels of poverty.

9. EQUALITY AND DIVERSITY CONSIDERATIONS

- 9.1 There are 9 protected characteristics in the Equality Act 2010. These are:
- age
 - disability
 - gender reassignment
 - marriage and civil partnership
 - pregnancy and maternity
 - race
 - religion and belief
 - gender
 - sexual orientation
- 9.2 A focus on equality and diversity has been central to the development work undertaken this far. Assessment of potential locations for hubs has been scored against a matrix of requirements, one of which is potential to comply with Equality Act standards in service delivery. See **Appendix 2**

10. STAFF CONSIDERATIONS

- 10.1 Under this model, it is anticipated that staffing groups in services which are in scope will be reconfigured to fulfil the functions required to deliver the core offer.

- 10.2 As part of ongoing development in the future, a workforce work stream will need to consider mapping the competencies of the staff against the newly defined roles.
- 10.3 The following are service areas which have been agreed as in scope for the Community Hub project:
- Library
 - Community centre
 - Smoking Cessation
 - CVD Nurses
 - Health Trainers
 - Public Health Resource Library
 - Community Safety
 - Hartlepool Adult Education
 - Parenting Academy
 - Digital inclusion team
 - Hartlepool Working Solutions

11. ASSET MANAGEMENT CONSIDERATIONS

11.1 Libraries

Asset management issues relating to libraries considered under 6.6.

11.2 Community Centres

The authority currently own three community centres, and operate two, in Owton Manor and Burbank Street. There is no further funding allocated for financial year 17/18. Owton Manor has an active role to play in its community and runs activities that are attended by around 500 people weekly. It also hosts a range of health improvement services. It is proposed that as this is already co-located with the library provision that this function is subsumed into the hub which will be located in the building. In contrast, Burbank Community Centre is currently used by two classes and one drop in which attracts around sixty people to the centre a week. It also runs a community cafe which is visited by around thirty residents a week. The community centre relies on support of £4,000 per annum from the Local Authority. The majority of Rift House Community Centre is occupied, for operational purposes, in conjunction with the NHS, however the remainder is in the process of being leased to the Rifty Youth Project. Provided that this concludes, then the costs of occupation, repair, and maintenance will be covered. However in the event the Youth Project vacate then it will be necessary to find alternate occupiers and fund any shortfall in funding.

12. RECOMMENDATIONS

- 12.1 It is recommended that members approve the following to ensure the development of community hubs across Hartlepool:
- Central library to be developed as a community hub.
 - Owton Manor Community Centre and Library to be developed as a community hub.
 - West View Advice and Resource Centre to be commissioned as a community hub.
- 12.2 It is recommended that Members accept that as a consequence of the development of community hubs there potentially will be an alternative model of delivery for the functions of community centres and library services. Therefore it is recommended that the Director of Regeneration and Neighbourhoods be authorised to commence the required process of consultation that will enable the authority to re-shape the Library Service.
- 12.3 It is recommended that members agree that development of community hubs will lead to the decommissioning of some commissioned public health services and change in the delivery model of health improvement services.
- 12.4 It is recommended that members approve the development of an implementation plan and phase programme to establish community hubs commencing in April 2017.

13. REASONS FOR RECOMMENDATIONS

- 13.1 The community hubs model has been developed through rigorous scoping, analysis, and consultation with stakeholders. It is the best option available to bring about change in the manner in which we engage with communities who are the most disadvantaged in the borough, to ensure that council services are being used to the greatest advantage and with the biggest impact. It will do this by providing a front door which diverts people away from some council services, where better options exist to address their needs. Through the development of comprehensive assessment, those most in need will be brought to the attention of the correct services at the correct times to limit the impact on services further down the line.
- 13.2 The approval and implementation of the propose model would provide the basis for ongoing development work in coming years. It will provide the framework into which other service development will be made. These developments will include the third sector, council services and the uniformed services.
- 13.3 This community hub model will provide the means of safeguarding functions that otherwise will be at risk. It will subsume the functions of the two authority led community centres which at present are not funded for the next financial

year. It will also provide opportunities to develop the provision of a library service which is also under financial pressures.

14. BACKGROUND PAPERS

Finance and Policy Committee 14th March 2016
Finance and Policy Committee 20th June 2016
Finance and Policy Committee 23rd November 2015
Finance and Policy Committee 21st September 2015
Finance and Policy Committee 28th August 2015
Regeneration Services Committee 24th July 2014
Regeneration Services Committee 28th August 2015

15. CONTACT OFFICER

Louise Wallace
Director of Public Health
Hartlepool Borough Council
Civic Centre, 4th Floor
louise.wallace@hartlepool.gov.uk

POVERTY IMPACT ASSESSMENT**Appendix 1**

1. Is this decision a Budget & Policy Framework or Key Decision? YES
If YES please answer question 2 below

2. Will there be an impact of the decision requested in respect of Child and Family Poverty? YES
If YES please complete the matrix below

GROUP	POSITIVE IMPACT	NEGATIVE IMPACT	NO IMPACT	REASON & EVIDENCE
Young working people aged 18 - 21	x			Through analysis of the issues and gap analysis of services, the target cohort for Community Hubs has been identified as working age individuals (18-64), particularly those under 35 who would not engage with the Council through children's services.
Those who are disabled or suffer from illness / mental illness	x			Council services will work in a more joined up way, coordinating services for individuals who have multiple issues across the many outcomes including long term health conditions and low level mental health needs.
Those with low educational attainment	x			The physical location of the Hubs has been informed by in depth analysis into deprivation, employment inequality and poor health outcomes. All Hubs will be located in districts where fewer than 50.9% of individuals achieved 5 A*-C GCSE's, which are also those where more than 21.5% of the population experiences income deprivation. Services will be delivered which seek to actively target those most in need to improve attainment and therefore improve employability of individuals.
Those who are unemployed	x			Both outcomes of the Community Hub project support the reduction of unemployment in the town, directly through developing joined up services which support individuals to improve employability and indirectly through improving health, allowing people to return to work.
Those who are underemployed	x			An explicit outcome of the Community Hub project is to improve employability of individuals and reduce long term unemployment.
Children born into families in poverty	x			Services will be developed so that they target those individuals and families who are most in need of support, in areas with the highest deprivation. A detailed outline business case has been developed which has identified a strong evidence base for target areas, across multiple measures of need linked to poverty.

POVERTY IMPACT ASSESSMENT**Appendix 1**

Those who find difficulty in managing their finances	x			Access to services to support individuals who require financial advice will be strengthened due to new integrated service model. Partners will be engaged to deliver universal welfare benefits advice and guidance.
Lone parents	x			The Community Hub concept has been developed in collaboration with HBC Children's Services to ensure developments are synergistic with service development plans in line with a Better Childhood in Hartlepool. This will continue so that all parents have the best opportunities to link into services aligned to best meet their needs.
Those from minority ethnic backgrounds	x			The Community Hub model in Hartlepool, whilst targeted, will be universally available to all residents. This means that minority ethnic groups will have access to better, more coordinated services and pathways, congruent with all residents.
Poverty is measured in different ways. Will the policy / decision have an impact on child and family poverty and in what way?				
Poverty Measure (examples of poverty measures appended overleaf)	POSITIVE IMPACT	NEGATIVE IMPACT	NO IMPACT	REASON & EVIDENCE
Overall impact of Policy / Decision				
NO IMPACT / NO CHANGE		ADJUST / CHANGE POLICY / SERVICE		
ADVERSE IMPACT BUT CONTINUE		STOP / REMOVE POLICY / SERVICE		
Examples of Indicators that impact of Child and Family Poverty.				
Economic				
Children in Low Income Families (%)				
Children in Working Households (%)				
Overall employment rate (%)				
Proportion of young people who are NEET				
Adults with Learning difficulties in employment				
Education				
Free School meals attainment gap (key stage 2 and key stage 4)				

POVERTY IMPACT ASSESSMENT**Appendix 1**

Gap in progression to higher education FSM / Non FSM
Achievement gap between disadvantaged pupils and all pupils (key stage 2 and key stage 4)
Housing
Average time taken to process Housing Benefit / Council tax benefit claims
Number of affordable homes built
Health
Prevalence of underweight children in reception year
Prevalence of obese children in reception year
Prevalence of underweight children in year 6
Prevalence of obese children in reception year 6
Life expectancy

Equality Impact Assessment Form

Department	Division	Section	Owner/Officer
Public Health			Louise Wallace, Director - Public Health
Service, policy, practice being reviewed/changed or planned	Community Hubs		
Why are you making the change?	The concept of community hubs has emerged as part of the ongoing management and policy chair discussions, to shape the Hartlepool of the Future Programme. This project has been framed as part of the reducing demand through prevention and integration of health, social care and employability services work stream. It is well evidenced that Hartlepool has higher levels of poor health and people who are unemployed than the England average. Therefore, the proposal for community Hubs is focused on improving health and reducing health inequalities and improving employability of individuals and reducing long term unemployment.		
How might this impact (positively/negatively) on people who share protected characteristics?			
		Please tick	POSITIVELY
			NEGATIVELY
Age			
No impact			
Disability			
No impact			
Gender Re-assignment			
No impact			
Race			
No impact			
Religion			
No impact			
Gender			
No impact			
Sexual Orientation			
No impact			
Marriage & Civil Partnership			
No impact			
Pregnancy & Maternity			
No impact			

Has there been consultation /is consultation planned with people who will be affected by this policy? How has this affected your decision making?		At this stage of development there has been no consultation with residents, which is appropriate until the concept has been agreed at Finance & Policy Committee. However, stakeholders have been consulted with extensively and have identified ways in which access to services will be improved through the development of Community Hubs. The further development of the project will include a dedicated work stream around communications which will consider appropriate mechanisms for consultation with members of the public, and at what stage.	
As a result of your decision how can you mitigate negative/maximise positive outcomes and foster good relationships?		A clear communication plan will be developed by a steering group which will consider appropriate services, interest groups and sections of the community to engage with to ensure that no group is negatively impacted upon through development. Further impact assessments will be carried out at key stages of development and implementation and reflected upon.	
Describe how you will address and monitor the impact		1. No Impact - No Major Change It is clear that at this stage there will be no negative impact on any protected groups. The Community Hubs project will improve access to council services universally. In addition, the project outcome focusing on improving health inequalities will likely have a positive impact on residents with a long term illness or disability.	
		2. Adjust/Change Policy N/A	
		3. Adverse Impact but Continue as is N/A	
		4. Stop/Remove Policy/Proposal N/A	
Initial Assessment	15/11/16	Reviewed	00/00/00
Completed	00/00/00	Published	00/00/00

FINANCE AND POLICY COMMITTEE

2 December 2016



Report of: Assistant Chief Executive / Director of Regeneration & Neighbourhoods / Director of Public Health

Subject: QUARTER 2 – COUNCIL OVERVIEW OF PERFORMANCE AND RISK 2016/17

1. TYPE OF DECISION/APPLICABLE CATEGORY

Non Key Decision

2. PURPOSE OF REPORT

- 2.1 To inform Finance and Policy Committee of the progress made against the 2016/17 Council Plan at the end of quarter 2 and ask them to agree to a number of changes/updates to the plan. The report also provides the Committee with an update on the topic of Strategic Asset Management as agreed by the Committee in June 2016.

3. BACKGROUND

- 3.1 The Council Plan includes a number of key actions, performance indicators and risks which set out how the Council intends to deliver on its priority outcomes. The Council Plan 2016/17 was agreed by Council on the 17th March 2016.
- 3.2 At the end of each quarter officers provide an assessment of progress against the actions, performance indicators and risks in the Plan. These assessments are collected together and form the basis of the quarterly performance reports to Committee. Progress is categorised as:

Performance Indicator	Action
Achieved	Completed
On track to achieve target	On track to be completed
Acceptable progress made	Acceptable progress made
Requiring intervention	Requiring intervention
Not achieved	Not completed
No value	

- 3.3 At the beginning of the municipal year each Policy Committee identified 4 key areas of activity that they would like to receive updates on through these quarterly performance reports (i.e. one for each quarter). Finance and Policy Committee agreed in June that their 4 topics for 2016/17 would be:

Q1 - Corporate Procurement
Q2 - Strategic Asset Management
Q3 - Welfare Reform / Benefit System changes
Q4 – Community Hubs

- 3.4 As the Committee will see the format of the report is different from previous years. This new approach has been previously agreed by Policy Chairs. The basis of these new style reports is to provide Members with an overview of performance in relation to the Council Plan, Finance and Policy's specific remit and an overview of progress in each of the individual policy committees. The aim is to streamline the information from what has previously been provided.

4. QUARTER 2 PERFORMANCE REPORT

- 4.1 Overall progress against actions, performance indicators and risks in the Council Plan 2016/17 is set out on page 1 of the performance report (appendix 1) alongside the latest position in relation to the Council's use of RIPA powers.
- 4.2 Page 2 of the performance report (appendix 1) sets out the detailed commentary provided by the lead officers on those actions and performance indicators that have been identified as requiring intervention at the end of quarter 2.
- 4.3 Progress against those actions, performance indicators and risks from those service areas that are specifically relevant to the Finance and Policy Committee are identified in the performance report (appendix 1) on page 3.
- 4.4 Key achievements made within quarter 2 in relation to this Committee are included on page 4 (appendix 1). As we go through the year this will section will be adapted to provide Members with an overview of those actions and performance indicators that have been completed to ensure that we are providing a balanced view of both achievements and areas requiring intervention.
- 4.5 The Regeneration and Neighbourhoods Department has also provided an update on Strategic Asset Management on page 5 of the performance report (appendix 1). This aims to cover the points raised at Finance and Policy Committee in June.
- 4.6 In addition, the front page of the performance reports that will go to each of the other 4 Policy Committees are included as appendix 2 for information. Detailed performance reports including more detailed updates on their chosen topics will be taken to those Committees in the coming weeks.

5. RISK IMPLICATIONS

5.1 No implications

6. FINANCIAL CONSIDERATIONS

6.1 No implications

7. LEGAL CONSIDERATIONS

7.1 No implications

8. CHILD AND FAMILY POVERTY

8.1 No implications

9. EQUALITY AND DIVERSITY CONSIDERATIONS

9.1 No implications

10. STAFF CONSIDERATIONS

10.1 No implications

11. ASSET MANAGEMENT CONSIDERATIONS

11.1 No implications

12. RECOMMENDATIONS

- 12.1 Finance and policy Committee is asked to: -
- Note the overall progress made on the Council Plan 2016/17 and the progress made on the specific areas of the Council Plan relevant to the Committee at the end of Quarter 2 as set out in appendix 1;
 - Note the position in relation to use of RIPA powers as set out on page 1 of appendix 1;
 - Agree to the date change of the action RND 16/17 OD10 identified on page 2 of Appendix 1;
 - Note the detail provided on the actions identified as not achieved, those Performance Indicators identified as requiring intervention and the change to risks as set out on pages 1 and 2 of Appendix 1;
 - Note the update on Strategic Asset Management (page 5 of appendix 1);

- Note the progress made on the Council Plan relevant to the other 4 Policy Committees as set out in appendix 2;

13. REASONS FOR RECOMMENDATIONS

- 13.1 Finance and Policy Committee have overall responsibility for the monitoring of the Council Plan and has specific responsibility for a number of services that are included within the Council Plan.

14. BACKGROUND PAPERS

- 14.1 There were no background papers used in the preparation of the report.

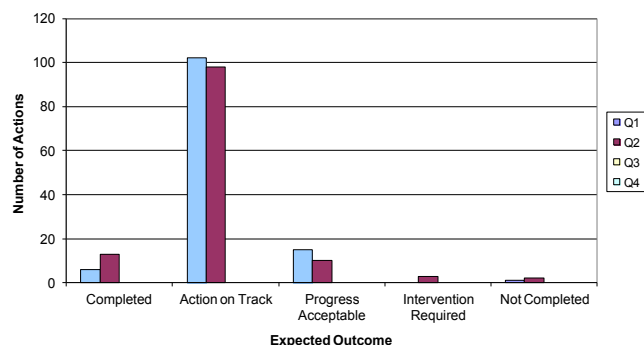
15. CONTACT OFFICER

Andrew Atkin
Assistant Chief Executive
01429 523003
Andrew.atkin@hartlepool.gov.uk

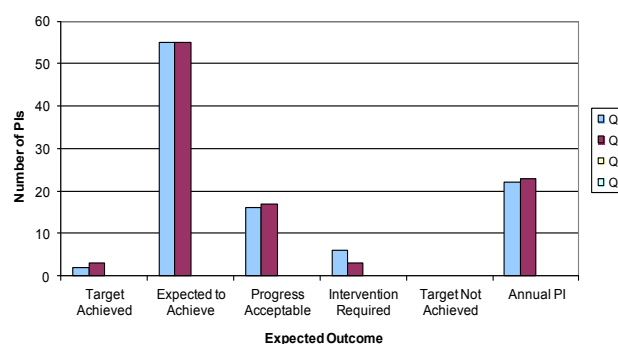
Quarter 2 Performance Update 2016/17

Council Plan 2016/17

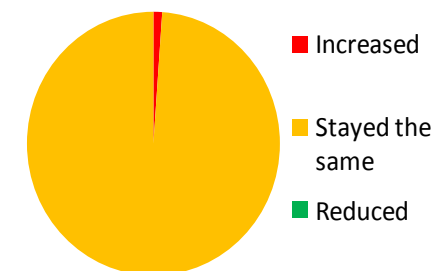
Overall - Action Progress 2016/17



Overall - PI Progress 2016/17



Q2 - Change in Risk Rating



Action Update:

Of the actions within the Council Plan

- 13 have been completed
- 98 are on track to be completed by due date
- 10 are making acceptable progress
- 1 require intervention (see overleaf)
- 2 actions have not been completed (see overleaf)

Targeted Performance Indicator Update:

Of the targeted PIs within the Council Plan and within the remit of the Finance and Policy Committee:

- 3 have achieved target
- 55 are expected to achieve target
- 17 have made acceptable progress
- 3 require intervention (see overleaf)
- And there are 23 annual PIs awaiting data

Number of authorisations for Directed Surveillance and Covert Human Intelligence Sources granted by the Council under the Regulation of Investigatory Powers Act (RIPA)
= 0

Change in Risk:

Of the risks within the Council Plan

- 88 have stayed the same and 2 have increased

RND R088 Failure to achieve sufficient uptake of school meals



Two Academy schools have appointed outside Catering Companies for their school meals service from September 2016. English Martyrs school have a 3+1+1 contract with 'Mellors'. Eskdale have a 1 year contract with 'ORION'. this proposes a higher Risk to the in-house service from these companies targeting other schools, particularly within these trusts.

