

FINANCE AND POLICY COMMITTEE

AGENDA



Monday 17 December 2018

at 10.00 am

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

MEMBERS: FINANCE AND POLICY COMMITTEE

Councillors C Akers-Belcher, S Akers-Belcher, Brewer, Brown, Cranney, Harrison, Marshall, Moore, Smith, Thomas and Young.

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 26 November 2018.
- 3.2 To receive the minutes of the meeting of the Health and Wellbeing Board held on 14 September 2018.
- 3.3 To receive the minutes of the meeting of the Safer Hartlepool Partnership held on 12 October 2018.

4. BUDGET AND POLICY FRAMEWORK ITEMS

- 4.1 Medium Term Financial Strategy (MTFS) 2019/20 and Financial Outlook 2020/21 and 2021/22 – *Director of Finance and Policy*

5. KEY DECISIONS

- 5.1 King John's Tavern, Middleton Grange Shopping Centre – *Director of Regeneration and Neighbourhoods*
- 5.2 Sale of Land, Seaton Lane – *Director of Regeneration and Neighbourhoods* (To Follow)



6. OTHER ITEMS REQUIRING DECISION

- 6.1 0- 25 SEND (Special Educational Needs and Disability) Team Reorganisation - *Director, Children's and Joint Commissioning Services*
- 6.2 Council Tax Base 2019/20 – *Director of Finance and Policy*
- 6.3 Neighbourhood Investment and Highway Improvement Programme - *Director of Regeneration and Neighbourhoods*

7. ITEMS FOR INFORMATION

- 7.1 Corporate Procurement Quarterly Report on Contracts – *Director of Finance and Policy*

8. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT

FOR INFORMATION

Future meeting dates –

Monday 14 January 2019 at 10.00 am
Monday 28 January 2019 at 10.00 am
Monday 11 March 2019 at 10.00 am



FINANCE AND POLICY COMMITTEE

MINUTES AND DECISION RECORD

26 NOVEMBER 2018

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

Present:

Councillor Christopher Akers Belcher (In the Chair)

Councillors: Stephen Akers-Belcher, James Brewer, Paddy Brown, Kevin Cranney, Brenda Harrison, Ann Marshall, Shane Moore and Mike Young.

Also Present: as substitute in accordance with Council Procedure Rule 5.2.

Officers: Gill Alexander, Chief Executive
Hayley Martin, Chief Solicitor
Chris Little, Director of Finance and Policy
Dr Peter Brambleby, Interim Director of Public Health
Jill Harrison, Director of Adult and Community Based Services
Denise Ogden, Director of Regeneration and Neighbourhoods
Steve Hilton, Communications and Marketing Team
David Cosgrove, Democratic Services Team

60. Apologies for Absence

Councillors Leisa Smith and Stephen Thomas.

61. Declarations of Interest

None.

62. Minutes of the meeting held on 29 October 2018

Received.

63. Savings Programme 2019/20 *(Director of Children's and Joint Commissioning Services and Interim Director of Public Health)*

Type of decision

Budget and Policy Framework.

Purpose of report

The purpose of the report was to enable Members to consider proposals to achieve further savings in 2019/20.

Issue(s) for consideration

The Interim Director of Public Health reported that the financial strategy for 2019/20 will be underpinned by identifying new savings which could be implemented in 2019/20 and detailed proposals for the Public Health Grant budget were set out in the report. The Interim Director stated that in order to achieve the required savings a detailed assessment of all service areas funded by the grant had been undertaken. The five main service areas were:

- early years nursing;
- drugs and alcohol;
- healthy weight and healthy lives;
- sexual health
- smoking cessation.

A standard options appraisal approach was used to evaluate each service against weighted criteria. Rather than curtail all areas slightly and render them less efficient and effective, it was proposed that all the cuts fall on the lowest priority service (as set out in Confidential Appendix A to the report) thereby protecting those at higher priority. The appendix contained exempt information under Schedule 12A of the Local Government Act 1972 (as amended by the Local Government), (Access to Information), (Variations Order 2006) namely, information relating to any individual (Para 3)). Attention had been paid to trends in health need and uptake of services, focussing on areas of falling demand and least value for money.

The Interim Director also reported that Hartlepool, along with all other Tees Valley local authorities made annual contributions to Fresh North East (the regional dedicated tobacco control programme) and Balance North East (the regional dedicated alcohol information and support group) totalling £55,000. A decision had been made in 2017 by all Tees Valley Authorities to cease these contributions from 1 April 2019 on the basis that the lobbying and press relations that Fresh and Balance offered were poorer value for money than other priorities, and also not closely aligned to local authorities core business.

The savings generated an additional £187,000 more than the grant reduction of £228,000. The savings would also protect the other four main service areas provided through the Public Health Grant. However, in recognition of the wider financial pressures faced by the Council and the significant budget deficit it was proposed that this additional funding was used by the MTFS to support the changes in children's health and early help services, which would help deliver better public health outcomes. As detailed in the Confidential Appendix, only £130,000 of additional funding

would be available in 2019/20 to support the MTFS, with the balance being made available in 2020/21.

Decision

That the recommendations set out within the confidential appendix to the report be approved and that this is reflected in the budget proposals to be referred to full Council.

64. Statement of Gambling Principles *(Director of Regeneration and Neighbourhoods)*

Type of decision

Budget and Policy Framework.

Purpose of report

To seek endorsement of a draft Statement of Gambling Principles which has been considered and approved by the Licensing Committee and which is proposed to be presented to Council for adoption in December 2018.

Issue(s) for consideration

The Director of Regeneration and Neighbourhoods reported that the submitted draft Statement of Gambling Principles had been agreed by the Licensing Committee and proposed for adoption by Council. Members welcomed the 'no casino' policy indicating that there were already sufficient concerns in relation to access to gambling, particularly for young people.

Decision

1. That the draft Statement of Gambling Principles, as submitted, be approved.
2. That the inclusion of a 'No Casino' resolution in the draft Statement of Gambling Principles be endorsed.

65. ICT Contract Extension *(Director of Finance and Policy)*

Type of decision

Key Decision (test (i) applies).

The report had been intended to submission to the Committee on 29th October 2018. However, due to workload, there was a departure from the Forward Plan.

Purpose of report

To seek approval for Officers to negotiate a 3 year extension to the current ICT Contract with Northgate Public Services (NPS).

Issue(s) for consideration

The Director of Finance and Policy reported that the Council had entered into an ICT contract with NPS in October 2013. The original seven year contract was due to terminate in October 2020. The contract could be extended for a maximum of three years, potentially taking the contract to October 2023.

The contract delivered an initial annual saving of £700,000 in 2013/14 and that had subsequently increased to an annual saving of £1.13m in 2018/19, delivered through the contract, which was a reduction of 18% on the 2012/13 cost of ICT. Over the period 2013/14 to 2018/19 the existing contract will have saved approximately £5.5m and by October 2020 the total saving will increase to approximately £7.1m.

The contract also ensured that any provider created a physical presence within the Borough. Northgate took up a lease at the former Hanson House building in Lynn Street which meant that 175 staff would be located in the Borough. In addition, 85 new roles had been created over the past five years, including a successful Modern Apprenticeship programme which was also in place for the Northgate contract. The lease for the building also generated £150,000 per annum in rental income and a further £43,000 each year in facilities management income for the Council.

The Chair commented that this was one of the first major decisions made under the new administration of the Council which had delivered significant savings for the authority over the past seven years.

Decision

1. That officers be authorised to negotiate, in principle, a three year extension to the current ICT Contract with Northgate Public Services;
2. That authority be delegated to the Director of Finance and Policy, in consultation with the Chair of Finance and Policy Committee, the Chief Executive and Chief Solicitor, to agree the detailed terms of a three year extension.

66. Hartlepool Western Growth Corridor – Funding Strategy *(Director of Regeneration and Neighbourhoods)***Type of decision**

Key Decision – tests (i) and (ii) apply. General Exception Notice applies.

Purpose of report

The report set out the need and importance of delivering the Hartlepool Western Growth Corridor and associated Grade Separated Junction in terms of the future growth of Hartlepool. The costs of the scheme and the

proposed funding were set out within the report, including information on the external funding that had been secured towards this project.

Given the importance of these infrastructure improvements it is necessary to borrow prudentially upfront in order to cover the shortfall in funding and to relieve pressure on the existing road network. Over the next 10 years the authority would be able to secure Section 106 payments (Town and Country Planning Act 1990) from housing developments within the vicinity of the bypass which should repay the prudential borrowing.

Issue(s) for consideration

The Director of Regeneration and Neighbourhoods reported that the targets for housing and employment growth for Hartlepool were closely aligned with the aspirations of the Tees Valley Strategic Economic Plan (TV SEP) which aimed to create 25,000 new jobs over the next 10 years across the Tees Valley area. Housing growth across the Hartlepool Local Plan period equates to 410 dwellings per year. The plan identifies, therefore, a housing requirement for the next fifteen years of 6,150 dwellings.

There were already a large number of planning permissions approved which amounted to over 3,500 homes. The remainder of the 6,150 homes, therefore, needed to be new allocations across the Borough. Given the geography of the Borough and the employment designations to the south of the urban area, westward growth was the only practical option.

The plan identified two main westward growth areas, the South West Extension for just over 1,200 new homes, which Planning Committee had previously been minded to approve, and growth in the Elwick Road area at High Tunstall (1200 homes) and Quarry Farm (220 homes). These locations not only related well to existing facilities but also offered the opportunity to provide a range of new community facilities which would support growth in this area of the town. It was recognised that there were highway improvements which would be critical to the Elwick Road corridor to support these sites and future growth of the Borough. The road infrastructure improvements proposed within the plan and the rationale for them was detailed within the report.

The Director went on to outline the safety concerns that existed with the current junctions on the A19 for Elwick and Dalton Piercy and the ongoing negotiations with Highways England. In terms of the financial considerations, the Director indicated that since the report submitted to Council in September 2017, a grant of £4.172m had been secured from Tees Valley Combined Authority (TVCA) and discussions were advanced with Homes England to secure a potential additional £4.173m of funding in the near future. This would mean that the Council had secured £8.345m of external funding which would bring the remaining estimated costs to £10.161m which would need to be funded from prudential borrowing; a significant reduction from that previously estimated. The reduction in the amount of prudential borrowing would allow the Council to release S106

monies to fund other contribution objectives once the scheme was complete and the S106 monies had been received. The Director also assured Members that the estimated costs of the scheme at £18.5m were realistic and had been based on the costs of other similar schemes that had been undertaken across the region.

The Director appraised Members of the risks concerned with funding package and its financing, the risks around a potential failure to deliver the number of new properties proposed, interest rate rises and delays in obtaining the necessary land through Compulsory Purchase Orders (CPO). There was also the impact on the local road network and the timing of these works would be dependent on the progress of the new housing. Detailed modelling work would be required to assess the improvements necessary to the existing local road network and these would be the subject of further reports.

The Director also highlighted for Members information the key legal issues much of which centred on the S106 legal agreements and the progress of land acquisitions potentially through the use of CPOs. Negotiations had already commenced with the land owners and an indicative plan of the land required was submitted as an appendix to the report. The Director indicated that it was hoped the negotiations would prove successful but should they not, there was the CPO process that could be entered into and appropriate authority was sought as part of an amended recommendation to enter into that process should it prove necessary.

Consultations had been entered into with all appropriate bodies, groups and land owners and their agents and it was highlighted at the meeting that both Elwick and Dalton Piercy Parish Councils supported the scheme.

Members welcomed the scheme and particularly the closure of the crossing points on the A19. The numbers of jobs projected through the TV SEP was questioned and the Director stated that this was a Tees Valley wide target and that 12,000 new jobs had already been created across a range of sectors.

The Committee debated the concerns around the impact on the local road network of the growth in housing and the additional traffic associated with the new junction. Members welcomed the fact that the impact would be appropriately assessed and a scheme of works consequently designed though there was a view that some of the improvements to the local road network should be implemented ahead of the new junction/bypass. A Member of the public commented on the existing road issues at peak times on Catcote Road and the need for a north-south proposal. The Director indicated that there was the potential for a further 'north-south link road' scheme on the west of the town linking the new developments but much depended on the pace of development. The Chair requested that the comments be noted and assessed as part of the development of a future report on the improvements required for the local road network.

The Vice-Chair commended the Chair for the additional financial support acquired from TVCA to support the scheme. The Chair in turn thanked the officers for their support in the work to secure additional funding for the scheme and requested that the Director pass those thanks on to the Highways Team. Hartlepool was the fastest growing town in the Tees Valley and the new junction/bypass scheme would promote that growth further and also provide some alleviation to the pressures on the A689 and the A179 and improve safety on the A19. The Chair moved the recommendations including the amended recommendation circulated at the meeting.

Decision

That the following recommendations be referred to Council:

1. That approval be sought to add to the capital programme £18.506M for the Western Growth Corridor and associated Grade Separated Junction.
2. That it be noted that grant funding of £8.345M is anticipated to be secured in relation to this scheme in early 2019 of which £4.172M has been confirmed.
3. That approval be sought to use prudential borrowing of £10.161M and that it be noted this was below the maximum previously approved by Council on 28 September 2017 of £18M.
4. That it be noted that the annual loan repayments (excluding interest) of using prudential borrowing will be funded from S.106 Developer Contributions. Under these arrangements the prudential borrowing of £10.161M would be repaid over a 7 to 10 year period.
5. That it be noted that the full annual interest cost currently expected in 2021/22 until the loan is repaid, will be funded from Council Tax income generated from approximately 157 properties.
6. That it be noted that a future report will be brought in relation to the Local Road Network taking account of the comments made at the meeting.
7. That approval be sought for the use of Compulsory Purchase Order powers to acquire the land, shown hatched on the plan appended to the report, to deliver the Hartlepool Western Growth Corridor subject to negotiation with the land owners to resolve the matter without the need for the Council to invoke its Compulsory Purchase Order powers and that a further report be submitted to Council to formally invoke the use of Compulsory Purchase Order powers (including a Statement of Reasons and Schedule of land to be acquired) if negotiations with the land owners were unsuccessful.

Councillor S Akers-Belcher abstained from voting on the above recommendations.

67. Investigatory Powers Commissioner's Office Desktop Based Documentary Inspection *(Chief Solicitor)*

Type of decision

Non-key decision.

Purpose of report

To advise the Committee of the desktop based documentary inspection undertaken by the Investigatory Powers Commissioner and his resulting recommendations as to the compliance with the Regulation of Investigatory Powers Act 2000.

Issue(s) for consideration

The Chief Solicitor reported that the outcome of the last inspection was reported to this Committee on 16 October 2015. Following receipt of correspondence from the Investigatory Powers Commissioner which included a number of recommendations, a response had been sent to the Commissioner who had been notified that a report would be submitted to this Committee. The Commissioner was also advised that he would be updated as to the decisions of the Committee in addressing the recommendations arising from the desktop based documentary inspection.

The desktop review concluded that there was no need for a physical inspection at this stage but made a number of recommendations. Those recommendations and the Council's responses were set out in the report and focussed mainly around training and updating of policies. The Chief Solicitor requested that Members consider the updated Policy and Procedure on the Use of Covert Surveillance submitted with the report.

Decision

1. That the Committee approve the responses to the recommendations contained within the desktop inspection report.
2. That the Council's response is formally notified to the Investigatory Powers Commissioner's Office and that annual reports are submitted to the Audit and Governance Committee.
3. That the updated Policy and Procedure on the Use of Covert Surveillance, as submitted, be approved.

68. NJC Pay Award 2019 *(Assistant Director, Corporate Services)*

Type of decision

Non-key decision.

Purpose of report

The purpose of the report is to advise Finance and Policy Committee of the outcome of negotiations with the Trade Unions in relation to the local implementation of the NJC Pay Award 2019 and to seek agreement to these proposals.

Issue(s) for consideration

The Director of Finance and Policy reported that the NJC Pay Award 2019 introduced a new national pay spine with assimilation arrangements. A working party involving Trade Union officials from the Single Table and HBC senior management had jointly negotiated the proposals in respect of the local implementation of the new national pay spine with effect from 1 April 2019. Details of the new pay structure were submitted with the report.

The Director also highlighted that the new pay spine and the pay award had recognised the issue of low pay and now provided a minimum rate of pay of £9.36 per hour. This is higher than the National Living Wage from 1 April 2019 of £8.21 per hour and the Real Living Wage of £9.00 per hour set in November 2018 and also the Hartlepool Living Wage that had placed the Council at the forefront of addressing low pay for its own employees. The policy had committed the council to increasing the Hartlepool Living Wage until such time as the national living wage caught up to and exceeded the Hartlepool Living Wage, which was now the case.

The Director reminded Members that no additional Government funding had been provided for this increase, or the overall impact of the 2018 and 2019 National pay awards. Therefore, these additional costs were reflected as unfunded budget pressures in the MTFS forecasts for 2019/20.

Decision

That the joint proposal agreed with the Trade Unions to assimilate the Council's pay spine to the new NJC Pay Spine from 1 April 2019 be approved

69. Apprenticeship Programme *(Assistant Director, Corporate Services)***Type of decision**

Non-key decision.

Purpose of report

The purpose of the report was to update Finance and Policy Committee on:

- The apprenticeship programme.
- Use of the Apprenticeship Levy.

- The Council's position in relation to the Public Sector Apprenticeship Target.

Issue(s) for consideration

The Director of Finance and Policy reported on the outcomes for the 27 apprentices scheduled to finish their apprenticeship in 2018 which showed that 89% had secured employment with the Council, some through the casual register, or had progressed on to the next level apprenticeship. The Council was to have 55 apprentices in its 2018/19 programme which included 8 that had progressed to the next level of their apprenticeships from last year, 2 that were continuing their existing apprenticeship and 45 new recruits. Of these apprenticeships, seven had been matched to care leavers.

As part of the apprenticeship reform the Government had introduced a Public Sector Apprenticeship Target. No new Government funding had been provided for the salary costs of achieving this target, so councils had to fund this from existing budgets. The 2.3% public sector apprenticeship target was for new apprenticeship starts which included both newly employed apprentices and any existing employees that had begun an apprenticeship. All public sector bodies must submit a report to the government on their progress in meeting the target by 30 September each year.

The Council's apprenticeship target is based on the headcount as of 31 March 2018 and is 69 (2.3%). During the reporting period the Council had 41 (1.5%) new apprenticeship starts. While this number falls below the 2.3% target, the Director indicated that the target would be met in the following year, through a combination of new apprenticeships and apprenticeships training for existing employees.

The Chair commented that that from his role as portfolio holder for Employment, Employment and Skills with the Combined Authority the apprentice levy was having a negative effect in general across the Tees Valley but this report showed that Hartlepool was bucking that trend. The TVCA was looking to raising the issue of retaining the apprentice levy locally with government.

Members welcomed the report and the numbers of apprentices being employed by the Council. Members were concerned that outside the authority some 'apprenticeships' were not providing real skills to young people and were simply a way of filling employment gaps cheaply. A member queried what approach was adopted by the authority in dealing with those that may not have the necessary academic criteria but had drive; were those young people offered apprenticeships. The Chief Executive commented added that the Council worked with Hartlepool College of Further Education (HCFE) to ensure those young people that had n't achieved the requisite GCSEs in Maths and English were offered the opportunity to study through to Level 2 in a vocational qualification which

was the equivalent to 5 GCSEs.

The Chair welcomed the new intake of apprentices to the Council. In terms of the Tees Valley situation, the Chair commented that the £30m devolved adult education budget was not just aimed at targeting young people's education but also at up-skilling older workers to meet the needs of the jobs market.

Decision

That the report be noted.

70. Workers Memorial Day *(Assistant Director, Corporate Services)*

Type of decision

Non Key decision.

Purpose of report

The purpose of the report was to present a request from the Hartlepool Joint Trades Union Committee (HJTUC) for the Council to continue to recognise and support Workers Memorial Day on Sunday 28th April 2019.

Issue(s) for consideration

The Director of Finance and Policy reported that the HJTUC had requested that:

- a) The Authority considers promoting a minutes silence in all public buildings and to Council staff at 12.30 pm on Sunday 28 April 2019, in remembrance of 'those workers who have lost their lives through industrial accident or disease'.
- b) The Authority gives consideration to authorising the lowering of flags on public buildings on Sunday 28 April 2019.
- c) The Authority gives consideration to assisting in promoting / publicising the event to the wider public
- d) The Authority authorises the use of Council Premises on Sunday 28 April 2019 for the service and for guests before / after the Workers Memorial Day Service and Wreath Laying Ceremony.
- e) The Authority provides technical equipment and support, as required, on Sunday 28th April 2019 for the service and wreath laying ceremony.

Decision

1. That the Council supports a minutes silence in all public buildings and for all Council staff at 12.30 pm on Sunday 28 April 2019, in remembrance of ‘those workers who have lost their lives through industrial accident or disease’.
2. That the Council supports the lowering of flags on public buildings on Sunday 28 April 2019.
3. That the Council assists in promoting / publicising the event to the wider public.
4. That the use of Council Premises be authorised on Sunday 28 April 2019 for the service and for guests before / after the Workers Memorial Day Service and Wreath Laying Ceremony.
5. That the Council provides technical equipment and support, as required, on Sunday 28th April 2019 for the service and wreath laying ceremony.

71. Strategic Financial Management Report - as at 30th September 2018 *(Corporate Management Team)***Type of decision**

For information.

Purpose of report

The purpose of the report was to inform Members of:

- (i) 2018/19 Forecast General Fund Outturn;
- (ii) Corporate Income Collection Performance; and
- (iii) 2018/19 Capital Programme Monitoring.

Issue(s) for consideration

The Director of Finance and Policy reported the half year position and revised outturn forecast. The Director indicated that the pressures in relation to Looked after Children were continuing in 2018/19 and it was anticipated that this pressure would continue in 2019/20. This was one of the issues reflected in the 3 September 2018 Medium Term Financial Strategy (MTFS) report which outlined the budget deficit for 2019/20 and the financial challenges facing the Council in 2020/21 and 2021/22.

An updated assessment of the forecast 2018/19 outturn had been completed and an overspend of £0.920m is anticipated (compared to £0.8m as reported at end of July). The increase in the forecast departmental overspend reflected a higher projected adverse variance in Regeneration and Neighbourhoods by a further £120,000. The main reason for this is a forecast adverse variance of £115,000 for Passenger Transport which could be partly mitigated by releasing £35,000 from the Passenger Transport reserve. This reflected increased costs as a result of changes in demand arising from the new academic year starting in September and were mainly

owing to an increase in pupil numbers accessing 'Special Educational Needs' transport including transport outside of the borough.

The MTFS update report of 3 September 2018 identified recurring budget reductions from a combination of measures (reduction in income contingency risk, holiday pay costs, external audit fees and funding changes) which would reduce the 2019/20 budget deficit. These items total £371,000 and were also available to reduce the forecast 2018/19 overspend. Officers were continuing to pursue further actions to reduce this figure by achieving in-year reductions (i.e. over achieving the salary vacancy target and reducing discretionary revenue spending), and/or using funding flexibilities (i.e. using funding flexibilities relating to grants and capitalising revenue expenditure). There remained a risk that further in year budget savings may not be achievable and in this situation the net forecast overspend would need to be funded by reviewing the Council's earmarked reserves and details would be reported to a future meeting.

The Director also highlighted the collection rate figures for Business rates and Council Tax collection. In relation to Business rates the Council had collected 55.69% of the 2018/19 liability, up by 2.57% compared to the same period last year (53.12%) at the 30 September 2018. For the same period, Council Tax collected was 53.94% compared to 54.12%, down slightly by 0.18%.

The report also updated the Committee in relation to the positions for Sundry Debts, Capital Receipt Targets, 2018/19 Capital Programme Monitoring and Section 106 Developers Contributions. In relation to the Capital Programme the Director specifically drew Members attention to the additional costs and funding options identified for the following three schemes, details of which were set out in the report: -

Coast Protection - Headland Town Wall and Block Sand scheme
BIS Managed Workspace
Church Square.

Members discussed the Church Street and Church Square schemes and specifically highlighted the materials used.. The Director of Regeneration and Neighbourhoods commented that some of the issues raised were part of the design features set by the architect. The department was also aware of some issues of discolouration of finishes regarding the paving in Church Street and was pursuing these with the contractor. A Member commented that some of the paving discolouration occurred outside take-aways and the owners of those businesses should be tasked with showing more pride in the environment outside their businesses. The Director stated the area would be inspected taking on board the comments made at the meeting.

The Director of Regeneration and Neighbourhoods responded to questions in relation to the Coastal Protection Scheme at the Headland Town Wall and that the scheme was within the funding cost envelope originally agreed, indicating that it had been considered the scheme was progressing well and

would come in under budget however adverse weather had hindered progress.. The scheme had progressed to the point now completed. The Chair of the Neighbourhood Services Committee stated that the existing defences in that area had been assessed and considered good for a further 50 years.

Decision

1. The report and the Director of Finance and Policy's comments be noted;
2. The Committee noted the forecast 2018/19 General Fund Revenue budget over spend of £920,000 and proposed measures to reduce this to £549,000;
3. The Committee noted the options being explored to address the remaining forecast over spend of £549,000 and that further details would be reported to future meetings of this Committee.
4. The Committee noted that the 2019/20 MTFS report included a recommendation to seek Council approval to fund the additional cost of delivering the Headland Town Wall and Block Sand scheme from a combination of applying revenue contributions of £0.244m and use of prudential borrowing of £0.756m. Committee noted that the loan repayment costs could be funded from the existing revenue budget, which now fully commits the loan repayment element of the budget.
5. The Committee noted the request for additional funding from Tees Valley Combined Authority for the BIS Managed Workspace and Church Square capital schemes as identified in the report.

72. Any Other Items which the Chairman Considers are Urgent

None.

The Committee noted that the next meeting would be held on Monday 17 December 2018 at 10.00 am in the Civic Centre.

The meeting concluded at 10.55 am.

H MARTIN

CHIEF SOLICITOR

PUBLICATION DATE: 4 DECEMBER 2018

HEALTH AND WELLBEING BOARD

MINUTES AND DECISION RECORD

14 SEPTEMBER 2018

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

Present:

Karen Hawkins – Representative of Hartlepool and Stockton-on-Tees Clinical Commissioning Group (In the Chair);

Prescribed Members:

Elected Members, Hartlepool Borough Council (HBC) – Councillors Buchan.
Interim Director of Public Health, HBC – Dr Peter Brambleby
Director of Children's and Joint Commissioning Services, HBC – Sally Robinson
Director of Adult and Community Based Services, HBC, Jill Harrison
Representatives of Healthwatch – Margaret Wrenn and Ruby Marshall

Other Members:

Representative of Cleveland Police - Jason Harwin
Representative of Tees, Esk and Wear Valley NHS Trust – Dominic Gardner
Representatives of North Tees and Hartlepool NHS Trust – Julie Parkes
Representative of Hartlepool Voluntary and Community Sector – Tracy Woodhall

Also in attendance:-

Councillor McLaughlin as substitute for Councillor Thomas.
Hilton Heslop, North Tees and Hartlepool NHS Trust
Stephen Thomas and Judy Gray, Hartlepool Healthwatch
Wendy Harrison, Hartlepool Deaf Centre
Christine Fewster and Simon Piercey, Hartlepool Carers
Bill Keen, Fifty+ Forum

Officers: David Cosgrove, Democratic Services Team

10. Apologies for Absence

Councillor C Akers-Belcher, Leader of Council;
Councillors Brenda Harrison and Stephen Thomas;
Councillor Brenda Loynes, Audit and Governance Committee observer;
Dr Nick Timlin and Ali Wilson, Hartlepool and Stockton-on-Tees Clinical Commissioning Group;
Gill Alexander, HBC Chief Executive;

Denise Ogden, HBC Director of Regeneration and Neighbourhoods;
Fiona Adamson, GP Federation;
Julie Gillon and Deepak Dwarakanath, North Tees and Hartlepool NHS Trust.

11. Declarations of interest by Members

None.

12. Minutes

With reference to Minute 3, Minutes of the meeting held on 5 March 2018, the representative of the Tees, Esk and Wear Valley NHS Trust corrected the record in that the referral rates were higher across the whole Hartlepool and Stockton on Tees CCG area, with rates in Stockton slightly higher than Hartlepool.

- (i) Subject to the comments above, the minutes of the meeting held on 25 June 2018 were confirmed.
- (ii) The minutes of the meeting of the Children's Strategic Partnership held on 21 March 2018 were received.

13. HealthWatch Hartlepool and Hartlepool Deaf Centre Joint Investigation of Deaf Patient Experience of Local GP and Hospital Services – Update *(Healthwatch Hartlepool and Hartlepool Deaf Centre)*

Representative from Hartlepool Healthwatch and the Hartlepool Deaf Centre gave a presentation to the Board updating members on the progress made in the implementation of recommendations from the May 2017 report on Deaf Patient Experience of Local GP and Hospital Services.

The presentation outlined the training that had taken place at North Tees Hospital, Hartlepool and Stockton on Tees CCG and GP surgeries. Sensory loss resource boxes had been given following training to Sensory Loss Champions on NT hospital wards. The use of SMS text services for communication between GP surgeries and deaf patients was being examined and GP surgeries were being encouraged to include visual indicators in waiting rooms.

Deaf Awareness training was being extended into Job Centre Plus and GP surgeries. A deaf patient experience report for primary care was to be undertaken with revisits to GP surgeries, pharmacies, opticians and dental practices. Use of the TrakCare Symbol and confirmation of the availability of interpreters in appointment letters was also being explored with the North Tees and Hartlepool NHS Trust.

It was highlighted that Junior Doctors had specific training time protected within their working hours and it may be useful to look to extend the deaf

awareness training to them.

The use of mobile phone apps was questioned as a means of helping deaf patients and GPs, in particular, communicate clearly. The Hartlepool Deaf Centre representative indicated that there were a number of such apps available, though some did often have quite high recurring fees associated with them and doctors were reluctant to use them. Communication on medical issues could be difficult even with trained deaf interpreters.

The representative from the North Tees and Hartlepool Trust commented that the Trust would look to providing additional support for deaf patients and key workers through the use of a text service for the integrated support service and also the potential use of System 1 to link into primary care staff.

Decision

1. That the progress update be noted.
2. That a further progress report be submitted to the Board in twelve months time.

14. HealthWatch Hartlepool and Hartlepool Carers Joint Health Care Experience Consultation (*Healthwatch Hartlepool*)

The Healthwatch representative updated Board Members on the outcomes of the recent Health focused consultation events undertaken by Healthwatch Hartlepool and Hartlepool Carers with carers in Hartlepool. A copy of the Healthwatch report was submitted for Members information.

The Healthwatch representative indicated that initial discussions gave rise to themes centred on Personal Health Budgets and Continuing Health Care. It was considered that carers were experiencing increasing difficulties, and often, inconsistent application by health professionals when applying for funding from both sources. It was agreed that a series of focus groups would be held, to which carers would be invited with the initial area of discussion at the meetings focussing on experiences of applying for Personal Budgets and Continuing Health Care.

One of the main issues highlighted through the focus groups was the speed of the processes with many finding difficulties in navigating their way through the application process to the extent that they gave up citing the reason that they simply did not see it was worth their while to complete because it took so long. It was also clear that many professionals didn't fully understand the process as well which simply compounded the disappointment most carers felt with the process as a whole. Those that had completed the application process and were in receipt of a personal health budget were also critical that once within the system they became aware very quickly that the whole process was financially driven; budgets only seemed to go down in years two and three.

One area of significant concern which was raised by quite a number of carers in different forums was the continence service. The service simply appeared to be failing many patients, particularly the young. The products available were often not suitable and didn't provide any dignity particularly for the elderly living with dementia. It was understood that patients in the Stockton area were also reporting similar issues through Stockton Healthwatch.

