

REGENERATION SERVICES COMMITTEE AGENDA



Monday 19 November 2018

at 2.00 pm

**in Committee Room B
at the Civic Centre, Hartlepool.**

MEMBERS: REGENERATION SERVICES COMMITTEE

Councillors Brown, Cook, Cranney, Lindridge, Moore, Smith and Young

1. APOLOGIES FOR ABSENCE

2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS

3. MINUTES

- 3.1 Minutes of the meeting held on 22 October 2018 (*previously circulated and published*).

4. BUDGET AND POLICY FRAMEWORK

- 4.1 Savings Programme 2019/20 – *Director of Regeneration and Neighbourhoods*

5. KEY DECISIONS

No items.

6. OTHER ITEMS REQUIRING DECISION

No items.

7. ITEMS FOR INFORMATION

No items.



FOR INFORMATION

Date of next meeting – Monday 17 December 2018 at 2.00 pm in the Civic Centre, Hartlepool.



Regeneration Services Committee

19th November 2018



Report of: DIRECTOR OF REGENERATION AND
NEIGHBOURHOODS

Subject: SAVINGS PROGRAMME 2019/20

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Budget and Policy Framework.

2. PURPOSE OF REPORT

1.2 The purpose of this report is to enable Members to consider proposals to achieve further savings in 2019/20 and to provide feedback on these proposals to the Finance and Policy Committee meeting on 26th November 2018.

3. BACKGROUND

3.1 In response to the multi-year funding settlement provided by the Government for 2016/17 to 2019/20 the Council previously developed a four year financial strategy. This strategy was designed to address the impact of a further four years of cuts in Government funding. By 2019/20 Hartlepool's core Government funding will be **45%** less than in 2013/14 - a reduction of **£20.9m**.

3.2 The previous plan was underpinned by:

- the use of one off reserves to provide a longer lead time to address the front loading of Government funding cuts over the period 2016/17 to 2019/20; and
- the achievement of housing growth, which over the period 2016/17 to 2019/20 had increased the number of properties by nearly 10%. By 2019/20 this housing growth will have achieved new recurring Council Tax income of approximately £3.6m to partly offset the impact of Government grant cuts and thereby avoid even higher budget cuts.

3.3 A comprehensive report on the "Medium Term Financial Strategy 2019/20 and Financial Outlook from 2020/21" was considered at the Finance and

Policy Committee on 3rd September 2018. The report advised Members that since the previous plan was developed councils, including Hartlepool, have faced significant increased financial pressures, which have not been reflected in the funding provided by Government to councils in 2018/19 and 2019/20, in relation to:

- Looked after Children – the Local Government Association has estimated that by 2020 this pressure will reach £2 billion;
- Ending of 1% Public Sector pay cap – alongside the four year funding settlement for councils the Government previously indicated that a 1% public sector pay cap would continue until 2019/20. Recently agreed pay settlements across the public sector have exceeded the 1% pay cap. For Local Government employees a two year national pay settlement was agreed for 2018/19 and 2019/20 and for the majority of staff provides annual cost of living pay increases of 2%. For lower paid staff higher annual pay increases will apply.

By 2019/20 the national pay award will increase the Council's recurring pay costs by 5.8%, which is slightly above the national average of 5.7%.

- 3.4 As a result of the above additional unfunded budget pressures and a further cut in Government funding in 2019/20 the Council now faces a net 2019/20 budget deficit of **£5.987m**. Clearly, on the back of eight years of austerity and cuts to the Council budget, the position facing the Council for 2019/20 is the most challenging so far.
- 3.5 However, as reported to the Finance and Policy Committee, it is anticipated that further budget deficits will arise in 2020/21 and 2021/22 as it is expected that further cuts in Government funding will be made. At this stage it is extremely difficult to forecast funding in 2020/21 as the Government are proposing to make significant changes to the Local Government funding system. At this stage there is no information available to assess the potential impact of the Prime Minister's recent statement that austerity has ended and at best any financial benefits for local government are not anticipated until 2020/21. If the Government was to end austerity for Hartlepool for 2019/20 they would need to provide a grant increase of 27% just to cover the Revenue Support grant cut they previously announced for 2019/20. To completely end austerity and cover the £6m deficit and to freeze Council Tax they would need to provide a 41% grant increase.
- 3.6 Therefore, the immediate challenge facing the Council is the development of a strategy to address the 2019/20 deficit of **£5.987m**. This strategy will be underpinned by a review of reserves to identify one off funding to provide a slightly longer lead time to make permanent savings. However, this strategy does not remove the need to make these savings.
- 3.7 The strategy for 2019/20 will also be underpinned by identifying new savings which can be implemented in 2019/20 and detailed proposals for this Committee are provided in the next section.

4. SAVINGS PROPOSALS 2019/20 – INCLUDING FINANCIAL CONSIDERATIONS

- 4.1 For 2019/20 the total value of savings proposed for this Committee is £50K, as follows:

Economic Growth - £50,000

Historically each of the 5 Tees Valley Local Authorities have contributed financially to a strategic administrative function at the Tees Valley level. This financial contribution has reduced over the years and is currently at approx. £50k. It is proposed to cease this contribution as the Tees Valley Combined Authority is now a central Government funded organisation.

5. RISK IMPLICATIONS OF PROPOSED SAVINGS

- 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 Reduced budgets can lead to a reduced ability to deliver key targets, outputs and outcomes. However this is mitigated against as the TV Combined Authority is funded by central government.
- 5.3 TVCA Governance arrangements are well embedded and HBC Elected Members and senior officers are involved in all decision making.

6. EQUALITY AND DIVERSITY CONSIDERATIONS

- 6.1 There are no equality and diversity implications arising from this report

7. LEGAL CONSIDERATIONS

- 7.1 There are no legal considerations in relation to the savings identified within this report.

8. CHILD AND FAMILY POVERTY

- 8.1 There are no significant Child and Family Poverty impacts associated with these savings.

9. STAFF CONSIDERATIONS

- 9.1 There are no staffing considerations identified relating to the savings proposals detailed in this report, and no potential redundancies identified

10. **ASSET MANAGEMENT CONSIDERATIONS**

- 10.1 There are no specific asset management considerations relating to this report.

11. **CONSULTATION**

- 11.1 Consultation will be undertaken with the Tees Valley Combined Authority and Trade unions regarding this proposals.

12. **SECTION 17 OF THE CRIME AND DISORDER ACT 1998 CONSIDERATIONS**

- 12.1 No community safety considerations have been identified.

13. **CONCLUSION**

- 13.1 The Government has previously confirmed that Local Government funding cuts will continue until 2019/20. This means the sector will have faced nine consecutive years of funding cuts – which is unprecedented.
- 13.2 Councils, including Hartlepool, also face additional unfunded budget pressures in relation to Looked after Children and the national pay award for Local Government employees.
- 13.3 As a result of this funding cut and unfunded budget pressures the Council faces a 2019/20 budget deficit of **£5.987m**. This is a very significant deficit and means that 2019/20 is the most difficult year the Council has ever faced. Addressing this deficit will require significant changes in services which will take time to implement and a detailed plan is being developed. This plan includes the savings proposals detailed in this report.

14. **RECOMMENDATIONS**

- 14.1 It is recommended that Members of the Committee note the content of the report and formulate a response to be presented to the Finance and Policy Committee on 26th November 2018.

15. **REASON FOR RECOMMENDATIONS**

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

16. BACKGROUND PAPERS

- 16.1 Finance and Policy Committee 3rd September 2018 - Medium Term Financial Strategy (MTFS) 2019/20 and Financial Outlook from 2020/21.

17. CONTACT OFFICERS

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