CAD R064 Widening of gap in achievement of disadvantaged pupils in Hartlepool and that of all pupils nationally in both primary and secondary schools



Risk updated given the large variability of headline outcomes in 2016 in primary and secondary. Unvalidated data will be published in late Oct for primary, and Nov/Dec for secondary. This pupil level data and its analysis will enable a further reassessment of this risk.

Actions highlighted as not completed

Action	Due Date	Note
RND 16/17 SC01 - Review the Voluntary and Community Sector Strategy and implement recommendations	31 March 2017	Following a discussion at CMT in relation to rationalising strategies there are currently no plans to review this strategy
RND 16/17 OD10 - Facilitate the relocation of the community monitoring centre	31 July 2016	Designs for the new monitoring centre have been agreed and a programme is in place to facilitate the relocation. It is expected that the relocation of the community monitoring centre should be completed by of March 2017. Therefore a new due date of 31 March 2017 is requested

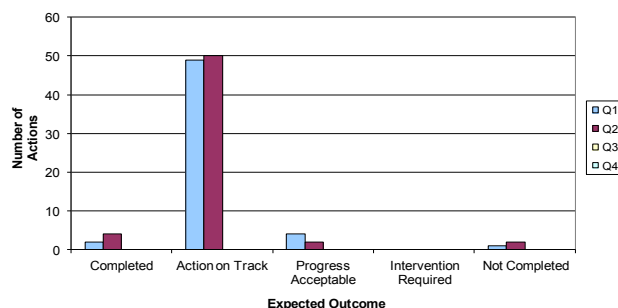
Actions highlighted as intervention required

Action	Due Date	Note
RND 16/17 EN06 - Explore opportunities for the development of recreation facilities at Rift House recreation ground	30 September 2016	Masterplan considered by HBC stakeholders. Awaiting identification of project resourcing to enable development of the second phase of work: taking the master plan through planning, detailed design and costing, project component competitive tendering etc., to a stage where it can be used to apply for external funding bids.

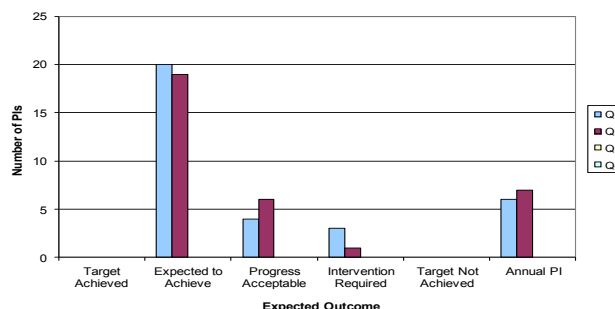
PIs highlighted as intervention required

PI Code	Value	Target	Note
PHD 2.36 - Proportion of substance misusers that successfully complete treatment - Non Opiates	22.8%	50%	The recovery aspect of the treatment services is being brought in house from 1 st April 2017 and will have a greater focus on community reintegration. Also we have introduced a 12 week community rehabilitation programme from 1 st September 2016 which, together, should increase successful completions
ACS P066 Number of admissions of supported residents aged 65 or over to residential/nursing care per 10,000 population	522.5	404	This year end predicted figure is above the year end target of 807.8 and will be tightly monitored over the coming months. This relates to 87 admissions in the first 6 months of the year into long term residential and nursing placements, converting to 522.5 admissions per 100,000 population.
PHD 2.29— Overall average attendances at Headland Leisure Centre	6,179	7,000	The Headland Sports Hall operation has just gone through significant change with a re-structure taking effect from 1st July and pricing review implemented in April 2016 to compete with other fitness facilities in the town. there is still a significant challenge keeping attendances on target but is hoped the work undertaken will result in increased attendances in the second half of this year

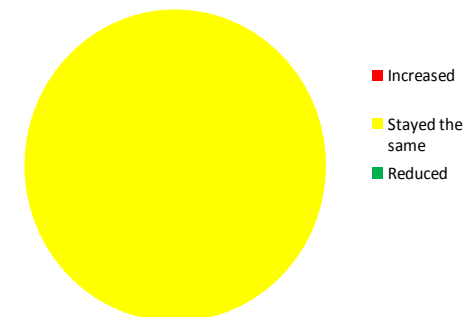
Finance & Policy Committee - Action Progress 2016/17



Finance & Policy Committee - PI Progress 2016/17



Q2 - Change in Risk Rating



Action Update:

Of the actions within the Council Plan and within the remit of Finance and Policy Committee:

- 4 have been completed
- 50 are on track to be completed by due date
- 2 are making acceptable progress
- 2 actions have not been completed (see page 2 previously)

Targeted Performance Indicator Update:

Of the targeted PIs within the Council Plan and within the remit of the Finance and Policy Committee:

- 19 are expected to achieve target
- 6 have made acceptable progress
- 1 requires intervention (see page 2 previously)

Change in Risk:

Of the risks within the Council Plan and within the remit of the Finance and Policy Committee:

- All 43 have stayed the same

Achievements:

- The Your Say, Our Future exercise ran from July to September 2015. There were a range of activities including 5 public events, 3 staff events, events to gain young peoples experiences as well as separate online surveys for staff and public. 44 individuals attended the public events with and 72 staff attending events. The survey had 572 responses from the public and 263 from staff. Overall the events were positive and lots of ideas and suggestions have been put forward to investigate. A plan is now being developed to move forward with the Your Say, Our Future project.
- Free Swims scheme for local youngest over the summer holiday period has once again proved to be a huge success. For the fourth successive year children were able to benefit from free swims and free transport on weekday mornings at the town's Mill House Leisure Centre. The scheme, which this year was extended from 4 to 6 weeks, saw 8,093 free swims given out to the children of Hartlepool.
- The years Hartlepool Big Lime Triathlon proved a successful event with over 270 participants taking part in the swim, cycle and run race around the marina and the seafront.
- In order to increase the uptake of the NHS Health check programme a number of community activities took place over the summer with a weeks worth of activities within the Middleton Grange Shopping Centre that were facilitated by the Nurse Bank and supported by a range of service providers. The Health Bus was parked near the centre for two days offering further opportunities for eligible residents to receive a Health Check.
- The contract for the Sexual Health Services for the Tees area has now been signed and the service is currently delivering its mobilisation action plan. Monthly contract management meetings are held to monitor progress.

Strategic Asset Management Performance Report

Capital Receipts

- £4.3M of the £7.5M target had been achieved as at 31 March 2016;
- Disposals planned for 16/17 predicted to be between £500K and £570K and for 17/18 between £2.4M and £3.8M from the sale of land including Briarfields, Brierton and Seaton Lane;
- Dfe/Secretary of State consent has been granted for the sale of 7 acres of land at Brierton School enabling disposal;
- Council depot on Lynn Street sold to Cleveland College of Art & Design to enable £9M expansion of facilities due to open September 2017;
- Carr/Hopps Housing regeneration scheme - Terms have been agreed for the sale of 4.8 acres of land to First Place to facilitate the regeneration of 183 houses.

Acquisitions

- 83,000 sq/ft building together with additional land for expansion & parking purchased at Tofts Farm as a replacement for the Lynn Street Depot - £1.225M;
- 13/17 Whitby Street acquired for conversion in to 31 creative Industries Hub business units connected to the Church Street regeneration scheme;
- Gladstone House Victoria Road acquired for use as a Health & Wellbeing Centre;
- Empty Homes programme - 121 houses in total have been acquired to date. A further target of 60 has been agreed with Housing and of these 13 have been acquired in 2016/17 & 25 are planned for 2017/18 & 22 in 2018/19.

Leases

- Section manages 69 non operational buildings and 233 non operational land assets, which generated £453K in 16/17;
- Current occupancy rate is approximately 90% and rent collection levels are high - active management will continue in to 17/18 in order to maintain income levels and minimise voids. 3 rent reviews, 6 new lettings and 11 one off licences have been undertaken in 16/17; One of these being the Historic Maritime Experience (HME) lease to National Museum of the Royal Navy on a 25 year lease;
- Brenda Road wind turbine lease was also agreed for 25 years at £150K pa subject to planning consent;
- Academies – terms agreed for long leases on Jesmond Gardens and Brougham Primary schools that have converted to academy trusts during 2016/17.

Valuations

- Child and Adults request valuations for residential home care assessment purposes. During 2016/17 - 31 valuations were undertaken.
- Asset Valuations are required of all Council properties as part of the capital accounting process on a 5 year rolling programme. 190 were undertaken in 15/16 & 200 planned for 2016/17.

Compulsory Purchase

- Longscar Hall Seaton – extensive work has been undertaken to prepare and present the Councils case for acquisition at Public Inquiry.

Major Regeneration Projects.

The Hartlepool Regeneration masterplan was adopted by the Council in November 2015 setting out proposals in relation to Church St, Church Square, Jacksons Landing (The Highlight) and Seaton Carew masterplan.

Based on the masterplan schemes funding bids have been approved in principal for £5.5M Local Growth Fund for improvements to Church Street and the Innovation & Skills Quarter and £1.2M Heritage Lottery Fund for improvements to historic buildings in Church St and improvements to Church Square. A bid of £600K is also being pursued to the Coastal Communities Fund for Seaton.

Innovation & Skills Quarter Church St

- Scheme includes public realm improvements including comprehensive replacement of all surface materials, widening of footpaths to encourage footfall and improved access to CCAD campus. Flexible design allows for the use of Church Street for temporary markets and festivals.
- Public Consultation on design proposals held in September 2016 with over 70% agreeing/strongly agreeing.



- Due diligence submission currently being prepared for Tees Valley Combined Authority requesting sign off of Local Growth Funding to enable works to commence on site by mid 2017.
- 13/17 Whitby St (Grade II listed building) acquired in March 2016. RIBA stage 3 designs & cost plan completed, Planning permission obtained. Up to 31 business units to be created. Start on site estimated by summer 2017 with building operational by March 2018.



Innovation & Skills Quarter - Church Square

- Re-Form Architects appointed to complete public realm design concept by December 2016.
- Detailed designs & Planning Permission to be submitted early 2017 with start on site of Public realm works at end of 2017 (subject to Historic Lottery Fund sign off).
- Works to possibly include a new one phased crossing between Church Sq and Wilkinsons to improve connectivity to the town centre.

Jacksons Landing (The Highlight)

- Site purchased by HBC and existing building to be demolished by end November 2016.
- GT3 Architects commissioned to produce baseline studies with tourism specialist input by December 2016.
- Discussions ongoing with investors and Hotel Chains & commercial and design advice from independent experts will determine funding opportunities including applying for major LGF funding from 2017 onwards.

Seaton Carew Masterplan

- Compulsory Purchase Order Public Inquiry held in August 2016 for the Longscar Building – order not approved.
- Revised proposals for delivering the Seaton Carew Masterplan to be submitted to Regeneration Services in December 2016.
- A revised Coastal Community Funding bid for £600K to be submitted by December 2016 of which £450K will be invested in to phase 2 works and the remaining £150K will pay for a coastal artwork sculpture and the Boy & the Bicycle corton steel artwork dedicated to Ridley Scott. The delivery of a revised masterplan (provided funding approved) would be in 2017/18.

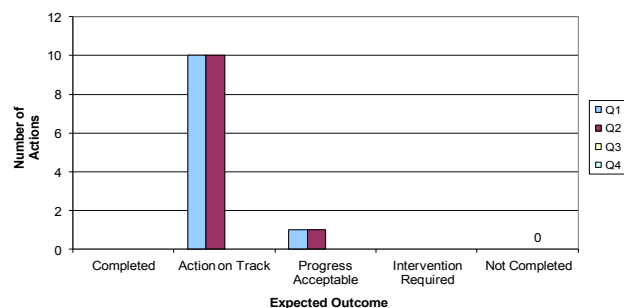


Quarter 2 Performance Update 2016/17

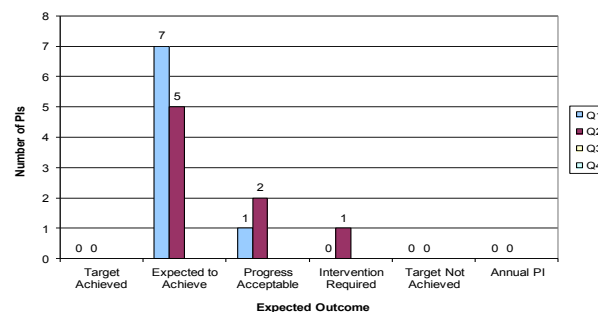
Adult Services Committee

APPENDIX 2

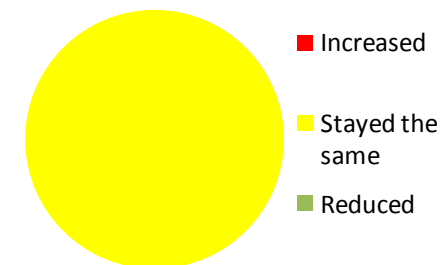
Adults Committee - Action Progress 2016/17



Adults Committee - PI Progress 2016/17



Q2 - Change in Risk Rating



Action Update:

Of the actions within the Council Plan and within the remit of Adult Services Committee:

- 10 are on track to be completed by due date
- The remaining action is making acceptable progress

Targeted Performance Indicator Update:

Of the targeted PIs within the Council Plan and within the remit of the Adult Services Committee:

- 5 are expected to achieve target
- 2 has made acceptable progress
- The remaining PI requires intervention

Change in Risk:

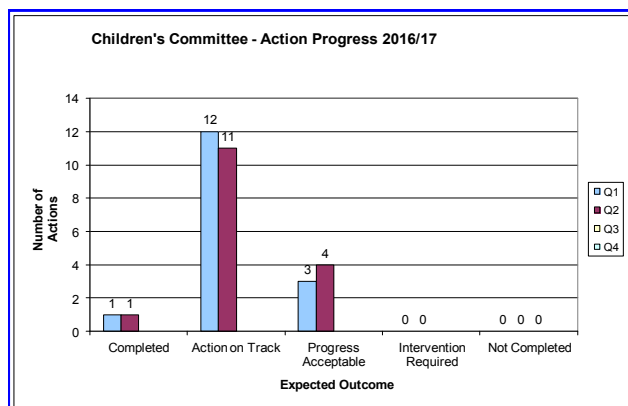
Of the risks within the Council Plan:

- All 6 have stayed the same

PI	Value	Target	Comments
ACS P066 Number of admissions of supported residents aged 65 or over to residential/nursing care per 10,000 population	522.5	404	This year end predicted figure is above the year end target of 807.8 and will be tightly monitored over the coming months. This relates to 87 admissions in the first 6 months of the year into long term residential and nursing placements, converting to 522.5 admissions per 100,000 population.

Performance Indicators highlighted as Intervention Required

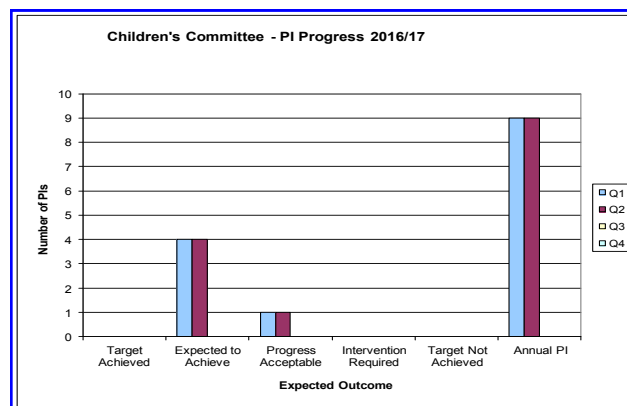
ACS P066 Number of admissions of supported residents aged 65 or over to residential/nursing care per 10,000 population	522.5	404	This year end predicted figure is above the year end target of 807.8 and will be tightly monitored over the coming months. This relates to 87 admissions in the first 6 months of the year into long term residential and nursing placements, converting to 522.5 admissions per 100,000 population.
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Action Update:

Of the actions within the Council Plan and within the remit of Children's Services Committee:

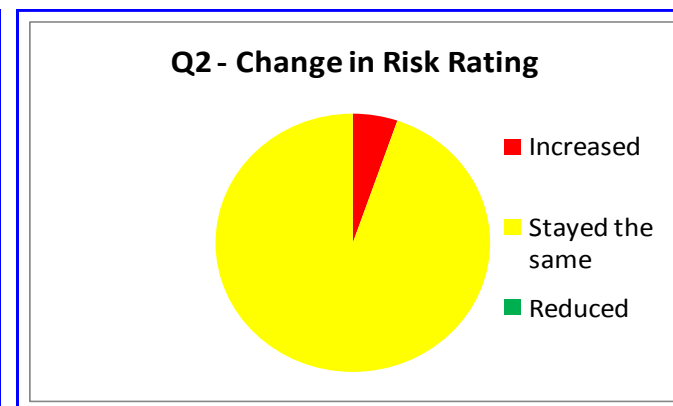
- 1 has completed by due date
- 11 are on track to be completed by due date
- The remaining 4 actions are making acceptable progress



Targeted Performance Indicator Update:

Of the targeted PIs within the Council Plan and within the remit of the Children's Services Committee:

- 4 are expected to achieve target
- 1 has made acceptable progress
- The remaining 9 PI's are reported annually



Change in Risk:

Two out of 19 risk have has their in risk ratings within the Children's services element of the Council Plan changed.