Other areas highlighted through the focus groups were the removal of the link post between Hartlepool Carers and the GP surgeries which was already creating issues. Most surgeries required patients needing appointments that day to call first thing on a morning exactly at the time of day most carers were extremely busy. The wheelchair service was also criticised for its one size fits all approach, when clearly it didn't. The mental health of carers was highlighted as an issue across all sectors with many feeling they did not get the support they needed from health professionals. The Hartlepool Carers Group, however, was praised for its support. The well known issues around accessing CAMHS were also discussed.

The recommendations from the focus groups were set out in the submitted report and briefly outlined in the meeting.

The Vice-Chair of the Hartlepool Carers group was present at the meeting and outlined his personal experiences of the continence service in caring for his elderly father. The inadequate supplies and the poor quality of many products were leading his family to spend around £500 in six months on additional and better products. The dignity of patients should outweigh costs and better products would result in fewer complaints. Service users were also critical of the poor support given with many reporting no contact after the initial assessment to see how people were coping.

The North Tees and Hartlepool NHS Trust representative commented that feedback on the wheelchair service was usually very positive, so the comments outlined in the report did need to be examined further. It was clarified further that the referral and assessment processes with the wheelchair service were not the issue but the equipment provided was.

In terms of the incontinence service, the Trust representative conceded that the landscape of patient need had changed so it may be necessary to recognise that the service also had to change. Engagement with carers and service users would be needed.

The representative of Tees, Esk and Wear Valley NHS Trust indicated that some of the comments in the report were challenging and it was acknowledged that there were issues in the children's and families services due to the high referral rates. The Trust would welcome future working with Hartlepool Carers as while internal feedback was somewhat better, the service did need to improve.

The Chair thanked the presenters for their input into the meeting and acknowledged that some important points had been raised through the report

which would need a multi-disciplinary approach to resolve. Ongoing developments in e-consultation could potentially help with access to GPs and it was to be hoped the same conversations were not being had in twelve months time.

Decision

1. That the report from Healthwatch Hartlepool and Hartlepool Carers be noted and the recommendations within agreed.
2. That a progress report be submitted to the Board in twelve months time.

15. **Drug and Alcohol Service Needs Assessment and Next Steps for Service Delivery** (*Interim Director of Public Health*)

The Interim Director of Public Health submitted the Drug and Alcohol needs assessment and an outline of the next steps for the delivery of the service which was due for re-procurement. The needs assessment showed that a much greater focus needed to be placed on the users of the service; these were people who were essentially the experts in drug and alcohol services and many had a strong desire to give something back after they had been helped on the road to recovery.

The Interim Director saw the aim of the service shifting towards recovery rather than simply harm reduction. With such an approach there would be a need for services to 'wrap around' the individual. At present many workers in the system found themselves restricted by the contract rather than being free to support people through recovery.

In terms of the re-commissioning of the service, there was the potential to extend the current contract for a year should the work on a new service be incomplete. The service could potentially be brought in-house if that was seen as the way forward or re-commissioned in a way that fit the purposes needed in providing refocused support to recovery programmes. The Interim Director indicated that one change that had to happen was that the new contract must not be so inflexible as to bow people into only one way of doing things.

The Interim Director sought feedback from all the partners represented on the Board over the following two weeks before a finalised proposal was included on the JSNA website.

The Police representative stated that 'they' would like a bigger conversation on drug and alcohol problems as the Police did feel many of the drug and alcohol issues they were faced with were public health problems and not criminality that required Police action. Heroin and Cocaine use here was the highest in the country and that had to be addressed. The Home Office were already looking into this. There still needed to be a realistic review of the drugs problem in particular as the political view was still centred on

enforcement.

It was also highlighted to the meeting that the Harm Reduction Group under the Safer Hartlepool Partnership was to be re-launched.

Decision

1. That the Health and Wellbeing Board notes the first draft of the needs assessment for the drug and alcohol service and that any feedback / comments on the content and next steps be submitted to the Interim Director of Public Health within two weeks of this meeting.
2. That the re-procurement of the Drug and Alcohol Service be referred to the Finance and Policy Committee.

16. Sustainability and Transformation Partnership / Integrated Care Systems Update (*Hartlepool and Stockton-on-Tees CCG*)

The Chair indicated that a communications pack providing information on the emerging health picture across the North East and North Cumbria was submitted for Board Members information.

Decision

That the Communications Pack be noted.

17. Update on Healthy Weight Strategy (*Interim Director of Public Health*)

The Interim Director of Public Health provided the Board with an update report on the progress of the Healthy Weight Strategy. The report outlined key local progress together with the key future strategic direction being set by national government. The Interim Director highlighted that in April 2018 Hartlepool Borough Council had been awarded a £280,620 grant by Sport England to deliver a four-year project working on bringing families closer together through sport and physical activity.

Decision

1. That the Board note the progress to date in implementing the strategy and approves the future strategic direction in line with the national approaches.
2. That an annual performance and monitoring framework for the strategy be developed with key priorities and indicators to ensure engagement and accountability among partners.

18. Joint Health and Wellbeing Strategy (2018-2025) – Implementation and Monitoring Update (*Interim Director of Public Health*)

The Interim Director of Public Health provided the Board with an update report on the progress of the implementation of the Joint Health and Wellbeing Board with specific reference to the two deep dive areas of the JSNA, Reducing Drug and Alcohol Harm and Improving Mental Health and Wellbeing. Reducing drug and alcohol harm had been discussed earlier on the agenda. In terms of mental health and wellbeing, the Interim Director commented that most work centred around improving the mental health and resilience of young people and reducing the levels of loneliness in older people. There were also a number of key officer positions that still needed to be filled.

Decision

1. Reducing Drug and Alcohol Harm:-
 - (i) That the proposals for future service delivery, considered earlier in the agenda be noted.
 - (ii) That nominations be sought for the two remaining lead officer positions to progress the outcome and output measures through the agreed lead committees.
2. Mental Health and Wellbeing:-
 - (i) The actions identified (in Table 2 of the report) be approved.
 - (ii) That nominations be requested for lead officer(s) for the appropriate lead committees and bodies, and that partner representatives to progress the actions reported.

19. Audit and Governance Committee Work Programme 2018/19 – Investigation in to the Provision of Preventative Mental Health Services in Hartlepool (*Statutory Scrutiny Officer*)

The Interim Director of Public Health informed the Board that the Audit and Governance Committee had selected the topic of the Provision of Preventative Mental Health Services in Hartlepool for investigation during 2018/19.

Decision

That the report be noted.

20. Departmental Restructure (*Director of Children's and Joint Commissioning Services*)

The Director of Children's and Joint Commissioning Services informed the Board of a departmental restructure of the Council's Children's and Joint Commissioning Services. The Director also requested that the Assistant Director of Joint Commissioning, Danielle Swainston, be invited to join the Board as a non-prescribed member and also act as the nominated substitute for both the Director of Children's and Joint Commissioning Services and the Director of Adults and Community Based Services.

Decision

1. That the restructure of Children's and Joint Commissioning Services be noted.
2. That the Assistant Director of Joint Commissioning be invited to join the Board as a non-prescribed member.

21. Better Care Fund 2018/19: Q1 Performance Update (*Director of Adults and Community Based Services*)

The Director of Adults and Community Based Services updated the Board on the quarter 1 performance against the indicators in the Hartlepool Better Care Fund Plan.

Decision

That the Board approve, retrospectively, the Better Care Fund Quarter 1 return and notes the current position in relation to performance.

22. Presentation - CCG Annual Report (*Hartlepool and Stockton-on-Tees CCG*)

The Chair (representative from Hartlepool and Stockton Clinical Commissioning Group) gave an overview of a presentation made to the CCGs Annual General Meeting. The presentation outlined the CCGs vision and principles, key aims and challenges and its four key ambitions. The presentation went on to outline the CCGs performance, governance and utilisation of resources and finally set out the key priorities for 2018/19.

The Chair highlighted that there were some key achievements that warranted recognition, such as the 'Outstanding' rating given to the CCG following its inspection, the Urgent Care Centre at the Hospital which was being recognised across the country as a successful model, the implementation of the national diabetes prevention programme and access to GP appointments seven days a week.

Decision

That the CCG Annual Report be noted.

23. 38 Degrees – Petition to the Secretary of State for the Reopening of University Hospital of Hartlepool A&E
(Statutory Scrutiny Officer)

The Board was informed that a copy of a petition sent to the Secretary of State for Health and Social Care, calling for the re-opening of Hartlepool A&E Unit, had been received by the Leader of the Council on 1 August 2018. The petition had been signed by 7,145 people and stated: -

“There are 34 A&Es around the country currently threatened with closure or downgrading, or have already been closed. As shown in Newark, this will put people’s lives at risk. We are calling on you to order a moratorium on 34 pending A&E closures and downgrades until a nationwide study has been completed. Furthermore, our chief wish in relation to Hartlepool A&E is to see it re-opened, given that its closure in 2011 occurred despite protests.”

As the petition was addressed to the Secretary of State, the Health and Wellbeing Board was asked to note its content.

Decision

That the petition sent to the Secretary of State, as reported, be noted.

24. Any Other Items which the Chairman Considers are Urgent

The Healthwatch representatives referred to the recent changes to the Podiatry Service which had raised a number of concerns among patients who were being removed from the patient list. The Chair commented that a number of patients had been reviewed as not needing medical intervention and those patients had been discharged. A communication had been issued which the Chair undertook to re-send to Healthwatch.

A member of the public referred to the consistency and audit trail of information sharing between NHS services, GPs and their patients. The Chair commented that the operational strategy was monitored through this Board with work with clinicians and providers to ensure services were fit for purpose.

The Board noted that the next meeting would be held on Friday 10 December 2018 at 10.00 a.m. in the Civic Centre, Hartlepool.

Meeting concluded at 11.40 am.

CHAIR

SAFER HARTLEPOOL PARTNERSHIP MINUTES AND DECISION RECORD

12 October 2018

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

Present:

Councillor: Councillor Jim Lindridge
Denise Ogden, Director of Regeneration and Neighbourhoods
Barry Copping, Office of Police and Crime Commissioner for Cleveland
Chief Inspector Nigel Burnell, Chair of Youth Offending Board
John Bentley, Safe in Tees Valley
Sally Robinson, Director of Children's and Joint Commissioning Services
Jill Harrison, Director of Adult and Community Based Services

Alison Peevor was in attendance as substitute for Jean Golightly
and Ian Armstrong was in attendance as substitute for John Graham

Also Present:

Rachelle Kipling, Office of Police and Crime Commissioner for Cleveland
Jo Duffy, Cleveland Police

Officers: Danielle Swainston, Assistant Director, Children's and Families' Services
Rachel Parker, Community Safety Team Leader
Kate Ainger, Research Officer, Hartlepool Community Safety Team
Denise Wimpenny, Principal Democratic Services Officer

19. Appointment of Chair

In the absence of the Chair and Vice-Chair nominations were sought for the appointment of Chair. Agreed that Chief Inspector Nigel Burnell be appointed as Chair for this meeting.

Chief Inspector Nigel Burnell took the Chair

20. Apologies for Absence

Apologies for absence were submitted on behalf of Councillor Christopher Akers-Belcher, Hartlepool Borough Council, Superintendent Bev Gill, Cleveland Police, Ann Powell, Head of Cleveland Area, National Probation Service, John Graham, Director of Operations, Durham Tees Valley Community Rehabilitation Company, Chris Joynes, Thirteen Group and Jean Golightly, Director of Nursing and Quality, NHS Hartlepool and Stockton on Tees CCG.

21. Declarations of Interest

None.

22. Minutes of the meeting held on 3 August 2018

Confirmed.

23. Think Family Evaluation of the Troubled Families Programme in Hartlepool *(Director of Children's and Joint Commissioning Services)*

Purpose of report

The report provided an overview of the Troubled Families Programme in Hartlepool. It sets out how delivery of the programme had developed since its inception in 2012, what evidence existed in terms of improved outcomes for families and how it had acted as a catalyst for wider service transformation across all partners in Hartlepool.

Issue(s) for consideration

The Assistant Director presented the report which provided background information to the launch of the Troubled Families Programme in 2012 together with an overview and history of the programme. In relation to the first phase of the programme, Hartlepool had been mandated to identify and turn around 290 families by March 2015. The Government estimated the average unit cost of intensive intervention with a family was £10,000 and made available £4,000 for each family attached to the programme, details of which were included in the report.

A second phase of the National Troubled Families Programme was announced in 2014 with the aim of supporting a further £400,000 families nationally until 31 March 2020, equating to 1,000 families in Hartlepool. This second phase of the programme differed from phase 1 in a number of ways, details of which were provided and included a different payment by

results model which was based on a £1,000 attachment plus a £800 results payment based on achieving significant and sustained progress for families or moving them into sustained employment.

The Assistant Director was pleased to report that as at end June 2018, 900 families had been identified (90% of target) and 414 claims made (41% of target compared to 26% nationally). It had been confirmed that Hartlepool had achieved the highest results in the North East to date. In January 2018, Hartlepool had been subject to a “spot check” by MHCLG who assessed the reliability of the Council’s evidence of successful outcomes and the efficacy of practices, of which outstanding feedback had been received.

The Partnership was referred to the Think Family Evaluation of the Programme, attached at Appendix A to the report. The evaluation showed that the approaches that Hartlepool had taken to implement the national Troubled Families Programme had made a positive impact on families and individuals. Based on this evidence, a number of recommendations, were made, details of which were included in the report. The evidence from the six years of the Programme showed that a clear focus on outcomes helped to evidence impact of interventions, building trusting relationships with families was critical to success and that data could be used more effectively to identify local priorities and drive important strategic decisions.

In the lengthy discussion that followed, Partnership Members were pleased to note the success of the programme and the approaches taken in Hartlepool to implement the programme which had resulted in positive outcomes for families in Hartlepool. Reference was made to the underlying issues facing troubled families and Members were keen to better understand the root causes of such problems. The need to continue to explore the potential links and impact of such issues were acknowledged. It was noted that the lack of information around the mental and physical health conditions affecting families had significantly affected the ability to analyse their impact and better partnership working to ensure information of this type was shared was key to the success of the programme.

The Assistant Director went on to respond to issues raised arising from the presentation. In response to a query raised regarding the potential savings as a result of investing in initiatives of this type, Members were advised that whilst the Government had reported savings arising from reductions in domestic violence, hospital admissions and social worker interventions, information of which could be shared with the Partnership, the reliability of the data was uncertain.

A Member commented on the importance of the family worker in terms of building trust and positive relationships with families which was key to the success of the programme.

Partnership Members discussed the recommendations and recognised the importance of prevention and the need to further develop partnership

working between organisations in Hartlepool.

Decision

That the contents of the report, be noted.

24. Hate Crime Update *(Director of Regeneration and Neighbourhoods)*

Purpose of report

To provide the Partnership on the level of reported hate incidents and crimes across Hartlepool.

Issue(s) for consideration

The report provided an overview of hate crime and incidents in Hartlepool during the period 1 August 2017 to 31 July 2018. Hate crime by type was provided, including information as a comparator with the previous year. As in previous years, racial hate offences were by far the most commonly reported in Hartlepool representing over 80% of all reported hate offences. The Partnership was advised that the Community Safety Team continued to take a proactive approach to tackling hate and during the last 12 months the team had undertaken a variety of activities around tackling hate crime, details of which were provided. In presenting the report, the Reserach Officer highlighted salient positive and negative data and responded to queries in relation to hate crime figures by type.

Partnership Members discussed issues arising from the report. The Police and Crime Commissioner reported on the recent work and successes of two hate crime investigators which had resulted in over 200 successful charges. Reference was also made to the benefits of the work of the early intervention team in terms of engaging with children at risk of being drawn into anti-social behaviour.

Decision

That the trends in relation to hate crime and incidents in Hartlepool and the comments of Partnership Members be noted.

25. Acquisitive Crime Task Group Update *(Director of Regeneration and Neighbourhoods)*

Purpose of report

To update the Partnership on the findings of initial research into a potential link between Universal Credit and acquisitive crime rates in Hartlepool.

Issue(s) for consideration

The Community Safety Team Leader reported that following the establishment of the Task Group in March 2018 the Group had investigated the potential impact of the Government's welfare reforms and the implementation of Universal Credit on acquisitive crime. A detailed update report in relation to the work of the group was presented.

In order to establish trends in acquisitive crime, recorded crime data for the period 1 April 2015 and 31 March 2018 had been analysed to produce the Initial Scanning Document.

With regard to research findings, as detailed in the report, the data revealed that acquisitive crime in Hartlepool was increasing before the introduction of Universal Credit and had continued to increase since. Interviews with offenders carried out by Durham Tees Valley Community Rehabilitation Company had highlighted that, contrary to the theory of stealing due to hunger, much of the offending in Hartlepool was drug related. The majority of interviewees stated that funding their drug habit was their primary motivation and prioritised their drug needs ahead of their food needs.

In conclusion, from the initial research it had not been possible to establish a clear link between acquisitive crime trends and Universal Credit in Hartlepool. However, what had been apparent was that the factors leading to the high rate of acquisitive crime were complex and further research was required to investigate this further.

Clarification was provided in response to queries raised regarding the research undertaken. A Member placed emphasis upon the importance of supporting repeat victims of crimes. The Partnership was advised that there was a victim care and advice service available for victims of crime and anyone who met the vulnerability criteria were contacted following a crime and both practical and emotional support was available.

The Chair of the Youth Offending Board added that national studies suggested that half of acquisitive crime was as a result of drug or substance misuse. Evidence had revealed that crime prevention was one of the most effective methods of reducing crime of this type, examples of which were shared with the Partnership. The need to continue to drive forward crime prevention measures was highlighted.

A representative from the Durham Tees Valley Community Rehabilitation Company referred to the benefits of an integrated offender management system and took the opportunity, on behalf of the Community Rehabilitation Company, to thank Rachel Parker for the research work that had been undertaken in this regard and a comprehensive report.

The Police and Crime Commissioner for Cleveland commented on the value of the work of the Probation Service staff in terms of their contributions to partnership working. Concerns were expressed regarding the Government's ongoing consultation around a new structure for the Probation Service which would present significant challenges for the region. These concerns had been reported to the Ministry of Justice.

Decision

That the findings of the initial scanning document in relation to acquisitive crime and the comments of Members be noted and actioned as appropriate.

26. Local Government (Access to Information) (Variation Order) 2006

Under Section 100(A)(4) of the Local Government Act 1972, the press and public were excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in the paragraphs referred to below of Part 1 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006.

Minute 27 – Repeat Victimisation Presentation – This item contained exempt information under Schedule 12A Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 namely information which is likely to reveal the identity of an individual (para 2).

27. Repeat Victimisation Presentation *(Representative from Cleveland Police)* This item contained exempt information under Schedule 12A Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 namely information which is likely to reveal the identity of an individual (para 2).

Issue(s) for consideration

The Partnership received a comprehensive presentation by a representative from Cleveland Police in relation to understanding repeat victimisation at a strategic level in Cleveland.

Further details were set out in the exempt section of the minutes.

Decision

That the contents of the presentation and comments of Members be noted and actioned as appropriate.

28. Date and Time of Next Meeting

The Chair reported that the next meeting would be held on Friday 23 November 2018 at 10.00 am.

The meeting concluded at 11.20 am.

CHAIR

FINANCE AND POLICY COMMITTEE

17th December 2018



Report of: Director of Finance and Policy

Subject: MEDIUM TERM FINANCIAL STRATEGY (MTFS)
2019/20 AND FINANCIAL OUTLOOK 2020/21 AND
2021/22

1. TYPE OF DECISION/APPLICABLE CATEGORY

Budget and Policy Framework.

2. PURPOSE OF REPORT

- 2.1 The purpose of this report is to enable Members to approve the budget proposals to be referred to Council.

3. BACKGROUND

- 3.1 A comprehensive report was presented to the Finance and Policy Committee on 3rd September 2018 and Members may wish to re-read that report to familiarise themselves with financial issues facing the local government sector and the Council.
- 3.2 In summary the previous MTFS report advised Members that the Council faces a significant deficit in 2019/20 and this reflects three key factors:

- **2019/20 will be the ninth year of Government funding reductions**

For Hartlepool this means that Government Funding (Revenue Support Grant and Top up grant) in 2019/20 will be approximately **£25.5m**, compared to **£46.4m** in 2013/14, which is a reduction of **£20.9m** i.e. a reduction of **45%**. This includes a 2019/20 cut of £2.794m, which is a reduction from 2018/19 of 13%.

- **2019/20 Unfunded budget pressures**



The main budget pressures impacting on the 2019/20 budget relate to Looked after Children (£3.5m) and the national pay award (£2.150m). Both these pressures are national issues and by 2020 the Local

Government Association are forecasting a funding shortfall of £2 billion in relation to Looked after Children pressures.

- **Funding switch from Government funding on to Council Tax**

The reductions in Government funding and Council Tax referendum limits set by the Government, including the introduction of the Adult Social Care precept, have shifted the burden of funding local authority services from national tax payers on to Council Tax, as summarised in the following table:

Change in National funding 2015/16 to 2019/20

	Council Tax		Govt. funding
2015/16	49.3%		50.7%
2019/20	<u>61.5%</u>		<u>38.5%</u>
Change	+12.2%		-12.2% 

Note - Government funding consists of Revenue Support Grant, Top-up Grant, Business Rates income, Improved Better Care Fund, New Homes Bonus & Rural Services Delivery Grant

- 3.3 Financial year 2019/20 will be the most challenging financial year the Council has ever faced, as cuts have now been made for the last eight years. For 2019/20 the Council is facing a budget deficit of nearly **£6 million**. Appendix A details the factors driving the budget deficit, which in summary reflects the following key issues:

	£'m
Core Deficit (includes Government funding cut of £2.794m and inflation)	3.891
Add - Pay Award	2.150
Add - Looked After Children costs	3.500
Less - Approved savings & corporate savings	(1.379)
Less - Forecast Housing Growth	(0.658)
Less - Core Council Tax increase	(0.389)
Less - Social Care Council Tax increase	(1.128)
Budget Deficit	5.987

- 3.4 As highlighted in the above table the budget deficit is net of the indicative 2019/20 Council Tax increase of 3.9% approved in February 2019; which includes the final year of the current Adult Social Care precept. This

increase is in line with Government's Council Tax referendum limit, which continues to shift the burden for funding local services from Government grant on to Council Tax. In total this increase generates recurring income of **£1.517m**, which only covers **54%** of the cut in Government funding of **£2.794m**.

3.5 The previous report advised Members that the financial position for 2020/21 and future years is extremely uncertain. This uncertainty reflects proposals by the Government to make significant changes to the national funding system for local authorities. These changes are fundamental and will determine whether local authorities remain financially sustainable in 2020/21 and future years. As detailed in Appendix B and summarised below these issues cover three key areas:

- 2020/21 - Fair Funding Review & Implementation of 75% Business Rates
- Adult Social Care funding arrangements
- Council Tax regime 2020/21 and future years

3.6 At the Conservative Party conference in early October the Prime Minister stated that austerity would end. The Chancellor provided further information in his Budget and the key issues are detailed later in the report. However, until the Government complete the next Spending Review in 2019 the impact on different Government departments and individual councils will remain unclear. This makes financial planning for 2020/21 and 2021/22 extremely challenging.

3.7 **Chancellor's Budget 29th October 2018**

3.8 It is clear from the Chancellor's October 2018 Budget that funding cuts implemented over the last eight years will not be reversed.

3.9 The Chancellor's Budget statement outlined the following issues in relation to Local Government and the Spending Review 2019:

2018/19 Local Government issues

- One off additional £55m for Disabled Facilities Grant;
- One off additional £420m to tackle potholes, repair damaged roads, and invest in keeping bridges open and safe.

2019/20 Local Government issues

- Additional adult social care funding of £240m announced for 2018/19 will continue;
- A further £410m for adults and children's social care. The Chancellor's detailed budget document states "Where necessary, local councils should use this funding to ensure that adult social care pressures do not create additional demand on the NHS. Local councils can also use it to improve their social care offer for older people, people with disabilities and children".

Spending Review 2019

- The Budget did not provide departmental resource budgets for 2020/21 and future years. Instead it provided details of total departmental resource budgets split between NHS England and all other Departmental spending. When account is taken of the Government's commitment to increase NHS spending the rest of Government Departments will see a cash increase of just 8.4% over the period 2019/20 to 2023/24.

This increase is broadly in line with forecast increases in CPI (Consumer Prices Inflation), which means that other Government Departments will not see any real term increase in funding over the period up to 2023/24. Therefore, whilst the Government has stated austerity has ended the public sector will continue to face a very challenging financial position up to 2023/24.

The 8.4% increase is an average for all Government departments, (excluding NHS England), including education, defence, police, prisons and local government. The amount allocated to individual Government departments will depend on the priorities the Government gives to individual areas in the 2019 Spending Review. There is therefore a risk that areas the Government do not prioritise may still face further funding cuts beyond 2019/20.

- 3.10 The impact of the additional funding announced for Social Care for 2019/20 partially recognises the financial pressures facing the sector. However, this additional funding needs to be considered against the background of previous significant cuts in funding and increased demand, particularly in relation to Looked after Children.
- 3.11 As detailed later in the report part of this funding can be used to meet financial pressures in relation to Adult and Children's Services. This will therefore reduce the call on reserves in 2019/20.
- 3.12 This approach will maximise future financial flexibility as the continuation of this funding in 2020/21 and future years will depend on the outcome of the Government's 2019 Spending Review. For planning purposes it is assumed that having recognised the financial challenges facing councils the Government will maintain this funding, which is partly designed to mitigate demand reaching the NHS. However, there is a risk that this may not be recurrent funding beyond 2019/20. There is also a risk that if this funding is mainstreamed in 2020/21 that individual authorities funding allocations may change if different allocation formulae are used under the Fair Funding Review.

4. REVIEW OF RESERVES

- 4.1 The Council's reserves are earmarked to fund known expenditure commitments and to manage financial risks, including:

- resources already set aside to support the revenue budget over the period 2018/19 to 2019/20;
- revenue funding received from external funders which can only be spent on the specific project the funding has been provided for. These resources are known as ‘Revenue Grants Unapplied’;
- capital funding received from external funders which can only be spent on the specific project the funding has been provided for. These resources are known ‘Earmarked Capital Reserves’.

4.2 In view of the significant budget deficit facing the Council in 2019/20 a comprehensive review of reserves has been completed. The principles underpinning this review and the outcome of the review are detailed in Appendices C and D.

4.3 The outcome of the review is summarised below and shows:

- the reserves which need to be retained to meet existing commitments, or to manage existing financial risks;
- the reserves which relate to specific Revenue and Capital Grants received by the Council which can only be spent on the projects/schemes the funding has been secured for risks. At 1 April 2018 these reserves total **£14.392m**, which is **32%** of the total reserves;
- the value of reserves which can be released to create a “Budget Support Fund 2019/20 to 2021/22 reserve” of £7.909m.

Summary of Reserves Review

	Reserves to be retained to meet existing commitments or to manage existing financial risks £'m	Reserves released to create Budget Support Fund 2019/20 to 2021/22 £'m	Total restated balance as at 01.04.18 £'m
Unearmarked General Fund Reserve	4.417	0	4.417
Budget Support and Investment Reserve	6.281	2.930	9.211
Earmarked Revenue Reserves	12.120	3.499	15.619
Business Rates Safety Net Grant Reserve	0	1.480	1.480
Sub Total – Locally determined reserves	22.818	7.909	30.727
Revenue Grants Unapplied	4.195	0	4.195
Earmarked Capital Reserves	10.197	0	10.197
Sub Total – Revenue and Capital Grant Reserves	14.392	0	14.392
Total All Reserves	37.210	7.909	45.119

- 4.5 On the basis of existing planned use of reserves and the use of the Budget Support Fund 2019/20 to 2021/22 it is anticipated that existing reserves will reduce to £8.521m by 31st March 2022, as summarised in Appendix E. The reduction in reserves reflects the significant planned use over the next few years. The remaining reserves will consist of the following elements and is the minimum recommended level:

	Forecast 31.03.22 £'m
Unearmarked General Fund Reserve	4.417
Budget Support and Investment Reserve	0
Earmarked Revenue Reserves #	4.104
Business Rates Safety Net Grant Reserve	0
Budget Support Fund 2019/20 to 2021/22	0
Sub Total – Locally determined reserves	8.521
Revenue Grants Unapplied	0
Earmarked Capital Reserves	0
Total	8.521

This includes the Insurance Fund (£2.268m), Treasury Management Risk Reserve (£1.380m) and Local Council Tax Support scheme risk reserve (£0.3m).

5. RISK IMPLICATIONS

5.1 The immediate financial issue facing the Council is the 2019/20 deficit of **£5.987m**. It is proposed that this deficit is addressed through a combination of the following measures:

- Use of Social Care funding provided for 2019/20 in the Chancellor's October budget;
- Implement budget savings;
- Use of Reserves.

5.2 Further information on these issues is provided in the following paragraphs.

5.3 Use of Social Care Funding

5.4 As indicated earlier in the report the Chancellor's Budget announced additional funding for Social Care for 2019/20. This consists of £240m for Adult Social Care and £410m for Adults and Children's Social Care.

5.5 Details of individual authorities provisional allocations were announced on 21st November 2018 and are expected to be confirmed as part of the main Local Government funding announcement on 5th December 2018. Hartlepool's provisional allocation is £1.357m. This amount needs to be considered in the context of a cut in 2019/20 Government Grant of £2.794m and cut in overall funding since 2013/14 of approximately £21m.

5.6 The majority of the £1.357m is new funding for Adult and Children's services for local authorities to determine how best to use these resources. The remaining part relates to the continuation of 2018/19 Adult Social Care winter funding, and plans for this resource need to be developed in discussion with NHS partners.

5.7 For planning purposes it is estimated that the Council will be able to use £1.1m to fund Adult and Children's services budget pressures impacting on the MTFS. The remaining £0.257m will be used to alleviate winter pressures and delivered in conjunction with plans developed with the NHS on Adult Social Care. As the actual amount of Social Care Funding may vary from the provisional figure it is recommended that any change is managed by varying the amount of reserves used in 2019/20.

5.8 Implement Budget Savings

5.9 Detailed reports on savings proposals were reported to individual Policy Committees in November and the savings are summarised in Appendix F, which also includes corporate savings. The total net savings is £1.040m. Individual Policy Committees generally commented that in light of the financial position facing the Council they reluctantly supported the proposed savings and made the following observations:

- **Adult Services** - recognised work undertaken by officer to minimise the impact of savings at the front line. However, even a stand still budget made managing services extremely difficult and until the issue of funding for adults social care was tackled nationally, there appeared to be little light at the end of the tunnel;
- **Children's Services** – the Chair concluded that the Council had been put into an insidious position by Central Government through the reduction in budgets for the provision of children's services but had every confidence in Officer doing their very best to mitigate the risks. It was important that the lobbying of Central Government continue to highlight how badly people were being affected by the continuous reductions in budgets.

5.10 Use of Reserves

5.11 As indicated in the previous MTFS report the release of resources from the reserves review makes it possible to defer part of the 2019/20 deficit to 2020/21. This approach will provide a longer lead time to implement sustainable savings. However, this strategy is not without risks as it:

- Does not provide a recurring solution to the known 2019/20 deficit and simply delays these cuts until 2020/21;
- Reduces uncommitted reserves available to manage new financial risks that may arise in 2019/20 and future years. This is a significant potential risk owing to the range of changes proposed by the Government for 2020/21. Additionally, authorities will not find out indicative funding allocations for 2020/21 until summer/autumn. At best this will give councils only six months to plan their budgets for 2020/21.