RND R088 Failure to achieve sufficient uptake of school meals



Two Academy schools have appointed outside Catering Companies for their school meals service from September 2016. English Martyrs school have a 3+1+1 contract with 'Mellors'. Eskdale have a 1 year contract with 'ORION'. this proposes a higher Risk to the in-house service from these companies targeting other schools, particularly within these trusts.

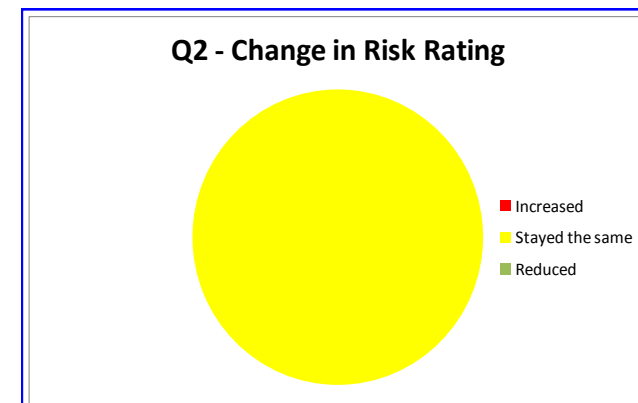
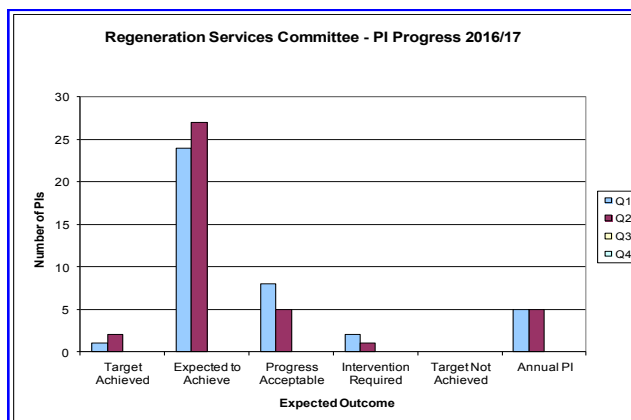
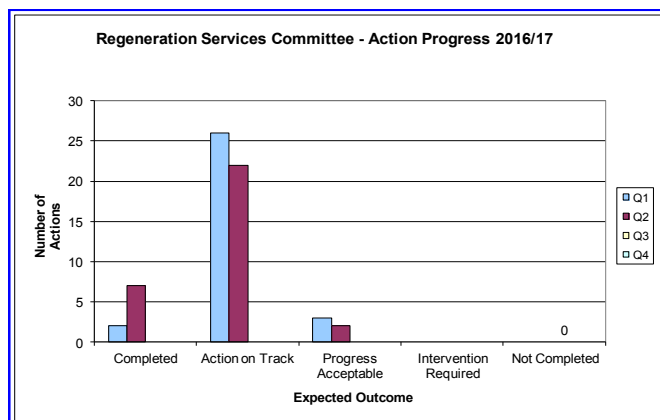
CAD R064 Widening of gap in achievement of disadvantaged pupils in Hartlepool and that of all pupils nationally in both primary and secondary schools



Risk updated given the large variability of headline outcomes in 2016 in primary and secondary. Unvalidated data will be published in late Oct for primary, and Nov/Dec for secondary. This pupil level data and its analysis will enable a further reassessment of this risk.

Quarter 2 Performance Update 2016/17

Regeneration Services Committee



Action Update:

Of the actions within the Council Plan and within the remit of Regeneration Services Committee:

- 7 have been completed
- 22 are on track to be completed by due date
- 2 are making acceptable progress

Targeted Performance Indicator Update:

Of the targeted PIs within the Council Plan and within the remit of the

- 2 has been achieved
- 27 are expected to achieve target
- 5 have made acceptable progress
- 1 require intervention: See overleaf

Change in Risk:

Of the risks within the Council Plan:

- 18 have stayed the same

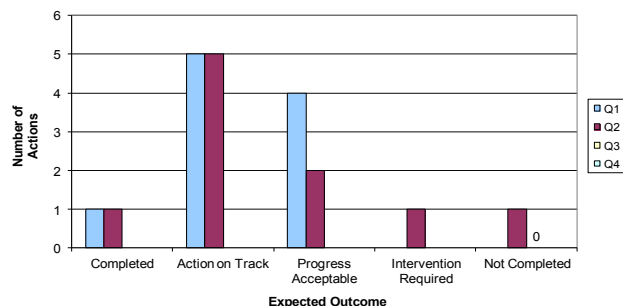
Performance Indicators highlighted as Intervention Required

PI Code	Value	Target	Note
PHD 2.29— Overall average attendances at Headland Leisure Centre	6,179	7,000	<p><u>Headland Sports Hall</u></p> <p>July - 1838 Aug - 2087 Sept - 2254 Total - 6179</p> <p>The Headland Sports Hall operation has just gone through significant change with a restructure taking effect from 1st July and pricing review implemented in April 2016 to compete with other fitness facilities in the town. there is still a significant challenge keeping attendances on target but is hoped the work undertaken will result in increased attendances in the second half of this year</p>

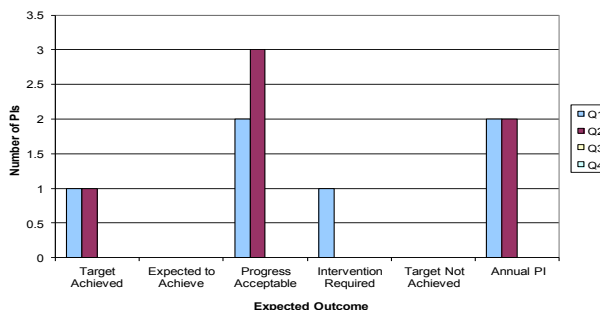
Quarter 2 Performance Update 2016/17

Neighbourhood Services Committee

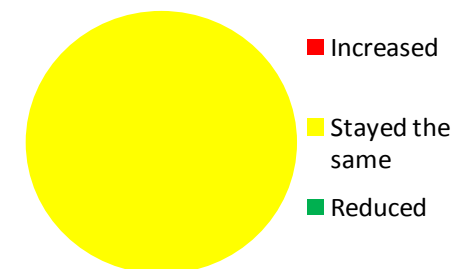
Neighbourhoods Committee - Action Progress 2016/17



Neighbourhoods Committee - PI Progress 2016/17



Q2 - Change in Risk Rating



Action Update:

Of the actions within the Council Plan and within the remit of Adult Services Committee:

- 1 has been completed
- 5 are on track to be completed by due date
- 2 are identified as making acceptable progress
- 1 requires intervention (see overleaf)
- 1 has not been completed

Targeted Performance Indicator Update:

Of the targeted PIs within the Council Plan and within the remit of the Adult Services Committee:

- 1 has achieved target
- 3 have made acceptable progress
- 2 are reported on an annual basis

Change in Risk:

There has been no change in risk rating to the four risks within the Council Plan under the remit of the Neighbourhood Services Committee.

Action highlighted as not completed

Action	Due Date	Note
RND 16/17 SC01 - Review the Voluntary and Community Sector Strategy and implement recommendations	31 March 2017	Following a discussion at CMT in relation to rationalising strategies there are currently no plans to review this strategy

Action highlighted as Intervention Required

Action	Due Date	Note
RND 16/17 EN06 - Explore opportunities for the development of recreation facilities at Rift House recreation ground	30 September 2016	Masterplan considered by HBC stakeholders. Awaiting identification of project resourcing to enable development of the second phase of work: taking the master plan through planning, detailed design and costing, project component competitive tendering etc., to a stage where it can be used to apply for external funding bids.

FINANCE AND POLICY COMMITTEE

2 December 2016



Report of: Corporate Management Team

Subject: STRATEGIC FINANCIAL MANAGEMENT REPORT -
AS AT 30th SEPTEMBER 2016

1. TYPE OF DECISION/APPLICABLE CATEGORY

Non Key Decision.

2. PURPOSE OF REPORT

2.1 The purposes of the report are to inform Members of:

- i) 2016/17 Forecast General Fund Outturn;
- ii) Corporate Income Collection Performance; and
- iii) 2016/17 Capital Programme Monitoring.

3. BACKGROUND AND FINANCIAL OUTLOOK

3.1 As detailed in the Medium Term Financial Strategy Report (MTFS) submitted to the Committee on 30th June 2016 the Government will implement further cuts in funding for Councils up to 2019/20. Over the next 3 years (2017/18 to 2019/20) this means a further grant cut of £9.8m. There is a separate MTFS update report on the Agenda for this meeting which informs Members that whilst the overall budget deficit is reducing the Council still faces an extremely challenging financial position over the next 3 years.

3.2 In view of the ongoing financial challenges the Corporate Management Team will continue to adopt robust budget management arrangements during 2016/17 and as detailed in section 5 it is becoming increasingly difficult to manage the annual budget. This position will need to be managed carefully over the remainder of the financial year, particularly over the winter period where some services face their highest demand and therefore cost of providing services.

4. REPORTING ARRANGEMENTS 2016/17

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

- 4.2 This Committee will continue to receive regular reports which will provide a comprehensive analysis of departmental and corporate forecast outturns, including an explanation of the significant budget variances.
- 4.3 To enable a wider number of Members to understand the financial position of the Council and their service specific areas each Policy Committee will receive a separate report providing:
- a brief summary of the overall financial position of the Council as reported to the Finance and Policy Committee;
 - the specific budget areas for their Committee; and
 - the total departmental budget where this is split across more than one Committee. This information will ensure Members can see the whole position for the departmental budget.

5. GENERAL FUND BUDGET 2016/17 FORECAST OUTTURN

- 5.1 An assessment of the forecast outturn has been prepared to reflect expenditure incurred to date and forecast to be incurred in the second half of the financial year. As Members will be aware from previous years, significant elements of the Council's budget are demand led and affected by expenditure over the winter months, including care costs in relation to older people and winter maintenance. The outturn forecasts will be closely monitored and regular updates will be reported to this Committee. The forecasts need to be considered in the context of the complexity of managing a gross General Fund budget of £213m and a net budget of £86m.
- 5.2 As detailed in Appendix A the best case forecast outturn for departmental budgets is an over spend of £0.470m and the worst case is an over spend of £1.090m. The range reflects seasonal and demand led factors. In summary these forecasts reflect the following:
- Chief Executive's department - forecast under spend owing to holding posts vacant to achieve 2017/18 savings;
 - Child and Adult Services – forecast over spend previously reflected higher levels of Looked After Children. This trend has continued during the year, including an increase in the number of high-cost, complex needs children being placed with Independent Foster Agencies and Residential Placements and an increase in Care Proceedings budgets. The department is focused on transforming services to reduce demand for these packages of care, although these changes will take time to implement;
 - Public Health – forecast over spend reflects income shortfalls and additional costs of operating the Borough Hall.
 - Regeneration and Neighbourhoods –The worst case favourable variance for the Regeneration and Neighbourhoods Department has reduced from a underspend of £0.305m to a underspend of £0.23m. The main reasons for this are:

- a) the favourable variance previously reported for Cemeteries and Crematoria has been used to fund essential major repairs in the Chapel.

- b) An increase in costs relating to waste management, owing to growth of the town. In previous years it has been possible to contain these costs, but increasing demands on the service means this is no longer possible.
- 5.3 Detailed financial information on the projected outturn for individual Departments is provided in Appendices B to G.
- 5.4 The position in relation to corporate budgets is more positive and a net under spend of £0.540m is forecast. This is after earmarking £1.8m to fund future priorities, including capital investment. Detailed proposals for using this money will be included in the 2017/18 Medium Term Financial Strategy report to be considered at a future meeting of this Committee, before detailed proposals are referred to full Council.
- 5.5 After reflecting the above factors the overall forecast position for departmental and corporate budgets is a best case potential net under spend of £0.121m, or a worst case over spend of £0.499m, as summarised below.

Forecast over spend / (under spend) 2016/17

	Worst Case £'000	Best Case £'000
2016/17 Forecast Departmental budgets outturn	1,090	470
2016/17 Forecast Corporate budgets outturn	(540)	(540)
Sub Total - 2016/17 Forecast budget outturn	550	(70)
Uncommitted 2015/16 Actual Outturn	(51)	(51)
Net Forecast over spend / (under spend)	499	(121)

5.6 House Sales income

- 5.7 In addition to the Revenue Budget outturn detailed in the previous paragraphs the Council also benefits from the receipt of income from Housing Hartlepool from the sale of former Council houses. This income is dependent on individual house sales and is therefore difficult to forecast accurately as the amount varies from month to month. The total received in the first six months is £78,000 and the amount forecast for the year ended 31st March 2017 is £160,000, this amount is ring-fenced to be used in the HRA. As noted in Section 8.6 £0.047m has been used to fund the conversion of ten empty homes to new build units. Proposals for using the remaining balance will be reported to Members at a future date.

6. Corporate Income Collection Performance

- 6.1 Previous reports advised Members that significant changes were implemented with effect from 1st April 2013 to re-localise Business Rates and implement Local Council Tax Support schemes. As a result of these changes approximately 58% (i.e. £50.2m) of the net General Fund budget is funded from a combination of Business Rates and Council Tax collected locally. The

following paragraphs provide more information on the impact of these changes and also progress in collecting Sundry debts.

6.2 Business Rates Income

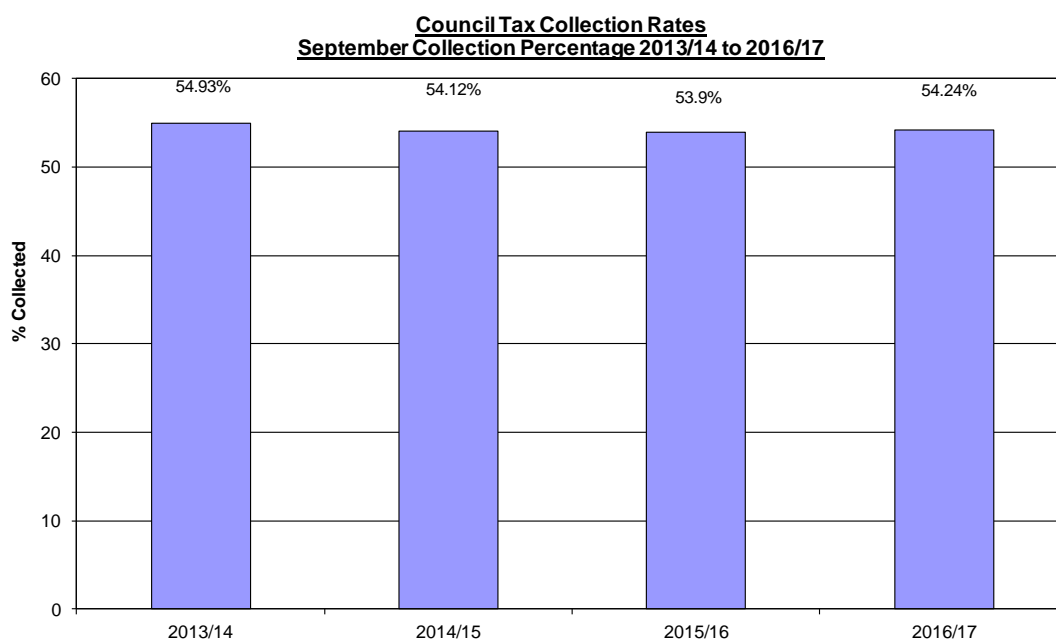
6.3 The re-localisation of Business Rates is a significant additional financial risk for Local Authorities to manage - 50% of any shortfall arising from either non payment by businesses, or reductions arising from the Valuation Office re-assessing rateable values, falls on individual authorities. A 'safety net' system is in operation, although this only compensates authorities for any shortfalls above 7.5% of the safety net figure. Prior to 2013/14 any shortfall in Business Rates collected was funded at a national level from the overall Business Rates pool.

6.4 Collecting Business Rates has always been an important responsibility, and the Council collected 98.5% in 2015/16 (national average 97.6% for unitary and metropolitan councils). The changes associated with localisation of business rates make this an even more important issue for the Council.

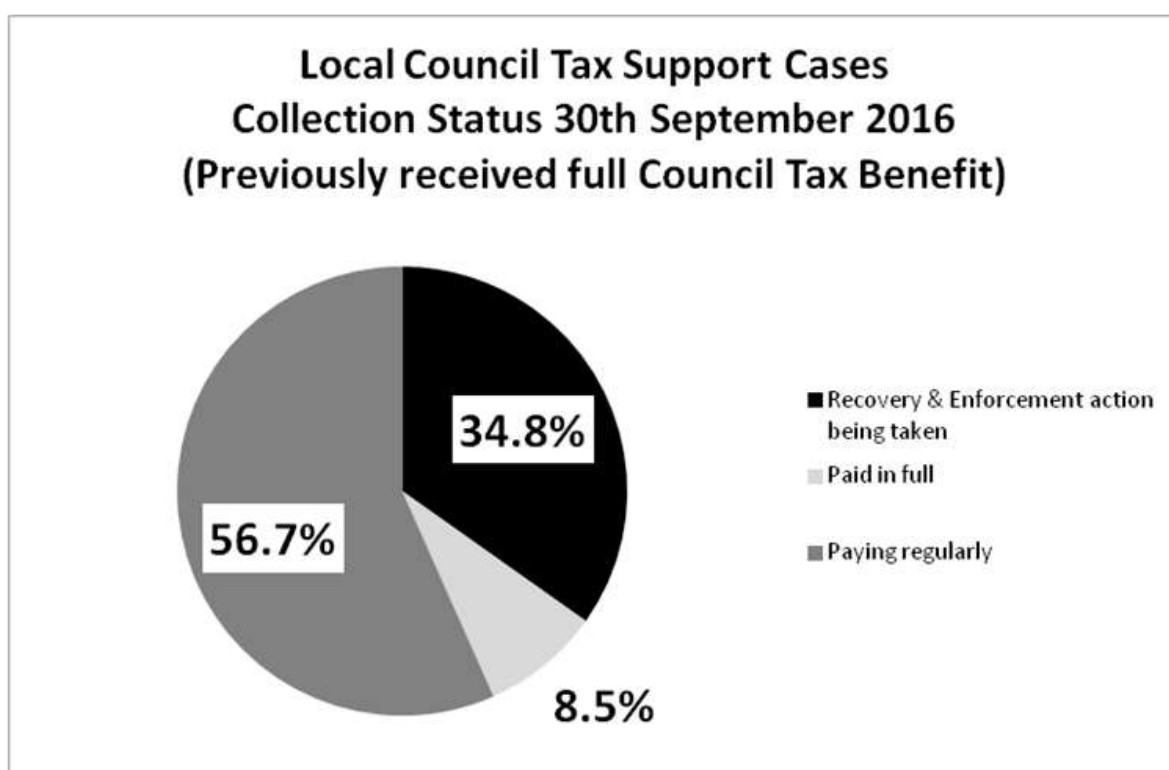
6.5 At the 30th September 2016 the Council had collected 58.41% of the 2016/17 liability, down by 0.4% compared to the same period last year. The timing and value of appeals decisions by the Valuation Office Agency makes comparison of collection performance for Business Rates between financial years difficult. A comprehensive review of all 2,790 business rates accounts has been undertaken which indicates that by the end of the financial year collection levels in excess of 98% should be achieved.

6.6 Council Tax

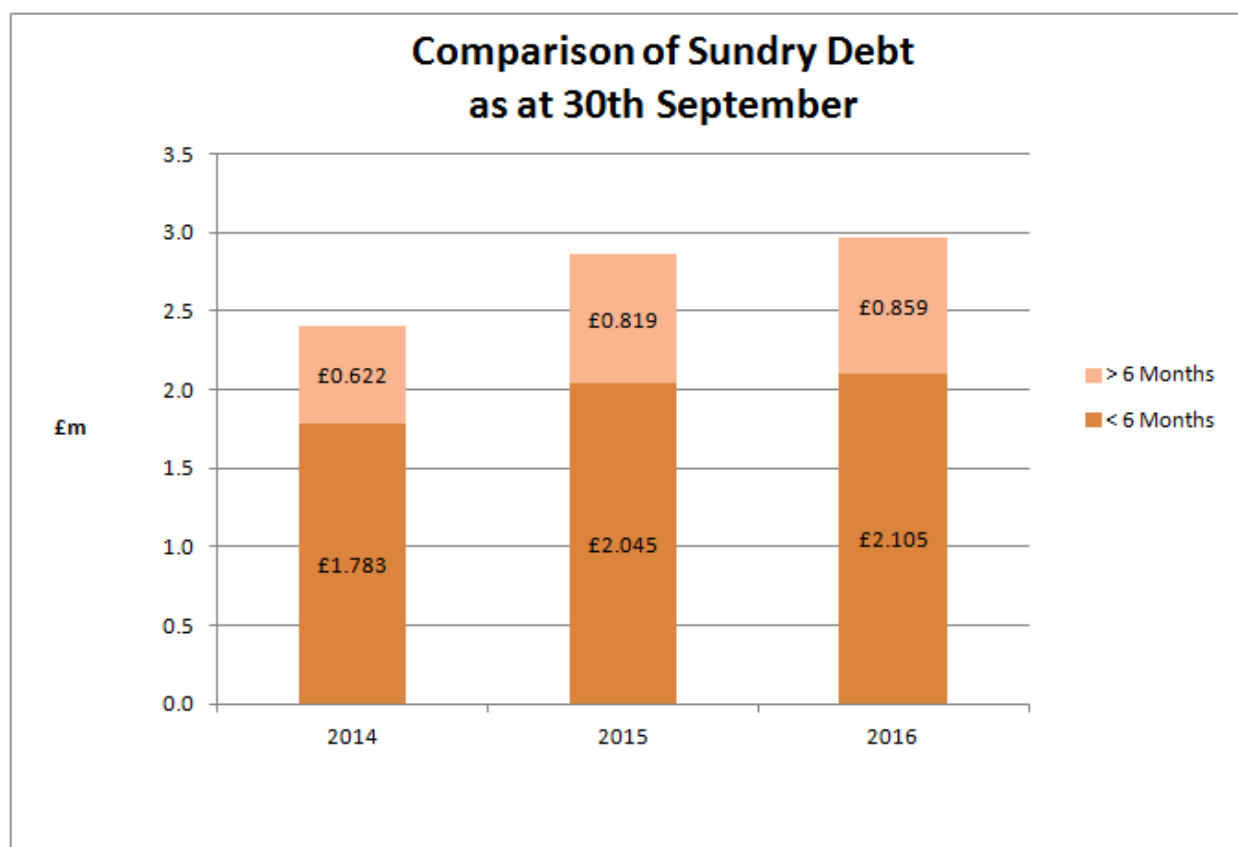
6.7 The overall Council Tax collection rate at 30th September 2016 was 54.24% compared to 53.9% for the same period last year, up slightly by 0.34%, as summarised in the graph below.



- 6.8 Collection performance is impacted by the time lag in recovering Council Tax by Attachment of Benefit, where the rate of deduction is capped at £3.70 per week and only one deduction can be active at any one time. This particularly affects working age households in receipt of Local Council Tax Support (LCTS).
- 6.9 There are 5,771 working age households affected by the Council's LCTS Scheme that would have received full Council Tax Benefit prior to April 2013. The 2016/17 liability collection status of these cases is shown in the chart below. 65.2% of these cases are either paying regularly or have paid in full, an improvement on 63% at September 2015.



- 6.10 Collection of Council Tax from all LCTS households continues to be within the financial planning parameters that underpin the Council's LCTS scheme.
- 6.11 **Sundry Debts**
- 6.12 The Council also collects significant Sundry Debts income for the payment of services provided by the Council. In total £14.504m of sundry debts were raised in the first six months of 2016/17. As at 30th September 2016, £12.415m (85.6%) of this amount had been collected.
- 6.13 Robust procedures for collecting the remaining outstanding debt are in place. The following graph shows the comparable positions at 30th September for the last three years for long term debt and current debt which has been outstanding for less than six months.



- 6.14 Debtors totalled £2.964m as at 30th September 2016, of which £2.105m (71.01%) relates to current debts (less than 6 months old).
- 6.15 Included within current debts (less than 6 months old) is debt where the customer has been invoiced for the whole of 2016/17 but payment is to be received in installments throughout the year.
- 6.16 Debts greater than 6 months old total £0.859m. 99.43% of this amount is under recovery action and 0.57% (£0.005m) is now considered unrecoverable and will be reported to Members for write off at a future meeting.

7. Progress in achieving the Capital Receipts Target

- 7.1 Previous reports have highlighted the significant challenges of achieving capital receipts against the difficult economic environment which has resulted in annual shortfalls against the initial annual capital receipts target of £6.5m.
- 7.2 The Council has benefitted from HMR expenditure being incurred later than expected
- 7.3 Despite the delays in capital expenditure the Council has had to use temporary Prudential Borrowing to fund shortfalls in capital receipts at the end of the financial year. This position underlines the complexity of managing the capital receipts targets and the capital commitments funded from these resources. The following table provides a summary of the position and highlights the three key issues:

- Column C – highlights the potential temporary capital funding shortfall if capital expenditure had been incurred as planned, which would have had to be funded from temporary Prudential Borrowing;
- Column E – highlights the actual temporary Prudential Borrowing used at the end of financial years 2012/13, 2013/14, 2014/15 and 2015/16 and reflects the benefits of re-phased expenditure as detailed in column D.

Year	Cumulative				
	Planned Expenditure	Actual Net Capital Receipts	Capital Receipts Shortfall / (Uncommitted Capital Receipts) Before Benefit of Rephased Capital Expenditure	Rephased Capital Expenditure	Actual Cumulative Year End Capital Receipts Shortfall / (Uncommitted Capital Receipts)
	A	B	C+A+B	D	E+C+D
2012/13	1,470	(675)	795	(776)	19
2013/14	6,170	(2,199)	3,971	(2,843)	1,128
2014/15	6,500	(3,956)	2,544	(1,977)	567
2015/16	6,500	(4,275)	2,225	(1,304)	921

- 7.4 The Council increased this target by a further £1m to £7.5m on 18th February 2016 as part of the 2016/17 MTFs. However, Brierton capital expenditure commitments have reduced the target by £0.120m to £7.38m. As at 31st March 2016 a total of £4.275m of this amount had been achieved (including £0.975m accrued for the former Henry Smith Site, which will now be received later than anticipated). By 31st March 2017 an additional £0.5m is expected to be received leaving £2.605m still to be achieved. This is higher than previously forecast owing to the delay in the sale of a number of sites originally profiled for 2016-17, including the Briarfields site.
- 7.5 Expenditure in relation to the capital receipts target is expected to be fully spent at 31st March 2017 therefore there will be no benefit from rephased capital expenditure as in previous years. The total shortfall of £2.605m will be funded by temporary prudential borrowing. However interest costs are minimal as the Council is able to internally fund this borrowing by netting down its investments.
- 7.6 Further updates will be provided in future financial management reports as the position becomes clearer.

8. 2016/17 Capital Programme Monitoring

- 8.1 Capital Expenditure for all departments to the 30th September, 2016 is summarised in the table below.

Department	BUDGET		EXPENDITURE IN CURRENT YEAR				
	A	B	C	D	E	F	G
				B-C		C+D+E	F-B
	2016/17 and Future Years Budget £'000	2016/17 Budget £'000	2016/17 Actual at 30/09/2016 £'000	2016/17 Expenditure Remaining £'000	Expenditure Rephased to 2017/18 £'000	2016/17 Total Expenditure £'000	2016/17 Variance from budget £'000
Child & Adult	9,695	9,695	1,720	7,975	0	9,695	0
Public Health	634	552	124	412	16	552	0
Regeneration & Neighbourhoods	21,952	17,573	6,366	9,373	1,834	17,573	0
Chief Executive	966	966	19	947	0	966	0
Corporate	2,457	2,457	40	2,417	0	2,457	0
Total Capital Expenditure	35,704	31,243	8,269	21,124	1,850	31,243	0

8.2 The table above shows the overall capital budget for 2016/17 and future years, and the capital budget specific to 2016/17.

8.3 Actual expenditure to 30th September 2016 was £8.269m, compared to a 2016/17 budget of £31.243m; £1.85m has been rephased to 2017/18 leaving £21.124m to be spent during the remainder of 2016/17.

8.4 The rephased expenditure for Regeneration and Neighborhoods is predominantly in relation to DSO vehicle purchase (£1.045m), Empty Homes Phase 2 (£0.260m) and Disabled Facility Grants (£0.250m).

8.5 Detailed financial information on the capital programme for individual Departments by Committee is provided in Appendices F to J. Items to bring to Members attention are detailed below.

8.6 Use of Former Right to Buy Receipts (RTBs) for New Housing

The Council has obtained agreement from the Homes and Communities Agency for the existing Empty Property scheme to be amended to replace 10 empty homes with 10 new build units. This will help to balance the current housing stock in order to ensure the HRA is sustainable in terms of managing void levels and repairs. This is being funded from £0.250m arising from former RTBs, consisting of £0.203m from 2015/16 and £0.047m from amounts received to date in the current year. This has been approved with authority delegated to the Chief Executive, Chief Finance Officer and Chief Solicitor in consultation with the Chair of Finance and Policy Committee.

8.7 **Council Capital Fund (CCF) Unallocated £0.375m**

8.8 Proposals for using the uncommitted CCF will be reported to a future meeting for Members approval.

8.9 **Section 106 Developers Contributions**

The level of uncommitted funds as at 30th September 2016 was £0.682m. A table is attached at Appendix K showing that the amount brought forward from the previous financial year was £0.441m, with a further amount of £0.264m

being received in year. To date amounts transferred to scheme total £0.023m including £0.004m for upgrades to Summerhill, £0.004m for pool seating at Mill House, £0.014m for Church Square (ISQ) and £0.001m Brompton Walk Former Nursery footpath.

9. CONCLUSIONS

- 9.1 An updated assessment of the forecast 2016/17 budget outturn has been prepared, reflecting expenditure to date and forecast over the remainder of the year. The current forecasts indicate a best case net underspend of £0.121m and a worse case overspend of £0.499m. A significant number of these forecasts relate to seasonal services where higher levels of activity and expenditure occur over the winter months. The forecast outturn position will be managed carefully over the remainder of the year and regular updates reported to this Committee.
- 9.2 In the event of there is a year-end overspend this will either be funded from the General Fund Reserve or by reducing the resources earmarked for Capital priorities. The position will continue to be monitored and the final outturn report will recommend a strategy to address a year end underspend if this occurs.
- 9.3 In relation to collection of Business Rates and Council Tax, these issues are impacted by the significant changes implemented in April 2013 and the ongoing difficult economic climate. The collection levels at 30th September 2016 are broadly in line with previous years and it is also anticipated that year end collection levels will be in line with previous years, reflecting the MTFS planning assumptions.

10. RECOMMENDATIONS

- 10.1 It is recommended that Members note the report.

11. REASONS FOR RECOMMENDATIONS

To update the Finance and Policy Committee on the Council's financial position and to enable Members to make decisions as part of the overall budget process for 2016/17.

12. BACKGROUND PAPERS

Strategic Financial Management Report – as at 31st July 2016 to Finance and Policy Committee 05.09.16.

13. CONTACT OFFICER

Chris Little
Chief Finance Officer
Chris.little@hartlepool.gov.uk
01429 523003

Table 1 - Forecast Outturn 2016/17

July 16 Forecast			Latest Forecast	
Worst Case - Overspend/ (Underspend) £'000	Best Case - Overspend/ (Underspend) £'000		Worst Case - Overspend/ (Underspend) £'000	Best Case - Overspend/ (Underspend) £'000
		Departmental Budgets		
(385)	(385)	Chief Executive's Dept	(395)	(395)
950	630	Child and Adult Services	1,300	920
145	(15)	Public Health	150	25
(305)	(750)	Regeneration and Neighbourhoods	(230)	(425)
285	310	Departmental Reserves approved at Quarter 1 Finance and Policy Committee (5/9/16)	285	310
		Recommended Departmental reserves as detailed in Table 2	(20)	35
690	(210)	Sub Total - Departmental Budgets	1,090	470
		Non Departmental issues		
(2,340)	(2,340)	Corporate Budgets as reported in Quarter 1	(2,340)	(2,340)
1,800	1,800	Allocated to fund one off priorities to be determined as part of MTFS	1,800	1,800
(540)	(540)	Sub Total - Corporate Budgets	(540)	(540)
(51)	(51)	Uncommitted 2015/16 Outturn	(51)	(51)
99	(801)	Forecast Uncommitted Outturn	499	(121)

Table 2 - Recommended Contributions to Reserves

	Latest Forecast	
	Worst Case	Best Case
	£'000	£'000
Ring-fenced Grant Reserves		
Public Health Grant - the worst case underspent has reduced by £20,000 and the best case uperspend has increased by £35,000 since the contribution to reserves recommended in the previous Strategic Financial Management Report. Any underspending of this grant is required to be transferred into a ringfenced reserve in line with the grant conditions.	(20)	35
TOTAL	(20)	35

REVENUE FINANCIAL MONITORING REPORT FOR FINANCIAL YEAR 2016/17 as at 30th September, 2016

Approved 2016/2017 Budget	Description of Service Area	September		Director's Explanation of Variance
		Projected Outturn Variance - Adverse/ (Favourable) Worst Case	Projected Outturn Variance - Adverse/ (Favourable) Best Case	
£'000		£'000	£'000	
Finance and Policy Committee				
(163)	Benefits	(115)	(115)	Favourable variance is owing to one vacant post, some posts not being at the top of the grade and some reduced working hours. Finance and Policy Committee on 30th January, 2015 approved a £35k favourable variance on Fraud and Error Reduction Incentive Scheme (FERIS), be earmarked to address 2016-17 DWP Housing Administration grant cuts to mitigate impacts on benefit service standards. There has been a further £23k FERIS grant received in 2016-17, and an additional New Burdens grant for Administration and Existing Reform funding of £47k, which are also requested be earmarked for the same purpose but to address cuts in 2017-18.
(881)	Central Administration Recharges	0	0	
1,001	Corporate Finance	(81)	(81)	The favourable variance is owing to a vacant post, some posts not being at the top of the grade, reduced working hours and a reduction in overtime.
643	Corporate Strategy & Public Consultation	(8)	(8)	The favourable variance is owing to a post not being at the top of the grade and reduced working hours.
(143)	Housing Benefits Subsidy	(155)	(155)	Favourable variance of £55k is owing to additional grant from DWP for Universal Credit, which is requested be earmarked to address 2017-18 DWP Housing Administration grant cuts. The remaining £100k favourable variance is owing to the Housing Benefit Subsidy Grant, which generates £47m in subsidy, and will be monitored again at the Mid Year Review in September which is submitted to DWP.
191	Democratic	0	0	
75	Fraud	(15)	(15)	The favourable variance is owing to supplies and services savings being made in advance for 2017-18.
925	Customer and Support Services	(24)	(24)	The favourable variance is owing to some posts not being at the top of the grade.
452	Human Resources & Health and Safety	(6)	(6)	The favourable variance is owing to a post being vacant for part of the year.
233	Internal Audit	(20)	(20)	The favourable variance is owing to reduced working hours and overtime, reduced mileage and some additional income generation.
410	Legal Services	30	30	The adverse variance is offset from favourable variance elsewhere within the department. A strategy for addressing this issue is being developed for 2017/18.
198	Municipal Elections and Registration of Electors	0	0	
(80)	Other Office Services	0	0	An adverse variance of £40k is owing to a further slow down in Local Land Searches, this is owing to the number of companies using Environmental Information Regulations, which is an ongoing trend. This has been offset by the use of a corporate reserve.
84	Public Relations	0	0	
(107)	Registration Services	10	10	The adverse variance is owing to reduced income generation on both birth and death registration owing to services moving to North Tees Hospital.