In practise Councils will not know the actual funding allocations for 2020/21 until the Local Government Settlement is issued. The Government has recently confirmed that settlements from 2019/20 will be issued around 5th December. On this basis the 2020/21 settlement will be issued around 5th December 2019 which means councils will have less than three months to finalise their 2020/21 budgets.

5.12 On the basis of the net savings, provisional Social Care funding and a 3.9% Council Tax increase the Council still faces a 2019/20 deficit of **£3.847m**, as summarised below:

	£'m
Deficit before Council Tax increase & forecast housing growth	8.162
Less – Core Council Tax increase of 2.9%	(1.128)
Less – Adult Social Care precept of 1%	(0.389)
Less – Forecast housing growth	(0.658)
Deficit after Council Tax increase and forecast housing growth	5.987
Less – Budget Savings	(1.040)
Less – Forecast Social Care funding	(1.100)
Deficit still to be addressed	3.847

- 5.13 It is proposed to address the remaining 2019/20 deficit by using reserves. This proposal will not change the total value of saving which need to be made over the next three years and simply defers a significant deficit to 2020/21. Whilst, this will provide a longer lead time to makes savings, it is essential that a robust and deliverable savings plan is developed during 2019/20 and further information is provided later in the report.
- 5.14 As the Local Government sector is at a financial crossroads and does not know the funding system which will be in place for 2020/21 and future years, this approach provides a pragmatic solution – provided Members recognise:
- It does not remove the need to made these savings and defers a recurring budget deficit of £3.847m to 2020/21; and
 - will require the development and approval of a detailed savings plan before the start of 2020/21.
- 5.15 However, even if there are no further Government grant cuts in 2020/21 and 2021/22 the Council will still need to make budget cuts of approximately **£5.7m** before the start of 2021/22.
- 5.16 The impact of using reserves in 2019/20 on the phasing of savings is summarised below:-

Impact of using reserves on budget deficits –
based on grant cash freeze in 2020/21 and 2021/22

	2019/20 Known Deficit £'m	2020/21 Forecast Deficit £'m	2021/22 Forecast Deficit £'m	Total £'m
Budget Deficit	5.987	0.983	0.832	7.802
Proposed Budget Savings	(1.040)			(1.040)
Forecast Social Care Funding - Chancellor's October Budget	(1.100)			(1.100)
Sub Total	3.947	0.983	0.832	5.662
Deficit Deferred from previous year by using reserves	0.000	3.847	0.000	
Less - Use of Reserve	(3.847)	0.000	0.000	
Revised Deficit	0.000	4.830	0.832	5.662

- 5.17 The above figures are based on Hartlepool receiving forecast Social Care Funding of £1.1m in 2019/20. If this funding is not sustained in future years the three year forecast deficit would increase from **£5.662m to £6.762m**.
- 5.18 Using one off resources released from the reserves review in 2019/20 would leave £4.062m (i.e. £7.909m less £3.847m) of uncommitted one off resources. In the event that no additional unforeseen budget pressures arise in 2018/19 or 2019/20, for example a further increase in Looked after Children, the uncommitted resources would be available to:

- **Support “Invest to save initiatives”**

This investment would need to be based on robust business cases which provide recurring saving from 2020/21. For example recurring savings in electricity costs may be achievable by investing in energy savings initiatives for Council buildings; or new service delivery options may require pump priming to achieve recurring savings; or rationalisation of accommodation to achieve recurring savings may require funding for one off transition costs;

- **Support the achievement of recurring 2020/21 budget savings**

This support would be targeted at initiatives where there is a robust business case which provides a recurring saving, but the full year value cannot be achieved in 2020/21 and will not be achieved until 2021/22 owing to the lead in time required. For example, there may be a specific consultation requirement and timescale to implement the service change, or a slightly longer lead is needed to design and implement a new service model.

- 5.19 At this stage it is not recommended that these one off resources are relied upon until the position for 2020/21 is more certain. Therefore, a plan will need to be developed and approved during 2019 to achieve budget cuts of **£4.830m** to address the 2020/21 budget deficit.

5.20 **Impact of alternative grant settlements 2020/21 and 2021/22**

- 5.21 In addition to a grant freeze for 2020/21 and 2021/22, two alternative grant scenarios have been considered. These scenarios reflect the continued uncertainty regarding Government Funding beyond 2019/20 owing to proposed major reforms of the Local Government funding system and the 2019 Spending Review.
- 5.22 The scenarios highlight the impact on the forecast budget deficit of relatively small changes in Government grant funding (i.e. plus or minus 2%) from a cash freeze position.
- 5.23 The following table summarises these scenarios and for **all scenarios the 2020/21 deficit includes £3.847m deferred from 2019/20 by using reserves**. This shows that even under the most optimistic scenario for annual

grant increases of 2% the deficit deferred from 2019/20 is not addressed and will require permanent cuts to be identified in 2020/21.

Impact of using reserves on budget deficits –
based alternative grant scenario in 2020/21 and 2021/22

Grant funding scenario for 2020/21 and 2021/22	2020/21 Forecast Deficit £'m	2021/22 Forecast Deficit £'m	Total £'m
Cash Freeze 20/21 and 21/22	4.830	0.832	5.662
Grant increase 2% 20/21 and 21/22	3.938	0	3.938
Grant cut 2% 20/21 and 21/22	5.726	1.710	7.436

5.24 The three scenarios assume that the new 2019/20 Social Care funding is recurring in 2020/21 and 2021/22. If this is not the case the total deficit figures shown above will increase by £1.1m.

6. SAVINGS STRATEGY 2020/21 AND 2021/22

6.1 The Corporate Management Team has commenced initial work on the development of a savings strategy to address the recurring budget deficit facing the Council. This initial work is based around six work streams, as follows:

- Review of commissioned services
- Reduce overheads
- Reduce demand in Children's and Adults Services
- Waste Management and reducing demand
- Income maximisation
- Strategic prioritisation of Services

6.2 At this stage it is not possible to quantify the potential value or timing of savings for these work streams. The work streams will be underpinned by work to further develop the Council's internal financial management culture and systems. In addition, an external communications strategy will be developed to explain to residents the financial position facing the Council and to seek views on proposals for addressing the budget deficit.

6.3 Further details will be reported to a future meeting to enable Members to agree a plan to ensure savings can be implemented in 2020/21. It is anticipated that this plan may need to be supported by using reserves to either pump prime savings, or to manage the part year implementation of 2020/21 savings which may have a longer lead time to achieve.

7. CAPITAL STRATEGY 2018/19 TO 2021/21

7.1 A large part of capital expenditure relates to scheme specific projects where the Council has secured external funding. For 2019/20 these funding regimes will provide £12.512m.

7.2 There are also a range of local projects as detailed in the following paragraphs.

7.3 Operational Vehicles

Details of capital expenditure for operational vehicles were considered and endorsed by Neighbourhood Services Committee on 10th October 2018 and for 2019/20 total £1.663m.

7.4 Western Growth Corridor

This is a key local scheme and will be delivered over the period of the MFTS. A detailed report on this scheme was considered at the Finance and Policy Committee on 26th November 2018. The report informed Members that external grant funding of £8.345m is anticipated to be secured, or which £4.172m has been secured and the balance is expected to be confirmed early in 2019. This funds 45% of the estimated cost of the scheme.

The report detailed the strategy for using Prudential Borrowing to manage the phasing of section 106 contributions which will be received towards the capital costs of this scheme over a number of years. On the basis of the grant secured Prudential Borrowing of £10.161m will be required, which is less than the maximum indicative amount approved by Council on 28th September 201 of £18m.

The Finance and Policy Committee report also provided a detailed risk assessment and comprehensive analysis of financial factors in relation to these schemes. These issues were reflected in the recommendation approved by Finance and Policy Committee, which will be referred to Council on the 20th December 2018 for consideration.

The completion of this scheme will underpin the future delivery of housing growth and the achievement of additional Council Tax income to support services in future years.

7.5 Student Accommodation

The Council acquired a block of 12 apartments known as Avondene at 59-64 Church Street. Ownership of this property puts the Council in control and this helps underpin the development of the new college building by the Northern School of Art and the environmental improvements completed by the Council.

It was initially intended to manage this property as part of the Housing Revenue Account. However, since acquiring this property it has been

determined that there is demand for Student Accommodation and the location of this property fits well with The Northern School of Art. It is, therefore, recommended that this property is moved out of the Housing Revenue Account (HRA).

This proposal requires a change in funding arrangements as section 106 housing contributions cannot be used outside the HRA. Therefore, to replace this funding it is recommended that former Right to Buy resources of £421,000 are used, as these monies can either be used for HRA purposes, or other housing purposes, including Student Accommodation. The project requires £39,000 of Prudential Borrowing which will be repaid from rental income. The Business Model anticipates lettings commencing in September 2019 and a small annual surplus (£7,800), which can be reflected in the 2020/21 budget.

7.6 Coast Protection

It was previously reported that this scheme has suffered delays as a result of an objection raised in August 2016 as part of the planning process and license to carry out works. This resulted in work to a particular section of the sea wall being rephased until March 2018. Other ongoing work had continued, albeit with restricted access and additional plant hire requirement which resulted in increased costs. The delay also meant that the work was exposed to the exceptional weather conditions in March 2018, as well as some of the worst storm surges in recent years which caused numerous damages to the wall requiring repair.

As reported to Finance and Policy Committee on 26th November 2018 the additional costs have now been quantified at £1m. To manage the complexities and risks of delivering this project revenue contributions of £0.244m had been set aside. In addition, headroom within the revenue budget for potential additional prudential borrowing had not been committed. Therefore, the remaining £0.756m can be funded using prudential borrowing. The repayment costs can be funded from the existing revenue budget which now fully commits the loan repayment element of the budget.

7.7 Details of the above issues are summarised in Appendix G.

8. LEGAL CONSIDERATIONS

8.1 The following issues are relevant in relation to this report:

- the Local Government Finance Act 1992 requires local authorities to set a balanced budget – approval of the proposed recommendations in this report enables the Council to meet this requirement;
- the Local Government Act 2003 requires local authorities to consider the advice of their Section 151 Chief Finance Officer (the Director of Finance and Policy) when making budget decisions. This advice must include details of the robustness of the estimates made for the purposes of the

calculations and the adequacy of the proposed financial reserves. These requirements are addressed in section 12;

- The requirements of the Prudential Code in relation to the use of Prudential Borrowing – the capital proposals detailed in this report comply with these requirements. The more detailed technical requirements arising from the approval of the proposals in this report will be included in the Treasury Management Strategy which will be referred to Council separately, following scrutiny by Audit and Governance Committee.

9. CHILD AND FAMILY POVERTY (IMPACT ASSESSMENT FORM TO BE COMPLETED AS APPROPRIATE.)

- 9.1 The proposals reported to Children's Services Committee on 14th November 2018 will reduce resources available to support children and families. However, the aim is to refocus resources towards those children and families most vulnerable and ensure they are effectively deployed.

10. STAFF CONSIDERATIONS

- 10.1 An assessment of the staffing impact of the 2019/20 savings proposals has been completed and this has identified that 19 (14.13 FTE) posts are proposed to be deleted from 1st April 2019 as part of the recommended savings proposals.
- 10.2 This includes 6 posts which can be managed through a combination of managing vacancies, or approving voluntary redundancies where this can be accommodated within operational requirements. At this stage it is anticipated that the remaining 13 posts may unfortunately result in compulsory redundancies.
- 10.3 However, as was the case in previous years, the Corporate Management Team will seek to maximise staffing reductions which can be achieved by managing vacancies and accepting requests for voluntary redundancies, to reduce the number of compulsory redundancies. This approach will also seek to maximise redeployment opportunities.

11. ASSET MANAGEMENT CONSIDERATIONS

- 11.1 The savings proposals for Children's Service include the rationalisation of a number of properties which are currently delivery points for Early Help services to reflect the recommended service delivery model.

12. RISK ISSUES AND ROBUSTNESS OF BUDGET FORECASTS – DIRECTOR OF FINANCE AND POLICY'S PROFESSIONAL ADVICE

- 12.1 As indicated in previous years the Local Government Act 2003 introduced a statutory requirement on an Authority's Section 151 Chief Finance Officer to advise Members on the robustness of the budget forecasts and the adequacy of the proposed level of reserves. If Members ignore this advice, the Act requires the Authority to record this position. This later provision is designed to recognise the statutory responsibilities of the Section 151 Officer.
- 12.2 In response to the continuing financial challenges facing councils CIPFA (Chartered Institute of Public Finance and Accountancy) issued guidance last year reminding Section 151 Officers and their authorities of the statutory responsibilities when setting budgets. This advice reinforces statutory requirements and provides practical guidance to help Section 151 Officer's discharge their responsibilities.
- 12.3 The Director of Finance and Policy can advise Members that in his professional opinion the budget proposals for 2019/20 are robust and this advice is based on the following key factors being in place:
- Confirmation of the 2019/20 indicative core Council Tax increase of 2.9% and 1% Social Care precept, which in total will secure recurring additional income of £1.517m;
 - Approval of the proposed 2019/20 savings of £1.040m;
 - Approval of the reserves review which has identified £7.909m to support the 2019/20 to 2021/22 MTFS;
 - Approval of the recommendation to use £3.847m of the one off resources identified from the reserves review to support the 2019/20 budget. The retention of the remaining £4.062m to support invest to save initiatives which will provide recurring budget saving in 2020/21, or to support the implementation of permanent budget reductions in 2020/21 which have a longer lead time to implement;
 - The detailed work undertaken by individual Directors (and their senior managers) in conjunction with my staff regarding the preparation of detailed budget forecasts, including income forecasts;
 - A prudent provision for inflation on non pay budgets and income budgets for the next three years. Following the Brexit referendum the risks in relation to inflation have increased. These factors will need to be reviewed on an annual basis;
 - A prudent view of the net costs of the Authority's overall cash flow, including the repayment of Prudential Borrowing;

- An assessment of financial risks and the measures to mitigate these risks as detailed in Appendix H;
- An assessment of the key financial assumptions underpinning the 2019/20 budget as detailed in Appendix I.

12.4 Previous reports identified a number of significant financial risks over the period of the MTFS and indicated that there may need to be flexibility around the timing of funding for individual risks. These risks remain and strategies adopted for managing these issues also underpin the Director of Finance and Policy advice on the robustness of the budget. These issues cover the following:

i) Redundancy and Early Retirement costs

This risk reflects the scale of the budget deficits over the MTFS period and the impact these cuts may have on staffing levels. The existing provision for redundancy and early retirement costs is still the level recommended by the Director of Finance and Policy. There is an increasing risk that this provision may not be sufficient in future years, which would mean that higher cuts need to be implemented to pay for these one off contractual obligations. This position will be reviewed when the 2020/21 budget is prepared.

ii) Achievement of remaining Capital Receipts target of £2.648m

This risk has reduced over the last two years owing to the completion of land sales. As previously reported the capital receipt in relation to the Hart land sale is anticipated to be the largest capital receipt achieved over the next three years but owing to the phased basis on which monies are likely to be received it will not make a significant contribution to the target until 2020/21. In the short-term the position can be managed on a temporary basis using Prudential Borrowing.

iii) Business Rate Retention Risks

Financial risks continue in relation to Business Rates income over the period 2018/19 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 subject to legal proceedings. 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.

From 2020/21 there is a risk that the implementation of the 75% 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 75% 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 75% 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 recent 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 eight years.

iv) Achievement of Housing Growth

The MTFS forecasts are predicated on achieving annual housing growth equivalent to 400 band D properties for the next three years. By 2021/22 this equates to additional recurring income of £2.1m. This is an ambitious target, which it is currently anticipated is achievable. Progress in achieving this target will be monitored closely.

13. EQUALITY AND DIVERSITY

- 13.1 The majority of proposals put forward will not impact on the delivery of frontline services or service users. However, there are some proposals which simply by the nature of the service area that they cover will impact on those with protected characteristics e.g. children. Due to the financial challenges facing the Council we have no choice but to change and redesign services to reduce costs. Where we need to change and redesign services we are working to minimise the impact on those with protected characteristics and are focusing on securing services for those who are the most vulnerable within those protected characteristics e.g. the most vulnerable children.

14. CONCLUSIONS

- 14.1 The financial position and sustainability of Local Government has been significantly affected by a range of external factors, including;
- The impact of austerity which by 2019/20 will have resulted in nine successive years of Government Funding cuts. Under the current funding system, which has operated since 2013/14, this has resulted in a cut in core Government funding received by the Council of **£20.9m - a cut of 45%;**
 - The Government's policy of shifting a greater proportion of funding from Government grant to Council Tax, including the introduction of the Adult Social Care precept in 2016/17. Nationally this change means that in 2019/20 Council Tax will fund 62% of expenditure, compared to 50% in 2015/16;

- Unfunded budget pressures, including the increased cost of Looked after Children, pay awards for 2018 and 2019 and the apprenticeship levy.
- 14.2 Local Authorities already know the scale of the funding cuts they need to manage for 2019/20. In addition, the financial positions for 2020/21 and 2021/22 are extremely uncertain and will be affected by a range of Government policies, including;
- The increase in Business Rates Retention from 50% to 75%;
 - The Fair Funding Review, particularly the review of Looked After Children funding;
 - The Green Paper on Adult Social Care funding which will need to provide a sustainable funding base;
 - Future Government Council Tax policy;
 - The 2019 Spending Review – which will determine funding for 2020/21 and future years.
- 14.3 The Chancellor's October 2018 Budget did provide additional funding for Social Care, both Adult and Children for 2019/20. However, this funding does not reverse previous funding cuts, or address continuing significant service pressures.
- 14.4 **Impact on Hartlepool**
- 14.5 The Council had previously adopted a multi-year MTFS covering 2016/17 to 2019/20. To balance previous years' budgets the Council has implemented difficult decisions in relation to:
- The delivery of significant recurring savings. Over the last eight years this has included reducing staffing levels by approximately 500 posts, providing a recurring saving of £12.4m (inclusion of employers National Insurance and Pension costs);
 - Implemented Council Tax increases (including the Adult Social Care precept) in line with Government Council Tax referendum limits;
 - Used reserves to help provide a lead time to implement permanent budget cuts.
- 14.6 Despite the Prime Minister's statement to the Conservative Party Conference that austerity has ended, and the additional funding for Social Care announced by the Chancellor, this is not the case for Local Authorities for 2019/20. For austerity to end for Hartlepool in 2019/20 the Government would need to provide:
- A 27% grant increase to cover the 2019/20 Revenue Support Grant cut;

Or

- A 41% grant increase to cover the deficit and enable Council Tax to be frozen

14.7 2019/20 Budget

- 14.8 The immediate challenge facing the Council is the 2019/20 known budget deficit of **£5.987**. This deficit reflects the impact of a ninth successive Government Revenue Support Grant cut and unfunded budget pressures (national pay award and increased Looked after Children costs) outside the Council's control.
- 14.9 Work completed over the last few months has highlighted how difficult it will be to address this deficit on a sustainable basis. This reflects the impact of the cuts the Council has had to implement over the last eight years. It is clear that a longer lead time is needed to develop a savings strategy to address the known 2019/20 budget deficit.
- 14.10 This deficit can be reduced to **£3.847m** by implementing proposed budget savings of £1.040m and the use of forecast additional Social Care funding of £1.1m to protect services.
- 14.11 To support the process to achieve further savings/efficiencies a comprehensive review of reserves has been completed. This has identified significant one off resources to support the 2019/20 to 2021/22 budgets. On this basis it is proposed that the 2019/20 budget can be balanced by using £3.847m of reserves.
- 14.12 In adopting this strategy Members need to recognise that it is not without risks as it:
- Does not provide a recurring solution to the known 2019/20 deficit and simply delays these cuts until 2020/21;
 - Reduces uncommitted reserves available to manage ongoing, or new, financial risks that may arise in 2019/20 and future years. This is a significant potential risk owing to the range of changes proposed by the Government for 2020/21.
- 14.13 The recommended strategy can be adopted provided Members commit to the development of a detailed savings strategy to achieve recurring saving in 2020/21.
- 14.14 The 2019/20 deficit reflects the indicative Council Tax increase approved in February 2018 of 3.9%, which is in line with the Government's Council Tax referendum limit and consists of:
- a 2.9% core increase which will generate additional recurring income of £1.1m and effectively funds 31% of the recurring Looked after Children's unfunded budget pressures;

- a 1% Adult Social Care precept, which only covers 35% of inflation and pay pressures for these services.
- 14.15 As a result of the Government's Council Tax policy covering the period 2016/17 to 2019/20 and continuing annual cuts in Government grant, councils have either had to increase Council Tax to protect services, or make even greater budget and service cuts.
- 14.16 If the Council Tax increase is not confirmed the Council will need to identify additional recurring budget cuts of £1.517m before the start of 2019/20. This will increase the total forecast savings over the period of the MTFS by this amount. As summarised in the following table this would increase the overall budget deficit to between £7.179m and £8.953m, depending on the level of Government funding in 2020/21 and 2021/22.

	Total Budget Deficit based on 2020/21 and 2021/22 Government Grant Freeze £'m	Total Budget Deficit based on 2020/21 and 2021/22 Government Grant cut of 2% per year £'m
Deficit if 2019/20 Council Tax increase implemented	5.662	7.436
Deficit if 2019/20 Council Tax increase NOT implemented	7.179	8.953

- 14.17 Clearly, an increase in the overall savings target will be significantly more challenging to achieve and have a greater adverse impact on the services the Council is able to sustain.
- 14.18 It will not be possible to offset the loss of recurring Council Tax income by using more reserves as this would defer an unmanageable budget deficit to 2020/21. This is not an approach I can support as the Council's Section 151 officer as it reduces the recurring Council Tax base, at a time when Government policy is continuing to switching the burden for funding local services from grant funding on to Council Tax.
- 14.19 In addition, I could not support an increase in the use of reserves in 2019/20 and this would reduce the resources available to support implementation of the 2020/21 savings plan from £4.062m to £2.545m. The reduced amount would not provide adequate resources to support the safe implementation of the savings plan. It would also increase the risk that the Council, as has happened in other areas, having to implement emergency budget reductions to avoid even more drastic action, including responding to a potential section 114 notice from the Section 151 officer, or a section 24 report from the Council's external auditor.

14.20 The Council External Auditors will be submitting their Audit Progress Report to the Audit and Governance Committee on 13th December 2018 and they have advised that they will be making the following comments:

- The forecast budget deficit of £6m presents a significant financial challenge to the Council, as it comes after a prolonged period of austerity and year-on-year budget cuts, as central government funding has been reduced.
- Even this scenario is after assuming that the Council will increase the council tax by the maximum allowable without triggering a referendum of 3.9%, including a 1% Social Care precept. We understand that the Council will consider the level of increase in council tax to this level on 20 December 2018, and in the circumstances we can see that there is little rational alternative than to implement the proposed increase.
- We understand that the Council is in process of identifying savings, but that there are no easy choices as any measures that might impact minimally on front line services have already been taken. The savings identified to date for implementation in 2019/20 fall far short of the budget gap. Work is ongoing to identify the areas where future savings should be made, including cutting services. It is important, faced with such choices, that an assessment is made of the impact of these cuts such that the options are ranked in terms of the impact on communities. It is unlikely that any of the choices will be easy, so this ranking will be in terms of 'least worst' through to 'worst worst'.
- It is clear that the Council will face some of the most difficult decisions it has ever faced in balancing the 2019/20 budget. Although the Council does have some reserves to minimise the immediate impact, in accordance with the Council's own strategy, these are a temporary or transitional cushion while the savings needed are identified and delivered. In addition, the reserves available to support the budget are reducing and the available balances will soon reach the minimum needed to deal with unforeseen circumstances and risk, and will not be available to support the revenue budget in the way that they have in recent years.
- The key message from those councils that have already faced a financial crisis, such as Northamptonshire and others, is the importance of taking early action to secure financial sustainability before the position become unmanageable.
- The position beyond 2019/20 is very uncertain as so much depends on the outcome of the fair funding review and the measures that will be taken in relation to the future operation of the business rate system. However, it seems unlikely that the overall financial position for the Council will improve sufficiently to allow it to defer any of the difficult decisions that are now needed.

14.21 2020/21 and 2021/22 Budget

- 14.22 The financial outlook for these years remains uncertain and will be impacted by the 2019 Spending Review and reform of the Local Government funding system. These issues represent significant financial risks and the outcome will not be known until late 2019. This makes financial planning extremely challenging.
- 14.23 The Chief Executive's of the five Tees Valley councils have begun developing a briefing papers on the impact of austerity across the area for public services and to set the case to the fair funding review that if we get the necessary radical overhaul of the funding regime, which properly reflects need in the Tees Valley, we will be able to deliver even more benefit to the people of the Tees Valley and support the economic growth of the country as a whole. The draft document is attached at Appendix J.
- 14.24 It is clear from the Chancellor's October Budget that the end of austerity does not mean a return to increased public spending outside the NHS. At best total Departmental spending outside the NHS will see a cash freeze over the period 2020/21 to 2023/24. However, until the Government completes the planned spending review, it is not clear what the impact will be on individual Government Departments:-
- **The key question is - How will Local Government fair when compared to other areas, including Education, Defence, Police, Prisons and Fire, in the 2019 Spending Review?**
- 14.25 The package of measures, including the proposed 2019/20 Council Tax increase, outlined in this report are designed to put the Council in the best possible financial position to manage these financial risks and challenges. This in turn provides the foundations for minimising the impact on services, whilst recognising that cuts will be unavoidable in 2020/21.
- 14.26 The proposed Council Tax increase for 2019/20 reflects the final year of the Government's current Council Tax referendum limits, including the Adult Social Care precept. This provides recurring income of **£1.517m**, which only equates to approximately **54%** of the 2019/20 Government funding cut of **£2.794m**.

15. RECOMMENDATIONS

It is recommended that the following proposals are referred to full Council on 20th December:

1. Note that on the basis of the Chancellor's Budget announcement on 29th October 2018 the cuts in Government funding implemented over the nine years up to 2019/20 will not be reversed,

2. Note the 2019 Spending Review will determine the Government's spending priorities for 2020/21 to 2023/24, which in total for Government departments (other than NHS England) will not see any real terms increase in funding;
3. Note the additional Social Care funding allocated to Hartlepool for 2019/20 is £1.1m, which equates to approximately 40% of the 2019/20 Government Grant cut of £2.794m;
4. Note that in his Budget statement to Parliament the Chancellor's stated "we are giving Councils greater control over the monies they raise through the Adult Social Care precept". To also note that the Government has confirmed the Council Tax referendum limits for 2019/20, including the Adult Social Care precept;
5. Note the 2019/20 Government Grant cut of £2.794m – a 26% cut;
6. Approve the indicative core Council Tax increase of 2.9%, plus 1% Adult Social Precept, which will achieve total additional recurring income of £1.517m to help protect services;
7. Approve the detailed departmental and corporate saving proposals of £1.040m detailed in Appendix F:
8. Note that after reflecting the 2019/20 Social Care funding allocation, 2019/20 Council Tax increase and departmental/corporate savings the Council still faces a 2019/20 budget deficit of £3.847m;
9. Approve the outcome of the Reserves Review which has identified one off resources of £7.909m which can be re-allocated to establish a "Budget Support Fund 2019/20 to 2021/22 reserve";
10. Approve the use of £3.847m of the "Budget Support Fund 2019/20 to 2021/22 reserve" to address the remaining 2019/20 budget deficit;
11. Approve the proposal to earmark the remaining "Budget Support Fund 2019/20 to 2021/22 reserve" of £4.062m to support Invest to Save initiatives, or the phased implementation of 2020/21 savings which require a longer lead time to implement, as detailed in paragraph 5.18;
12. Note that recommendation (j) defers a £3.847m budget deficit to 2020/21;
13. Note that on the basis of grant freezes in 2020/21 and 2021/22 a detailed savings plan will need to be developed to achieve further savings of £4.830m in 2020/21 (including £3.847m deferred from 2019/20) and £0.832m in 2021/22, based on the work streams detailed in paragraph 6.1;

14. Note the 2020/21 and 2021/22 deficits may increase if further Government grants are implemented in these years and the 2019/20 Social Care funding is not sustained;
15. Following a change in the law, to note that approval from the Secretary of State is not required to release the Civic Lottery Reserve of £411,000, and therefore approve the proposal to use this amount over five years to provide annual support towards the Cultural and Events programme, to match fund external grant funding;
16. Note that as the Civic Lottery Reserve is spent the annual interest available to support Ward Member budget will reduce from £500 in the current year to £300 in 2019/20, then £200 in 2020/21, then nil in 2021/22;
17. Approve the capital expenditure proposals detailed in section 7 and summarised in Appendix H, which covers:
 - Capital expenditure funded from external funding secured by the Council;
 - Requirements in relation to operational vehicles;
 - Student Accommodation;
 - Coast Protection.
18. Delegate Authority to the Director of Finance and Policy, in consultation with the Chair of Finance and Policy Committee, the Chief Executive and Chief Solicitor, to determine the capital financing strategy for 2018/19 and 2019/20 which maximises future financial flexibility of the Council;
19. Note the advice of the Director of Finance and Policy in relation to budget risks and robustness advice detailed in section 12. This includes the Directors advice that if the proposed 2019/20 Council Tax increase is not approved recurring budget reductions of £1.517m income will need to be identified and approved by Council for implementation from 1st April 2019 before the Director can sign an alternative budget proposal off as robust.
20. To note that the Director of Finance and Policy will not be able to sign off an increased use of reserves for 2019/20 above the recommended level of £3.847m as robust, as this would defer an increased deficit to 2020/21 and also reduce uncommitted reserves available to support the implementation of the 2020/21 savings plan.
21. Approve the proposal that a review of Civic arrangements be undertaken to consider alternative operating models, including charges for Members use of the Civic Centre car park, as soon as practical and if in-year savings can be achieved these will be used to reduce the planned use of Reserves.

16. REASON FOR RECOMMENDATIONS

- 16.1 To enable the Finance and Policy Committee to approve the 2019/20 budget proposal to be referred to Council.

17. BACKGROUND PAPERS

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

Finance and Policy Committee - Medium Term Financial Strategy (MTFS)
2018/19 to 2019/20 – 3rd September 2018

18. CONTACT OFFICER

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Telephone: 01429 523003

Summary of 2019/20 net budget deficit of £5.987m

	Initial Forecast £'m	Current Forecast £'m	
Core Deficit (includes Government funding cut of £2.794m)	3.891	3.891	
Pay Cap removed for 2018 and 2019	0.000	2.150	
Looked After Children Pressures – recurring pressure	0.000	2.500	(a)
Gross Deficit	3.891	8.541	
Less – Use Reserves/Collection Fund surplus	(0.384)	(0.384)	
Less – Savings approved February 2017	(0.785)	(0.785)	
Less – Savings approved December 2017	(0.135)	(0.135)	
Less - Growth in Council Tax base (290 Band D equivalent properties)	(0.488)	(0.488)	(b)
Less - Council Tax increase of 1.9% (before change in national referendum limits)	(0.736)	(0.736)	(c)
Net budget deficit report February 2018	1.363	6.013	
<u>Changes since February</u>			
Add - Looked After Children Pressures – increase in pressure	0.000	1.000	(a)
Add - Removal of proposed Youth Service saving	0.000	0.296	(d)
Add - Removal of proposed Environmental Services saving	0.000	0.160	(e)
Add - Environmental Services pressures	0.000	0.040	(e)
Less - Income from previous Council House sales	0.000	(0.200)	(e)
Less - Additional forecast Council Tax base growth (100 Band D equivalent properties)	(0.170)	(0.170)	(b)
Less - Additional Council Tax income from moving from 1.9% to 3.9% (includes 1% Adult Social Care precept and national change in referendum limits)	(0.781)	(0.781)	(c)
Less - Update of planning assumptions as detailed in Appendix C.	(0.371)	(0.371)	
Revised 2019/20 Budget Deficit	0.041	5.987	

(a) Total 2019/20 LAC pressure £3.5m.