CHIEF EXECUTIVES

6.2 Appendix B

Approved 2016/2017 Budget	Description of Service Area	Projected Outturn Variance - Adverse/ (Favourable) Worst Case	Projected Outturn Variance - Adverse/ (Favourable) Best Case	Director's Explanation of Variance
£'000		£'000	£'000	
886	Revenues	0	0	
(435)	Revenue & Benefits Central	0	0	
70	Scrutiny	0	0	
659	Shared Services	0	0	
122	Support to Members	0	0	
15	Training & Equality	0	0	
385	Corporate Management Running Expenses	(11)	(11)	The favourable variance is owing to a post not being at the top of the grade.
4,540	Finance and Policy Committee Total (Before Creation of Reserves)	(395)	(395)	
Creation of Reserves				
0	FERIS Grant Project	23	23	This grant is to fund initiatives over more than one year.
0	New Burdens Grant	47	47	The DWP Housing Administration grant has reduced by almost a third (£367k) since 2012/13. It is therefore requested that the favourable variances on these schemes are earmarked to address a potential grant cut in 2017/18.
0	Universal Credit	55	55	
4,540	Chief Executives Total - Net of Reserves	(270)	(270)	

PLANNED USE OF RESERVES

The above figures include the 2016/2017 approved budget along with the planned use of Departmental Reserves created in previous years.

The details below provide a breakdown of these reserves

Approved 2016/2017 Budget £'000	Description of Service Area	Planned Usage 2016/2017 £'000	Variance Over/ (Under) £'000	Director's Explanation of Variance
Finance and Policy Committee				
49	Corporate Strategy - ICT System Development	74	25	Reserve to fund transition costs in relation to technology and mobile working, support the development/delivery of the Digital First strategy and any costs attributable to keeping the authority compliant in respect of PSN compliance.
5	Corporate Strategy - Performance Management	5	0	Reserve to support costs for performance management covalent charges over a 3 year period.
0	Corporate Strategy - PSN Compliance & Contingency	16	16	Reserve to fund transition any costs attributable to keeping the authority compliant in respect of PSN compliance.
5	Registrars	0	(5)	Registration software maintenance costs over 3 years slipped into 2017-18.
9	Resource Investment - HR	9	0	Reserve to fund any identified training provision to support the development of the council.
0	Health and Safety - Staffing	25	25	Reserve to support the Health and Safety staffing budget in 2017-18.
36	Legal	36	0	Reserve to support the Legal income budget in 2017-18.
0	Registration and Members	2	2	This reserve is committed for Civic items.
10	Finance - IT Investment Shared Services	30	20	Shared Services Reserve for Project Development Work on E-Series and Webview.
193	Chief Executive's Department Ring Fenced Grants	228	35	Chief Executive Department Ring Fenced Grants including those created in 2016-17 to support the DWP Housing Administration Grant in 2016-17.
307	Total	425	118	

REVENUE FINANCIAL MONITORING REPORT FOR FINANCIAL YEAR 2016/17 as at 30th September, 2016

Approved 2016/2017 Budget £'000	Description of Service Area	September		Director's Explanation of Variance
		Projected Outturn Variance - Adverse/ (Favourable) Worst Case £'000	Projected Outturn Variance - Adverse/ (Favourable) Best Case £'000	
Adult Committee				
0	Carers & Assistive Technology	0	0	
3,435	Commissioning & Adults General	(15)	(15)	
1,358	Commissioning-Mental Health	140	140	This reflects an increase in the number of service users over the last 12 months and has been identified as an on-going budget pressure.
10,072	Commissioning-Older People	(240)	(240)	Historic budget pressures have been funded from the Better Care Fund (BCF) as part of the programme to reduce care home and hospital admissions. The projected underspend relates to current expected levels of expenditure and increased income from the CCG for jointly-funded packages, however the winter period may result in additional expenditure so the projection will be closely monitored and updated as the year progresses.
0	Deprivation of Liberty Standards (DoLS) - Pressure	337	337	This relates to the unbudgeted costs arising from the Supreme Court Judgement which has resulted in a 1600% increase in activity. The costs are to be funded from within the overall outturn.
8,168	Commissioning-Working Age Adult	0	(155)	
216	Complaints & Public Information	0	0	
482	Departmental Running Costs	(100)	(100)	These mainly relate to under spends across various supplies and services budgets reflecting early achievement of 2017/18 savings.
751	Direct Care & Support Team	(200)	(230)	A staffing restructure to enhance Telecare services will commence from Autumn 2016 therefore this underspend reflects the part year effect of the changes not yet being implemented.
403	LD & Transition Social Work	(10)	(10)	
2,568	Locality & Safeguarding Teams	(225)	(275)	Underspend mainly relates to new posts created within Teams (which have now been filled) and incremental drift with some early achievement of 2017/18 savings. Social Workers and Social Care Officers are on career grades which results in a range of bandings depending on qualifications and experience. Budgets are set prudently to reflect payment at the top of scale and the underspend reflects the fact there have been a number of new workers appointed at the lower end of the scale resulting in a short term saving of up to £10k per worker. A departmental salary abatement target was created as part of the 2016/17 budget savings proposals and this underspend is in addition to this target. The position is not sustainable as workers will move up the salary scales as they gain more experience.
715	Mental Health Services	(40)	(40)	
372	OT & Disability Equipment	70	70	Current usage and expenditure is higher than budgeted.
409	Workforce Planning & Dev	(40)	(40)	
1,154	Working Age Adult Day Services	0	0	
30,103	Adult CommitteeSub Total	(323)	(558)	
0	Release of Departmental Reserve for DoLS	0	0	DoLS costs are to be funded from within the overall outturn to protect the specific DoLS reserve.
30.103	Adult Committee Sub Total (after release of reserves)	(323)	(558)	

Approved 2016/2017 Budget £'000	Description of Service Area	Projected Outturn Variance - Adverse/ (Favourable) Worst Case £'000	Projected Outturn Variance - Adverse/ (Favourable) Best Case £'000	Director's Explanation of Variance
Children's Committee				
11,874	Children & Families	1,813	1,738	The overspend relates to a combination of historic budget pressures and an increase in LAC. Residential Placements have increased this financial year and were increasing during last financial year so there is the full year effect of these costs. In-House fostering placements have also been increasing over the last 15 months. Care Proceedings legal costs and the need to increase staffing at Exmoor Grove and the Children's Home owing to the increasing complexity of need and the requirement to maintain staffing ratios have also contributed to the overspend.
3,476	Early Intervention Services	(265)	(265)	The underspend relates to a combination of vacant posts and under spends against supplies and services budgets which, where possible, will be used to contribute towards the 2017/18 savings targets.
4	Play & Care	15	15	Historic shortfall in income - charges have been increased and will be closely monitored throughout the remainder of the year.
428	Youth Offending Service	0	0	
208	Access to Education	(17)	(33)	In year vacancy savings have resulted in forecast underspend.
120	Central Support Services	5	5	
522	Other School Related Expenditure	0	0	
524	Raising Educational Achievement	60	10	Relates to shortfall in buyback income to be funded from reserves.
237	Special Educational Needs	14	14	Additional staffing costs partially offset by additional grant and buyback income, shortfall to be funded by reserves.
16	Strategic Management	(2)	(6)	
17,410	Children's Committee Sub Total	1,623	1,478	
47,513	Child and Adult Total - (before Creation of Reserves)	1,300	920	
Use of Reserves				
(725)	Departmental Reserves required to fund shortfall in 2016/17 savings.	0	0	
46,788	Child & Adult Total - Net of Reserves	1,300	920	

CHILD & ADULT SERVICES
PLANNED USE OF RESERVES

The above figures include the 2016/2017 approved budget along with the planned use of Departmental Reserves created in previous years.
The details below provide a breakdown of these reserves

Approved 2016/2017 Budget £'000	Description of Service Area	Planned Usage 2016/2017 £'000	Variance Over/ (Under) £'000	Director's Explanation of Variance
Adult Committee				
50	CCG LD Transformation Funding	50	0	
725	Departmental Reserves to Fund 16/17 Savings Shortfall (Also shown in Children's Services Committee as cross-departmental reserve).	725	0	
58	Demand Management - Adults (BCF Demand Review)	58	0	
337	Deprivation of Liberty Safeguards (DoLS)	337	0	
50	BCF Project Management	50	0	
50	Demand Management - Adults (Modern Apprentices)	50	0	
31	Care Bill Implementation	31	0	
1,301	Adult Committee Sub Total	1,301	0	
Children's Committee				
44	Youth Offending Reserve	44	0	
361	Better Childhood Programme	361	0	
0	Looked After Children Reserve	337	337	An element of the specific LAC reserve is to be released to contribute towards the increasing costs of LAC and the overspend position.
175	Early Intervention Reserve	175	0	
16	Schools Transformation Team	16	0	
30	Data Team	30	0	
72	School Improvement	72	0	
0	Independent Support/Short Breaks	11	11	£21k Reserve created from 2015/16 grant funding - element will be spent during 2016/17 as contribution towards current scheme.
698	Children's Committee Sub Total	1,046	348	

MEMO:-	Dedicated Schools Grant			
(4,346)	Early Years	0	0	
(8,106)	High Needs	0	0	
(36,300)	Schools	0	0	

REVENUE FINANCIAL MONITORING REPORT FOR FINANCIAL YEAR 2016/17 as at 30th September, 2016

		September		
Approved 2016/2017 Budget	Description of Service Area	Projected Outturn Variance - Adverse/ (Favourable) Worst Case	Projected Outturn Variance - Adverse/ (Favourable) Best Case	Director's Explanation of Variance
£'000		£'000	£'000	
Finance and Policy Committee				
Public Health Grant				
1,521	Childrens Public Health	(125)	(125)	The variance relates to contract efficiencies achieved on the Young Peoples Health & Wellbeing and 0-5 contract. These savings will be used to support the 17/18 savings programme.
102	Health Check Programme	0	0	
0	Health Protection	0	0	
732	Misc Public Health Services	30	0	
154	Obesity	0	0	
165	Physical Activity	0	0	
862	Prescribing	0	(20)	Favourable variance reflects a lower than anticipated charge from providers for dispensing and supervised consumption.
889	Public Health Advice	(15)	(15)	Favourable variance relates to an underspend in year on salary costs.
694	Sexual Health	0	0	
253	Smoking & Tobacco	5	0	
2,361	Substance Misuse	0	(25)	The favourable variance relates to an underspend on salary budgets.
(7,733)	Public Health Main Grant	0	0	
0	Public Health Grant Subtotal	(105)	(185)	
Public Health General Fund				
680	Consumer Services	45	30	Adverse variance relates to a potential shortfall in Licensing Income.
680	Public Health General Fund Subtotal	45	30	
680	Finance and Policy Committee Sub Total	(60)	(155)	
Regeneration Committee				
Public Health General Fund				
(3)	Environmental Protection	10	10	Adverse variance relates to a shortfall on Rodent Control Income.
(91)	Environmental Standards	60	60	Adverse variance relates to income pressures on Outdoor Markets.
501	Sport, Leisure & Recreation Facilities	140	110	Adverse variance relates to income shortfalls across the Service Area and costs associated with running the Borough Hall.
407	Public Health General Fund Subtotal	210	180	
407	Regeneration Committee Sub Total	210	180	
1,087	Public Health Total - before Reserves	150	25	
Creation of Reserves				
0	Public Health Ringfenced Grant	105	185	The Public Health Grant is ringfenced and any underspend will be transferred into a ringfenced reserve in line with the grant conditions.
1,087	Public Health Total - Net of Reserves	255	210	

PLANNED USE OF RESERVES

The above figures include the 2016/2017 approved budget along with the planned use of Departmental Reserves created in previous years.
The details below provide a breakdown of these reserves

Approved 2016/2017 Budget £'000	Description of Service Area	Planned Usage 2016/2017 £'000	Variance Over/ (Under) £'000	Director's Explanation of Variance
Regeneration Committee				
25	PCT Reserve - Public Health/ Sport initiative	25	0	
33	PCT Reserve - Business Development	33	0	
40	PCT Reserve - Employee Wellbeing Strategy	40	0	
250	Drugs Action Team Reserve - Tier 4 Support	250	0	
470	Public Health Grant - Child & Adult 17/18 Savings	470	0	
397	Public Health Grant	397	0	
33	Sport and Recreation Reserve	33	0	
1,248	Total	1,248	0	

REVENUE FINANCIAL MONITORING REPORT FOR FINANCIAL YEAR 2016/17 as at 30th September, 2016

Approved 2016/2017 Budget £'000	Description of Service Area	September		Director's Explanation of Variance
		Projected Outturn Variance - Adverse/ (Favourable) Worst Case £'000	Projected Outturn Variance - Adverse/ (Favourable) Best Case £'000	
Finance & Policy Committee				
1,089	Community Safety & Engagement	5	0	
87	Strategic Management, Admin & Service Development	0	0	Expecting spend to budget at this stage. The Salary Abatement target is expected to be achieved.
(106)	Logistics	(50)	(50)	
49	Procurement and Reprographics	0	0	Very early to predict on Trading Accounts but expecting to be on budget at this stage.
431	Estates & Asset Management	90	90	The variance projected relates to a shortfall in TOS income generated.
(801)	Building Consultancy	250	150	The variance projected relates to a shortfall in TOS income generated.
885	Facilities Management	10	(40)	This is a volatile area which includes a number of Trading Activities. The adverse variance projected relates to an adverse variance in Functions Catering and the Garden Centre.
(157)	Departmental Reserves required to fund shortfall in 2016/17 savings	0	0	
1,477	Finance & Policy Committee Sub Total	305	150	
Regeneration Committee - Core Services				
0	Adult Education	(760)	(760)	Favourable Variance relates to a surplus generated on the European funded schemes which ended last year. The schemes have been audited and a £76K Clawback may be charged. Awaiting SFA response.
20	Archaeology	0	0	
58	Community Centres	0	0	Variance relates to an overspend on staffing budgets due to backfilling within Cultural Services.
617	Cultural Services	25	25	
990	Libraries	5	5	Variance relates to a projected underachievement of income from new income streams.
(6)	Building Control	120	100	The outturn reflects the volatile nature of external income on this account. The Income Risk Reserve will be used to fund this pressure in 16/17.
0	Building Control - release of Corporate Income Shortfall Reserve as per MTFS	(120)	(100)	See Building Control comments.
254	Planning Services	150	150	Difficult to predict when income will be received, however income from domestic applications is down, and based on the larger applications likely to come forward, it is anticipated that income will be below target at year end. This shortfall will be funded from the Income Risk Reserve (see below).
0	Planning- release of Income Shortfall Reserve as per MTFS	(150)	(150)	See comment above.
565	Housing Services	(15)	(15)	Variance relates to Selective Licensing income. This income needs to be carried forward to fund the cost of running the scheme in future years. A contribution to reserves is therefore requested.
837	Economic Regeneration	0	0	
(50)	Economic Regeneration - External Funding	0	0	
219	Heritage & Countryside	0	0	
3,504	Regeneration Committee - Core Services Sub Total	(745)	(745)	
Regeneration Committee - Social Housing				
0	Social Housing	0	0	The Council is required to re-opened it's Housing Revenue Account (HRA) and in accordance with the Regulations must now account for Housing separately as a ringfenced account. A monitoring statement will be prepared later in the year once a full Asset Management Plan (including Condition Survey) has been compiled. Any surplus will be transferred to a HRA reserve in accordance with the accounting regulations.
0	Regeneration Committee - Social Housing Sub Total	0	0	

REGENERATION AND NEIGHBOURHOODS
6.2 Appendix E

Approved 2016/2017 Budget	Description of Service Area	Projected Outturn Variance - Adverse/ (Favourable) Worst Case	Projected Outturn Variance - Adverse/ (Favourable) Best Case	Director's Explanation of Variance
£'000		£'000	£'000	
Neighbourhood Committee				
(136)	Cemetery and Crematoria	0	0	The variance includes an underspend on Maintenance (£20k) which is expected after the major Capital investment last year, and additional income generated from fees and Charges. It is proposed to transfer the underspend on Maintenance into a reserve to fund peaks in maintenance in future years.
281	Parks & Countryside	55	55	Adverse variance reflects an increase in vandalism and responsive repairs.
30	Allotments	0	0	
(453)	Car Parking & Enforcement	110	100	The variance mainly relates to a shortfall in income, however there continues to be a budget pressure on business rates of approx £30k.
419	Engineering Services (incl Coastal Protection and Contaminated Land)	0	0	This projection assumes that any underspend will be transferred to Capital to support the Major Capital scheme on the Headland.
1,728	Grounds Maintenance	0	0	
1,948	Highway Maintenance & Insurance	0	0	
(224)	Highways Trading	0	0	Very early to predict on Trading Accounts however it is anticipated that Highways will be within budget at year end.
502	Highways Traffic & Transp Management	0	0	
1,365	Passenger Transport	(40)	(60)	Worst case estimate reflects the expected increase in SEN transport costs from September onwards. Best case estimate assumes that the demand led pressures will be offset by savings or income generated elsewhere within Passenger Transport.
128	Road Safety	0	0	
(53)	ITU - Strategic Management	50	50	The adverse variance relates to income targets set as part of the 14/15 savings programme that have not been achieved. Projects involve collaboration work around transport.
(124)	Vehicle Fleet	(90)	(90)	Variance relates to a temporary saving on vehicle borrowing costs as vehicles are being kept for longer. The review of vehicles may result in some vehicles being withdrawn and others financed over a longer period.
(1)	NDORS (National Driver Offender Rehabilitation) Scheme	0	0	
1,164	Network Infrastructure	0	0	This position assumes that any favourable variance at Outturn will be transferred to Capital to fund the LED project (as per the approved business case).
0	Section 38's	0	0	
(0)	Traffic Management	0	0	
2,423	Sustainable Transport	(65)	(65)	Favourable variance reflects the negotiated position which is less than the agreed budget.
1,646	Street Cleansing	(10)	(10)	Favourable variance relates to savings on fuel.
4,605	Waste & Environmental Services	200	190	There are many pressures on this Service Area however it is assumed at this stage that these can be managed within the overall budget this year.
15,246	Neighbourhood Committee Sub Total	210	170	
20,227	R& N Total before reserves	(230)	(425)	
Creation of Reserves				
0	Selective Licensing Phase 2	15	15	Reserve created to earmark income received in advance to fund staffing costs over the life of the scheme.
0	Maintenance Fund Crematorium	20	20	Reserve created to fund future maintenance costs associated with the Cremators.
20,227	Regeneration and Neighbourhoods Total - Net of Reserves	(195)	(390)	

The above outturn position includes the following DRF contributions:

- £20,000 for Wheelie Bins.
- £175,000 for major structural repairs, renovation and a new heating system at the Chapel.
- £12,000 for the Garden of Remembrance.
- £16,000 for the Burn Road Recycling Centre Development.