(b) Total forecast recurring income from growth in Council Tax base is £0.658m (£0.488 plus £0.170m).

(c) Forecast recurring income from Council Tax increase up to referendum limit of 3.9% is £1.517m. (i.e. £0.736 plus £0.781m)

(d) Saving had already been included in the base budget on the basis of the service transferring to mutual. The detailed work on the Business case has identified that this is not achievable. Therefore, this amount has been to added back.

(e) Removal of savings offset by replacement income stream.

Appendix B**Summary of the Government's proposed changes to the funding system for local authorities planned for 2020/21 and related issues**

- **2020/21 - Fair Funding Review and implementation of 75% Business Rates**

The Government has indicated that these changes will include Revenue Support Grant and Public Health grants being replaced by an increase in the proportion of Business Rates income retained by local authorities from 50% to 75%.

There is currently uncertainty in relation to the arrangements the Government will adopt for removing the ring fenced Public Health grant and transferring this grant to the new funding system. Under one scenario the Government may apply a revised ACRA (Advisory Committee on Resource Allocation) formula before removing the ring fence. This would result in re-distribution of funding, with most North East councils, including Hartlepool, facing a significant funding reduction. Alternatively, the existing (i.e. 2019/20) Public Health allocations may be transferred into the new funding system. This is the planning scenario reflected in the MTFS for 2020/21 and 2021/22.

The Fair Funding Review includes future funding arrangements for Children's services, including Looked after Children.

These proposed changes are a significant risk to Hartlepool as the amount received in Revenue Support Grant and Public Health Grant in 2019/20 will exceed the increased Business Rates income from increasing retention from 50% to 75% by approximately **£8.7m**, as summarised below. It will be essential that the new funding system addresses this issue.

	2019/20 Allocations £'m
Revenue Support Grant	7.780
Public Health Grant	8.533
Less increase in locally retained Business Rates income from increasing retention from 50% to 75%	(7.587)
Potential Shortfall to be addressed by FFR	8.726

The increase in Business Rates retention from 50% to 75% will also increase risk in relation to the Power Station, as 75% of any Business Rates reduction will be borne by the Council. This makes it even more important that the Government either transfers power stations to the 'central list' so that this risk is managed nationally, which continues to be the Council's preferred option, or implements improved safety net arrangements.

- **Adult Social Care funding arrangements**

To date the Government has addressed Adult Social Care pressures through a combination of the Better Care Fund and the Adult Social Care precept. The Adult Social Care precept provides a greater financial benefit for more affluent areas, as each 1% Council Tax increase raises more recurring income in these areas. The Government sought to address this issue by targeting Better Care Funding to areas with a lower Tax Council base.

Whilst, these measures have helped authorities in the period up to 2019/20, they do not provide a permanent funding solution. Therefore, it is essential that the Government's promised green paper provides a sustainable funding basis for Adult Social Care for all areas from 2020/21.

- **Council Tax regime 2020/21 and future years**

Over the period 2016/17 to 2019/20 the Government's Council Tax Referendum regime shifted a greater proportion of the cost of funding local authority services onto Council Tax.

An analysis of Government forecasts for tax revenues for 2020/21 to 2022/23 suggests that the Government will revert to a 2% Council Tax referendum limits for these years. However, Council Tax referendum limits for these years will not be determined by the Government until late 2019 and may only cover 2020/21. The Government may determine to continue with higher Council Tax referendum limits than 2% in 2020/21 and future years.

Review of Reserves

1.1. In previous years the Review of Reserves report highlighted the findings of an Audit Commission national report published early in 2013 on the level of reserves that Councils hold and the decisions Councils make relating to them. The report made the following statements:

- reserves are an essential part of good financial management. They help Councils cope with unpredictable financial pressures and plan for their future spending commitments. The level, purpose and planned use of reserves are important factors for elected Members and Council Officers to consider in developing medium-term financial plans and setting annual budgets;
- having the right level of reserves is important. Where Councils hold very low reserves, there may be little resilience to financial shocks and sustained financial challenges. Where reserves are high, Councils may hold more than they need;
- there is no set formula for deciding what level of reserves is appropriate, too low or too high – Councils are free to determine the reserves they hold. Chief Finance Officers have a duty to provide Elected Members with the advice they need to make good decisions.

1.2 Whilst, the Audit Commission report was published in 2013 the report identified a range of questions which remain relevant and 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.

1.3 In relation to items (i) and (ii) the next section of the report and the detailed Appendices provide an explanation of these issues. In relation to items (iii) to (v) these are covered below:

- Contingency funds other than reserves to protect against unplanned costs

The Council does not provide contingency funds within the overall revenue budget to protect against unplanned costs. The Council's approach is to base the revenue budget on the most accurate assessment available for demand led budgets and to then monitor progress against the budget throughout the year at a corporate level. This approach is

designed to enable corrective action to be taken at a corporate level if this is necessary to fund unplanned costs.

This approach is underpinned by the strategic approach adopted by the Council for managing risk through the establishment of risk based reserves and the annual review of these risks and reserves.

- Relationship between reserves and Council Tax

The level of Council Tax for 2019/20 will reflect the fundamental shift in the Government's Council Tax policy, which recognises the financial pressures on Authorities with Adult Social Care responsibility. The Government's national Council Tax forecasts assume that all Social Care Authorities will implement Adult Social Care precepts.

There is no direct link between the level of reserves and Council Tax as both sources of funding are being used over the period of the current MTFS to partly mitigate the impact of Government grant cuts. However, these resources do not provide sufficient funding to fully address the impact of Government grant cuts, consequently the Council will need to make further budget cuts in 2019/20.

The MTFS recognises that reserves are a finite resource and cannot be relied upon to fund services in the long term. Therefore, in previous years, the use of reserves was front loaded in 2017/18 and 2018/19. This strategy was designed to minimise reliance on the use of reserves in 2019/20 to avoid deferring an unmanageable budget deficit to 2020/21.

However, owing to the increasing budget pressures facing the Council in 2019/20, a fundamental review of reserves has been completed to support the 2019/20 budget and provide a longer lead time to identify permanent budget reductions.

- Unplanned movements on reserves

Detailed in-year financial management reports are submitted to Members to monitor progress in the planned use of reserves and to identify where these reserves may be carried forward to fund rephased expenditure commitments or financial risks.

These reports also provide details of forecast outturns for corporate and departmental budgets. For 2018/19 an overspend is forecast and an update of the outturn strategy report was considered at the Finance and Policy Committee on 26th September.

1.4 Details of General Fund reserves held at 31st March 2018

1.5 The starting point for the review is the level of reserves held at 31st March 2018, which in summary covered the following categories:

- Unearmarked General Fund Reserve
- Budget Support and Investment Reserve
- Revenue Grants Unapplied
- Earmarked Revenue Reserves
- Earmarked Capital Reserves
- Business Rates Safety Net Grant Reserve

1.6 The following paragraphs provide details of the value of reserves at 31st March 2018 and the outcome of the review.

1.7 Unearmarked General Fund Reserve £4.417m

This reserve is earmarked to meet one off emergency expenditure not covered from existing resources. Any required use of this reserve would need to be repaid in the following year to ensure resources were available for the next emergency. The reserve equates to 5% of the net budget, which is within the recommended range of 3% to 5%.

The level of this reserve reflects two key factors. Firstly, Hartlepool is the second smallest unitary council and faces the same service risks as all unitary authorities, but has less financial flexibility to meet unforeseen issues. Secondly, the Council has a Nuclear Power Station which accounts for nearly 27% (£4.5m) of Business Rates income retained by the Council. There are specific financial risks to the Council as this income reduces if the Power Station is not generating electricity.

1.8 Budget Support and Investment Reserve £9.211m

The majority of this reserve (£6.181m) is already committed to supporting the revenue budget over the period 2018/19 to 2019/20. A further £0.845m is earmarked for approved capital expenditure. These commitments were approved as part of the previous MTFS.

Part of this reserve was earmarked to manage Business Rates risks. This included the significant impact of the Power Station rateable value reduction in 2015 (which related to the rateable value set in 2010), which has taken a number of years to work through the system owing to the complexity of the national regulations and timing of Government returns. However, the backdated cost was less than initially anticipated. Therefore, this element of the reserve, which amounts to £1.823m, can be released to support the revenue budget.

The reserves also included resources to support the budget over a number of years and an amount of £0.362m has not yet been committed.

Therefore, in total £2.930m can be released and allocated to support the budget in 2019/20 and future years.

1.9 Revenue Grants Unapplied £4.195m

These grants have been received from twenty seven different external funders to deliver specific projects/initiatives over more than one financial year. These resources can only be spent in accordance with the conditions determined by the external funders. Therefore, the Council either spends these monies as agreed, or has to return these resources to the external funder.

These resources will be spent in 2018/19 and 2019/20.

However, the Council may, if it continues to be successful in bidding for resources, have new Revenue Grants Unapplied at the end the current or future financial years.

This situation makes it difficult for councils to explain reserves at the end of the financial year as the statutory accounts only provide a 'snap shot' as at 31st March. We will aim to explain this position more clearly when the 2018/19 statutory accounts are published.

1.10 Earmarked Revenue Reserves £15.619m

As detailed in Appendix D the Council has twenty three earmarked reserves ranging from £2,000 to £4.468m. These reserves cover a range of one off commitments and financial risks. A comprehensive review of these reserves has been completed and £3.499m can be released.

In addition, the Civic Lottery Reserve of £0.411m can now be released. As approved at Finance and Policy Committee on 29th October 2018 this amount will be used over five years to provide annual support towards the Cultural and Events programme, to match fund external grant funding.

1.11 Earmarked Capital Reserves £10.197m

These grants have been received from different external funders to deliver eighty specific capital specific projects which are implemented over more than one financial year, including £1.5m for ISQ Church/Stockton Street and £1.4m for Schools. These resources can only be spent in accordance with the conditions determined by the external funders. Therefore, the Council either spends these monies as agreed, or has to return these resources to the external funder.

These resources will be spent in 2018/19 and 2019/20.

However, the Council may, if it continues to be successful in bidding for resources, have new Earmarked Capital Reserves at the end the current or future financial years.

This situation makes it difficult for councils to explain reserves at the end of the financial year as the statutory accounts only provide a 'snap shot' as at 31st March. We will aim to explain this position more clearly when the 2018/19 statutory accounts are published.

1.12 Business Rates Safety Net Grant Reserve £1.480m

This reserve was established to supplement the resources held within the Budget Support Fund (detailed in paragraph 1.8) earmarked to manage the impact of the Power Station Rateable Value reduction. As referred to earlier in the report this issue has taken a number of years to work through the system owing to the complexity of the national regulations and timing of Government returns.

The reserve was originally established in 2015/16 to deal with the timing difference between the receipt of Safety Net Grant received from the Government and resources set aside from Council's own resources to meet Business Rates repayments being made over the period 2016/17 and 2017/18. A total of £21.4m was set aside and the majority of this amount was Government Safety Net Grant to cover back dated Business Rates repayments.

These issues have now worked through the system and the financial impact on the Council's share of these costs is less than previously forecast. This releases the current balance of £1.480m.

EARMARKED REVENUE RESERVES**4.1 Appendix D**

Department	Balance as at 31st March 2018	2018/19	2019/20	2020/21	2021/22	Transfer to 2019/20 BSF	Balance as at 31st March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executives	426	(262)	(117)	(40)	(7)	0	0
Chief Executives - Corporate	11,680	(2,044)	(1,406)	(1,244)	244	(3,182)	4,048
Children & Joint Commissioning	2,500	(1,525)	(488)	(175)	(17)	(239)	56
Adult & Community Based	17	0	(17)	0	0	0	0
Regeneration and Neighbourhoods	996	(222)	(261)	(162)	(273)	(78)	0
Departments Total	15,619	(4,053)	(2,289)	(1,621)	(53)	(3,499)	4,104

CHIEF EXECUTIVES

4.1 Appendix D

EARMARKED REVENUE RESERVES

Planned Use of Reserve									
Cost Centre	Reserve	Balance as at 31st March 2018	2018/19	2019/20	2020/21	2021/22	Reserves to be released to support 2019/20 to 2021/22 MTFS	Estimated Balance at 31/03/22	Reason for/purpose of the Reserve
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	
25946	Health and Safety Officer	25	(25)	0	0	0	0	0	To support the Health and Safety Budget and fund new initiatives where no departmental resources are earmarked.
25946	Loss of Income HR	25	(25)	0	0	0	0	0	Reserve created to ensure the sustainability of services to schools in current year as schools convert to academy.
25946	Corporate Training Programme	13	(13)	0	0	0	0	0	Delivery of the Corporate Training programme.
25946	HR Extension of Fixed Term Contract	24	(24)	0	0	0	0	0	Extension of HR Fixed Term contract.
25946	HR Resourcelink Project	80	(40)	(40)	0	0	0	0	Project work on Resourcelink for introduction of work stream recruitment.
25949	Reserve for Civic Responsibilities	2	(2)	0	0	0	0	0	This reserve is committed in year for Civic items.
25949	Election Equalisation Reserve	80	(30)	(30)	(20)	0	0	0	Created as part of MTFS savings.
25943	Corporate Strategy - Public Relations	8	(8)	0	0	0	0	0	Allocated to fund new Council signage and branding in 2018/19.
25948	Corporate Strategy - Performance Management	10	(5)	(5)	0	0	0	0	To support the costs of the performance management system.
25948	Corporate Strategy - MPS Sinking Fund	13	0	0	(13)	0	0	0	MPS -created to fund future replacement of printer hardware. Usage will depend on when equipment needs replacing and is an initial assessment.
25948	System Development Projects 2018	56	(32)	(24)	0	0	0	0	Reserve created to fund ICT developments in Integra.
25806	PSN Compliance & Contingency	23	(12)	(11)	0	0	0	0	Reserve created to ensure sustainability of services in future years as schools convert to Academy status. Retained funding to manage the on going delivery of Education Services to Schools. The timing of the use of this reserve is uncertain and the phasing is based on the initial assessment of need.
25945	Registrars	15	0	(5)	(5)	(5)	0	0	To be used for Registrars software maintenance costs over 3 years.
25945	Registrars Marriage Room	6	0	(2)	(2)	(2)	0	0	To be used for the Marriage Room maintenance and phasing is an initial assessment.
25944	Firmstep	46	(46)	0	0	0	0	0	Reserve created to assist with the implementation of the Council's new digital solution - Firmstep. It is anticipated that this reserve will be utilised during 2018/19.
		426	(262)	(117)	(40)	(7)	0	0	

CHIEF EXECUTIVES - CORPORATE
EARMARKED REVENUE RESERVES

4.1 Appendix D

EARMARKED REVENUE RESERVES			Planned Use of Reserve						Reason for/purpose of the Reserve
Cost Centre	Reserve	Balance as at 31st March 2018	2018/19	2019/20	2020/21	2021/22	Reserves to be released to support 2019/20 to 2021/22 MTFS	Estimated Balance at 31/03/22	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	
25804	Insurance Fund	4,468	0	0	0	0	(2,200)	2,268	This reserve provides for all payments that fall within policy excesses or relate to self-insured risks. The reserve currently covers the estimated value of unpaid outstanding claims.
25959	Strategic One Off Costs	3,323	(1,100)	(1,100)	(1,123)	0	0	0	This reserve was created to cover one-off strategic financial issues including redundancy and early retirement costs over the period of the MTFS.
25321	Capital Risk Strategy Reserve	901	0	0	0	0	(901)	0	This reserve was created to manage potential capital receipt risks.
25952	Treasury Management Risk Reserve	795	0	25	210	350	0	1,380	This reserve was created as part of the 2017/18 budget which implemented a revised MRP policy which achieved an annual financial saving of £2m for 2017/18. To enable the £2m annual saving to be sustained until 2028/29 members approved the establishment of the Treasury Management Risk Reserve. Annual contributions will be made to this reserve over a number of years. Use of this reserve will commence in 2027/28 which will enable a saving of £1m to be sustained until the loans are fully repaid.
25800	Lotteries Reserve	411	(78)	(84)	(84)	(84)	(81)	0	The Lotteries Reserve, which consists of the proceeds of the Civic Lottery and donations received, is an earmarked reserve and the investment income generated is used for grants and donations to local organisations.
25298	Income Risk Reserve	400	(200)	(200)	0	0	0	0	This reserve was created as part of the MTFS and is earmarked to offset in year income shortfalls.
25288	Supporting Family Poverty	358	(288)	(25)	(25)	(20)	0	0	This reserve was created to Support Family Poverty over the period of the MTFS.
25328	Regeneration Projects	324	(324)	0	0	0	0	0	This reserve was created from one-off funding to support Regeneration Priorities.
25290	Support for Local Council Tax Support	300	0	0	0	0	0	300	This reserve was created to partly mitigate the impact of the change to the Council Tax Benefit regime and the resulting cut in Government Grant.
26018	Better Care Fund Reserve	220	0	0	(220)	0	0	0	This reserve was created as a contingency to support the Adult Social Care budgets in future years arising from the impact of the Better Care Fund.
25803	Museums Acquisition	70	0	0	0	0	0	70	The Museums Acquisition Reserve was set up from external donations for the acquisition of items for the Museum.
25984	Funding for Modern Apprentices	48	(48)	0	0	0	0	0	This amount was previously set to provide re-training of staff on the redeployment register. Council agreed on the 17th October, 2013 to use this reserve to provide Modern Apprenticeships. This amount will be used over the period of the MTFS.
25333	Proceeds of Crime Reserve	30	0	0	0	0	0	30	This has been earmarked to fund future prosecution costs.
25295	Vodafone Reserve	19	0	(19)	0	0	0	0	This reserve was created from previous savings to pump prime further initiatives which will provide additional ongoing savings in relation to telephony costs.
23919	HCIPIG committee (Crucial Crew)	13	(6)	(3)	(2)	(2)	0	0	Hartlepool Children's Injury Prevention Group Committee Held in Trust to contribute to activities run by Crucial Crew
		11,680	(2,044)	(1,406)	(1,244)	244	(3,182)	4,048	

CHILDREN & JOINT COMMISSIONING
EARMARKED REVENUE RESERVES

4.1 Appendix D

earmarked revenue reserves			Planned Use of Reserve						Reason for/purpose of the Reserve
Cost Centre	Reserve	Balance as at 31st March 2018	2018/19	2019/20	2020/21	2021/22	Reserves to be released to support 2019/20 to 2021/22 MTFS	Estimated Balance at 31/03/22	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	
25844	Public Health Grant Reserve	1,406	(841)	(346)	(50)	0	(169)	0	This reserve was created from an in-year underspend against the ring-fenced Public Health Grant. In accordance with the grant conditions a ring-fenced reserve has been created to support public health services in future years.
25318	School Improvement Reserve (Innovation Fund)	543	(306)	(127)	(110)	0	0	0	This reserve was created to improve School Attainment. Combined with Education & Academy Risk Reserves
25330	Tees Education & Skills Reserve - Held in Trust	217	(217)	0	0	0	0	0	This reserve was created from pooled resources from the local authorities of Hartlepool, Middlesbrough, Stockton and Redcar & Cleveland, to enable a collaborated approach to tackle the root cause of underperformance and deliver a first class education and skills system.
25331	Education Commission Reserve	118	(118)	0	0	0	0	0	This reserve was created to identify and address key priorities to support sustainable educational improvement across the town.
25954	Selective Licensing/Housing	59	(12)	(15)	(15)	(17)	0	0	Reflects income generated from selective licensing fees which is required to fund staffing costs over the life of the project.
25857	Youth Justice Service Reserve	116	(20)	0	0	0	(40)	56	The YJ budget has experienced significant grant cuts over the last few years with further cuts expected. This reserve is managed by the Youth Justice Management Board and will be used as a contingency against further grant reductions as well as to fund one-off service initiatives following approval from the Board.
25856	Youth Service	30	0	0	0	0	(30)	0	Reserve was created in 2017/18 from underspends / increased income within the Youth Service to support the potential creation of a Youth Mutual Trust. As this is not progressing this reserve is no longer required.
25856	Children & Families - Local Safeguarding Board (Partnership Funding)	11	(11)	0	0	0	0	0	This is Partnership Funding with other bodies so not all HBC funding; relates to underspends carried forward to support the work of the Board and any serious case reviews over the next few years. The phasing of spend is an initial estimate.
		2,500	(1,525)	(488)	(175)	(17)	(239)	56	

ADULT & COMMUNITY BASED SERVICES

4.1 Appendix D

EARMARKED REVENUE RESERVES

Cost Centre	Reserve	Balance as at 31st March 2018	Planned Use of Reserve						Reason for/purpose of the Reserve
			2018/19	2019/20	2020/21	2021/22	Reserves to be released to support 2019/20 to 2021/22 MTFS	Estimated Balance at 31/03/22	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	
25942	Library RFID Reader Replacement Fund	17	0	(17)	0	0	0	0	Sinking-Fund reserve created to fund the replacement of RFID Library Readers.
		17	0	(17)	0	0	0	0	

REGENERATION & NEIGHBOURHOOD SERVICES

4.1 Appendix D

EARMARKED REVENUE RESERVES

EARMARKED REVENUE RESERVES			Planned Use of Reserve						Reason for/purpose of the Reserve
Cost Centre	Reserve	Balance as at 31st March 2018	2018/19	2019/20	2020/21	2021/22	Reserves to be released to support 2019/20 to 2021/22 MTFS	Estimated Balance at 31/03/22	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	
25057	Royal Navy Museum Reserve	295	(100)	(100)	(95)	0	0	0	This reserve was created to fund the contributions required to support the Hartlepool Maritime Experience and developments with the National Museum of the Royal Navy (NMRN).
25994	Trading Account Reserves	175	(57)	0	0	(65)	(53)	0	This reserve is earmarked to manage future financial risks on Trading Operations.
25882	Regeneration and Planning Reserve (Housing and Project Management Reserve)	133	0	(42)	(42)	(42)	(7)	0	To fund regeneration manager, timing to be confirmed.
25882	BIS Reserve	95	(54)	(41)	0	0	0	0	To Fund BIS in the early years.
25981	Transport & Engineering Reserve	91	0	0	0	(91)	0	0	£50k Winter Maintenance & £40k Flood Prevention.
25982	Neigh Services Strategic Change Reserve	60	0	0	0	(60)	0	0	Cremator Maintenance Fund
25291	Members Ward Budget Reserve	41	0	(41)	0	0	0	0	This reserve is to be used by Members to support minor issues within their Wards.
25990	Concessionary Fare	38	0	0	(20)	0	(18)	0	This reserve is to cover the tri-annual cost of replacing Concessionary Fare passes.
25853	Local Plan Reserve	30	(5)	(20)	(5)	0	0	0	This reserve will cover estimated one off costs in relation to the Local Plan.
25322	Environmental Apprenticeships Scheme	17	0	(17)	0	0	0	0	This reserve was created to fund costs in relation to Apprentices.
25289	Works in Default Empty Homes	15	0	0	0	(15)	0	0	This reserve has been created to provide a cash backed fund for the completion of housing works in default.
25941	Cultural Services Reserves	6	(6)	0	0	0	0	0	Used to fund specific Archaeology projects and is expected to be fully utilised in 2018/19.
		996	(222)	(261)	(162)	(273)	(78)	0	

ALL RESERVES EXCLUDING SCHOOL BALANCES, HRA AND UNUSABLE RESERVES

4.1 Appendix E

Department	Balance as at 31st March 2018	Transfer to 2019/20 BSF	Planned Use of Reserves				Balance as at 31st March 2022
			2018/19	2019/20	2020/21	2021/22	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund	4,417	0	0	0	0	0	4,417
Budget Support Fund & Investment Reserves	9,211	(2,930)	(4,339)	(257)	(843)	(842)	0
Earmarked Revenue Reserves	15,619	(3,499)	(4,053)	(2,289)	(1,621)	(53)	4,104
Business Rates Safety Net Grant Reserve	1,480	(1,480)	0	0	0	0	0
2019/20 Budget Support Fund	0	7,909	0	(3,947)	(3,962)		0
Sub Total - Locally Determined Reserves	30,727	0	(8,392)	(6,493)	(6,426)	(895)	8,521
Revenue Grants Unapplied	4,195	0	(2,050)	(2,145)	0	0	0
Earmarked Capital Reserves	10,197	0	(5,400)	(4,797)	0	0	0
Total	45,119	0	(15,842)	(13,435)	(6,426)	(895)	8,521

Summary of savings proposals 2019/20**Childrens Services Committee (report 13th November)**

- 1.1 For 2019/20 the total value of savings proposed for this Committee is £0.510m, the details of which are outlined below:

Reshaping Early Help - £450,000

The children's community health service which includes the health visiting and school nursing services transferred to the council in May 2017. Members agreed this transfer at a meeting of Finance and Policy Committee on 31 October 2016. At the same meeting, it was also agreed that £350k savings could be realised from the service based on an initial analysis of efficiencies to be achieved on transfer. It became clear on transfer that £350k could not be taken from the budget allocated to the service transferring in due to the quality issues that need to be addressed and capacity required for change. It became apparent that the council needed to understand the statutory responsibilities to be met in relation to the healthy child programme and how this fit with the local authority Early Help arrangements. It was therefore agreed that a full review of Early Help would be undertaken in order to ensure that the savings identified were appropriate within the context of the local integrated health and care offer.

In addition the MTFS (Medium Term Financial Strategy) identified the need to find a further £100k within Early Help for 2019/2020 therefore a total of £450k has been identified within the Early Help review.

A full review of Early Help has been completed and **Appendix A** sets out the details of this review. The proposal is to reorganise the Early Help service moving from four to two locality teams where health, family support and children's centres activities will be fully integrated. This offers the most opportunity for improved outcomes whilst ensuring that the service can be delivered within the budget and has the right resources necessary to meet the statutory duties. The integrated teams would consist of a team manager, principal practitioners (social care and health), health visitors, community nursery nurses, children's centre workers, school nurses, staff nurses, family support workers.

The proposals for reshaping early help include a rationalisation of buildings and resources to achieve the savings target whilst seeking to minimise the impact on front line service delivery. There are, however, implications arising from these proposals as follows:

- reduces the number of managerial, operational and administrative staff and therefore a number of staff will be at risk of redundancy;

- Closure of one former children's centre premises which currently operates as an office base and centre for facilitating contact for children looked after (service to be relocated);
- Reduces the number of delivery points for healthy start programme based on an assessment of usage and take up, consolidating resources at Rossmere, Miers Avenue and the centre of town (Lynnfield, Middleton Grange and the Community hub Central). Work will be undertaken with the community hubs to ensure that the available community resources are maximised to enhance the children's offer.
- **Children's Social Care family support arrangements - £60,000**
Children's social care employs a number of family support workers to deliver direct services to children and their families. A review of these arrangements has identified the opportunity to merge some services to better integrate arrangements and realise efficiency. It is proposed the service is reduced by two posts, one of which is currently vacant.

1.2 Risk implications of proposed savings

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.

These proposals refocus reduced resource in a number of ways. It firstly refocuses early help resource to universal health provision with the requirement for health practitioners to further develop their targeted work. The proposal also refocuses resource towards those children and families most vulnerable. This means that the reduced resource available needs to be effectively deployed therefore there will be a reduction in some services such as a review of the healthy start drop ins.

There are risks when reducing the budget significantly that the public will see a reduced service. This is inevitable however the model proposed reduces management and closes some buildings and aims to sustain as many front line practitioners as possible with the appropriate range of skills and expertise to offer a preventative service.

Neighbourhood Services Committee (report 13th November)

- 1.1 For 2019/20 the total value of savings proposed for this Committee is £36K, as follows:

Public Protection – £36,000

Environmental Health - Changes in legislation and government direction have resulted in the need for the environmental health service to be restructured providing greater resilience, flexibility and the ability to work across all fields. The move to generic working within this team will allow us to move our resources to the area of demand and maintain service provision. This proposal will result in a restructure which could lead to one compulsory redundancy and the reduction of hours in an administrative support post.

- 1.2 Risk implications of proposed savings

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.

Reduced budgets and resources can lead to a reduced ability to deliver key targets, outputs and outcomes. This proposal will mitigate against the loss of budget and provide more flexibility and resilience within the service enabling officers to carry out work across Food, Health & Safety, Environmental Protection and Housing, rather than officers working within a specific area.

Adult Services Committee (report 15th November)

- 1.1 For 2019/20 the total value of savings proposed for consideration by the Adult Services Committee is £237,500 which is made up as follows:

Review of Grant Income - £97,500

A review of grant income has identified two areas where savings can be made with minimal or no impact for people using services.

The first proposal relates to the Disabled Facilities Grant (DFG), specifically the administration / management fee that is payable from the grant to offset costs incurred by the Council in administering and managing the DFG process. This is currently set at 12% and it is proposed to increase this to 15%, generating a saving of £37,500. This increase would not result in the Council being an outlier for administration / management fees as other local authorities in the region apply fees of 15%. There would be no impact on individuals receiving grants as the administration / management fee will be top sliced, and the maximum grant award maintained at £30,000. The increase in the administration / management fee will enable the service to absorb the pay award, as required by other grant regimes, as well as maintaining current waiting times.

The second proposal relates to a grant made to councils linked to financial assessment and the implementation of new duties. The grant was made to compensate local authorities for income lost as a result of the changes; however the new duties were already being undertaken within Hartlepool, managed from within existing resources. Payment of this grant effectively recognises the impact of good practice previously adopted by the Council and means the Council does not have to subsidise this service from the General Fund. The £60,000 can therefore be used to contribute to offset the Council's financial position.

Recovery of Direct Payment Contingencies - £65,000

A new approach to contingency funding within Direct Payments was introduced in April 2017. Historically, personal budgets for people who chose to take a direct payment and employ personal assistants were calculated based on the hourly rate paid to the person, plus on-costs with an element of contingency funding included in order to meet any unforeseen costs associated with sickness and / or redundancy. In the majority of cases, the contingency funding has not been required and work has been undertaken over the last two years to recover this funding through reconciliation of Direct Payment accounts. In future, departmental reserves will be used to meet any unforeseen costs associated with Direct Payments. Ongoing payments to users of service have reduced to remove funding for contingencies, which will avoid significant sums of money building up in service user bank accounts in the future. Based on work undertaken to date

and the number of outstanding reconciliations, it is estimated that a further saving of £65,000 can be achieved in 2019/20.

Inflation Freeze / Salary Abatement - £75,000

In addition to the potential savings identified relating to income (outlined above), it is proposed that Adult Services implements an inflation freeze for all non pay budgets (excluding contracts that include annual inflationary uplifts). This, combined with a review of all supplies and services budgets that have historically underspent, will achieve a saving of £25,000.

A departmental salary abatement target of £200,000, which accounts for vacant posts and incremental drift across the department, was introduced from April 2016. This has been closely monitored and it is proposed that the target can be increased by a further £50,000 for 2019/20. This may only be a short term proposal as, when officers move through the pay grade towards the top of their pay scale, the ability to contribute towards this target will reduce, but is dependent upon staff turnover and recruitment.

1.2 Risk implications of proposed savings

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 front line services and support to the Council / departments.

There are specific risks associated with a further increase to the departmental salary abatement target as vacancies may not arise during the year or may be filled immediately and staff may move through pay grades and reach the top of pay scale quicker than anticipated i.e. qualification and experience based progression for Social Workers and Social Care Officers.

In relation to Direct Payment contingencies, there is a risk that departmental reserves are exhausted at some point in the future, leaving one-off costs to be managed in future years. The potential financial implications cannot be quantified at the present time but this is considered a relatively low risk given the minimal call on contingency funds to date.