REGENERATION AND NEIGHBOURHOODS

6.2 Appendix E

PLANNED USE OF RESERVES

The above figures include the 2016/2017 approved budget along with the planned use of Departmental Reserves created in previous years.
The details below provide a breakdown of these reserves

Approved 2016/2017 Budget £'000	Description of Service Area	Planned Usage 2016/2017 £'000	Variance Over/ (Under) £'000	Director's Explanation of Variance
Finance & Policy Committee				
109	Community Pool	109	0	
17	Civic Lottery - Ward Member Budgets	17	0	
35	Community Safety Specific Grants	12	(23)	This variance relates to the profile of expenditure over years
160	Departmental Reserves required to fund the 2016/17 savings shortfall.	160	0	
Regeneration Committee				
264	Adult Education	264	0	
33	Business Grants	33	0	
152	Economic Regeneration Schemes	129	(23)	This variance relates to the profile of expenditure over years.
0	Local Plan	20	20	This variance relates to the profile of expenditure over years.
15	Waverley Allotments	15	0	
17	Archaeology	17	0	
126	National Museum of the Royal Navy Hartlepool	126	0	
163	Seaside Grant	163	0	This Reserve has been transferred to the Capital Programme.
29	Selective Licensing	29	0	
Neighbourhood Committee				
35	Environmental Apprentices	35	0	
50	Winter maintenance	50	0	This reserve may be required to fund the costs associated with a severe Winter.
80	Catering equipment	80	0	
9	Building cleaning	9	0	
15	Bikeability	15	0	
16	Speed Cameras	16	0	
196	Environmental Enhancements	150	(46)	This variance relates to the profile of expenditure over years.
1,521	Total	1,449	(72)	

CAPITAL MONITORING REPORT PERIOD ENDING 30TH SEPTEMBER 2016

Project Code	Scheme Title	BUDGET		EXPENDITURE IN CURRENT YEAR					Type of Financing	2016/17 COMMENTS
		A	B	C	D	E	F	G		
		2016/17 and Future Years Budget £'000	2016/17 Budget £'000	2016/17 Actual as at 30/09/16 £'000	2016/17 Expenditure Remaining £'000	Expenditure Rephased into 2017/18 £'000	(C+D+E) 2016/17 Total Expenditure £'000	(F-B) 2016/17 Variance from Budget £'000		
Adult Committee										
7234	Chronically Sick and Disabled Persons Adaptations	309	309	11	298	0	309	0	MIX	
8108	Centre for Independent Living - New Build	3,694	3,694	520	3,174	0	3,694	0	MIX	
	Adult Committee Sub Total	4,003	4,003	531	3,472	0	4,003	0		
Children's Committee										
7469	Children's Centre's Capital	18	18	11	7	0	18	0	RCCO	
8072	Integrated Children's Services Case Management Improvement	37	37	0	37	0	37	0	MIX	
8218	Youth Service Portable Multi-Use Games Area (Youth Capital Fund)	7	7	0	7	0	7	0	GRANT	
8783	Barnard Grove Primary School - Section 278 Works	12	12	0	12	0	12	0	GRANT	
8587	Brougham Primary School - Air Handling Unit Replacement	40	40	4	36	0	40	0	GRANT	
8890	Clavering Primary - Class Room Extension	289	289	268	21	0	289	0	GRANT	
8907	Clavering Primary School - Roofing Block A (Phase 2 of 2)	55	55	51	4	0	55	0	GRANT	
8898	CETL - Cafe/Meeting Area	10	10	10	0	0	10	0	RCCO	
7384	Devolved Schools Capital	354	354	47	307	0	354	0	GRANT	
8948	Eldon Grove Primary School - Dining Room Extension	231	231	0	231	0	231	0	RCCO	
8947	Fens Primary School - Heating Distribution (Phase 2 of 3)	40	40	15	25	0	40	0	GRANT	
7923	Golden Flatts Primary School - Electrical Rewire (Phase 2 of 3)	95	95	95	0	0	95	0	GRANT	
8734	Golden Flatts Primary School - Condensation mitigation works	15	15	0	15	0	15	0	GRANT	On hold pending ongoing investigation.
8874	Golden Flatts Primary School - Emergency Boiler Replacement	40	40	0	40	0	40	0	GRANT	
8947	Golden Flatts Primary School - Heating Distribution	50	50	17	33	0	50	0	GRANT	
8907	Golden Flatts Primary School - Roofing Replacement	66	66	60	6	0	66	0	GRANT	
8906	Grange Primary School - Window Replacement	30	30	31	6	0	37	7	GRANT	This scheme is currently anticipated to be completed £7k over budget. This can be funded from the funding currently unallocated.
8891	Hart Primary School - Classroom Extension	89	89	32	57	0	89	0	MIX	

CAPITAL MONITORING REPORT PERIOD ENDING 30TH SEPTEMBER 2016

Project Code	Scheme Title	BUDGET		EXPENDITURE IN CURRENT YEAR					Type of Financing	2016/17 COMMENTS
		A	B	C	D	E	F	G		
		2016/17 and Future Years Budget £'000	2016/17 Budget £'000	2016/17 Actual as at 30/09/16 £'000	2016/17 Expenditure Remaining £'000	Expenditure Rephased into 2017/18 £'000	(C+D+E) 2016/17 Total Expenditure £'000	(F-B) 2016/17 Variance from Budget £'000		
8718	High Tunstall School - Roofing - Area of Block A Phased	59	59	0	59	0	59	0	MIX	On hold pending Priority School Building Programme Phase 2 but minor works were necessary and have been undertaken. The remainder of the scheme will remain on hold until the Autumn when EFA provide information as to where within the 5 yr programme the new build will be timetabled.
8718	High Tunstall School - Roofing - Block A	12	12	0	12	0	12	0	MIX	Scheme reduced pending outcome of Priority School Building Programme Phase 2. The remainder of the scheme will remain on hold until the Autumn when EFA provide information as to where within the 5 yr programme the new build will be timetabled.
8719	High Tunstall School - Roofing - Block L	102	102	0	102	0	102	0	MIX	On hold pending Priority School Building Programme Phase 2. The remainder of the scheme will remain on hold until the Autumn when EFA provide information as to where within the 5 yr programme the new build will be timetabled.
8716	High Tunstall School - Window Replacement - Block A	156	156	0	156	0	156	0	RCCO	On hold pending Priority School Building Programme Phase 2. This scheme will remain on hold until the Autumn when EFA provide information as to where within the 5 yr programme the new build will be timetabled.
8588	High Tunstall School - Replace Underground Distribution Pipework	50	50	10	40	0	50	0	GRANT	
8906	Kingsley Primary School - Window Replacement	48	48	14	34	0	48	0	MIX	
8603	Pupil Referral Unit - Security Barrier Fencing	5	5	5	0	0	5	0	RCCO	
8604	Pupil Referral Unit - Replacement Doorsets with Security Doors	12	12	0	29	0	29	17	MIX	Following feasibility and further design it has become apparent the replacement of the external doorset and a more robust doorset system with electronic access control is required. Building regulation approval is also needed. Consequently this scheme has now increased in costs to £29k. Capital sub group have endorsed this increase in costs. This can be funded by funding currently unallocated.
7586	Purchase of Computer Equipment - City Learning Centre	4	4	0	4	0	4	0	RCCO	
8947	Rift House Primary School - Heating Distribution (1 of 2)	55	55	0	55	0	55	0	GRANT	
8907	Rift House Primary School - Roofing Replacement	85	85	27	58	0	85	0	GRANT	
8891	Rift House Primary School - Classroom Extension	662	662	2	660	0	662	0	MIX	
8819	Rossmere Primary School - Lighting/Emergency Lighting	27	27	4	23	0	27	0	MIX	
8692	Rossmere Primary School - Forest School	37	37	1	36	0	37	0	RCCO	
8906	Rossmere Primary School - Window Replacement	50	50	5	45	0	50	0	GRANT	
7421	School Travel Plans	2	2	0	2	0	2	0	GRANT	
8138	Schools General - BSF - ICT	498	498	237	261	0	498	0	GRANT	

CHILD AND ADULT SERVICES

6.2 APPENDIX F

CAPITAL MONITORING REPORT PERIOD ENDING 30TH SEPTEMBER 2016

Project Code	Scheme Title	BUDGET		EXPENDITURE IN CURRENT YEAR					Type of Financing	2016/17 COMMENTS
		A	B	C	D	E	F	G		
		2016/17 and Future Years Budget £'000	2016/17 Budget £'000	2016/17 Actual as at 30/09/16 £'000	2016/17 Expenditure Remaining £'000	Expenditure Rephased into 2017/18 £'000	(C+D+E) 2016/17 Total Expenditure £'000	(F-B) 2016/17 Variance from Budget £'000		
8139	Schools General - BSF - ICT Infrastructure Costs	112	112	87	25	0	112	0	GRANT	
9004	Schools General - Contingency	150	150	0	150	0	150	0	GRANT	
9004	Schools General - Funding Currently Unallocated	328	328	0	304	0	304	(24)		Underspend represents amount to fund the Pupil Referral Unit - Replacement Doorsets with Security Doors scheme and the anticipated overspend in relation to the Grange School window replacement scheme.
9004	Schools General - RCCO Earmarked for Asbestos Surveys	25	25	0	25	0	25	0	MIX	
9004	Schools General - Suitability RCCO Unallocated	738	738	0	738	0	738	0	RCCO	
8788	Schools General - Universal Free School Meals	53	53	0	53	0	53	0	RCCO	
8903	Springwell Primary School - Toilet Replacement	30	30	14	16	0	30	0	GRANT	
8590	Springwell Primary School - Electrical Distribution System	60	60	0	60	0	60	0	GRANT	
7419	Springwell Primary School - Conservatory Conversion	85	85	1	84	0	85	0	RCCO	
8865	St Cuthbert's Primary School - Outdoor Area	96	96	0	96	0	96	0	RCCO	
7422	St Cuthbert's Primary School - Mobile Unit Toilet Extension	88	88	40	48	0	88	0	RCCO	
8945	St Helen's Primary School - Roofing Replacement	95	95	0	95	0	95	0	GRANT	
8947	St Helen's Primary School - Heating Distribution Emitters	40	40	12	28	0	40	0	GRANT	
7106	St Hilda's School - Security Barrier Fencing	21	21	0	21	0	21	0	RCCO	
7423	Sacred Heart Primary School - Car Parking Extension	12	12	0	12	0	12	0	RCCO	
7420	Stranton Primary School - Access Road and Pathways	19	19	0	19	0	19	0	RCCO	
7423	Stranton Primary School - Car Parking Extension	112	112	0	112	0	112	0	RCCO	
7521	Two year old Free Nursery Entitlement Capacity Building	23	23	0	23	0	23	0	GRANT	
7385	Ward Jackson Primary School - Disabled Access to Classroom 5	5	5	0	5	0	5	0		
8455	West Park Primary School - Door Entry System	6	6	4	2	0	6	0	RCCO	
8950	West Park Primary School - Rectify Sound Issues to Extension	5	5	2	3	0	5	0	RCCO	
8653	West View Primary School - Early Years Foundation Stage Improvements	153	153	3	150	0	153	0	RCCO	
7105	West View Primary School - Access Road and Pathways	94	94	80	14	0	94	0		This scheme was put on hold in 2014/15 pending the PSBP 2 announcement and only works to canopy and external store were completed. The school was not successful for PSBP2 therefore the scheme is now progressing.
Children's Committee Sub Total		5,692	5,692	1,189	4,503	0	5,692	0	RCCO	
Child & Adult Services Total		9,695	9,695	1,720	7,975	0	9,695	0		

Key

RCCO Revenue Contribution towards Capital
MIX Combination of Funding Types

GRANT
CAP REC

Grant Funded
Capital Receipt

6.2 APPENDIX F

Project Code	Scheme Title	BUDGET		EXPENDITURE IN CURRENT YEAR					Type of Financing	2016/17 COMMENTS
		A	B	C	D	E	F	G		
		2016/17 and Future Years Budget £'000	2016/17 Budget £'000	2016/17 Actual as at 30/09/16 £'000	2016/17 Expenditure Remaining £'000	Expenditure Rephased into 2017/18 £'000	(C+D+E) 2016/17 Total Expenditure £'000	(F-B) 2016/17 Variance from Budget £'000		
UCPB SCE	Unsupported Corporate Prudential Borrowing Supported Capital Expenditure (Revenue)		UDPB SPB	Unsupported Departmental Prudential Borrowing Supported Prudential Borrowing						

CAPITAL MONITORING REPORT PERIOD ENDING 30TH SEPTEMBER 2016

Project Code	A	BUDGET		EXPENDITURE IN CURRENT YEAR						2016/17 COMMENTS
	Scheme Title	A	B	C	D	E	F	G	H	
		2016/17 and Future Years Budget £'000	2016/17 Budget £'000	2016/17 Actual as at 30/09/16 £'000	2016/17 Expenditure Remaining £'000	Expenditure Rephased into 2017/18 £'000	C+D+E 2016/17 Total Expenditure £'000	F-B 2016/17 Variance from budget £'000	Type of financing	
Finance & Policy Committee										
8710	Drug & Alcohol Recovery Centre	35	35	4	31	0	35	0	GRANT	To purchase a new building for use by 'Addaction'
8946	Stepping Stones Grant	311	311	0	311	0	311	0	GRANT	
	Finance & Policy Committee Sub Total	346	346	4	342	0	346	0		
Regeneration Committee										
8103	Swimming Scheme	54	10	2	8	0	10	0	MIX	This is to cover future Equipment replacement and any Major Repairs that arise.
7992	Junior Football Pitches	26	0	0	0	0	0	0	MIX	To be used for future match funding.
8408	Mill House - Equipment Purchase	6	0	0	0	0	0	0	MIX	Used to fund Equipment replacement when required.
8000	Mill House - Pool Hall Seating	5	5	5	0	0	5	0	GRANT	Funded from Section 106
8689	Brierton Sports Fields	135	135	87	48	0	135	0	MIX	Scheme is ongoing and expected to be completed within budget.
8634	Brierton 3G Pitch	6	0	0	0	0	0	0	MIX	The grant conditions require that the balance remaining on this budget is spent on sport facilities on site and have been set aside as match funding for a potential Tennis Court scheme if additional funding can be secured.
8951	Summerhill/Forest School 'Bags of Help'	12	12	5	7	0	12	0	GRANT	Grant funding from TESCO via Groundwork UK for development of Dipping Pond.
8016	Summerhill Multi User Route	4	4	3	1	0	4	0	GRANT	Funded from Section 106
8904	Summerhill Cafe	16	16	15	1	0	16	0	MIX	
8409	Sport & Youth Improvements	24	24	3	5	16	24	0	MIX	
	Regeneration Committee Sub Total	288	206	120	70	16	206	0		
	Public Health Services Total	634	552	124	412	16	552	0		

Key

RCCO Revenue Contribution towards Capital
MIX Combination of Funding Types
UCPB Unsupported Corporate Prudential Borrowing
SCE ® Supported Capital Expenditure (Revenue)

GRANT
CAP REC
UDPB
SPB

Grant Funded
Capital Receipt
Unsupported Departmental Prudential Borrowing
Supported Prudential Borrowing

CAPITAL MONITORING REPORT PERIOD ENDING 30TH SEPTEMBER 2016

Project Code	Scheme Title	BUDGET		EXPENDITURE IN CURRENT YEAR					Type of Financing	2016/17 COMMENTS
		A	B	C	D	E	F	G		
		2016/17 and Future Years Budget £'000	2016/17 Budget £'000	2016/17 Actual as at 30/09/16 £'000	2016/17 Expenditure Remaining £'000	Expenditure Rephased into 2017/18 £'000	(C+D+E) 2016/17 Total Expenditure £'000	(F-B) 2016/17 Variance from Budget £'000		
Finance & Policy Committee										
8306	School Catering Equipment	273	100	0	100	0	100	0	RCCO	Amounts set aside from the revenue budget to meet the capital cost of kitchen equipment replacement.
8796	Depot Relocation/Church Street Regeneration	922	922	338	584	0	922	0	MIX	Work is ongoing and expected to be completed this year.
CAD	Loan to Cleveland College of Art & Design	1,500	1,500	0	1,500	0	1,500	0	UCPB	Expected to be drawn down in current year.
BRI	Brierton Site Development	60	30	11	19	0	30	0	MIX	Savings have been achieved on this scheme in relation to asbestos, drainage, demolition and fees. It is recommended that the saving is used to reduce the capital receipts target for the sale of Brierton.
	Finance & Policy Committee Sub Total	2,755	2,552	349	2,203	0	2,552	0		
Regeneration Committee										
7218	Housing - Disabled Facility Grants	1,389	1,389	405	734	250	1,389	0	MIX	The budget is significantly higher than previous years as result of one-off funding received towards the end of 15/16 and additional grant funding in the current year. The rephased amount is due to limits on capacity to deliver the full budget in year.
7220	Housing - Private Sector Grants	25	25	0	25	0	25	0	GRANT	Although the recurring funding for this budget ended in 2010/11, the remaining balance has been used for 'home plus' grants for essential repairs/works to enable vulnerable owner occupiers to remain in their homes. Any refunds arising from charges on property have been recycled back into this budget.
8155	Housing - Preventing Repossession	20	20	0	20	0	20	0	GRANT	This is a demand led budget.
8795	Housing - Empty Home Phase 2	3,402	1,977	324	1,393	260	1,977	0	MIX	The rephased amount results from a revised profile for the scheme agreed with the HCA. In addition the budget also includes £125,000 in the current year from former Right to Buy receipts to cover the additional costs of acquiring 5 new build. Further details will be made available in a report to F&P in November.
8799	Housing - Major Repairs	20	20	20	0	0	20	0	RCCO	Amounts are set aside in the Housing Revenue Account (HRA) to meet to these costs. A stock condition survey is underway and a future major repairs programme will be determined as part of the Asset Management to be reported later in the year.
HMR	Housing - North Central Hartlepool Housing Regeneration	675	675	1	674	0	675	0	CAP REC	The remaining budget of this scheme has been earmarked to contribute towards the development undertaken by Place First.