Regeneration Services Committee (report 19th November)

- 1.1 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.

- 1.2 Risk implications of proposed savings

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.

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.

TVCA Governance arrangements are well embedded and HBC Elected Members and senior officers are involved in all decision making.

Finance and Policy Committee (report 26th November)

- 1.1 Public health services are funded through a ring-fenced specific Public Health grant. Since local authorities assumed responsibility for public health from the NHS in April 2013 the specific grant allocated to Hartlepool will have been cut in cash terms by £1.2m (a reduction of over 12%) by April 2019.

The 2019/20 grant allocation is £8.533m, a reduction of £228,000 (a cash reduction of 2.6% on the 2018/19 allocation).

This report identifies the proposals for dealing with the 2019/20 reduction in grant while also looking at how public health can contribute towards the unfunded wider budget pressures identified in Section 3 of this report.

In order to achieve the required savings a detailed assessment of all service areas funded by the grant has been undertaken. The five main service areas are:

- early years nursing;
- drugs and alcohol;
- healthy weight and healthy lives;
- sexual health
- smoking cessation.

A standard options appraisal approach was used to evaluate each service against weighted criteria. The criteria used, and weightings (out of 100) were as follows:

- service benefit is felt by many people (15);
- benefit is substantial and long-lasting (15);
- it reduces inequalities in health or wellbeing (15);
- it empowers people and communities (10); it improves efficiency (10);
- it reduces demand on other Council services (10);
- it reduces demand on other public services eg NHS (5);
- there is a safety net if the Council does not provide this service (5);
- it enjoys public support and protects reputation (5);
- it is sustainable and provides environmental benefit (5);
- the evidence base for all the above is strong (5).

Rather than curtail all areas slightly and render them less efficient and effective, it is proposed that all the cuts fall on the lowest priority service, thereby protecting those at higher priority. Attention has been paid to trends in health need and uptake of services, focussing on areas of falling demand and least value for money.

Hartlepool, along with all other Tees Valley local authorities makes annual contributions to Fresh North East (the regional dedicated tobacco control programme) and Balance North East (the regional dedicated alcohol information and support group) totalling £55,000. A decision was made in 2017 by all Tees Valley Authorities to cease these contributions from 1st April 2019 on the basis that the lobbying and press relations that Fresh and Balance offered was poorer value for money than other priorities, and also not closely aligned to local authorities core business. Formal notice has been served and that saving is therefore secured.

A summary of the proposed savings is provided in the Table below:-

	£'000
Public Health Grant Reduction	228
Cease contributions to 'Fresh' and 'Balance'	(55)
Other Public Health Savings #	(360)
Additional Saving	(187)

The savings identified above generate an additional £187,000 more than the grant reduction. However, in recognition of the wider financial pressures faced by the Council and the significant budget deficit it is proposed that this additional funding is used by the MTFS to support the changes in children's health and early help services, which will help deliver better public health outcomes.

Only £130,000 of additional funding will be available in 2019/20 to support the MTFS, with the balance being made available in 2020/21.

1.2 Risk implications of proposed savings

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 front line services. A secondary risk is to relationships with the local NHS.

Other Risks are identified below:-

- Reduced budgets can lead to a reduced ability to deliver key targets, outputs and outcomes.
- Reputational damage for the Council. There may be an increase in the number of complaints or a reduction in the level of customer satisfaction. These complaints may come from partner organisations, especially the NHS Clinical Commission Group.
- Reductions in public health resources and health promotion activities so opportunities to inform and educate the public are reduced
- Notice is not served on the existing contract in a timely manner meaning the full savings are not achieved in 2019/20.

Corporate Savings

Corporate savings of £370,000 have been identified and reflect lower costs in relation to the national living wage/ pay award and holiday pay than previously anticipated, and other operational changes.

Overall Summary

	£'000
Children's Services Committee (Gross saving £510k less saving already reflected in base budget £350k)	160
Neighbourhood Services Committee	36
Adult Services Committee	237
Regeneration Services Committee	50
Finance and Policy Committee	187
Corporate	370
Total	1,040

FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2019/20 TO 2021/22

TABLE 1 - FORECAST CAPITAL RESOURCES

	Additional Schemes 2018/2019				Forecast Resources 2019/2020 (Provisional)				Forecast Resources 2020/2021 (Provisional)				Forecast Resources 2021/2022 (Provisional)			
	Prudential Borrowing	Other Capital Funding	Capital Grants	Total	Prudential Borrowing	Other Capital Funding	Capital Grants	Total	Prudential Borrowing	Other Capital Funding	Capital Grants	Total	Prudential Borrowing	Other Capital Funding	Capital Grants	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Service Specific Capital Grants</u>																
Devolved Formula Capital (Schools) - Note 1					0	0	130	130	0	0	130	130	0	0	130	130
Disabled Facilities Grant (Better Care Fund) - Note 2					0	0	998	998	0	0	998	998	0	0	998	998
Local Transport Plan - Structural Highways Maintenance - Note 3					0	0	1,054	1,054	0	0	1,054	1,054	0	0	1,054	1,054
Local Transport Plan - Integrated Transport Block - Note 3					0	0	719	719	0	0	719	719	0	0	719	719
Schools Capital Programme - Note 4					0	0	1,099	1,099	0	0	655	655	0	0	655	655
					0	0	4,000	4,000	0	0	3,556	3,556	0	0	3,556	3,556
<u>Departmental Prudential Borrowing - Funded from Specific Business Cases</u>																
Replacement Wheelie Bins					90	0	0	90	90	0	0	90	90	0	0	90
Special Provisions Fund - Note 5					0	0	167	167	0	0	167	167	0	0	0	0
Vehicle Procurement (Tables 2 - 4)					1,663	0	0	1,663	942	0	0	942	530	0	0	530
Western Growth Corridor - Note 6					10,161	0	8,345	18,506	0	0	0	0	0	0	0	0
Student Accommodation (Church Street) - Note 7	39	421	0	460	0	0	0	0	0	0	0	0	0	0	0	0
Headland Town Wall and Block Sands Scheme - Note 8	756	244	0	1,000	0	0	0	0	0	0	0	0	0	0	0	0
	795	665	0	1,460	11,914	0	8,512	20,426	1,032	0	167	1,199	620	0	0	620
<u>Corporately Funded Schemes</u>																
ICT Licensing - Note 9	648	0	0	648	0	0	0	0	0	0	0	0	0	0	0	0
	648	0	0	648	0	0	0	0	0	0	0	0	0	0	0	0
Total Forecast Resources	1,443	665	0	2,108	11,914	0	12,512	24,426	1,032	0	3,723	4,755	620	0	3,556	4,176

Note 1 - Devolved Formula Capital allocation for Schools is an estimate based on the 2018/19 allocation. Government has stated that the 2018/19 allocations could be used as an indication of future allocations.

Note 2 - Better Care Fund is continuing in 2019/20, however detailed DFG allocations have yet to be announced by the Government. Estimates are based on 2018/19 allocations and an assumption that the Better Care Fund will continue in 2020/21 and 2021/22.

Note 3 - Local Transport Plan allocation for 2019/20 is based on an indicative allocation and future years' allocations are based on this estimate.

Note 4 - Schools Capital Programme includes an estimate of £0.655m Schools Condition Grant for 2019/20 and future years as actual allocations have yet to be announced by the Government. This is based on the 2018/19 allocation which the Government has stated is indicative of future allocations. In addition the Council has received a Basic Need funding allocation of £0.444m for 2019/20, this is reflected in the above figures.

Note 5 - A grant of £0.500m was awarded to the Council in 2018/19. However, as the funding was used to provide additional capacity at our Special School, Children's Services Committee approved full use of the grant in 2018/19. The above Table reflects the receipt of the grant.

Note 6 - This scheme is likely to be phased over a number of years however it is currently shown in 2019/20 as detailed phasing is not yet known.

Note 7 - The Council acquired a block of 12 apartments known as Avondene at 59-64 Church Street with the initial intention of managing this property as part of the Housing Revenue Account. However, since acquiring this property it has been determined that there is demand for Student Accommodation and the location of this property fits well with The Northern School of Art. It is therefore recommended that this property is move out of the Housing Revenue Account (HRA). This proposal requires a change in funding arrangements as section 106 housing contributions cannot be used outside the HRA. Therefore, to replace this funding it is recommended that former Right to Buy resources of £421,000 are used, as these monies can either be used for HRA purposes, or other housing purposes, including Student Accommodation. The project requires £39,000 of Prudential Borrowing which will be repaid from rental income.

Note 8 - This scheme has suffered delays as a result of an objection raised in August 2016 as part of the planning process and license to carry out works. This resulted in work to a particular section of the sea wall being rephased until March 2018. Other ongoing work had continued, albeit with restricted access and additional plant hire leading to increased costs. The delay also meant that the work was exposed to the exceptional weather conditions in March 2018, as well as some of worst storm surges in recent years which caused numerous damages to the wall requiring repair. Additional costs have now been quantified of £1m. To manage the complexities and risks of delivering this project revenue contributions of £0.244m had been set aside. In addition, headroom within the revenue budget for potential additional prudential borrowing has not been committed. Therefore, the remaining £0.756m can be funded using prudential borrowing. The repayment costs can be funded from the existing revenue budget which now fully commits the loan repayment element of the budget.

Note 9 - A change in the contracting arrangements for computer licenses is required following recent changes in the Microsoft licensing policy and the removal of discounts available to Government bodies. This change reflects Microsoft's policy of encouraging organisations to migrate to a Cloud based solution. These changes would increase annual IT license costs by 115% unless a new contracting approach is adopted. These licenses cover all Microsoft products from server operating systems to desktop Office products, including Exchange e-mail and the Lync telephony system. Without these licenses the Council cannot operate the current IT systems. The use of prudential borrowing to buy licenses outright provides the lowest cost to the Council.

TABLE 2 - 2019/20 VEHICLE REPLACEMENT PROGRAMME

Type	Service Area	Total £'000
Telehandler 550-80 Wastemaster	Waste Management	88.0
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
Replace NX59 AKP with 16T Backstreet RCV	Waste Management	135.0
Iveco 68 Seat Irisbus C Class 15000Kg Yellow Scolabus	Passenger Transport	160.0
Iveco 68 Seat Irisbus C Class 15000Kg Yellow Scolabus	Passenger Transport	160.0
Iveco 68 Seat Irisbus C Class 15000Kg Yellow Scolabus	Passenger Transport	160.0
17 seater low floor accessible welfare bus	Passenger Transport	80.0
17 seater low floor accessible welfare bus	Passenger Transport	80.0
16 Seat Minibus	Passenger Transport	36.0
16 Seat Minibus	Passenger Transport	36.0
Triple flail ride-on-mower	Horticulture	18.0
Triple flail ride-on-mower	Horticulture	18.0
Triple flail ride-on-mower	Horticulture	18.0
Triple flail ride-on-mower	Horticulture	18.0
Ford Transit 350 LWB Double Cab Chassis/Tipper	Horticulture	23.0
Tractor mounted narrow area rotary mower	Horticulture	23.0
Ford Transit 350 LWB Double Cab Chassis/Tipper	Horticulture	23.0
Beach Rake tractor towed	Cleansing	50.0
Iveco 6.5T 65C18 Encl. Tipper c/w side mount bin lift - see below	Cleansing	50.0
16T Backstreet RCV - Possibly replace asset 3036 requirement	Cleansing	135.0
Medium Panel Van	M&E	15.0
Medium Panel Van	M&E	15.0
Crewcab tipper	M&E	23.0
Crewcab tipper	M&E	23.0
IVECO35C12D Crew cab tipper	M&E	23.0
Small Panel van	Community Services	12.5
Medium Panel Van	Fleet Workshop	15.0
Medium Panel Van	Parks & Countryside	15.0
Small Panel van	M&E	12.5
4x4 Quad bike c/w chemical spraying equipment	Transfer to Cleansing	10.0
4x4 Quad bike c/w chemical spraying equipment	Transfer to Cleansing	10.0
Lifeguard service Jet ski	Beach safety	9.5
Price contingency *		130.0
		1,663.0

TABLE 3 - 2020/21 VEHICLE REPLACEMENT PROGRAMME

Type	Service Area	Total £'000
26T RCV 6x2 rear steer	Waste Management	185.0
26T RCV 6x2 rear steer	Waste Management	185.0
26T RCV 6x2 rear steer	Waste Management	185.0
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
RORO Hooklift Container/ Recycling Skip 40cu yds	Waste Management	3.5
17 seater low floor accessible welfare bus	Passenger Transport	80.0
Courier van Peugeot Partner S L1 Hdi 92	Passenger Transport	12.5
Iveco 6.5T Crew Cab Tipper	Horticulture	45.0
Timberwolf TW S426TDKB green waste shredder	Horticulture	35.0
Iveco 6.5T Tipper	Horticulture	42.0
Kubota L3830 42 hp tractor West View Cemetery	Horticulture	40.0
Kubota L3830 42 hp tractor Stranton Cemetery	Horticulture	40.0
Price contingency *		75.0
		942.0

TABLE 4 - 2020/21 VEHICLE REPLACEMENT PROGRAMME

Type	Service Area	Total £'000
26T RCV 6x2 rear steer extra capacity Growth of Town	Waste Management	185.0
Large mechanical sweeper	Cleansing	150.0
Large mechanical sweeper	Cleansing	150.0
Price contingency *		45.0
		530.0

* To allow for differences compared to the estimates used in the above tables in relation to the final purchase price of vehicles.

2019/20 FINANCIAL RISK MANAGEMENTRisk Rating

A simplified version of the Risk Assessment criteria used in the Council's Risk Management Strategy has been used to rank budget risks. This assessment rates risk using the convention of green/amber/red, as defined below, although different levels of risk within each category have not been defined. The risk assessment helps inform the Council's budget monitoring process as it identifies areas that need to be monitored more closely than other budgets. These procedures help ensure that departments can manage budgets and services within the overall departmental resource allocation and the Council's overall financial management framework, which enable departments to establish reserves for significant risks and to carry forward under and over spends between financial years.

The value of expenditure/income on individual areas, together with the percentage of the authority's net budget, are shown in the table below to highlight the potential impact on the Council's overall financial position.

Green - these are unlikely events which would have a low financial impact.

Amber - these are possible events which would have a noticeable financial impact.

Red - these are almost certain to occur and would have a very significant impact. Provision would need to be made for such events in the budgets.

CORPORATE RISKS

Financial Risk	Risk Rating	2019/20 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Pay	Green	59,172	79%	The MTFS includes an average 2.802% pay award from 1st April 2019 which reflects the national pay offer agreed in December 2017 as part of a two year settlement.
Higher costs of borrowing and/ or lower investment returns	Green	3,051	4%	This budget covers annual principal repayments and net interest on the Council's borrowings and investments. Interest payable on Council's borrowings or interest earned on investments could be higher or lower than forecast. The Treasury Management Strategy details how these risks will be managed and establishes an appropriate framework of controls for managing these risks. This strategy is based upon the Director of Finance & Policy's assessment of future interest rates, which is itself supported by the detailed interest rate forecasts and market intelligence provided by the Council's Treasury Management Advisors. The unprecedented low levels of interest rates have resulted in a significant reduction in investment income. This change has not had a significant impact on the MTFS as the MTFS takes a prudent approach and only includes investment income on an annual basis.
Planned Maintenance Budget	Amber	236	0.3%	Much of the Council's building stock is in poor condition and the Corporate Risk Register identifies this as a "red" risk. From 2002/03 the Council provided 2.5% real term growth for this budget to start addressing these issues.
Schools Buy-Back Income	Amber	5,044	6.8%	Buy back income underpins a range of services provided by the Council. This income budget is reliant on the Schools continuing to buy back the services.
Education Services Grant	Red	614	0.8%	The grant is distributed between LA's and Academies pro-rata to the number of pupils for whom each is responsible. As schools in Hartlepool convert to Academy status in the future then the funding for education services received by the LA will reduce which could impact on service delivery.
Failure to comply with relevant local authority financial legislation/regulations, NI and taxation regulations.	Amber	0	N/A	The Council will take appropriate steps to ensure it keeps up to date with changing legislation and regulations. There is nothing to indicate that the Council faces any specific material risk in these areas.

CHILDREN & JOINT COMMISSIONING

Financial Risk	Risk Rating	2019/20 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Increased Demand for Looked After Children Placements	Red	8,900	11.9%	There is a national trend of increasing numbers and increased costs for the placement of children looked after. This particular area is highly volatile and potentially subject to unexpected increases in the numbers of children. This area includes in-house foster placements, independent foster placements with an agency, special guardianship, child arrangement orders and leaving care allowances as well as residential placements. The budget figure reflects an additional £2.5m of base budget funding which was included in the 2018/19 budget with a further £1.0m in 2019/20. These funding commitments are reflected in the identified MTFS budget deficit.
Dedicated Schools Grant - High Needs Block	Red	10,931	14.7%	The indicative allocation for Hartlepool under the new formula shows an increase of 3.99%. However, this is not sufficient to meet the current demand for services for children and young people with special educational needs.
Dedicated Schools Grant - De-Delegated Services	Amber	595	0.8%	There are a number of services provided by the LA which are funded from retained DSG. The LA delegates this funding into school budgets and then requesting approval from Schools Forum to de-delegate these budgets back to the LA for all non-Academy schools. Academy schools retain this funding although they would have the opportunity to 'buy-back' these services from the LA. As schools in Hartlepool convert to Academy status in the future then there is the potential for funding to be reduced which could impact on service delivery.

ADULT AND COMMUNITY BASED SERVICES

Financial Risk	Risk Rating	2019/20 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Demographic changes in Older People	Red	10,800	14.5%	Increasing number of elderly people, high percentage of chronic health problems and market pressures on price, including the National Living Wage. The individual nature of contribution towards social care provision is such that the financial circumstances of each individual can differ substantially. The level of the value of people's assets and savings can differ significantly and demographic changes can impact on levels of contribution. Other risks include increased pressure on intermediate care service, ensuring discharge from hospital is not delayed and older people's needs becoming more complex due to increased life expectancy.
Demographic changes in Working Age Adults	Red	8,700	11.7%	Increasing numbers of people with learning disabilities with increasingly complex needs. The changes reflect the increased demand from those moving from Children's Services through the transition process into Adult Services.
Better Care Fund	Amber	6,949	9.3%	The Better Care Fund consists of revenue funding and capital funding (not shown). The Pooled Budget Partnership Board and Health and Wellbeing Board approve schemes and monitor BCF expenditure. The risks include BCF grant funding not continuing in future years and funding being reduced. The figure shown excludes the Improved Better Care Fund allocation (IBCF).
Non-achievement of income targets - CCG contributions towards Joint Packages.	Amber	4,800	6.4%	CCG (Clinical Commissioning Group) income is received to contribute towards the costs of packages for individuals with social care needs. There is a risk that the CCG seek to reduce their contribution towards individual packages of care - increasing the costs to the LA.
Non-achievement of income targets - Sport, Leisure and Recreation	Amber	1,600	2.1%	The nature of Sport, Leisure and Recreation budgets are such that the majority of income is generated through admissions/usage of the services on offer. If this usage falls below targets then income will be reduced. Non-achievement of income targets in this area over the last couple of years has been the main reason for the overspends. Position will be monitored closely throughout the year.

REGENERATION & NEIGHBOURHOODS

Financial Risk	Risk Rating	2019/20 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Car Parking	Amber	1,440	1.9%	Budget forecasts reflect the latest fee levels and future additional places at Seaton.
Fee Income - Planning & Building Control	Amber	765	1.0%	The fee income target must be achieved to fund part of the department's expenditure budget. This income cannot be controlled or easily estimated. Achieving the target depends on sufficient numbers/size of applications being received, national economic conditions such as interest rates being sufficiently favourable to encourage development and, in the case of Building Control, the section being able to successfully compete with the private sector.
Highways Maintenance	Amber	1,540	2.1%	A lack of major investment from Central Government is leading to a deterioration in the network. This is a national position and funding is needed to raise conditions generally. Maintenance budgets are under pressure as a result and the position will be closely monitored each month. Conditions surveys will be used to support the Highways Five Year Maintenance Programme and Capital and Revenue budgets will be applied accordingly. This budget includes winter maintenance which can vary between years depending on weather conditions.
Non-achievement of income targets - Cultural Services	Amber	390	0.5%	The nature of Cultural Services budgets are such that the majority of income is generated through admissions/usage of the services on offer. If this usage falls below targets then income will be reduced. The amount of income at risk has reduced as a result of the transfer of the Maritime Experience to the National Museum of the Royal Navy.
Home to School Transport Costs	Amber	1,330	1.8%	The Department's home to school transport contracts are regularly reviewed to ensure competitive prices and best value. The provision of transport is a demand led service and influenced by the needs of pupils which vary from term to term. The highest area of spending relates to the requirement to transport special needs pupils which invariably requires escorts and is difficult to control other than to ensure all individual arrangements are procured as economically as possible by the Passenger Transport service.
Trading Accounts	Amber	21,000	28.1%	The department has a wide range of trading operations which generate income by charging clients both internal and external to the Council. This includes services such as school catering, highways, building maintenance, garage, passenger transport as well as professional fees which funds the salaries of staff in property and engineering related services. This income is not certain and depends on local and national economic conditions and can be volatile in response to reductions in client budgets and the Council's capital programme.
Non-achievement of income targets - Licensing	Amber	470	0.6%	The council reviews the fees that it can set at regular intervals to ensure that the fee being charged recovers the cost of the application process, and is legally robust and transparent.

SUMMARY OF KEY FINANCIAL ASSUMPTIONS UNDERPINNING THE BUDGET

Budget Assumption	Financial Standing and Management
The treatment of inflation and interest rates	<p>The resource allocations for 2019/20 include 2.5% for anticipated general inflation on non pay expenditure and an average 2.802% for pay expenditure. This reflects the national pay offer agreed as part of a two year settlement in December 2017.</p> <p>In addition, where it is anticipated that costs will increase by more than inflation these issues have been specifically reflected in the pressures included within the budget requirement.</p> <p>Interest exposure is managed through the Treasury Management Strategy.</p>
The treatment of demand led pressures	<p>Individual Policy Chairs and Directors are responsible for managing services within the limit of resource allocations and departmental Risk and Strategic Change Provisions. If these resources are inadequate the Council's Managed</p> <p>Under/Overspends Policy provides flexibility to manage the change over more than one financial year.</p>
The treatment of planned efficiency savings/productivity gains	<p>Where departmental efficiencies are planned it is the individual Directors responsibility to ensure they are implemented. Any under achievement would be dealt with on a temporary basis through the managed overspend rules until a permanent efficiency is achieved. The main areas of efficiencies in 2019/20 are departmental savings. Work undertaken during 2018/19 to deliver these savings in advance makes the 2019/20 budget position more robust and sustainable.</p>
The availability of other funding to deal with major contingencies and the adequacy of provisions	<p>The Council's approved Managed Underspend and Strategic Risk and Change initiatives are well understood and provide departments with financial flexibility to manage services more effectively. These arrangements help to avoid calls on the Council's corporate reserves.</p> <p>The Council's insurance arrangements are a balance between external insurance premiums and internal self insurance. The value of the Council's insurance fund has been assessed and is adequate to meet known reserves on outstanding claims.</p>
The strength of financial reporting arrangements and the Authority's track record of budget monitoring	<p>The Council's financial reporting arrangements include the identification of forecast outturns for both revenue and capital areas. These arrangements ensure problems are identified and corrective action taken before the year end, either at departmental or corporate level. These arrangements have worked well and have enabled the Council to strengthen the Balance Sheet over the last few years.</p>

Tees Valley Chief Executives**Fair Funding Review****Summary:**

1. The impact of austerity cuts has meant a direct increase in deprivation in the population, coupled with a severe decrease in funding and new demands on services emerging, in particular in children's services; and this has had a disproportionate effect on the people of the Tees Valley compared to more affluent areas.
2. Despite the impact of funding reductions, Tees Valley authorities have continued to promote economic growth in their areas and to transform their delivery models to innovate so that they can continue to deliver for the most vulnerable in society. Gross Value Added across the Tees Valley has increased substantially since 2010. Had the funding regime since 2010 been fairer to the increased needs of Tees Valley authorities – and even if the cuts to local government budgets had been shared more equitably – there would have been much more potential to grow the area further.

Tees Valley Picture – funding levels and impact of austerity on the population

3. The LGA has said there is a £3.9bn funding gap across the sector to fund existing services which rises to £7.8bn by 2024-25.
4. Figures obtained from the National Audit Office via Freedom of Information suggest that there has been a clearly disproportionate effect of the austerity cuts on local authorities in deprived areas such as the North East compared to national averages and to more affluent areas such as Surrey and Berkshire. Some comparators are set out below.

Authority	Budget change in real terms since 2010-11
National	-29%
Darlington	-28%
Hartlepool	-37%
Middlesbrough	-36%
Redcar and Cleveland	-35%
Stockton	-31%
Surrey	-15%
Wokingham	-16%

5. The impact of austerity has also led to a direct impact on the population of the Tees Valley through an increase in the levels of deprivation. More people are now in receipt of welfare benefits; and more people have fallen below the poverty level. This is true in both absolute terms and in relative terms for the Tees Valley compared to elsewhere in the country.

6. Three of the Tees Valley authorities have moved negatively in relative poverty as measured by the index of multiple deprivation since 2010. Middlesbrough is now the 6th most deprived local authority area overall and Hartlepool is now the 18th most deprived local authority area.
7. While funding has been cut disproportionately, the demand for services has also increased disproportionately in the North East as a whole and in the Tees Valley in particular. There has been a 50% increase in the rate of Looked after Children from **61** per 10,000 children in 2010 to **92** per 10,000 children in 2017 (which is now the highest rate of any region). The North East has seen a 50% increase in numbers of looked after children in the last 8 years at a time when the national increase has been less than 15%. In both Stockton and Redcar the proportionate increase is over 80%. Middlesbrough and Hartlepool have some of the very highest rates of looked after children nationally.
8. The growing gap between funding and demand is disproportionately impacting on the most deprived areas of the country such as the North-East. Some cuts have inevitably therefore had to be made in the region in non-statutory areas of the children's social care budget and heavy cuts elsewhere in council budgets.

Impact on police

9. Cleveland Police funding has decreased by £39m in real terms since 2010-11, a reduction of 36%, while demand has risen.
10. Cleveland Police is the area with the 5th highest level of victim-based crime in the country (out of 43) and the 9th largest reduction in funding in the country in percentage cash terms. Similarly, Durham Police has the 6th highest victim-based crime rate in the country and the 5th largest reduction in funding in the country. Some examples of relative reductions and link to victim-based crime are set out below:

Force	Victim based crime per 1000	Rank victim based crime	Cash cut since 2010	Rank Cash Cut since 2010
Cleveland	98	5	-10%	9=
Durham	96	6	-12%	5=
Metropolitan	92	7	-19%	1
Greater Manchester	121	1	-12%	5=
Northumbria	103	4	-15%	2=
North Yorkshire	47	43	-3%	33=
Surrey	62	33=	+1%	43

Impact on NHS

11. The South Tees CCG has seen an approximate 8.3% increase in spend per capita between 2013/14 and 2017/18 taking its total expenditure from £397.482m to £437.017m. Much of this is demand-led and reflects the increase in demand

across a range of health services from the population, which again is a potential effect of austerity.

12. Expenditure on mental health services has increased much more quickly than that, increasing by 19.7%, which may reflect a greater need from the population to access these services in times of austerity.
13. The South Tees CCG is now in special measures. In the face of a recent projected £17.3m overspend in 2018-19 (including an agreed £5m deficit) it is planning to deliver £22m of savings in 2018-19 across a range of areas.

Impact on outcomes

14. This has had an impact across a wide range of key measures given the link between deprivation; reductions in funding and outcomes. For example:
 - a. Child poverty in the Tees Valley area has increased from 28.7% in 2013 to 31.3% in 2017 and the gap against the national average has widened by 3.3%; and
 - b. Between 2009 and 2015 the gap in healthy life expectancy between the national average for men and the worst performing local authority area in the Tees Valley effectively doubled to 12.4 years; and for females it more than trebled to 14.9 years.

Economic Growth in the Tees Valley

15. Despite the clear impact of austerity on the people and the local authorities and other public authorities of the Tees Valley, local authorities have continued to promote economic growth successfully. According to the Office for National Statistics, Gross Value Added in Darlington per head of the population increased by 20% between 2009 and 2015 and increased substantially in all other areas.
16. Authorities are delivering housing growth in the Tees Valley with ambitious plans in each authority area. In the past five years, 8650 homes have been built across the Tees Valley and the annual rate of build is planned to rise from an average of 1730 to 2160.
17. And there are some fantastic examples of transformative economic projects in the Tees Valley:
 - a. Central Park, Darlington is being regenerated as a strategic mixed use site including housing, jobs, education and innovation;
 - b. Queen's Meadow Business Park in Hartlepool has been successfully developed as part of the Tees Valley Enterprise Zone;
 - c. Middlesbrough has worked with Tees Valley Combined Authority and invested in the Tees Advanced Manufacturing Park which will regenerate the area, bring up to 1000 new jobs and make a commercial return;
 - d. Kirkleatham, Redcar and Cleveland is being developed as an inspirational place with a walled garden and catering and horticultural academy; and

- e. Stockton has remediated the North Shore site including the development of the iconic Infinity Bridge and enhanced connectivity via major highway improvements.

Conclusion

- 18. These levels of economic growth have occurred despite the pressures caused by funding reductions in local authorities, the impact of economic shocks such as the closure of SSI and the impact of austerity on the wider population. It is clear that had these pressures not constrained the efforts of local authorities then economic growth would have been even better.
- 19. Our case to the fair funding review is therefore that if we get the necessary radical overhaul of the funding regime which properly reflects need in the Tees Valley we will be able to deliver even more benefit to the people of the Tees Valley and support the economic growth of the country as a whole.

FINANCE AND POLICY COMMITTEE

17th December 2018



Report of: Director of Regeneration and Neighbourhoods

Subject: KING JOHNS TAVERN, MIDDLETON GRANGE SHOPPING CENTRE

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Key Decision (test (i) applies). General Exception Notice applies.

2. PURPOSE OF REPORT

2.1 The purpose of the report is to enable the Committee to consider a request from the tenants of the Middleton Grange Shopping Centre, to effectively sell Unit 1 South Road namely the JD Wetherspoon King John's Tavern Public House to JD Wetherspoon themselves. The subject property is shown hatched on Plan 1 at **Appendix 1**.

3. BACKGROUND

3.1 The Council leases the Centre to Mars Pension Trustees Ltd. on a 150 year lease from December 1991. The King John's Tavern is presently sub-let to JD Wetherspoon Ltd on a 40 year lease which is due to expire in December 2037 .

3.2 Whilst part of the scheme, this unit stands removed from the main malls and buildings.

4. PROPOSALS

4.1 Mars have formally applied to the Council for consent to grant Wetherspoon's a long lease of 125 years at a peppercorn rent, without any rent review, subject to the payment of a premium as outlined in **CONFIDENTIAL APPENDIX 3. This information contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely (para. 3), information relating to the financial or business affairs of any particular person (including the authority holding that information.**

5. RISK IMPLICATIONS

- 5.1 Under the terms of the lease and the relevant legislation if the request was refused there is a risk that tenant could pursue legal action against the Council and if they were successful it could result in the Council having to pay damages and legal costs and having to grant consent to the request.