CAPITAL MONITORING REPORT PERIOD ENDING 30TH SEPTEMBER 2016

Project Code	Scheme Title	BUDGET		EXPENDITURE IN CURRENT YEAR					Type of Financing	2016/17 COMMENTS
		A 2016/17 and Future Years Budget £'000	B 2016/17 Budget £'000	C 2016/17 Actual as at 30/09/16 £'000	D 2016/17 Expenditure Remaining £'000	E Expenditure Rephased into 2017/18 £'000	F (C+D+E) 2016/17 Total Expenditure £'000	G (F-B) 2016/17 Variance from Budget £'000		
8308	Morrison Hall Loan to NDC Trust	6	6	0	6	0	6	0	UDPB	
7530	Developers Contributions (Section 106)	663	0	0	0	0	0	0	GRANT	Relates to amounts received and earmarked for purposes specified in developer agreements, but not yet transferred to a budget. Details are set out in Appendix K
8591	Coast Protection - Headland Town & Block Sands	4,603	3,675	2,171	1,504	0	3,675	0	MIX	Ongoing scheme to upgrade key coastal structures on the Headland Walls and Block Sands as per Council report 21st July 2014. Budget profile has been updated since Q1.
8444	Coast Protection - Town Wall Strengthening	61	61	6	55	0	61	0	GRANT	Anticipated spend to budget.
8578	Coast Protection - South Management Unit Study	30	30	0	30	0	30	0	GRANT	Anticipated spend to budget.
8908	Coast Protection - North Gare Resurfacing	31	31	31	0	0	31	0	GRANT	Costs met by Insurance Fund.
9008	ISQ - Church Street Match Funding	338	11	11	0	0	11	0	MIX	Funding set aside to be used as match funding in conjunction with anticipated £1.2m HLF grant from next year.
8534	ISQ - Church Street - HLF Phase 1	50	50	0	50	0	50	0	MIX	Funding for the development stage of the above HLF Scheme.
8956	ISQ - Church Square	14	14	0	14	0	14	0	GRANT	Proposed full budget to be presented to Committee in the next quarter.
8901	ISQ Workspace - LGF	46	46	46	0	0	46	0	GRANT	Balance of LGF funding received in 15/16. Relates to costs associated with the acquisition of the former post office building.
8889	Seaton Masterplan	163	106	106	0	0	106	0	RCCO	Consists of Seaside Grant held in reserve and costs incurred to date. A proposed scheme and budget is being developed and will be reported to members.
7092	Jacksons Landing Demolition	40	40	0	40	0	40	0	RCCO	Funding approved by Council on 8th September, 2016.
8700	Waverley Terrace Allotments	28	28	25	3	0	28	0	GRANT	Relates to completion of scheme started in 15/16 using Lottery funding and assumes all of the remaining grant will be spent.
Regeneration Committee Sub Total		11,604	8,204	3,146	4,548	510	8,204	0		

CAPITAL MONITORING REPORT PERIOD ENDING 30TH SEPTEMBER 2016

Project Code	Scheme Title	BUDGET		EXPENDITURE IN CURRENT YEAR					Type of Financing	2016/17 COMMENTS
		A	B	C	D	E	F	G		
		2016/17 and Future Years Budget £'000	2016/17 Budget £'000	2016/17 Actual as at 30/09/16 £'000	2016/17 Expenditure Remaining £'000	Expenditure Rephased into 2017/18 £'000	(C+D+E) 2016/17 Total Expenditure £'000	(F-B) 2016/17 Variance from Budget £'000		
Neighbourhoods Committee										
7272	Wheelie Bin Purchases	80	80	64	16	0	80	0	MIX	The annual budget for new wheelie bins includes proposed RCCO of £20,000 to meet the shortfall of expected demand led costs in year.
7466	DSO Vehicle Purchases	2,094	2,094	949	100	1,045	2,094	0	UDPB	Replacement of vehicles has been kept to the minimum possible while services are reviewed.
7508	Anhydrite Mine	231	231	168	0	63	231	0	MIX	This is the final year of the scheme.
7878	Community Safety CCTV Upgrade/Relocation	399	399	4	295	100	399	0	MIX	The relocation of the monitoring centre is now expected to be complete by April 2017.
8828	Chapel refurbishment	300	70	0	70	0	70	0	RCCO	Essential works are required to the chapel. Includes funding approved by SAMB set aside from the current years revenue budget.
8829	Garden of Remembrance	12	12	12	0	0	12	0	RCCO	Completion of the scheme started in 15/16. Budget includes a proposed RCCO of £12k
Allot	Allotments Improvements	338	0	0	0	0	0	0	UDPB	The Neighbourhoods Committee at its meeting on 27th July 2016 approved for £100k to be rephased to fund relocation costs as a result of the future expansion of Stranton Cemetery. A second phase of the Allotments review is underway and is expected to report in 2017 on a proposed programme of works.
LTP	Local Transport Plan (LTP)- Schemes	3,024	2,816	1,108	1,708	0	2,816	0	GRANT	Consist of various highways schemes. The rephased element reflect the need to carry forward funding as a result of unforeseen delays.
7005	Waverley Terrace Road Safety Improvements	230	230	17	133	80	230	0	CAP REC	Funded from the 2016/17 Corporate Priorities pot. Note that there is no requirement for additional funding.
8905	Clavering Footpath	16	16	1	15	0	16		GRANT	Funded by Hartlepool Heritage & Green Spaces Group
PLAY	Parks & Playgrounds	105	105	19	50	36	105	0	GRANT	This budget is for major works to ensure the safety of parks and playgrounds.
SL	Street Lighting Replacement	339	339	338	1	0	339	0	MIX	The scheme is ongoing and expected to be completed in the current year within budget.
TVBNI	Tees Valley Bus Network Improvement Schemes	175	175	175	0	0	175	0	GRANT	Although 2015/16 was intended to be the final year of the TVBNI programme, additional funding has been made available which has been used on Catcote/Oxford Road junction.
Waste	Burn Road Recycling Centre Redevelopment	250	250	16	234	0	250	0	MIX	Improvements as detailed in the 16/17 MTFS. The budget also includes a proposed RCCO of £16,000 to meet the actual cost of works.
Neighbourhoods Committee Sub Total		7,593	6,817	2,871	2,622	1,324	6,817	0		
Regeneration & Neighbourhoods Total		21.952	17.573	6.366	9.373	1.834	17.573	0		

Key

RCCO Revenue Contribution towards Capital
MIX Combination of Funding Types
UCPB Unsupported Corporate Prudential Borrowing
SCE Supported Capital Expenditure (Revenue)

GRANT Grant Funded
CAP REC Capital Receipt
UDPB Unsupported Departmental Prudential Borrowing
SPB Supported Prudential Borrowing

CAPITAL MONITORING REPORT PERIOD ENDING 30TH SEPTEMBER 2016

Project Code	Scheme Title	BUDGET		EXPENDITURE IN CURRENT YEAR					Type of Financing	2016/17 COMMENTS
		A	B	C	D	E	F	G		
		2016/17 and Future Years Budget £'000	2016/17 Budget £'000	2016/17 Actual as at 30/09/16 £'000	2016/17 Expenditure Remaining £'000	Expenditure Rephased into 2017/18 £'000	(C+D+E) 2016/17 Total Expenditure £'000	(F-B) 2016/17 Variance from Budget £'000		
Finance & Policy Committee										
7091	City challenge Clawback	213	213	0	213	0	213	0	UCPB	
7260	City Challenge Clawback - Burbank / Murray Street	83	83	0	83	0	83	0	RCCO	
7468	IT Strategy	500	500	0	500	0	500	0	MIX	
7623	Corporate IT Projects	24	24	0	24	0	24	0	MIX	
8143	Tivoli Server	10	10	0	10	0	10	0	MIX	
8826	Civic Centre Remodel Reception Area	37	37	19	18	0	37	0	MIX	
	Point to Point Encryption	20	20	0	20	0	20	0	MIX	
	Corporate Projects	79	79	0	79	0	79	0	MIX	
Chief Executives Total		966	966	19	947	0	966	0		

Key

RCCO

MIX

UCPB

SCE

Revenue Contribution towards Capital

Combination of Funding Types

Unsupported Corporate Prudential Borrowing

Supported Capital Expenditure (Revenue)

GRANT

CAP REC

UDPB

SPB

Grant Funded

Capital Receipt

Unsupported Departmental Prudential Borrowing

Supported Prudential Borrowing

CAPITAL MONITORING REPORT PERIOD ENDING 30TH SEPTEMBER 2016

Project Code	Scheme Title	BUDGET		EXPENDITURE IN CURRENT YEAR					Type of Financing	2016/17 COMMENTS
		A	B	C	D	E	F	G		
		2016/17 and Future Years Budget £'000	2016/17 Budget £'000	2016/17 Actual as at 30/09/16 £'000	2016/17 Expenditure Remaining £'000	Expenditure Rephased into 2017/18 £'000	(C+D+E) 2016/17 Total Expenditure £'000	(F-B) 2016/17 Variance from Budget £'000		
Finance & Policy Committee										
7200	Civic Centre Refurbishment	215	215	0	215	0	215	0	MIX	
8142	School Kitchen Upgrades	103	103	0	103	0	103	0	RCCO	
8171	Corporate Planned Maintenance - Footpath Repair - Grayfields	16	16	0	16	0	16	0	MIX	
8442	Seaton DDA Toilets	0	0	0	0	0	0	0	UCPB	
7036	Unallocated Council Capital Fund	330	330	0	330	0	330	0	UCPB	
	CCF - Council Priorities	45	45	0	45	0	45	0	CAP REC	
new	Indoor Bowls Centre Refurbishment	190	190	0	190	0	190	0	RCCO	
7041	Corporate Planned Maintenance Unallocated	188	188	0	188	0	188	0	MIX	
9024	Asbestos Re-Surveys	59	59	14	45	0	59	0	RCCO	
8687	Jacksons Landing	3	3	3	0	0	3	0	CAP REC	
8953	Gardiner House	2	2	2	0	0	2	0	CAP REC	
8791	Education Development Centre	11	11	11	0	0	11	0	CAP REC	
8776	Town Hall Theatre Replace Stage Lighting Controls	50	50	0	50	0	50	0	RCCO	
new	Borough Hall - Wet Rot	5	5	0	5	0	5	0	RCCO	
new	Borough Hall - External Redecoration	4	4	0	4	0	4	0	RCCO	
8798	Mill House Replace Chemical Dosing System	2	2	0	2	0	2	0	RCCO	
new	Aueurin Bevan House Roof Replacement	33	33	6	27	0	33	0	CORP	
new	Aueurin Bevan House Accessibility Works	32	32	4	28	0	32	0	CORP	
new	Borough Hall Lighting and Wiring	40	40	0	40	0	40	0	CORP	
8867	Borough Hall Structural Works	27	27	0	27	0	27	0	CORP	
new	Carlton Outdoor Centre Replace Hot Water System	13	13	0	13	0	13	0	CORP	
	Centre for Excellence Training and Learning Replace Heating Controls	45	45	0	45	0	45	0		
new	Hartlepool Art Gallery Accessibility Works	40	40	0	40	0	40	0	CORP	
7994	Mill House Electrical Distribution Board Replacement	25	25	0	25	0	25	0	CORP	
new	Mill House Replacement Pool Covers	20	20	0	20	0	20	0	CORP	
8866	Rossmere Youth Centre Roof Replacement	50	50	0	50	0	50	0	CORP	
		18	18	0	18	0	18	0		
new	Town Hall Lighting and Distribution Board Replacement								CORP	
new	Contingency	22	22	0	22	0	22	0	CORP	
new	Health and Safety Works - Borough Hall / Mill House	48	48	0	48	0	48	0	CORP	
new	Health and Safety Works - Borough Hall / Mill House	5	5	0	5	0	5	0	CORP	
new	Seaton Carew Car Park Improvements	75	75	0	75	0	75	0	CAP REC	
new	Victory Square Improvements	50	50	0	50	0	50	0	CAP REC	
7098	8/9 Church Street Emergency Exits	7	7	0	7	0	7	0	CAP REC	
7099	Mill House Replace Dry Side Flooring	19	19	0	19	0	19	0	CAP REC	
7100	Mill House Gas Pipe Renewal	10	10	0	10	0	10	0	CAP REC	
7101	Newburn Bridge Pitched Roof Replacement	33	33	0	33	0	33	0	CAP REC	
7102	Newburn Bridge Renew Boundary Wall	3	3	0	3	0	3	0	CAP REC	
7103	Newburn Bridge Replace Steel Lintels	25	25	0	25	0	25	0	CAP REC	
new	Hartlepool Historic Quay Capital Works	321	321	0	321	1	322	1	CAP REC	
new	Carlton Outdoor Centre Fire Risk Assessment	10	10	0	10	0	10	0	RCCO	
new	Civic Centre Guardrails	7	7	0	7	0	7	0	RCCO	
new	Art Gallery Clock	10	10	0	10	0	10	0	RCCO	
new	Borough Hall Dance Floor	8	8	0	8	0	8	0	RCCO	
new	Mill House Sports Hall Floor	13	13	0	13	0	13	0	RCCO	
new	Mill House Pool Filter	23	23	0	23	0	23	0	RCCO	

CAPITAL MONITORING REPORT PERIOD ENDING 30TH SEPTEMBER 2016

Project Code	Scheme Title	BUDGET		EXPENDITURE IN CURRENT YEAR					Type of Financing	2016/17 COMMENTS
		A	B	C	D	E	F	G		
		2016/17 and Future Years Budget £'000	2016/17 Budget £'000	2016/17 Actual as at 30/09/16 £'000	2016/17 Expenditure Remaining £'000	Expenditure Rephased into 2017/18 £'000	(C+D+E) 2016/17 Total Expenditure £'000	(F-B) 2016/17 Variance from Budget £'000		
Finance & Policy Committee										
new	Summerhill Repair Wall	5	5	0	5	0	5	0	RCCO	
new	Town Hall Theatre Replace Curtains and Blinds	12	12	0	12	0	12	0	RCCO	
new	Civic Centre External Doors	12	12	0	12	0	12	0	CAP REC	
new	Civic Centre Roof	54	54	0	54	0	54	0	CAP REC	
new	Hartlepool Enterprise Centre Window Replacement	36	36	0	36	0	36	0	CAP REC	
new	CCTV	83	83	0	83	0	83	0	CAP REC	
Corporate Total		2,457	2,457	40	2,417	1	2,458	1		

Key

RCCO

MIX

Revenue Contribution towards Capital

Combination of Funding Types

CAP REC

UCPB

Capital Receipt

Unsupported Departmental Prudential Borrowing

CORP

Corporate Resources

**Section 106 - Developers
Contributions as at 30th
September, 2016**

	Cycleway £000	Bus Stop £000	Green Infrastructure £000	Housing £000	Maintenance £000	Play £000	Off Site Recreational £000	Public Art £000	Security Monitoring £000	Sport £000	Ecological Mitigation £000	Traffic Calming £000	Total £000
Balance as at 1 April (A)	9	15	63.5	0	36	114.5	60.5	15	10	56.5	46	15	441
<u>Received in Year (B)</u>													
Wynyard				240									240
NDC Morison Hall			2			2				2			6
Esh - Seaton Nursery			9			9							18
	0	0	11	240	0	11	0	0	0	2	0	0	264
<u>Transferred to Schemes (C)</u>													
Summerhill - upgrade to multi user route										4			4
Mill House - Pool Seating										4			4
Church Square			14										14
Former Nursery Brompton Walk			1										1
	0	0	15	0	0	0	0	0	0	8	0	0	23
Balance Remaining (A+B-C) 30.9.16	9	15	59.5	240	36	125.5	60.5	15	10	50.5	46	15	682

FINANCE AND POLICY COMMITTEE

2 December 2016



Report of: Director of Regeneration and Neighbourhoods

Subject: **CORPORATE PROCUREMENT QUARTERLY
REPORT ON CONTRACTS**

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 For information.

2. PURPOSE OF REPORT

2.1 To satisfy the requirements of the Council's Contract Procedure Rules with regard to the Finance & Policy Committee:

- Receiving and examining quarterly reports on the outcome of contract letting procedures including those where the lowest/highest price is not payable/receivable.
- Receiving and examining reports on any exemptions granted in respect of the Council's Contract Procedure Rules.