6. FINANCIAL CONSIDERATIONS

- 6.1 Under the terms of the lease to Mars, the Council receives a percentage of the rents they receive from lettings in the Centre less agreed deductions in relation to the management of the Centre. If consent to the request is given, the Council will receive a windfall payment with details set out in **CONFIDENTIAL APPENDIX 3. This information contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely (para. 3), information relating to the financial or business affairs of any particular person (including the authority holding that information.** The amount receivable by the Council is considered to be best value for its interest.
- 6.2 The Council would however receive no other income for the remaining period of the lease, except in the event of the property being subsequently sold for a sum in excess of the premium paid within 5 years from completion, an overage payment of 50% is payable, from which the Council will receive 15%.
- 6.3 The budget includes a recurring income target for the Council's share of Shopping Centre income. To mitigate the recurring income loss from this property, the one off payment received by the Council will need to be earmarked to either invest in a new income generating asset, or to repay existing debt to provide a recurring revenue saving. Details are set out in **CONFIDENTIAL APPENDIX 3. This information contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely (para. 3), information relating to the financial or business affairs of any particular person (including the authority holding that information.**

7. LEGAL CONSIDERATIONS

- 7.1 Under the terms of the lease to Mars, the Councils consent is required to any sub-letting with such consent not to be unreasonably withheld. Section 1 of The Landlord and Tenant Act 1988 imposes a duty on a Landlord to consider a request of this nature. Upon receiving a written application, the Council is required, within a reasonable time:
- (a) to give consent, except in a case where it is reasonable not to give consent,
 - (b) to serve on the tenant written notice of its decision whether or not to give consent specifying in addition—
 - (i) if the consent is given subject to conditions, the conditions,
 - (ii) if the consent is withheld, the reasons for withholding it.

8. ASSET MANAGEMENT CONSIDERATIONS

- 8.1 Agreeing to the request would assist in keeping Wetherspoons in the Middleton Grange scheme, adding to its vibrancy. There is little scope to object to the request but if the request was refused the company could decide to vacate their premises and the unit could remain unlet for a considerable time. The request produces a windfall payment for the Council and is considered to be Market Value.

9. OTHER CONSIDERATIONS

Consultation	No relevant issues
Staff Considerations	No relevant issues.
Crime and Disorder Considerations	No relevant issues
Equality and Diversity Considerations	No relevant issues
Child and Family Poverty Considerations	No relevant issues-See Appendix 2 of report

10. RECOMMENDATIONS

- 10.1 It is recommended that consent to the request is approved and Members note that the one off payment received by the Council will need to be earmarked to either invest in a new income generating asset, or to repay existing debt to provide a recurring revenue saving to offset the recurring rental income reduction.

11. REASONS FOR RECOMMENDATIONS

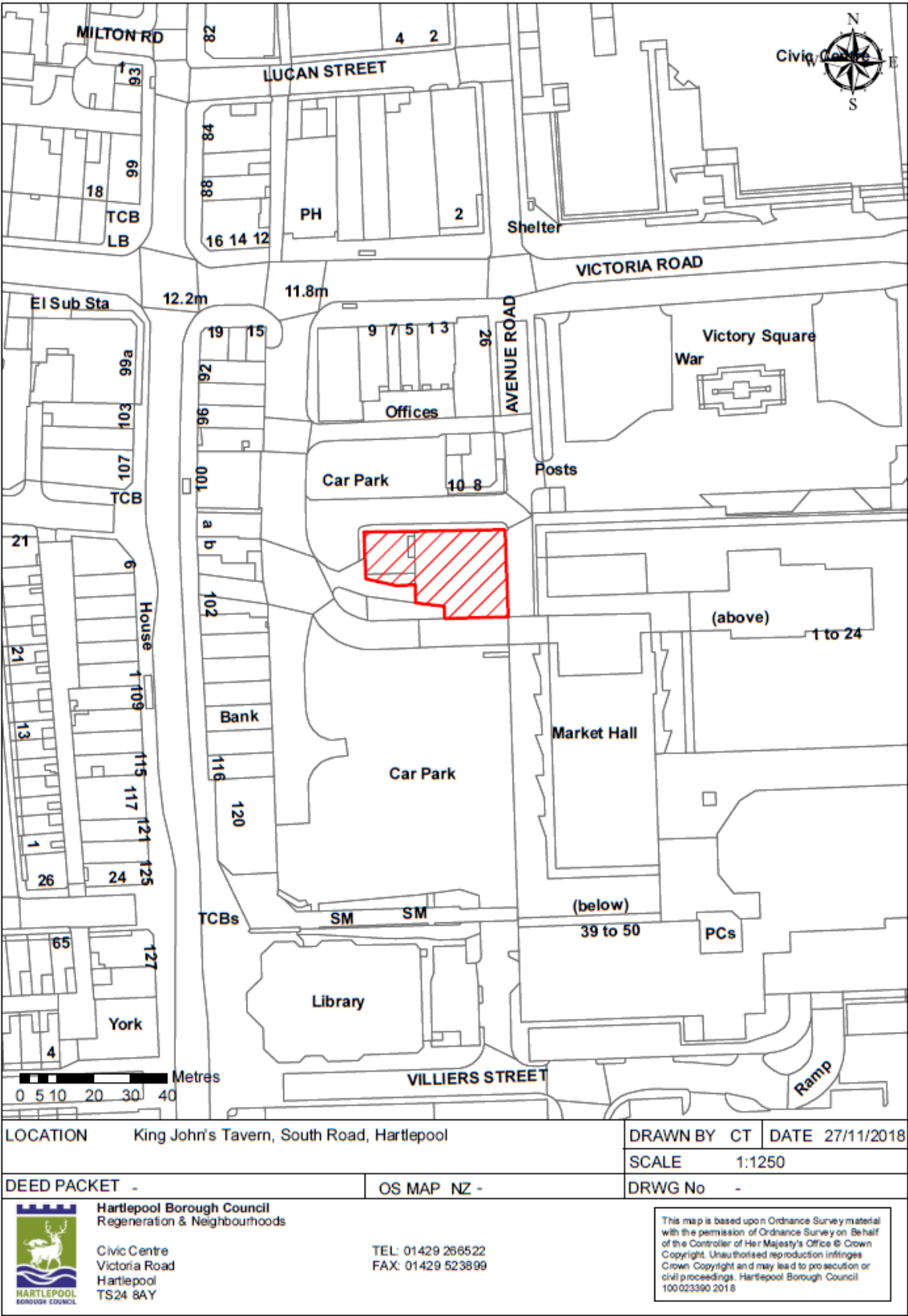
- 11.1 Under the terms of the lease and the relevant legislation it is considered that the Council has no grounds for withholding consent to the request. If it was decided to refuse consent, the tenant could pursue legal action against the Council and it would most likely succeed and could result in the Council having to pay damages and legal costs and having to give consent to the request.

12. BACKGROUND PAPERS

- 12.1 There are no background papers to consider.

13. CONTACT OFFICER

- 13.1 Denise Ogden
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POVERTY IMPACT ASSESSMENT

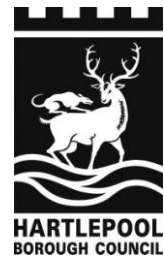
1. Is this decision a Budget & Policy Framework or Key Decision? YES 1. Is this decision a Budget & Policy Framework or Key Decision? YES If YES please answer question 2 below				
2. Will there be an impact of the decision requested in respect of Child and Family Poverty? NO If YES please complete the matrix below				
GROUP	POSITIVE IMPACT	NEGATIVE IMPACT	NO IMPACT	REASON & EVIDENCE
Young working people aged 18 - 21				
Those who are disabled or suffer from illness / mental illness				
Those with low educational attainment				
Those who are unemployed				
Those who are underemployed				
Children born into families in poverty				
Those who find difficulty in managing their finances				
Lone parents				
Those from minority ethnic backgrounds				
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

POVERTY IMPACT ASSESSMENT

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)			
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			

FINANCE AND POLICY COMMITTEE

17th December 2018



Report of: Director of Regeneration and Neighbourhoods

Subject: SALE OF LAND AT SEATON LANE

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Key Decision (test (i)) Forward Plan Reference No. RN 25/18

2. PURPOSE OF REPORT

2.1 To obtain a decision in relation to the sale of land and related expenditure of grant funding at Seaton Lane.

2.2 This report has been brought forward in advance of the Forward Plan as time is of the essence in making the decision due to the circumstances of the matter including the use of significant grant funding.

3. BACKGROUND

3.1 The Council owns two parcels of land fronting Seaton Lane, one to the east and one to the west of the Golden Meadows housing estate also owned by the Council. The land extends to a total of approximately 3.71 acres (1.5 ha) and is currently grassed but is considered suitable for residential development. It is shown hatched on the plan at **APPENDIX 2**.

3.2 The land has been identified for disposal for some time, and has been marketed for sale on two occasions since 2013, including in late 2016. Unfortunately sales that were agreed following marketing have not proceeded, in part due to the unusually high level of abnormal costs associated with residential development of the site. Although the sites are currently grassed and only used for grazing, parts of the site are affected by contamination from previous uses and as a result significant remediation together with other abnormal works are required to ready the land for the construction of houses and the associated infrastructure.

- 3.3 In late 2017 an opportunity arose to apply for grant funding from the Government's One Public Estate Land Release Fund. The purpose of the Land Release Fund is to increase the supply of new housing by enabling publicly owned sites which are suitable for housing but require site remediation or other significant works before they can be developed to be brought forward for residential development. The application was successful and the Council has received the first tranche of the grant (£112,000). The grant totals £205,000 with the second tranche being payable in 2019/20.
- 3.4 The use of the grant money depends on the site being developed within a timescale given in the grant application of release of the land for housing by 2020 (i.e. on the granting of planning permission and exchange of contract).
- 3.5 The Council has received two offers for the site. The two offers are quite different, Developer A is proposing a conventional cash offer from an established regional developer based on a contract conditional only on planning and satisfactory completion of the grant funded works. Developer B is a local developer offering payment in housing stock to be constructed on the site and transferred to the Council as affordable houses.
- 3.6 The offers and assessment of them are set out in full in **CONFIDENTIAL APPENDIX 3. 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, (paragraph 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**
- 3.7 As noted above the site requires significant remediation and site preparation work. The grant monies will fund part of the work required but not all of it and therefore some abnormal costs will be incurred by the developer and this is reflected in the bids received for the land. Under the terms of the Land Release Fund grant the Council will specify, tender and commission the works (through the usual procurement route) and pay for the first £205,000; any further costs under the contract will need to be met by the developer.
- 3.8 Both developers have carried out site investigation works and therefore have a good appreciation of the physical condition of the land and its suitability for construction.

4. PROPOSALS

- 4.1 It is proposed that contracts are exchanged for the sale of the land and the grant funding is expended on suitable site remediation work following agreement of a remediation strategy with the selected developer. Following completion of the grant funded work, the sale to be completed subject to the grant of planning permission.

5. RISK IMPLICATIONS

5.1 The level and types of risk associated with the decision will depend on which developer is selected in this instance due to the very different nature of the offers made and the size and financial strength of the companies involved.

5.2 Developer A has the following risks associated:

- Dependent upon obtaining planning permission.
- The land remediation grant may be lost if the land is not released for housing within the 2020 deadline. If the grant is lost it will likely result in the site not being economically viable for development in the short/medium term or until a new subsidy is secured.

5.3 Developer B has the following risks associated:

- It will mean transferring the land to the developer well before payment for it is received; the development may take up to 3 years to complete and the Council will only realise the value incrementally or at the end; compared to Developer A which proposes 100% value up front.
- The land remediation grant may be lost if the land is not released for housing within the 2020 deadline. If the grant is lost it will likely result in the site not being economically viable for development in the short/medium term or until a new subsidy is secured.
- Dependent upon obtaining planning permission.
- House types proposed to transfer are not yet known and are to be agreed with the developer; there is a risk that they may not be appropriate in terms of housing need and that of the Housing Revenue Account (HRA).
- The housing market may change in the build period and this may impact on the Council's ability to recover value as the site builds out; as the Council is proposed to receive value incrementally.
- The developer is a local company with limited assets.

5.4 The risks and measures to manage these issues, which will be delivered through contractual conditions are considered further in **CONFIDENTIAL APPENDIX 3. 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, (paragraph 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**

5.5 The grant funding secured by the Council for the remediation work is a fixed amount and the intention is to expend the funds after exchange of contracts so that the developer is committed to proceeding to purchase.

6. FINANCIAL CONSIDERATIONS

- 6.1 Dependent on the decision made by Committee, the sale/transfer of the land will either result in:
- Developer A. Offering a capital receipt which will contribute to the General Fund and delivery of the Medium Term Financial Strategy (MTFS).
 - Developer B. Offering an addition to the Council's affordable housing stock and the General Fund having the same benefit as achieving a capital receipt. Revenue generated from the transferred housing would benefit the HRA with additional annual surpluses to the HRA ranging from £11k to £18k depending on the number and type of properties received by the Council. The general fund would also benefit as the land would be transferred to the HRA from the General Fund which has the same result as the HRA paying a capital receipt for the value of the land transferred (i.e. for £219k). Officers will explore the potential of utilising Homes England grant funding on the site.
- 6.2 The use of the remediation grant depends on meeting milestones set out in the grant conditions.
- 6.3 The construction of new homes on the land by either developer will on completion of the properties result in the payment of additional Council Tax and New Homes Bonus (subject to continuation of the New Homes Bonus scheme) to the Council.

7. LEGAL CONSIDERATIONS

- 7.1 The Council's Chief Solicitor will be instructed to conclude the contracts with the selected purchaser.

8. CONSULTATION

- 8.1 No consultation has been carried out in connection with this matter.

9. CHILD AND FAMILY POVERTY

- 9.1 There are no child and family poverty implications relating to this report. An Assessment Form is attached as Appendix 1.

10. EQUALITY AND DIVERSITY CONSIDERATIONS

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

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

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

12. STAFF CONSIDERATIONS

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

13. ASSET MANAGEMENT CONSIDERATIONS

- 13.1 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.
- 13.2 The Council has received two offers for the site. The two offers are quite different, Developer A is proposing a conventional cash offer from an established regional developer based on a contract conditional only on planning and satisfactory completion of the grant funded works. Developer B is a smaller local developer offering payment in housing stock to be constructed on the site and transferred to the Council as affordable houses.

14. RECOMMENDATIONS

- 14.1 It is recommended that the Committee choose to progress one of the offers presented, having considered the matters set out in **CONFIDENTIAL APPENDIX 3. 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, (paragraph 3) information relating to the financial or business affairs of any particular person (including the authority holding that information.**
- 14.2 It is recommended that Authority to finalise contractual arrangements for the chosen option is delegated to the Chief Executive, in consultation with the Chair of Finance and Policy Committee, the Chief Solicitor, Director of Regeneration and Neighbourhoods, and Director of Finance and Policy.

15. REASONS FOR RECOMMENDATIONS

- 15.1 Dependent upon the decision made by the committee the sale will result in a capital receipt contributing to the income targets set out in the MTFS or an addition to the Council affordable housing stock contributing to the HRA with a capital receipt to the General Fund.

16. BACKGROUND PAPERS

- 16.1 There are no Background Papers in this instance.

17. CONTACT OFFICER

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5.2 APPENDIX 1

POVERTY IMPACT ASSESSMENT

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? NO If YES please complete the matrix below				
GROUP	POSITIVE IMPACT	NEGATIVE IMPACT	NO IMPACT	REASON & EVIDENCE
Young working people aged 18 - 21			x	
Those who are disabled or suffer from illness / mental illness			x	
Those with low educational attainment			x	
Those who are unemployed			x	
Those who are underemployed			x	
Children born into families in poverty			x	
Those who find difficulty in managing their finances			x	
Lone parents			x	
Those from minority ethnic backgrounds			x	
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	x	ADJUST / CHANGE POLICY / SERVICE		

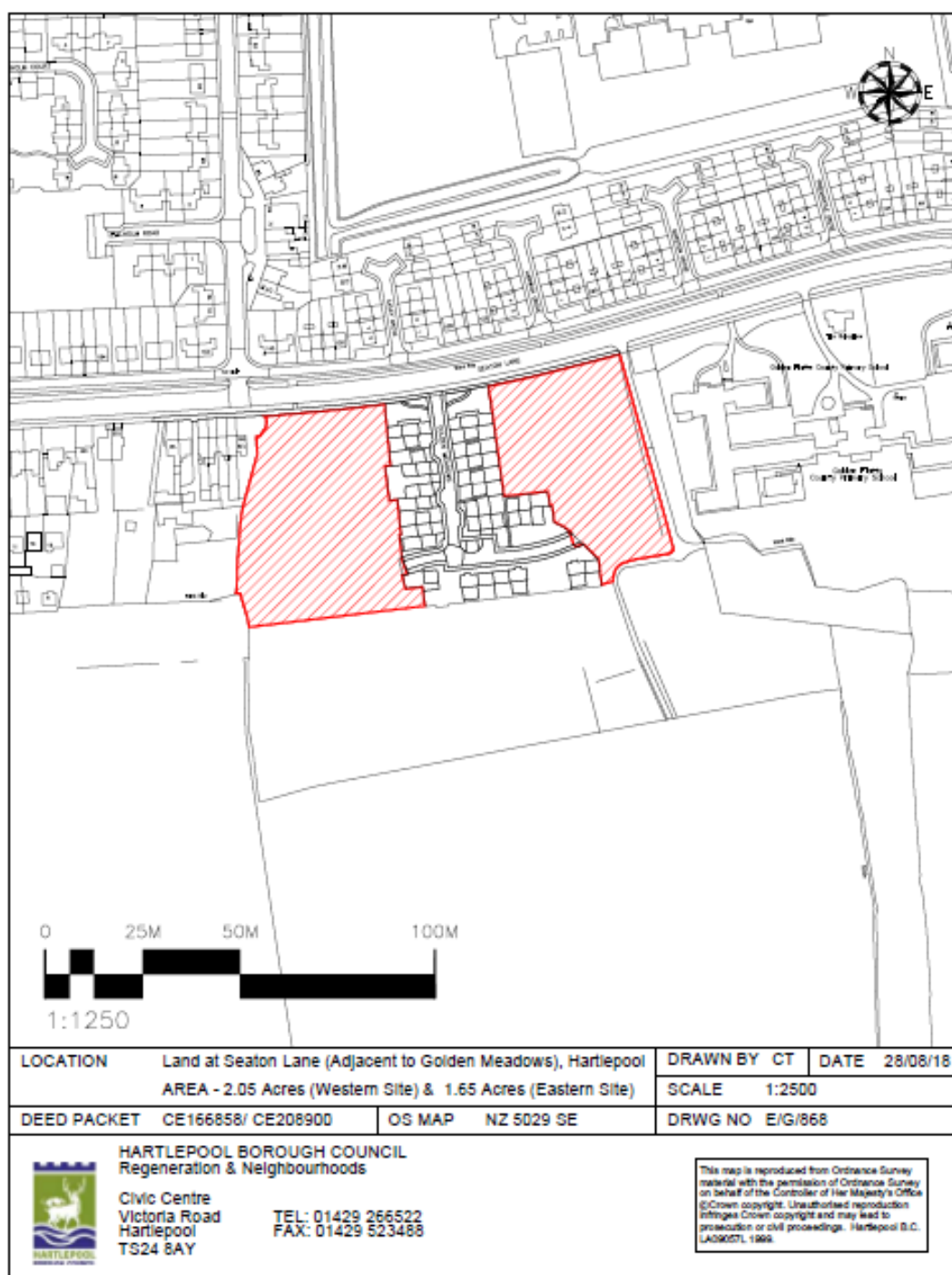
5.2 APPENDIX 1

POVERTY IMPACT ASSESSMENT

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)			
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			

APPENDIX 2

Plan of Seaton Lane Sites



FINANCE AND POLICY COMMITTEE

17th December 2018



Report of: Director, Children's and Joint Commissioning Services

Subject: 0- 25 SEND (SPECIAL EDUCATIONAL NEEDS AND DISABILITY) TEAM REORGANISATION

1. TYPE OF DECISION/APPLICABLE CATEGORY

Non key

2. PURPOSE OF REPORT

- 2.1 To seek approval from members for the reorganisation of the 0 - 25 Special Educational Needs and Disability (SEND) Team across two departments - Children's and Joint Commissioning Services and Adults and Community Based Services.

3. CURRENT SITUATION

- 3.1 A 0 - 25 disabilities social work team was established in 2012 which brought children's and adult workers together to support children and young people with SEND aged 0 - 25. The requirement to support young people aged 18 - 25 was also a requirement within the Special Educational Needs and Disability Code of Practice: 0 - 25 years published in 2014. This new team was established to improve the quality of transitions for young people at the age of 18 by providing a consistency of social worker who would support the young person across the transition. It was felt that this approach would best meet the needs of those young people in transition.
- 3.2 In 2015 the 0 - 25 disabilities social work team became part of the wider SEND team which included education and was based within the Children and Families Division of the Child and Adults Department. This team has responsibility for Education, Health and Care Plans (which were formerly Statements of Education) and social care support for children and young people with SEND.
- 3.3 Over the last year it has come to light that transitions for our young people aged 18+ has been challenging and it was agreed between Children and Joint

Commissioning Department and Adults and Community Based Services Department to undertake a review of the current picture to understand if the needs of our young adults were being met appropriately.

4. CONSULTATION/ REVIEW

4.1 A review took place between June 2018 and September 2018. This review included:

- Four workshops with staff to understand current and proposed pathways;
- Commissioning workshop to understand challenges across children and adults;
- A review of the number, age group and complexities of the cases currently being held by the team.

4.2 The review found the following:

- The team was expected to understand both children's and adult legislation which was challenging;
- Concerns about the ability to commission adult services in a planned way (early heads up / ability to commission differently rather than just spot purchasing placements);
- Setting expectations for the young person and their families as they moved into Adult Services – packages of support could not continue as they had been arranged for children and there is a need to better plan for adulthood.

4.3 A number of recommendations were made as part of the review:

- The re-establishment of a Transitions Operational Group to review all young people aged 16+. This group will review the transition plan and ascertain the complexity of the case to decide whether to allocate an adult worker alongside the children's worker to support transition.
- A reorganisation of the team to split to a children's team and an adults teams to ensure that children's needs are met effectively within children's legislation and adults within adults legislation.
- A review of commissioning processes to ensure that children and adults services work together when commissioning packages of care for young people moving to adulthood. This has already started due to the bringing together of the children and adults commissioning function within the Joint Commissioning Division.

4.4 The recent Ofsted Inspection of Children's Services (ILACS) stated that the children with disabilities team were good at understanding and responding to children with additional needs in relation to their disability. However it was highlighted that they needed to strengthen their safeguarding practice. In light of this it is proposed that the proposed 0-18 children with disabilities team moves to the Safeguarding and Support Business Unit to ensure that there is appropriate safeguarding oversight.

5. PROPOSED REORGANISATION

- 5.1 An analysis of the demand, number and complexity of the casework has been undertaken to inform the structure of the two teams going forward. The 18 + team will consist of a Team Manager, Assistant Team Manager, one Social Worker and two Social Care Officers. The children's team will consist of one Team Manager, one Assistant Team Manager, six Social Workers and a Support Assistant.
- 5.2 The SEND team that manages the Education, Health and Care Plans process will move from the Joint Commissioning Division to the Education Division. This will ensure that there is a focus on a graduated response for children with SEND.

6. RISK IMPLICATIONS

- 6.1 There is a risk that having two workers for young people in transition will be unsettling. However the new model will identify those young people that transition will potentially be most challenging and ensure that joint work is carried out between children and adults workers between aged 16 and 18.

7. LEGAL CONSIDERATIONS

- 7.1 There is specific legislation for children with disabilities with educational and social care needs and for adults with additional needs. Workers in all of the teams ensure they adhere to this legislation within their work and receive advice from legal services as required.

8. CHILD AND FAMILY POVERTY

- 8.1 The teams will continue to support families who have children with SEND with issues such as financial inclusion.

9. EQUALITY AND DIVERSITY CONSIDERATIONS

- 9.1 The teams will continue to support those children, young people and adults with additional needs.

10. STAFF CONSIDERATIONS

- 10.1 There will be a number of staff moving from Children and Joint Commissioning Services Department to Adults and Community Based Services Department. Staff have been consulted and informed of the changes to line management as appropriate.
- 10.2 The SEND team will be moving from Joint Commissioning Division to Education Division and staff have been consulted.

11. FINANCIAL CONSIDERATIONS

- 11.1 The reorganisation set out within this report is being undertaken within the current budget.

12. ASSET MANAGEMENT CONSIDERATIONS

- 12.1 There are no asset management considerations.

13. RECOMMENDATIONS

- 13.1 That Members approve the reorganisation for the 0-25 SEND Team.

14. REASONS FOR RECOMMENDATIONS

To ensure that the needs of our young people with SEND are being met.

15. BACKGROUND PAPERS

None

16. CONTACT OFFICER

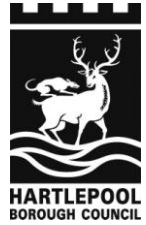
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Finance and Policy Committee

17th December 2018



Report of: Director of Finance and Policy

Subject: COUNCIL TAX BASE 2019/20

1. TYPE OF DECISION / APPLICABLE CATEGORY

1.1 Non Key Decision.

2. PURPOSE OF REPORT

2.1 The report seeks member approval as required by statutory regulations to a calculated Council Tax Base for 2019/20 which will be used for Council Tax billing purposes.

3. BACKGROUND

3.1 The Council is required by law to calculate its Council Tax Base for the forthcoming year, and inform the major precepting authorities Cleveland Police Authority and Cleveland Fire Authority and local precepting authorities (Parish Councils), before 31st January 2019. The Council Tax Base is expressed as the number of Band D equivalent properties.

3.2 The amount of Council Tax levied on each Band D property located in the Borough of Hartlepool is calculated by dividing the total amount of the precepts determined by this Council, the Police and Crime Commissioner and Cleveland Fire Authority on the Collection Fund in 2019/20, by the Council Tax Base. The amount of Council Tax payable for other bands is determined by applying a fixed proportion of the Band D amount. A separate report on the calculation of the amount of Council Tax payable for each band for 2019/20 will be submitted to Council as part of the budget process.

3.3. To calculate the Council Tax Base it is necessary to:

- (a) Calculate "the relevant amount" for the year for each valuation band in the valuation list. For each band this represents the full year equivalent of each chargeable dwelling in that band, taking into account entitlement to, exemptions, disability reductions and discounts.

- (b) The relevant amount for each band are expressed in terms of Band D equivalents.
 - (c) Calculate the Empty Homes Premium impact across all valuation bands in equivalent Band D's.
 - (d) The relevant amounts for each band (b) are then added together with (c) and the total is multiplied by the Council's estimated collection rate for the year.
- 3.4. As part of the Government's welfare reforms, Councils are required to determine and operate their own local schemes for providing support with Council Tax. Under these arrangements, there is a requirement to adjust the Council Tax Base to reflect the impact of the Local Council Tax Support scheme. Finance and Policy Committee on 29th October 2018 approved the continuation of a 12% scheme for 2019/20, the same as for the last 5 years. This proposal continues to provide more support for low income households than the schemes operated by the other Tees Valley Authorities. This decision is subject to approval by Council on 20th December 2018. The LCTS adjustment is expressed in terms of an equivalent number of Band D's within each Appendix.
- 3.5. In setting the Tax Base the Council is required to consider the effectiveness of its arrangements for collecting Council Tax and factor in an adjustment to avoid a deficit on the statutory Collection Fund. This is reflected in the detailed calculation of the Council Tax base set out in the Appendices to this report and reflects in-year collection rates for full Council Tax Payers and households in receipt of Local Council Tax Support.
- 3.6. Whilst the short term collection rate adjustment reduces the Council Tax base, the Council continues to achieve a long term collection level of 99.4% after 5 years.
- 3.7. The technical proposal within this report confirms the forecast Council Tax growth forecast built into the Medium Term Financial Strategy for 2019/20.

4 RATING (PROPERTY IN COMMON OCCUPATION) AND COUNCIL TAX (EMPTY DWELLINGS) ACT 2018

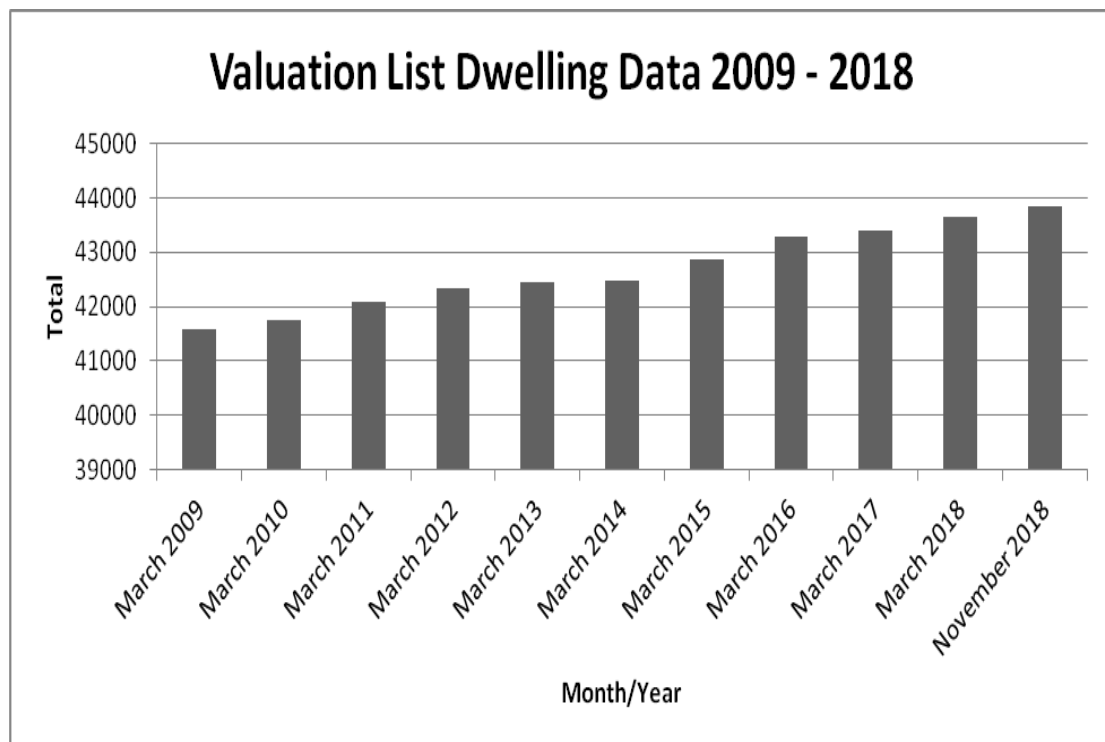
- 4.1. The Local Government Finance Act 2012 introduced a range of technical reforms to Council Tax including allowing councils to levy a Council Tax premium of an additional 50% on properties that had been empty and unfurnished for more than 2 years. Hartlepool BC has applied this 50% long term empty property premium since 1st April 2013.
- 4.2. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 received royal assent on 1st November 2018. This Act allows Councils to increase the Council Tax long term empty home

premium to 100% from 1st April 2019 for properties that have been empty more than 2 years. Furthermore, the legislation provides that from April 2020 the premium can be increased to 200% for any properties empty between 5 and 10 years and from April 2021 a 300% premium can be charged on any properties empty for more than 10 years.

- 4.3. In Hartlepool there are currently 204 properties paying the 50% empty homes premium. If the Council decided to increase the premium to 100% for 2019/20 the estimated increase in the Tax Base would be 71.38 Band D's. This technical change option is not currently reflected within the Tax Base calculations contained within this report

5 PROPOSALS

- 5.1. The Medium Term Financial Strategy assumes increases in the Council Tax Yield in 2019/20 from a Council Tax increase and also from increases in the Tax Base principally from housing growth in the Borough.
- 5.2. Numbers of dwellings within the Borough (as notified to the Council by the Valuation Office Agency VOA) has continued to incrementally grow year on year as shown in the graph below. However as new properties will be completed throughout a financial year those properties will not incur a full years council tax liability in their year of completion / occupation. This phasing has been factored into the Tax Base Growth forecasts.



- 5.3. Given the importance of additional Council Tax yield to supporting the budget, the numbers of properties and their associated bandings brought onto the valuation list by the VOA are closely monitored.

6 RISK IMPLICATIONS

- 6.1. The Medium Term Financial Strategy and the Tax Base forecast is predicated on sustained housing growth within the Borough over the coming years. The delivery of this forecast growth is dependent on a range of factors including:
- the ability to borrow finance to buy a new home;
 - the economic impact of Brexit;
 - the general overall health of the housing market;
 - interest rate forecasts;
 - the desire of house builders to build new dwellings as opposed to just “sitting” on land banks and “drip feeding” new dwellings to keep house prices at a balanced level;
 - the availability of skilled trades to complete properties within reasonable timescales.
- 6.2 Progress in achieving housing growth will be monitored closely over the MTFS period. At this stage it is anticipated that whilst the forecast housing growth targets for 2019/20 and the following two years are challenging they should be achievable.

7 FINANCIAL CONSIDERATIONS

- 7.1. The Council must budget to avoid a deficit on its statutory Collection Fund. In determining the 2019/20 Council Tax Base a number of underlying assumptions have been made. As part of the Council's Financial Governance Framework, throughout 2019/20 programmed monitoring reviews of Collection Fund Council Tax yield will be undertaken.

8. LEGAL CONSIDERATIONS

- 8.1. To comply with statutory responsibilities as set out in the Local Government Finance Act 1992 the Council must determine the Council Tax Base for the forthcoming financial year by 31st January. This report ensures this responsibility is discharged.

9 CONSULTATION

- 9.1. There is no requirement to consult on these proposals.

10. CHILD / FAMILY POVERTY (IMPACT ASSESSMENT FORM TO BE COMPLETED AS APPROPRIATE)

10.1. There are no child / family poverty considerations.

11. EQUALITY AND DIVERSITY (IMPACT ASSESSMENT FORM TO BE COMPLETED AS APPROPRIATE)

11.1. There are no equality and diversity considerations.

12. STAFF CONSIDERATIONS

12.1. There are no staff considerations.

13. ASSET MANAGEMENT CONSIDERATIONS

13.1. There are no asset management considerations.

14. RECOMMENDATIONS

14.1 It is recommended that Members:

- a) Approve a Hartlepool BC Council Tax Base for 2019/20 of 24,411 as detailed in Appendix 1.
- b) Approve a Council Tax Base for 2019/20 for Parishes who may levy a precept upon the Council's Collection Fund as detailed in Appendices 2 to 9:

Dalton Piercy	103.6	Elwick	637.5
Greatham	576.2	Hart	323.7
Newton Bewley	35.0	Headland	724.4
Brierton	13.2	Claxton	15.7

14.2. Member views are requested on whether the Council should apply the new powers set out in the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 to increase the Council Tax premiums levied on long term empty properties from 50% to 100% from April 2019.

15. REASON FOR RECOMMENDATIONS

15.1 To enable the Council to discharge its statutory responsibilities.

16. BACKGROUND PAPERS

16.1 There are no background papers.

17. CONTACT OFFICER

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6.2 Appendix 1

line	VALUATION BAND	@	A	B	C	D	E	F	G	H	TOTAL
1	No. of properties in band		23,959	7,425	6,241	3,282	1,701	715	467	65	43,855
2	Exempt dwellings		500	114	58	31	16	6	7	0	732
3	Demolished dwellings		0	0	0	0	0	0	0	0	0
4	CHARGEABLE DWELLINGS (line 1 - line 2 - line 3)		23,459	7,311	6,183	3,251	1,685	709	460	65	43,123
5	Disabled reductions		132	86	75	54	27	14	14	13	415
6	Effectively chargeable	132	86	75	54	27	14	14	13	0	415
7	ADJ CHARGEABLE DWELLINGS (line 4 - line 5 + line 6)	132	23,413	7,300	6,162	3,224	1,672	709	459	52	43,123
8	25% discounts	42	11,232	2,775	1,718	694	279	93	37	2	16,872
9	50% discounts	7	44	14	21	17	6	9	12	1	131
10	Empty Properties undergoing Repair (50% disc)	0	109	30	14	6	4	1	3	0	167
11	Properties 100% discount 1 month empty unfurnished	0	492	360	60	60	12	24	0	0	1008
12	No discounts	83	11,536	4,121	4,349	2,447	1,371	582	407	49	24,945
13	TOTAL EQUIVALENT DWELLINGS	118	20,487.83	6,554.25	5,710.33	3,034.00	1,596.08	678.75	442.25	51.00	38,672.50
14	Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
15	BAND D EQUIVALENTS	65.56	13,658.56	5,097.75	5,075.85	3,034.00	1,950.77	980.42	737.08	102.00	30,701.98
			Adjustment for Empty Homes Premium @50%								71.48
			Estimated collection rate (%)								98.5
			Council Tax Base								30,311.9
			LCTS Adjustment								-6,350.9
			Tax Base Growth Nov 18 - Mar 20 (New Build + reduced LCTS claimants)								450.0
			Tax Base 19/20								24,411.0

6.2 Appendix 2

[illegible]

ELWICK
CALCULATION OF TAX BASE 2019/20
12% LCTS Cut

6.2 Appendix 3

line	VALUATION BAND	@	A	B	C	D	E	F	G	H	TOTAL
1	No. of properties in band		27	32	66	119	79	94	99	49	565
2	Exempt dwellings		2	1	0	2	1	1	0	0	7
3	Demolished dwellings		0	0	0	0	0	0	0	0	0
4	CHARGEABLE DWELLINGS (line 1 - line 2- line 3)		25	31	66	117	78	93	99	49	558
5	Disabled reductions		0	0	0	1	0	2	1	1	5
6	Effectively chargeable	0	0	0	1	0	2	1	1	0	5
7	ADJ CHARGEABLE DWELLINGS (line 4 - line 5 + line 6)	0	25	31	67	116	80	92	99	48	558
8	25% discounts	0	13	8	22	46	21	20	2	2	134
9	50% discounts	0	0	0	0	0	0	0	0	1	1
10	Empty Properties undergoing repair 50% disc	0	0	0	0	0	0	0	0	0	0
11	Former Class C 100% Disc 1 month	0	0	1	2	5	2	1	4	2	17
12	No discounts	0	12	22	43	65	57	71	93	43	406
13	TOTAL EQUIVALENT DWELLINGS	0.00	21.75	28.92	61.33	104.08	74.58	86.92	98.17	46.83	522.58
14	Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
15	BAND D EQUIVALENTS	0.00	14.50	22.49	54.52	104.08	91.16	125.55	163.61	93.67	669.57
					Empty Homes Premium						2.28
					Estimated collection rate (%)						98.5
					Council Tax Base						661.8
					LCTS Adjustment						-24.3
					Adjusted Tax Base						637.5

GREATHAM
CALCULATION OF TAX BASE 2019/20
12% LCTS Cut

6.2 Appendix 4

line	VALUATION BAND	@	A	B	C	D	E	F	G	H	TOTAL
1	No. of properties in band		182	421	181	82	36	10	5	1	918
2	Exempt dwellings		5	4	3	0	1	0	0	0	13
3	Demolished dwellings		0	0	0	0	0	0	0	0	0
4	CHARGEABLE DWELLINGS (line 1 - line 2- line 3)		177	417	178	82	35	10	5	1	905
5	Disabled reductions		5	5	5	2	1	0	0	1	19
6	Effectively chargeable	5	5	5	2	1	0	0	1	0	19
7	ADJ CHARGEABLE DWELLINGS (line 4 - line 5 + line 6)	5	177	417	175	81	34	10	6	0	905
8	25% discounts	3	102	165	43	18	5	1	0	0	337
9	50% discounts	0	0	1	1	0	0	0	1	0	3
10	Empty Properties undergoing repair 50% disc	0	0	0	0	0	0	0	0	0	0
11	Former Class C 100% Disc 1 month	0	2	8	1	1	0	0	1	0	13
12	No discounts	2	73	243	130	62	29	9	4	0	552
13	TOTAL EQUIVALENT DWELLINGS	4.25	151.33	374.58	163.67	76.42	32.75	9.75	5.42	0.00	818.17
14	Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
15	BAND D EQUIVALENTS	2.36	100.89	291.34	145.48	76.42	40.03	14.08	9.03	0.00	679.63
					Empty Homes Premium						0.33
					Estimated collection rate (%)						98.5
					Council Tax Base						669.8
					LCTS Adjustment						-93.6
					Adjusted Tax Base						576.2

HART
CALCULATION OF TAX BASE 2019/20
12% LCTS Cut

6.2 Appendix 5

line	VALUATION BAND	@	A	B	C	D	E	F	G	H	TOTAL
1	No. of properties in band		14	83	91	40	50	47	26	0	351
2	Exempt dwellings		1	0	0	0	0	0	0	0	1
3	Demolished dwellings		0	0	0	0	0	0	0	0	0
4	CHARGEABLE DWELLINGS (line 1 - line 2- line 3)		13	83	91	40	50	47	26	0	350
5	Disabled reductions		0	1	1	0	0	0	1	0	3
6	Effectively chargeable	0	1	1	0	0	0	1	0	0	3
7	ADJ CHARGEABLE DWELLINGS (line 4 - line 5 + line 6)	0	14	83	90	40	50	48	25	0	350
8	25% discounts	0	4	27	36	10	3	7	1	0	88
9	50% discounts	0	0	0	0	0	0	0	0	0	0
10	Empty Properties undergoing repair 50% disc	0	0	2	0	0	0	0	0	0	2
11	Former Class C 100% Disc 1 month	0	2	0	0	2	2	0	0	0	6
12	No discounts	0	8	54	54	28	45	41	24	0	254
13	TOTAL EQUIVALENT DWELLINGS	0.00	12.83	75.25	81.00	37.33	49.08	46.25	24.75	0.00	326.50
14	Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
15	BAND D EQUIVALENTS	0.00	8.56	58.53	72.00	37.33	59.99	66.81	41.25	0.00	344.46
					Empty Homes Premium						0.83
					Estimated collection rate (%)						98.5
					Council Tax Base						340.1
					LCTS Adjustment						-16.4
					Adjusted Tax Base						323.7

HEADLAND
CALCULATION OF TAX BASE 2019/20
12% LCTS Cut

6.2 Appendix 7

line	VALUATION BAND	@	A	B	C	D	E	F	G	H	TOTAL
1	No. of properties in band		1326	289	78	23	7	2	1	0	1726
2	Exempt dwellings		25	3	1	1	0	0	0	0	30
3	Demolished dwellings		0	0	0	0	0	0	0	0	0
4	CHARGEABLE DWELLINGS (line 1 - line 2- line 3)		1301	286	77	22	7	2	1	0	1696
5	Disabled reductions		6	4	2	1	0	0	0	0	13
6	Effectively chargeable	6	4	2	1	0	0	0	0	0	13
7	ADJ CHARGEABLE DWELLINGS (line 4 - line 5 + line 6)	6	1299	284	76	21	7	2	1	0	1696
8	25% discounts	2	651	88	21	4	3	0	0	0	769
9	50% discounts	2	2	0	0	0	0	0	0	0	4
10	Empty Properties undergoing repair 50% disc	0	7	1	1	0	0	0	0	0	9
11	Former Class C 100% Disc 1 month	0	25	7	0	0	0	0	0	0	32
12	No discounts	2	614	188	54	17	4	2	1	0	882
13	TOTAL EQUIVALENT DWELLINGS	4.50	1129.67	260.92	70.25	20.00	6.25	2.00	1.00	0.00	1494.58
14	Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
15	BAND D EQUIVALENTS	2.50	753.11	202.94	62.44	20.00	7.64	2.89	1.67	0.00	1053.19
					Empty Homes Premium						2.5
					Estimated collection rate (%)						98.5
					Council Tax Base						1039.8
					LCTS Adjustment						-315.4
					Adjusted Tax Base						724.4

6.2 Appendix 8

line	VALUATION BAND	@	A	B	C	D	E	F	G	H	TOTAL
1	No. of properties in band		0	5	5	2	3	0	0	0	15
2	Exempt dwellings		0	0	0	0	0	0	0	0	0
3	Demolished dwellings		0	0	0	0	0	0	0	0	0
4	CHARGEABLE DWELLINGS (line 1 - line 2- line 3)		0	5	5	2	3	0	0	0	15
5	Disabled reductions		0	0	0	0	0	0	0	0	0
6	Effectively chargeable	0	0	0	0	0	0	0	0	0	0
7	ADJ CHARGEABLE DWELLINGS (line 4 - line 5 + line 6)	0	0	5	5	2	3	0	0	0	15
8	25% discounts	0	0	2	1	0	0	0	0	0	3
9	50% discounts	0	0	0	0	0	0	0	0	0	0
10	Empty Properties undergoing repair 50% disc	0	0	0	0	0	0	0	0	0	0
11	Former Class C 100% Disc 1 month	0	0	0	0	0	0	0	0	0	0
12	No discounts	0	0	3	4	2	3	0	0	0	12
13	TOTAL EQUIVALENT DWELLINGS	0.00	0.00	4.50	4.75	2.00	3.00	0.00	0.00	0.00	14.25
14	Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
15	BAND D EQUIVALENTS	0.00	0.00	3.50	4.22	2.00	3.67	0.00	0.00	0.00	13.39
Empty Homes Premium											0
Estimated collection rate (%)											98.5
Council Tax Base											13.2
LCTS Adjustment											0
Adjusted Tax Base											13.2

6.2 Appendix 9

line	VALUATION BAND	@	A	B	C	D	E	F	G	H	TOTAL
1	No. of properties in band		2	0	1	6	2	2	1	1	15
2	Exempt dwellings		0	0	0	0	0	0	0	0	0
3	Demolished dwellings		0	0	0	0	0	0	0	0	0
4	CHARGEABLE DWELLINGS (line 1 - line 2- line 3)		2	0	1	6	2	2	1	1	15
5	Disabled reductions		0	0	0	0	0	0	0	0	0
6	Effectively chargeable	0	0	0	0	0	0	0	0	0	0
7	ADJ CHARGEABLE DWELLINGS (line 4 - line 5 + line 6)	0	2	0	1	6	2	2	1	1	15
8	25% discounts	0	2	0	1	3	0	0	0	0	6
9	50% discounts	0	0	0	0	0	0	0	0	0	0
10	Empty Properties undergoing repair 50% disc	0	0	0	0	0	0	0	0	0	0
11	Former Class C 100% Disc 1 month	0	0	0	0	0	0	0	0	0	0
12	No discounts	0	0	0	0	3	2	2	1	1	9
13	TOTAL EQUIVALENT DWELLINGS	0.00	1.50	0.00	0.75	5.25	2.00	2.00	1.00	1.00	13.50
14	Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
15	BAND D EQUIVALENTS	0.00	1.00	0.00	0.67	5.25	2.44	2.89	1.67	2.00	15.92
Empty Homes Premium											0
Estimated collection rate (%)											98.5
Council Tax Base											15.7
LCTS Adjustment											0
Adjusted Tax Base											15.7

FINANCE AND POLICY COMMITTEE

17th December 2018



Report of: Director of Regeneration and Neighbourhoods

Subject: NEIGHBOURHOOD INVESTMENT AND HIGHWAY IMPROVEMENT PROGRAMME

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 For information.

2. PURPOSE OF REPORT

2.1 To provide an update on the capital investment programme that will deliver improvements to neighbourhoods across Hartlepool through the Neighbourhood Investment Programme and Highway Improvement Programme.

3. BACKGROUND

- 3.1 In March 2017 Finance and Policy Committee considered a programme of capital investment to deliver improvements to neighbourhoods across Hartlepool.
- 3.2 Schemes were submitted by Ward Members for consideration and assessed on the following criteria,
- A scheme falls within an area in need of physical and social regeneration;
 - The scheme contributes towards community wellbeing; and
 - The scheme has a positive impact on community safety.
- 3.3 Alongside this scheme a programme of highway improvement works were agreed by the Neighbourhood Services Committee on 12th September 2018.
- 3.4 The two programmes will run concurrently and both benefit from funds provided from Thirteen Group.

4. PROPOSALS

Neighbourhood Improvement Programme (NIP)

- 4.1 A document has been produced outlining the details available on each scheme. It provides the current timetable for the works and costs where these are available, alongside location plans and photographs of the sites. A copy of the document can be found in **Appendix 1**.
- 4.2 Since the last committee one new project was proposed and installed; the creation of a memorial wood at Summerhill. It was developed to commemorate the end of the First World War with five trees donated to the project by Mike Hill MP through the Queen's Commonwealth Canopy Scheme, which will plant fifty thousand trees across the UK to create a network of forest conservation initiatives.
- 4.3 A further scheme was proposed by a Member for consideration, namely improvements to the existing play area at Hindpool Close. The scope for enhancements was constricted due to Thirteen Group owning the land alongside the play space, however discussions with Thirteen Group have resolved this with the offer of funds for works to the space, and the potential gift of an area of land.
- 4.4 Further detailed work has been carried out on the schemes proposed for the Headland. Considering the repairs to the Town Square it is estimated that there will be an increase in the costs from £66,000 to £77,450 as additional unexpected works have been included, such as drainage improvements to the area. Investigation work is also underway in order to assess potential enhancements that can be made to the Junior Play Area although final costs are still awaited. It is proposed that any increase in costs on both of these projects are taken from the contributions provided by Thirteen Group.
- 4.5 The Council have secured £550,000 of funding to deliver improvements to Rossmere Park and works to deliver this project commenced on 4th December. Anti-social behaviour and damage to play equipment remains an issue in all of our parks, therefore it is proposed that the installation of CCTV into our four main parks of Burn Valley, Rossmere, Seaton and Ward Jackson is considered further. This will involve costs to be obtained and funding sources explored, which could involve reallocating funding previously earmarked to use on our gateway roundabouts and barriers as these schemes are still to be progressed. In addition improvement to Jutland Road and Church Street CCTV will also be undertaken.

Highway Improvement Programme (HIP)

- 4.6 A document has been produced outlining the location, extents and estimated costs of each scheme. It provides detail on schemes completed, schemes under construction and planned future works as well as photographs showing the improvement works. A copy of the document can be found in **Appendix 2**.

Section 106 Funding

- 4.7 Scope for including 106 Funding within the existing approved schemes has been investigated however unfortunately it would appear that the agreed projects cannot be matched to any of the existing funds. As the programme develops this source of finance will continue to be considered as contributions are received from developers which may support the delivery of these schemes.

Thirteen Group

- 4.8 Thirteen Group have allocated a total of £250,000 towards the above programmes. After assessing the schemes they have proposed that this sum is allocated towards the following projects.

Scheme	Allocation £,000	Comment
NIP; Headland Regeneration Schemes, <ul style="list-style-type: none"> • Town Square • Union Street Railings • Headland Junior Play Area 	£50	Union Street railings run alongside property owned by Thirteen Group.
NIP; Roundabouts at key gateways	£10	
NIP; King Owsy Shops	£55	
NIP; Hindpool Close Play Area	£40	This is an additional scheme which will be funded solely by Thirteen Group
NIP; Off street parking at Balmoral Road	£50	This is an additional scheme to complement the Rossmere Park project and it will be funded by Thirteen Group
HIP; Highways schemes	£45	This will be invested in existing agreed highways schemes
Total	£250	

- 4.9 Further to the funding outlined above Thirteen Group have proposed a new scheme offering to pay for the installation of six Belly Bins in the Owton Manor area, and these locations are currently being considered by the team.

5. RISK IMPLICATIONS

- 5.1 The risk associated with this programme relates to ongoing maintenance and future revenue liabilities, particularly in relation to play facilities and replacement equipment, for example the additional new play equipment and land at Hindpool Close would increase maintenance requirement in this area.
- 5.2 Options available to mitigate the risk to the Council are to create a sinking fund of £50k over 5 years from the resources available, alternatively additional

recurring revenue budgets could be used however this will result in savings having to be sought elsewhere.

6. FINANCIAL CONSIDERATIONS

- 6.1 Confirmation has been received that the Rossmere Park Scheme will be covered by Mondegreen EB Ltd therefore the unallocated budget set aside for this project can be moved back into the main Neighbourhood Investment Programme budget.
- 6.2 Thirteen Group have gifted £250,000 as outlined above for projects across the agreed programme. It is proposed that these sums will be allocated to each project outlined in 4.8 and any underspend on completion is put back into the main budget to enable new schemes to be brought forward.
- 6.3 Funds were taken from the existing budget in order to create the Memorial Wood at Summerhill, with the costs for these works being finalised at the time of writing this report. This leaves a budget of £483,000 (less the cost of the Summerhill Scheme).
- 6.4 Funding for the Highway Improvement Programme is £2,530,019 (including Thirteen contribution of £45,000). Expected spends for the first phase of completed resurfacing works and ongoing verge schemes are £474,290 which is 19% of the total programme budget.

7. LEGAL CONSIDERATIONS

- 7.1 The programme of investment supports the priorities set out within the Council Plan and is supported by the general power of competence provided for in Section 1 to 8 of the Localism Act 2011.

8. CONSULTATION

- 8.1 Consultation was carried out with Members in November 2016 in order to inform Councillors of the intention to develop this programme and to obtain initial views.
- 8.2 Further consultation has taken place in those areas where works are proposed prior to schemes being implemented. Where appropriate consultation has been carried out with Ward Members, residents and Parish Councils.

9. CHILD AND FAMILY POVERTY

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

10. EQUALITY AND DIVERSITY CONSIDERATIONS

10.1 There are no equality and diversity implications relating to this report.

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

11.1 There are no Section 17 considerations relating to this report.

12. STAFF CONSIDERATIONS

12.1 There are no staff considerations relating to this report.

13. ASSET MANAGEMENT CONSIDERATIONS

13.1 The capital investment programme will renew and improve the authority's assets and should therefore have a positive effect on maintenance budgets. Where new assets are introduced, for example an additional playspace, some ongoing safety inspection and maintenance requirements will be generated along with associated revenue costs.

14. RECOMMENDATIONS

14.1 It is recommended that Finance and Policy Committee:

- a) Note the current progress on implementing the Neighbourhood Investment Programme and Highway Investment Programme.
- b) Note the allocation of £250,000 from Thirteen Group to support the schemes outlined in Section 4.8.
- c) Agree to the proposed addition of enhanced play facilities at Hindpool Close being included in the programme.
- d) Approve the donation of six belly bins from Thirteen Group to be installed at Owton Manor as outlined in Section 4.9.
- e) Note the works that were recently carried out to the Memorial Woodland at Summerhill.
- f) Reallocate the funding from roundabouts and barriers to install CCTV in our Parks, improve CCTV in Church Street and Jutland Road as a priority.

15. REASONS FOR RECOMMENDATIONS

- 15.1 The report and appendices provide an update on the current position of both Investment Programmes.
- 15.2 The report provides details of the donation from Thirteen Group which will support both Programmes by increasing the available funds for investment.

16. BACKGROUND PAPERS

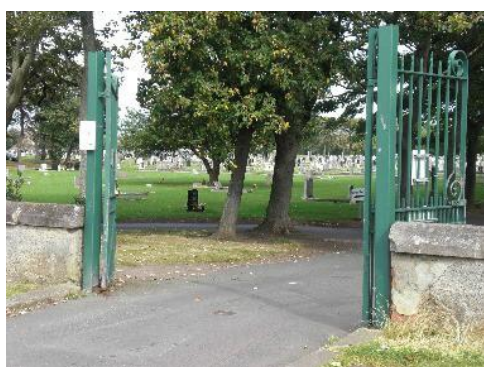
- 16.1 Finance and Policy Committee Report, 27th March 2017, Neighbourhood Investment Programme.
- 16.2 Finance and Policy Committee Report, 12th March 2018, Neighbourhood Investment Programme.
- 16.3 Finance and Policy Committee Report 18th June 2018, Medium Term Financial Strategy – Capital Programme and Minimum Revenue Provision (MRP) Review
- 16.4 Council Report 21st June 2018 - Medium Term Financial Strategy – Capital Programme and Minimum Revenue Provision (MRP) Review
- 16.5 Neighbourhood Services Committee Report, 12th September 2018, Highway Investment Programme.

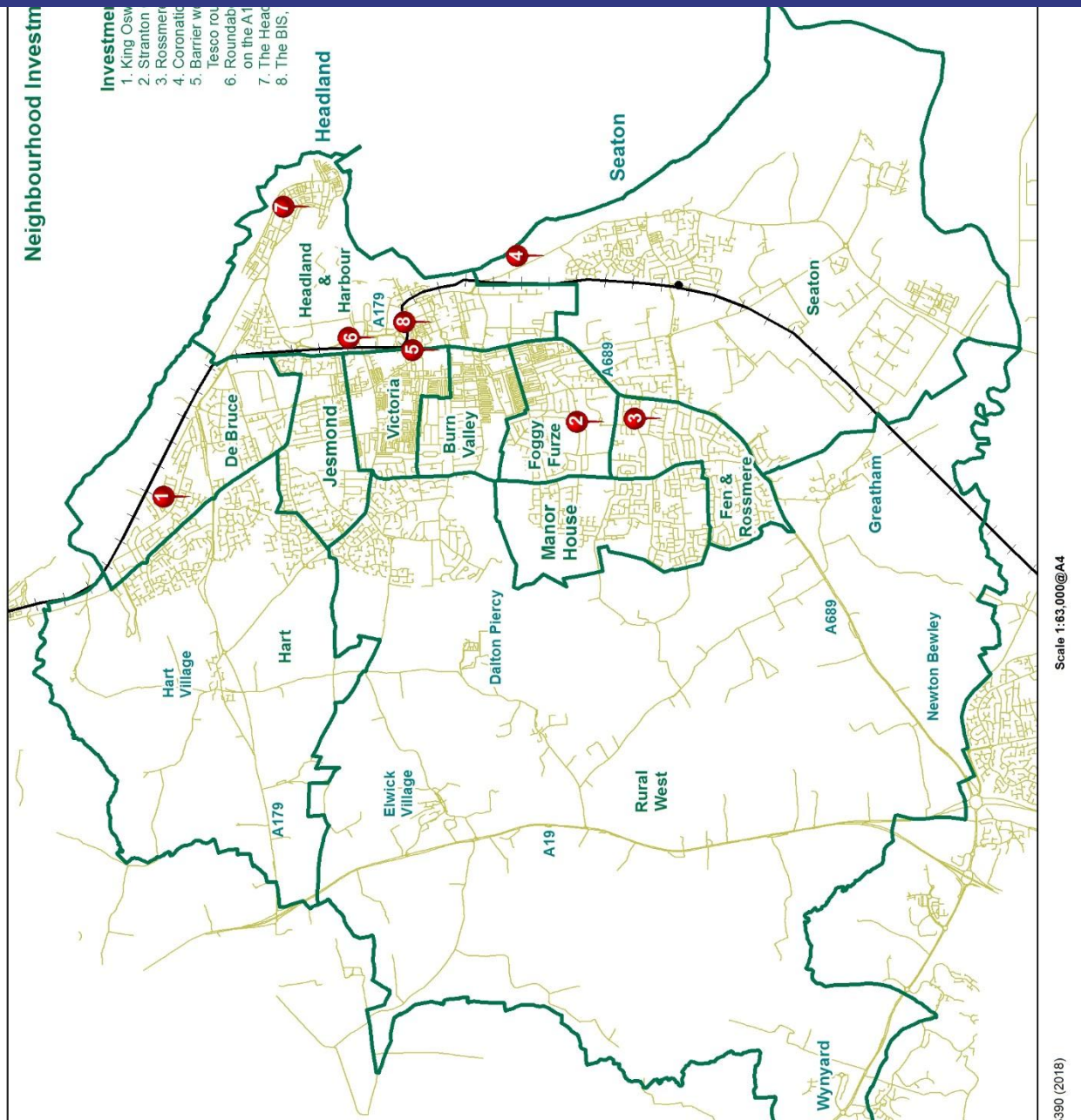
17. CONTACT OFFICERS

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Neighbourhood Investment Programme December 2018





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Introduction

On 27th March 2017 the Finance and Policy Committee considered a programme of capital investment to deliver improvements to neighbourhoods across Hartlepool, known as the Neighbourhood Investment Programme.

Schemes were submitted by Ward Members for consideration and assessed on the following criteria,

- A scheme falls within an area in need of physical and social regeneration.
- The scheme contributes towards community wellbeing.
- The scheme has a positive impact on community safety.

The first phase of schemes are,

1. Shopping Parades; King Oswy Drive
2. Rossmere Park
3. Stranton Cemetery
4. Playspace on Coronation Drive
5. Paving works around the BIS, Whitby Street
6. Barrier works between Tesco Roundabout and Middleton Road
7. Roundabouts at Key Gateway Points
8. The Headland; prevent deterioration on previous regeneration schemes and provide improved access to the memorial in Redheugh Gardens

This document outlines the details available on each scheme. It provides the current timetable for the works and costs where these are available, alongside location plans and photographs of the sites which are geographically spread across the town as shown on page 1.

In addition to the projects outlined a number of schemes have now been completed using funds from the Neighbourhood Investment Programme, this includes the resurfacing of the Headland Paddling Pool and the creation of a memorial wood at Summerhill.

The document will be updated on an annual basis to record the progress made on delivering the projects described.

Stranton Cemetery



A scheme was developed to identify an appropriate funeral vehicle route through the cemetery and to designate other routes as 'pedestrian only'. A barrier, operated on a fob system has been installed at the Tanfield Road entrance of the cemetery in order to restrict cars passing through. In addition officers engaged with St. Theresa's School who produced 'posters' to highlight issues within the cemetery and these are now installed throughout the site.

Improvements to the access and road leading to the car parking area on the Brierton Lane entrance are now being investigated.