3. BACKGROUND

3.1 The Council's Contract Procedure Rules require that the following information be presented to the Finance & Policy Committee on a quarterly basis:

Section of Contract Procedure Rules		Information to be reported
Introduction	Para 8 iii & Para 8 vi	Outcome of contract letting procedures
Part G	Para 12 v	

Introduction Part B	Para 8 iii Para 3 v	Basis of award decision if not lowest/highest price payable/receivable
Introduction	Para 8 vi	Contract Name & Reference Number
Part G	Para 12 v	
Introduction	Para 8 vi	Description of Goods/Services being procured
Part G	Para 12 v	
Introduction	Para 8 vi	Department/Service area procuring the goods/services
Part G	Para 12 v	
Introduction	Para 8 vi	Prices (separate to Bidders details to preserve commercial confidentiality)
Part G	Para 12 v	
Part G	Para 12 v	Details of Bidders

- 3.2 In addition to tender related information, details of exemptions granted to the Contract Procedure Rules are also reportable quarterly.

4. INFORMATION FOR REVIEW

4.1 Tender information

The table at **Appendix A** details the required information for each procurement tender awarded since the last quarterly report.

- 4.2 The Committee may within the Contract Procedure Rules request further information or seek further monitoring reports on selected contracts.

- 4.3 In addition the Audit and Governance Committee may request a contract to be monitored under their specific responsibilities relating to the scrutiny of contracts.

4.4 Exemption information

Appendix B provides details of the required information in relation to Contract Procedure Rules exemptions granted since the last Corporate Procurement Quarterly Report on Contracts.

- 4.5 The table at confidential **Appendix C** includes the commercial information in respect of the tenders received and any confidential information relating to Contract Procedure Rule exemptions or contract extensions.

This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, Appendix C.

4.6 CMT 'Stock-take' project

A procurement focused 'stock-take' process is currently underway at the instruction of Members.

We are revisiting the information currently held by the council on procured and commissioned services to manage the future work programme of the council and ensure Members are sighted on the future work programme.

As part of the necessary considerations in terms of both the budget and either aggregated delivery, alternative delivery, cessation or change, undertaking this exercise will further assist in this Council's decision making process.

The potential to provide current or new services in-house (or procured on an aggregated basis) will require an appropriate lead time to develop the necessary business case and then a period of mobilisation. These stages may take longer than a normal procurement process. Therefore, it is essential that potential opportunities are identified and assessed at an early stage

Departments are revisiting the details of their current contracts and their ad hoc purchasing activities for analysis. This analysis will explore any further possibilities for:

- Aggregation of demand and the formalisation of ad hoc arrangements
- Improving service delivery by considering the most effective method of delivery, i.e. in-house provider / external provider / collaboration etc.
- Savings in general

5. RISK IMPLICATIONS

- 5.1 This report is for information only. There are no risk implications attached to this report.

6. FINANCIAL CONSIDERATIONS

- 6.1 This report is for information only. There are no financial considerations attached to this report.

7. LEGAL CONSIDERATIONS

- 7.1 This report is for information only. There are no legal considerations attached to this report.

8. CHILD AND FAMILY POVERTY

- 8.1 This report is for information only. There are no child and family poverty implications attached to this report.

9. EQUALITY AND DIVERSITY CONSIDERATIONS

- 9.1 This report is for information only. There are no equality and diversity considerations attached to this report.

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

- 10.1 This report is for information only. There are no Section 17 considerations attached to this report.

11. STAFF CONSIDERATIONS

- 11.1 This report is for information only. There are no staff considerations attached to this report.

12. ASSET MANAGEMENT CONSIDERATIONS

- 12.1 This report is for information only. There are no asset management considerations attached to this report.

13. RECOMMENDATIONS

- 13.1 That the Committee note and comment on the contents of the report,

14. REASONS FOR RECOMMENDATIONS

- 14.1 The Committee is required to review the information supplied to ensure that monitoring in the award of contracts is carried out and evidenced.

15. BACKGROUND PAPERS

- 15.1 There are no background papers.

16. CONTACT OFFICER

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

Tender Information

Date of Contract Award	Contract Name and Reference Number	Description of Goods / Services being procured	Duration of Contract (optional extensions in brackets)	Department / Service area procuring the goods / services	Details of Bidders	Location of Bidder	Basis of award decision if not lowest/highest price payable / receivable	Outcome of contract letting procedures	Previous Provider / Location
Contract finalised - August 2016	Rehabilitation and Transitional Care - 645	<p>A rehabilitation and transitional care service through the block purchase of 20 beds in a designated unit within a registered care home in Hartlepool.</p> <p>The service will be available to all adults over the age of 18 and be inclusive of older people with a dementia. It will target people who would otherwise face unnecessarily prolonged hospital stays, inappropriate hospital admission or long term residential care.</p>	1 st June 2016 – 31 st May 2019 (no extensions)	Children & Adult Services - Commissioning – Adults	Four Seasons Health Care Limited	Cheshire	Most Economically Advantageous Tender	Four Seasons Health Care Limited	Four Seasons Health Care Limited, Cheshire

Procurements Exempted from Council Contract Procedure Rules

PH	Commissioning and Clinical Quality	Technical Outdoor Solutions	Penrith	£31,134 & £6226.80 vat	Specialist technical refurbishment of the Carlton Outdoor Centres High and Low Ropes Course	Approved by Denise Ogden, Peter Devlin and Chris Little 30.08.2016
R&N	Highways and Transportation	Bradford Festive Lights	Bradford	Purchase Price £59200 Hire price over three years £73010	Bespoke Christmas Decorations/Structures	Approved by Denise Ogden, Chris Little and Peter Devlin 27.09.2016
R&N	Planning Services	JBA Consulting	Skipton	£12782 & vat	Consultant to complete the Strategic Flood Risk Assessment for Hartlepool Borough Council	Approved by Denise Ogden, Chris Little and Peter Devlin on 27.09.2016

FINANCE AND POLICY COMMITTEE

2 December 2016



Report of: Director of Child & Adult Services and Chief Solicitor

Subject: HEALTHWATCH HARTLEPOOL

1. TYPE OF DECISION/APPLICABLE CATEGORY

For information.

2. PURPOSE OF REPORT

- 2.1 To update members regarding the provision of a Healthwatch Hartlepool service and associated contractual arrangements in connection with the operation of that service.
- 2.2 A previous meeting of full Council raised concerns in relation to the 'award' of a Healthwatch contract and determined that the procurement process be investigated, and that a report be submitted to Council, by the Finance and Policy Committee, on the operation of the Procurement Strategy.
- 2.3 This report covers the specific issues regarding the Healthwatch contract. A more detailed report be submitted to a future meeting regarding the operation of the Council's procurement strategy.

3. BACKGROUND

- 3.1 The Health and Social Care Act 2012 imposed a duty on upper tier and unitary local authorities to make contractual arrangements with Local Healthwatch organisations for the involvement of local people in the 'commissioning, provision and scrutiny of health and social services'. The intention was to strengthen the collective voice of service users and carers in improving health and social care services at national and local level. The Act placed a duty on local authorities to commission Local Healthwatch organisations to replace Local Involvement Networks (LINKs): continuing the work previously undertaken by LINKs, building on their achievements and taking on additional responsibilities. The Act further required the Healthwatch organisation to be a 'social enterprise' (a business that helps people or communities) with statutory responsibilities embedded in the local community.

- 3.2 Local Healthwatch funding comprises two elements. The first is the ongoing baseline funding for LINKs; the second is new additional funding for the new information / signposting elements of the service. The LINKs funding was carried forward as the baseline for local Healthwatch funding. From 2013/14 the Department of Health has provided additional funding for local Healthwatch through the Department of Communities and Local Government's (DCLG) Business Rates Retention Scheme, and secondly, through a DH grant. Decisions about funding for local Healthwatch are made by each local authority as part of their overall responsibilities to fund services to meet the needs of local people and communities.
- 3.3 Local authorities were free to choose how they commissioned local Healthwatch to achieve best value for money for their communities.
- 3.4 On 19 March 2012 a report was taken to the Council's then Cabinet, with information on the available options for commissioning the new Healthwatch service in Hartlepool. Cabinet agreed the recommendation to commission the Healthwatch service through a competitive procurement process, with a contract to be awarded from 1 December 2012 to enable the service to be developed prior to full implementation from 1 April 2013.

4. INITIAL PROCUREMENT PROCESS

- 4.1 A tender was originally issued in October 2012. Three responses were received all of which included costs in excess of the Council's available budget. As a result, the organisations that had responded were invited to re-submit their tenders.
- 4.2 One response, from Hartlepool Voluntary Development Agency (HVDA), was re-submitted. The response and offer were compliant in terms of the service proposal and the available budget and consequently the contract was awarded to HVDA.
- 4.3 The Health and Social Care Act 2012 required Healthwatch services to be in place from 1 April 2013. Funding of £10,209 was allocated as part of the Learning Disabilities Reform Grant in 2012/13 to support the implementation of Healthwatch in Hartlepool. The contract with HVDA commenced on 7 January 2013 to allow for a transitional period up to 31 March 2013 for HVDA to arrange staff recruitment and training, office set-up and branding. This transitional period also allowed for Healthwatch England to provide leadership and support to local Healthwatch organisations prior to formal commencement of the service and for Healthwatch to align to the establishment of other new bodies such as the Health and Wellbeing Board. The service formally commenced on 1 April 2013 for a period of three years with options to extend up until 31 March 2018, subject to satisfactory performance, funding being available and the mutual agreement of the parties.
- 4.4 The procurement process outlined above was fully compliant with the requirements of the Council's Contract Procedure Rules.
- 4.5 The awarding of this contract pre-dates the current practice of providing Finance and Policy Committee with a retrospective quarterly report providing details of contracts awarded. However, the submission of this report, addresses the requests

from elected members for clarification upon this contract and its extension as outlined, so that they are fully aware of the position.

5. COMMISSIONING and CONTRACTING FOR THE NEW HEALTHWATCH SERVICE IN HARTLEPOOL

- 5.1 The terms and conditions of the contract required that HVDA establish Healthwatch Hartlepool as a standalone corporate body with statutory responsibilities, to become the independent consumer champion for health and social care services delivered in Hartlepool. It was envisaged that by the contract end date of 31 March 2016, Healthwatch would be in a position to operate independently of HVDA as a standalone corporate body. The three year transition plan agreed with HVDA at the outset of the contract is attached as **Appendix 1**.
- 5.2 In 2014/15 the Healthwatch Annual Report recognised the need to recruit volunteers with a view to establishing a Strategic Board. Recruitment commenced and a Shadow Board was in place by April 2015.
- 5.3 A review undertaken by Child and Adult Services in 2015 found that overall the service was performing well and there had been significant development in respect of the transition of Healthwatch Hartlepool to obtain its own legal status and identity.
- 5.4 By 1 April 2016 Healthwatch Hartlepool had progressed with the requirement to become a standalone corporate body and had registered as a Charitable Incorporated Organisation (CIO) with the Charity Commission on 2 February 2016. This transition period had allowed the Board to run fully in shadow form for 11 months, with the Healthwatch Executive Committee overseeing the operational delivery of the work programme.
- 5.5 On 29 March 2016, on the basis of satisfactory performance, it was agreed to exercise the option to extend the contract for 12 months to 31 March 2017. In accordance with the terms and conditions of the contract and on registration of Healthwatch Hartlepool as a CIO, HVDA agreed to assign all its rights, title, interest, and benefit in this contract to Healthwatch Hartlepool with effect from 1 April 2016. Thereafter, Healthwatch Hartlepool would perform all HVDA's former obligations under the contract. This was permissible under the terms of the original contract, without the necessity for undertaking a further procurement exercise on the basis of the Council being satisfied with contract performance and all other conditions being satisfied, as noted above.
- 5.6 As was previously the case, the performance of the commissioned service has been monitored and the second contract extension option, which allows an extension for a further 12 months until 31 March 2018, will be utilised on the expiration of the present term based on current performance. Child and Adult Services officers are also working with Healthwatch Hartlepool to develop new performance indicators to monitor the service as it progresses under the direction of the Board of Directors and Executive Committee.

- 5.7 Further work will be undertaken prior to March 2018 to review future funding mechanisms for Healthwatch CIO. As per the original Healthwatch Transition Plan (Department of Health 2011) 'grant-in-aid' funding was deemed as an appropriate funding option. This will be further considered by officers, moving forward with the delivery and performance of the existing service.

6. FINANCIAL CONSIDERATIONS

- 6.1 The Council and HVDA agreed start up costs of £10,209 prior to commencement of the contract. Thereafter the contract value was a total of £129,056, comprising the £109,751 tendered contract price plus a £19,305 administration grant.
- 6.2 There has been no change to the annual contract value since April 2013 and Healthwatch Hartlepool receives payment of £129,056 per annum, in monthly instalments, in arrears.

7. LEGAL CONSIDERATIONS

- 7.1 The Health and Social Care Act 2012 placed a duty on upper tier and unitary authorities to enter into contractual relationships with local Healthwatch organisations to promote the involvement of local people in the commissioning, provision and scrutiny of health and social care services. Section 183 of the Act provides that a Local Healthwatch organisation should be a body corporate and operate as a 'social enterprise'. Further provision in this regard was established through the NHS Bodies and Local Authorities (Partnership Arrangements, Care Trusts, Public Health and Local Healthwatch) Regulations 2012. The arrangements surrounding the award of the original contract and its extension were in accordance with the Council's Contract Procedure Rules and the legislative framework, and therefore within the powers of the Council.

8. CONCLUSION

- 8.1 The development of a 'Hartlepool Healthwatch' through the replacement of the earlier Local Involvement Network (LiNK) was in conformity with the above legislative programme and the movement towards a body that was corporate in nature and also operating as a social enterprise, as demonstrated through the formation of the 'Healthwatch Hartlepool' Charitable Incorporated Organisation. The report outlines the development of this initiative through procurement to contract award both during the transitional arrangements and the assignment and subsequent extension of this contract to continue the provision of this service. That extension did not involve a 'new' contract coming into place and relied upon the exercise of an option based amongst other matters on, satisfactory performance being achieved and maintained. The arrangements surrounding the award of the original contract and its extension were in accordance with the Council's Contract Procedure Rules and the legislative framework, and therefore within the powers of the Council. In accordance with the option in the current contract, the service will be extended for a further 12 months to 31 March 2018 based on performance.

9. RECOMMENDATIONS

- 9.1 That the Committee note the contents of this report and note that a separate report on the Council's Procurement Strategy will be submitted to a future meeting prior to submission to Council.

10. REASONS FOR RECOMMENDATIONS

- 10.1 To address the issues raised at full Council, through providing confirmation that the procurement process undertaken was fully compliant with the requirements of the Council's Contract Procedure Rules.

11. BACKGROUND PAPERS

Report to Cabinet - 19 March 2012

12. CONTACT OFFICERS

Sally Robinson
Director of Child and Adult Services
Hartlepool Borough Council

Peter Devlin
Chief Solicitor
Hartlepool Borough Council

Transition Plan

Prior to the commencement of the Healthwatch Hartlepool Service, the LINK Executive agreed an outline structure and process for Healthwatch Hartlepool to become a standalone organisation. HVDA then devised a three year transition plan as follows:

Year One (1 April 2013 – 31 March 2014)

1. To establish Healthwatch Hartlepool as a distinct legal entity and become registered as a Charitable Incorporated Organisation by March 2014.
2. To recruit two initial Directors for the proposed Board of Directors to transition through the takeover of legal responsibility of the contractual obligations from HVDA by the end of the contract.

Year Two (1 April 2014 – 31 March 2015)

1. To recruit an additional four Directors with the assistance of the Healthwatch Manager and the two initial Directors already in post.
2. To undertake the following specific training sessions with Healthwatch Hartlepool Directors:
 - Legal Responsibilities of a Charitable Incorporated Organisation
 - Moral and legal responsibilities of a Management Team
 - Constitution/governance
 - Effective Meetings
 - Volunteer Policies
 - Managing Staff and Volunteers
 - Recruiting Staff
 - Responsibilities of an Employer
 - Health and Safety
 - Insurance
 - Business Planning
 - Quality Assurance
 - Cash flow and Budgets
 - Accounts and Bookkeeping
 - For the Healthwatch Board to begin to develop its understanding of its role as a potential standalone organisation.
3. The established Healthwatch Board to develop its understanding of its role as a potential standalone organisation through the provision of monthly Board Meetings until March 2015 in order to finalise the following:
 - Constitution
 - Standalone Operational Model
 - Training and Development Plan
 - Board Roles and Responsibilities
 - Business Plan

Year Two & Year Three (1 April 2014 – 31 March 2016)

1. To adopt a range of additional policies and procedures that would be relevant to Healthwatch as a standalone organisation including:
 - Staff Development Policy
 - Monitoring and Reporting of Activities Policy
 - Safeguarding Vulnerable Adults and Child Protection Policy
 - Email and Internet Policy
 - Document Retention and Disposal
 - Data Protection
 - Lone Working Policy

- Staff Recruitment Policy
- Monitoring of Activities for Funders and Funding Claims

Year Three (1 April 2015 – 31 March 2016)

1. To implement an agreement between the Board of Directors and HVDA to enable the Board to operate in shadow form.
2. The Board of Directors to become operational, in shadow form, from 1 April 2015 with ongoing support from HVDA as a learning and induction method, until 31 March 2016.
3. HVDA to attend the Healthwatch Board and Executive Meetings in an advisory role to ensure compliance with the Contract and legal responsibilities during this period.
4. HVDA to transfer all legal responsibilities for the contract to Healthwatch Hartlepool, subject to the agreement of Hartlepool Borough Council, by 1 April 2016 with preparation work being carried out during the final year of the contract.