Timescale

Key Actions	Timescale	Responsible Officer/Service
Investigate improved access and route to car park	December 2018 – February 2019	Richard Harlanderson
Tender etc	March – May 2019	
Works Start on Site	June - August 2019	
Works Completed	September 2019	

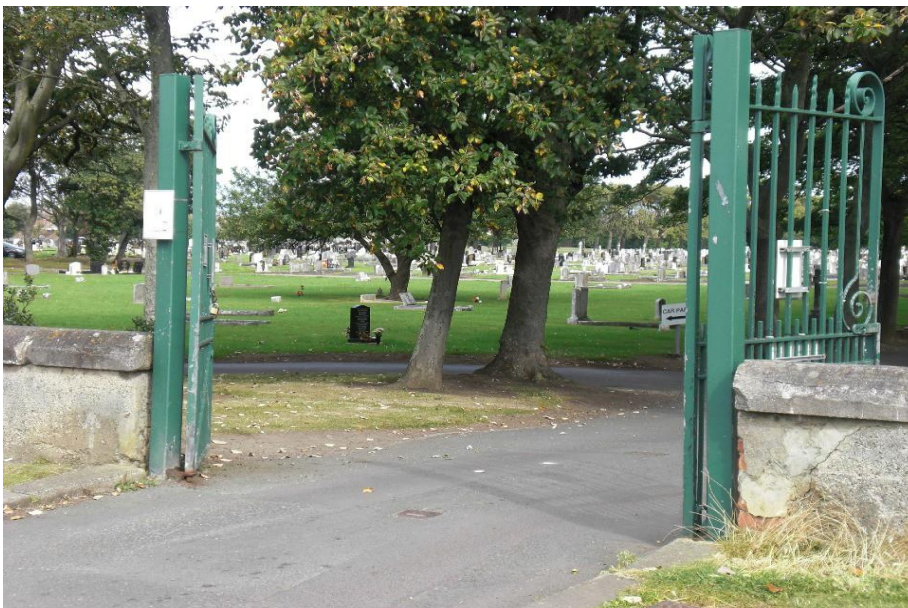
Final Cost for works to the barrier

£24, 000

Remaining budget for access improvements to Brierton Lane, £21,000

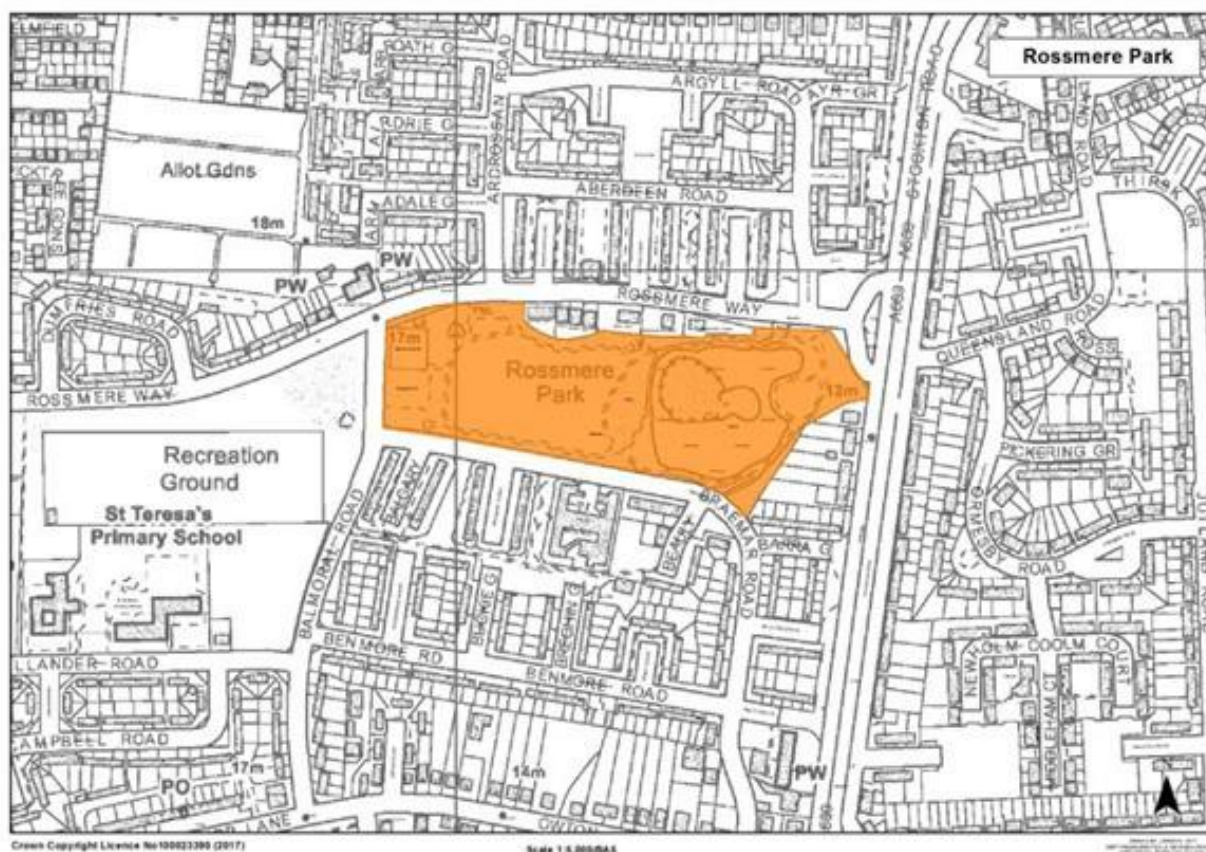


Barrier at Tanfield Road



Access from Brierton Lane where route to car park will be improved.

Rossmere Park



A master plan was produced for Rossmere Park in 2015. The plan proposes a new car park, a paved space covered by a canopy which can be used for events, works to the pond to improve water quality and enhance the existing concrete pond edge and refurbishment of existing play areas. These redevelopments within the park will result in a more attractive recreational space for local families and visitors to enjoy outdoor activities. This will make a positive contribution to community health and wellbeing by introducing a new main play area and toddler play area.

Mondegreen EB Ltd who administer schemes funded through Land Fill Tax Credits have agreed to provide grant funding to support the implementation of this project.

Timescale

Key Actions	Timescale	Responsible Officer/Service
Prepare designs for play area	September - December 2017	Steven Wilkie
Planning Application	December 2017	Steven Wilkie
Submit funding application	February 2018	Sarah Scarr
Tender	September 2018	Steven Wilkie
Works Start on Site	4 th December 2018	Steven Abbey
Works Completed	December 2019	Steven Abbey

Estimated Cost

£550,000

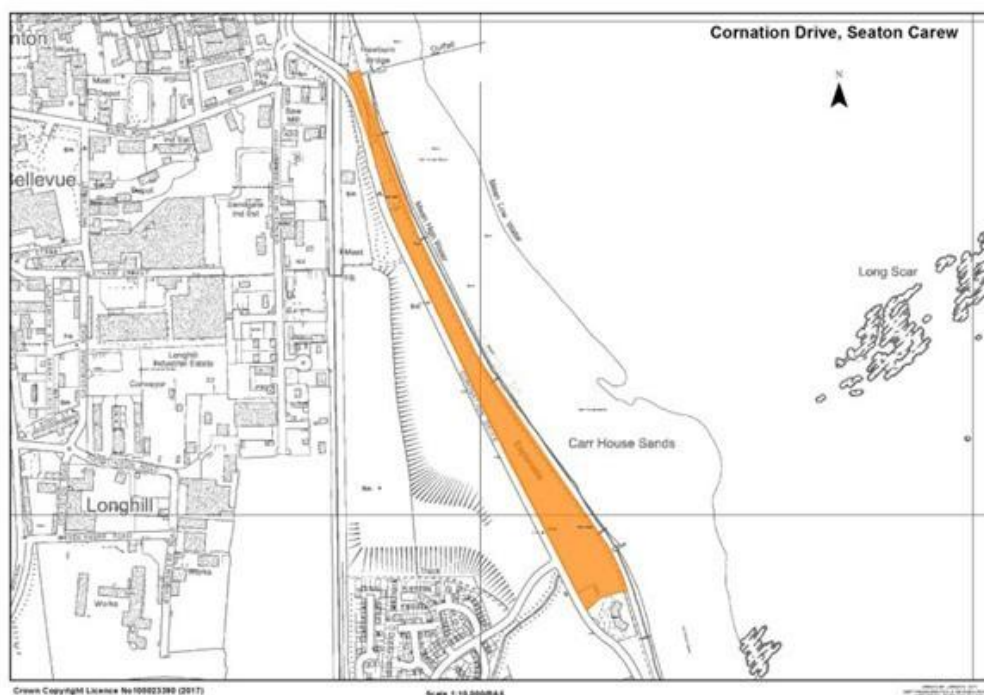


Play Area, Rossmere Park to be improved with the toddler play area moved near the café.



Pond to be enhanced

Coronation Drive



This project involves provision of two additional play areas to complement the existing Playbuilder sites located along Seaton Carew Promenade. The objective of these sites is to provide a linear play park that follows the promenade, offering increased opportunities for families to use the site and encouraging improvements in health and wellbeing through physical activity.

Monitoring of the existing Playbuilder sites installed in 2011 has indicated that the sites are being used as intended, with children encouraged to move along the promenade through their interaction with the play sites. The proposed scheme intends to provide two new play spaces creating an improved start/end play site near Seaton Reach and an intermediate site to link up with the Newburn Bridge site. The funding will also allow for a small number of satellite play areas to be incorporated along the promenade to maintain interest; these will generally consist of a single piece of equipment. The majority of the sites will also include seating to allow for adult supervision. The play equipment will feature robinia timber, as per the existing, which is known for its robustness and good resistance to vandalism (including arson). These proposals will also support the wider Seaton Carew Masterplan by providing enhanced family facilities that encourage movement along the promenade.

Timescale

Key Actions	Timescale	Responsible Officer/Service
Prepare designs for play area	September - November 2017	Steven Wilkie
Planning Application	December 2017	Steven Wilkie
Tender	June 2018	Steven Wilkie
Works Start on Site	6 th November 2018	Steven Wilkie
Works Completed	December 2018	Steven Wilkie

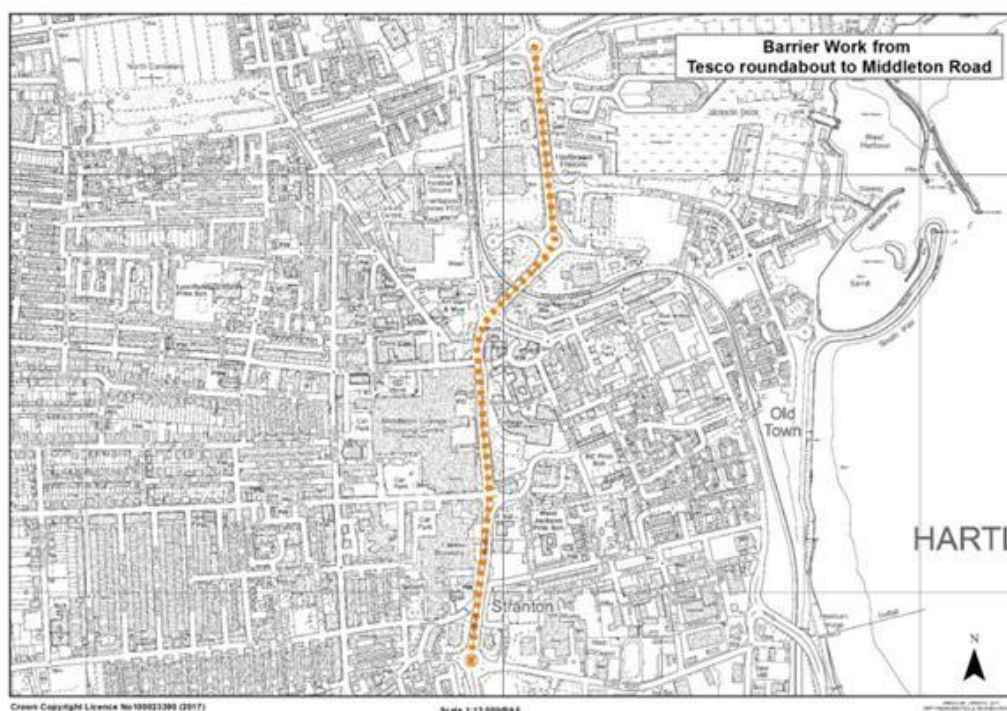
Estimated Cost

£70,000



Works on site at new play area Coronation Drive

Barrier Works from Tesco roundabout to Middleton Road



A scheme of replacement railings in Stockton Street has already been designed and it is proposed to extend this to the full extent of the area surveyed. An example of the type of railing proposed is shown on page 11.

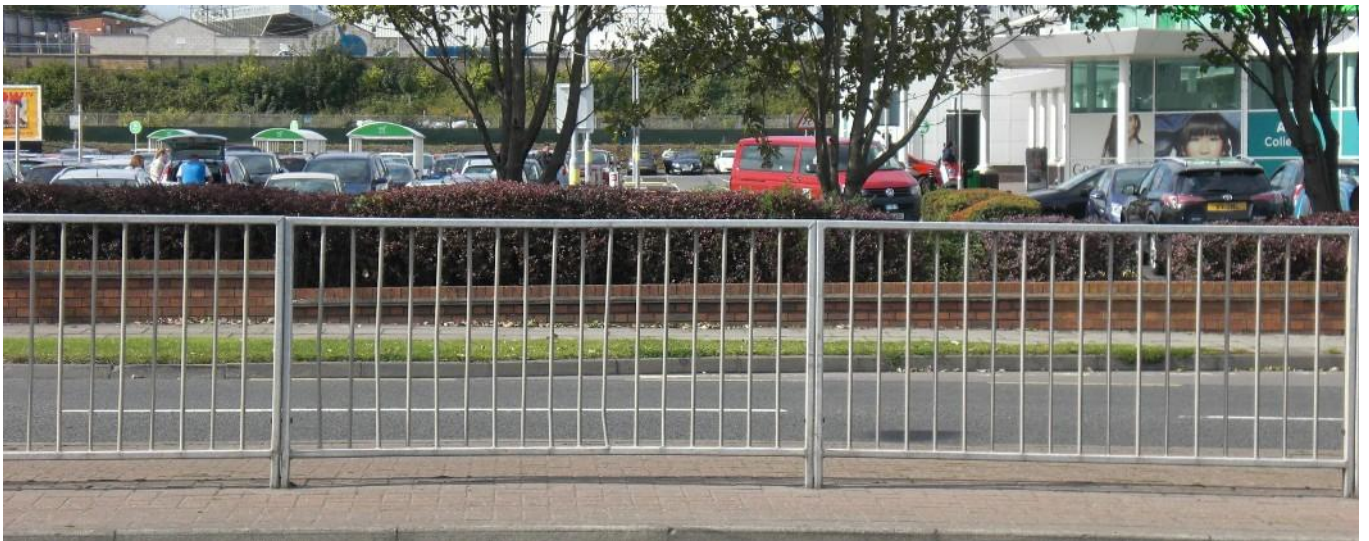
A review has been carried out by the Transport & Infrastructure Team of the railings along this stretch of the road to confirm where replacement is required and where railings can be removed in order to reduce the clutter alongside the highway.

Timescale

Key Actions	Timescale	Responsible Officer/Service
Survey barriers and prepare options	Completed	Chris Roberts
Tender etc	December 2018	Brendan Colarossi
Works start on site	January 2019	
Works Completed	July 2019	

Estimated Cost

£400,000

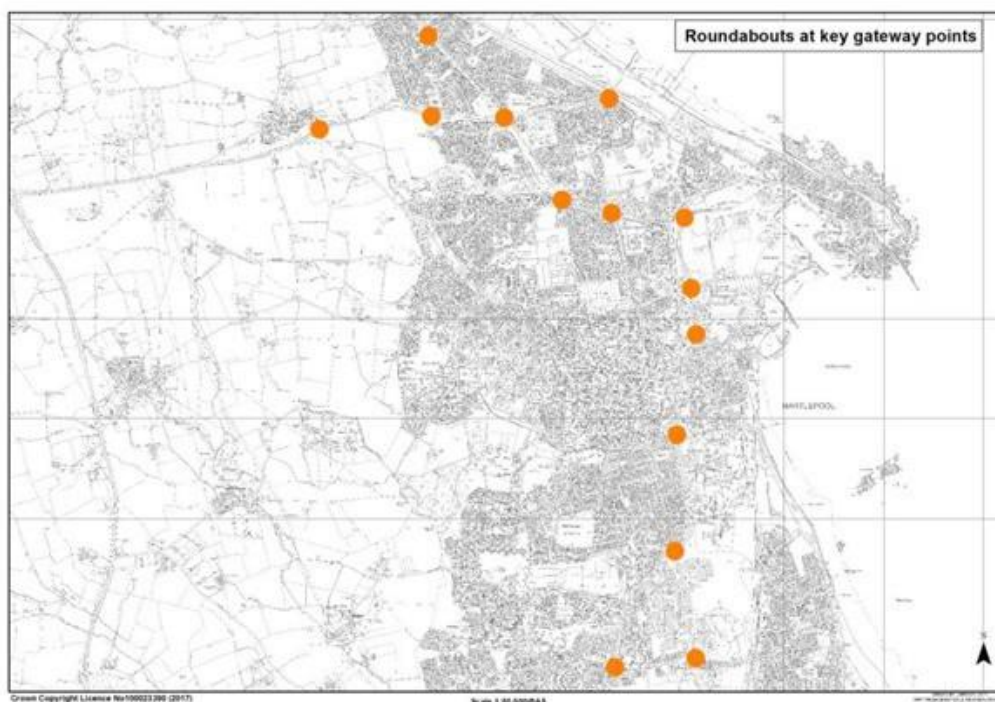


Examples of barriers to Marina Way



Proposed replacement barrier

Roundabouts at Key Gateway Points



Enhancement works are proposed to key roundabouts on the strategic road network to create a sense of arrival when approaching the Town Centre and Coastal frontage.

This was identified as a medium term priority project with cost estimates based on the creation of new features at two roundabouts. Since this time further consideration has been given to a wider enhancement works on multiple roundabouts with soft and hard landscaping works used to create gateway features at significant points.

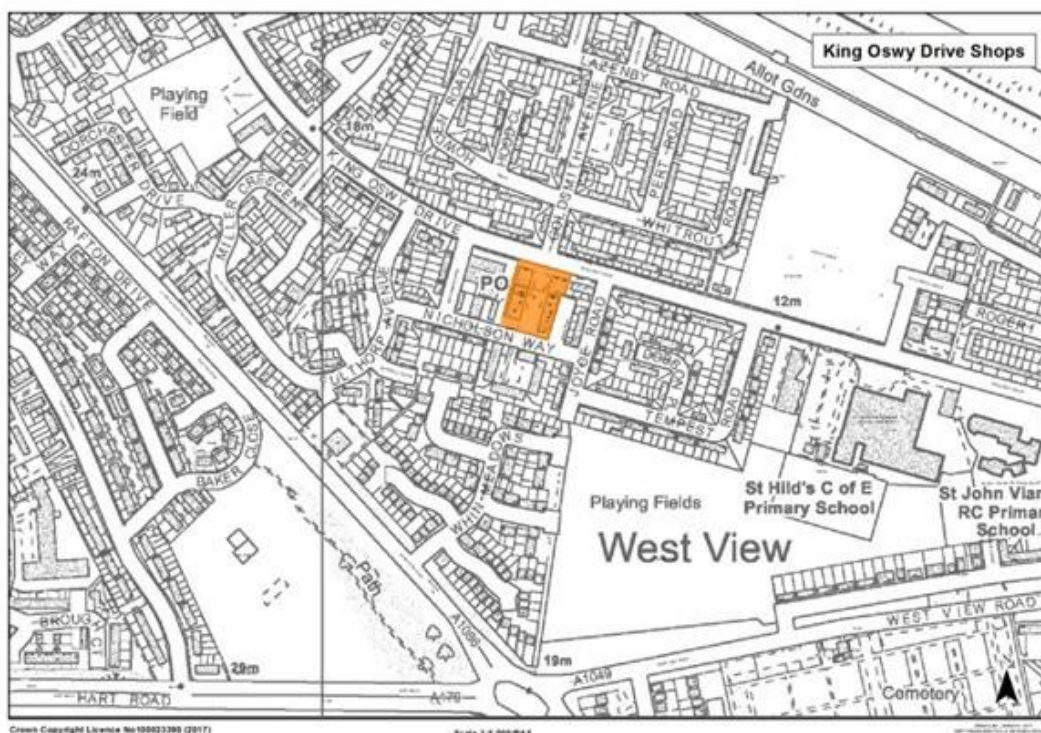
Timescale

Key Actions	Timescale	Responsible Officer/Service
Carry out assessment of the roundabouts to determine sites and potential designs.	October – December 2018	Guy Rawlinson
Consultation with Members and other interested parties on proposals	January – March 2019	
Prepare tender and apply for appropriate consents	April – July 2019	
Works start on site	September 2019	TBC

Estimated Cost

£200,000

King Oswy Drive Shops



There are several shopping parades within the borough in need of improvement work to the public realm; those at King Oswy Drive have been highlighted as a priority requiring particular attention. Works that improve the visual amenity of the shopping area are likely to promote a sense of community pride and wellbeing. Engagement with shopkeepers and other stakeholders is critical, while additional work to scope out the detailed proposals and costs are required.

Initial discussions have taken place with Members regarding the aspirations for the shopping parade. Based on these discussions designs will be compiled and shown to members prior to consultation being carried out with owners and visitors to the shops.

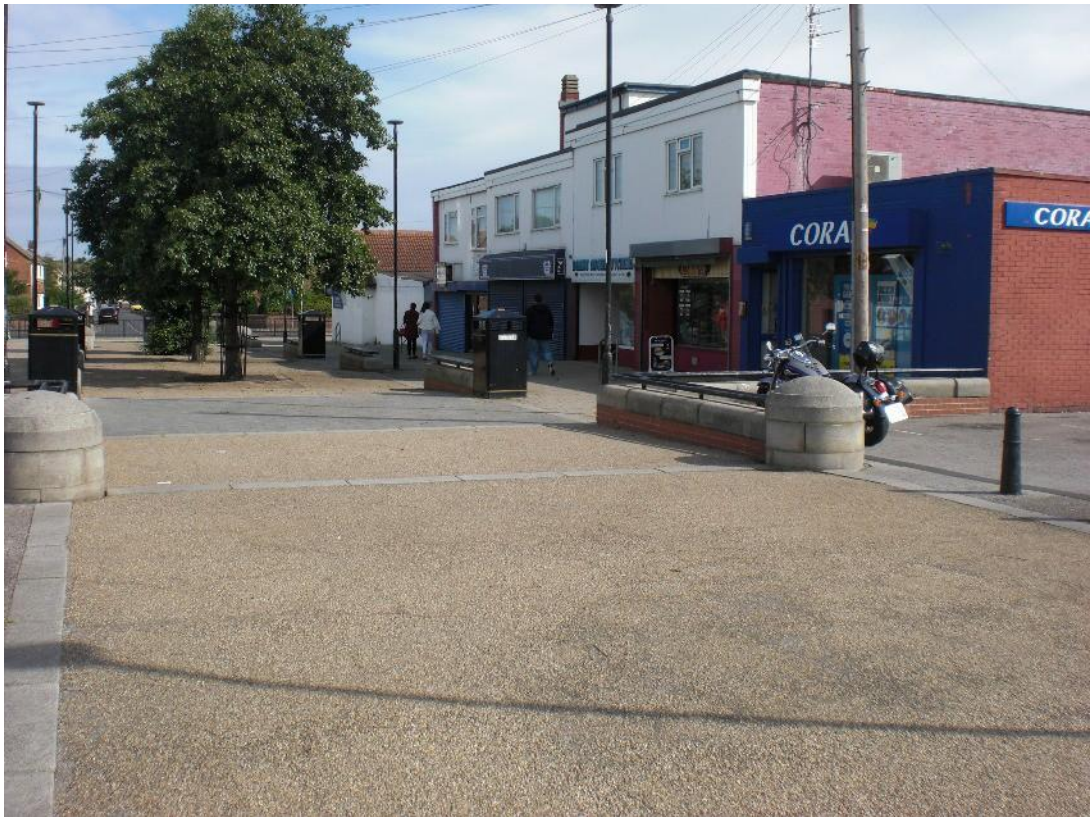
Alongside the works to improve the public realm it is understood that there is a desire to consider a grant scheme for the shops in the area. In order to progress this further work is required in order to define the criteria for offering grant and how such a project would be managed.

Timescale

Key Actions	Timescale	Responsible Officer/Service
Initial Consultations with Members to discuss aspirations	14 th September 2017	Sarah Scarr
Prepare Proposals/Identify Costs	December 2017 - January 2018	Steven Wilkie
Consult on Proposals	April 2018	Sarah Scarr
Appropriate consents if required/Tender	September 2018	Guy Rawlinson
Works start on site	January 2019	Guy Rawlinson

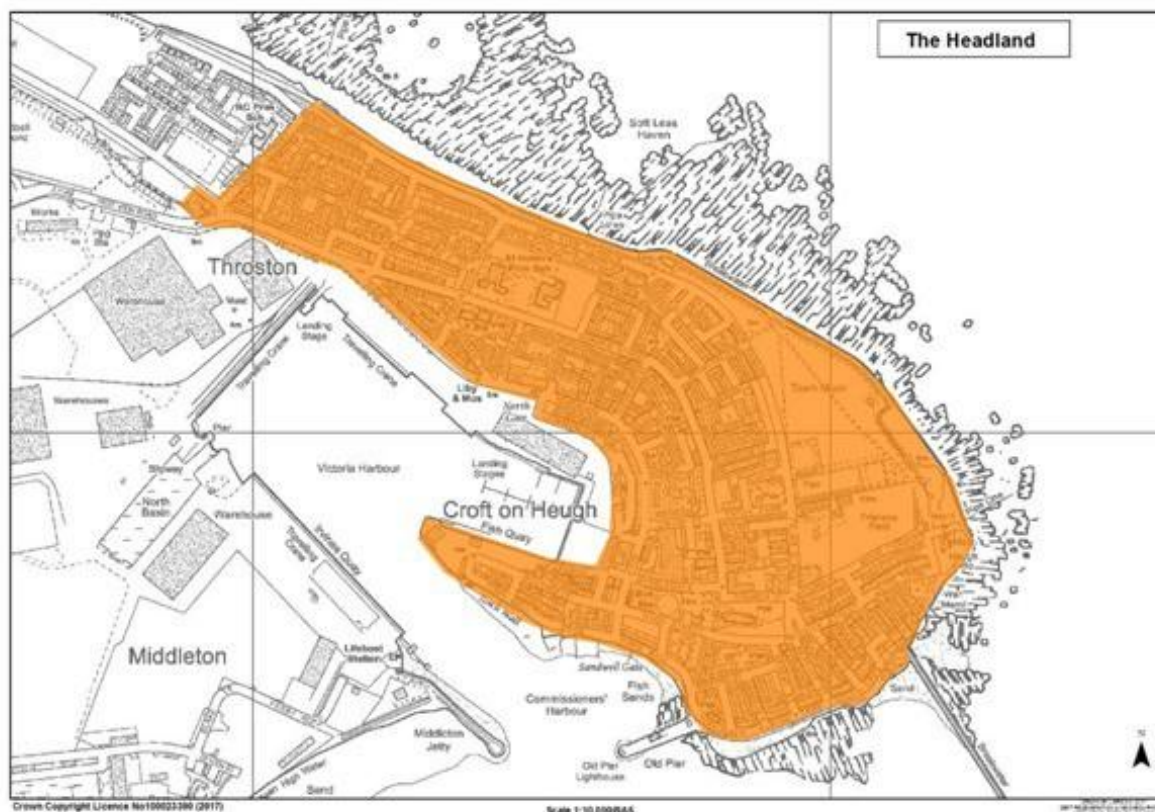
Estimated Cost

£290,000



King Oswy Drive shops

The Headland



A number of schemes on the Headland have been identified. Already completed is the resurfacing work to the Paddling Pool which was finished for the summer season. In addition a slide was installed in the play area off Marine Crescent in November.

The following schemes are currently in development,

- An assessment of the Town Square has been carried out to identify repairs needed to restore the area. This will include, cleaning work, repairs to the timeline and replacing planting where necessary.
- The railings on Union Street will be removed, cleaned and repainted prior to reinstallation.
- Permanent footpaths are proposed in Redheugh Gardens across the grassed areas to enhance access to the memorial.
- Painting works and repairs to the fencing are proposed at the Junior Play Area with further investigation required into the potential to install a new surface area.

Timescale

Project	Timescale	Responsible Officer/Service
Town Square	Consultation; December – January 2018 Works being on site; March 2019	Guy Rawlinson
Union Street Railings	Works being on site; February 2019	Guy Rawlinson
Headland Junior Play Area	TBC	Debbie Kershaw
Redheugh Gardens	TBC	Steve Wilkie

Estimated Cost

Railings, Union Street - £15,000

Repairs to Town Square - £64,000

Footpath to Redheugh Gardens - £8,500

Junior Play Area - TBC

Completed Works

Paddling Pool Resurfacing - £17,000

New slide - £7,500



Headland Town Square



Redheugh Gardens

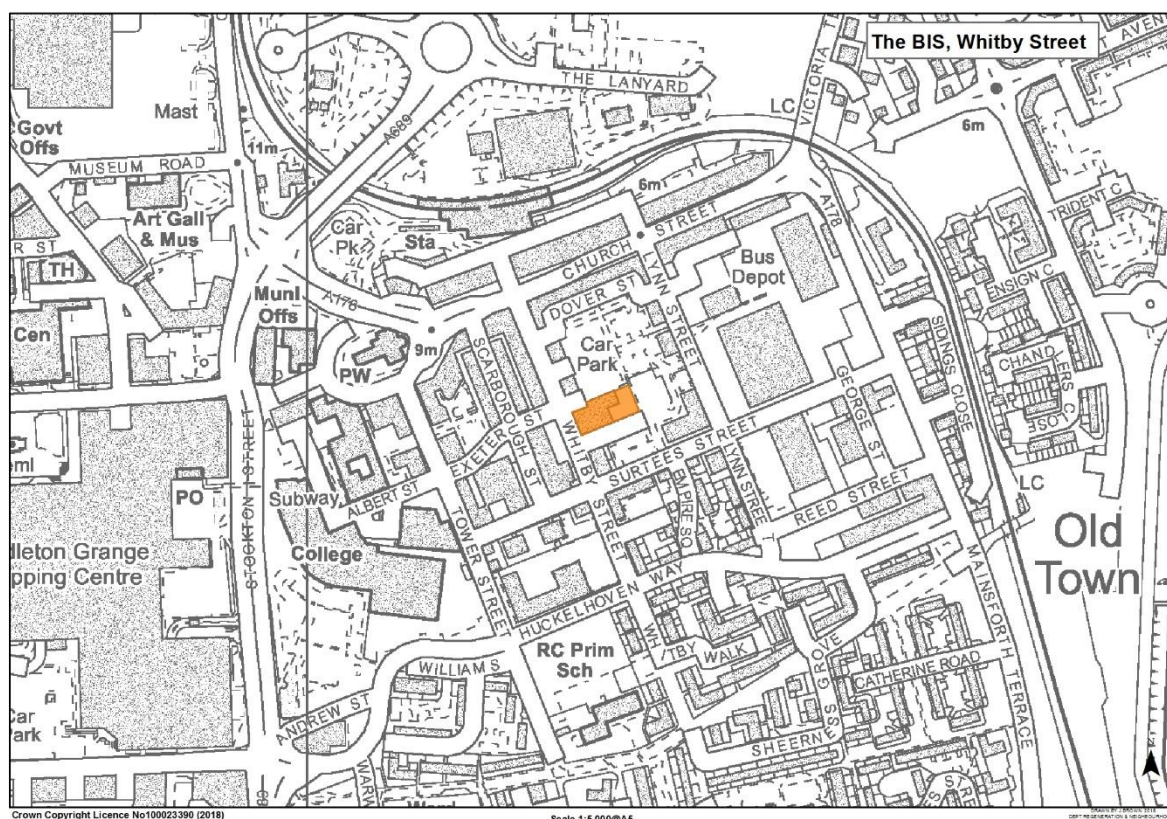


Railings, Union Street



Junior Play Area

The BIS



This site is a key project in the Innovation and Skills Quarter. The building is currently being restored and converted to small work units for businesses in the creative industries. Alongside the restoration of the property, paving works around the building are proposed to enhance the setting of the listed building and complement the investment in the property.

Timescale

Key Actions	Timescale	Responsible Officer/Service
Compile detailed designs for the works	September 2018	Guy Rawlinson
Works on site	TBC	

Estimated Cost

£105,000.



Former Post Office, Whitby Street which is currently being converted to the BIS.

Budget

Proposed schemes*

Investment priority	Estimated total cost
King Oswy Drive Shops**	£290,000
Stranton Cemetery	£45,000
Coronation Drive	£70,000
Barrier works from Tesco roundabout to Middleton Road	£400,000
Roundabouts at key gateway points**	£200,000
The Headland**	£112,000
The BIS paving	£105,000
Total	£1,222,000
Budget	£1,500,000
Balance unallocated***	£278,000

*Works in Rossmere Park will be solely funded by Environmental Body Ltd Grant

**Thirteen Group will contribute towards these projects, as detailed in the Finance & Policy Committee report 17th December 2018.

***Works to create the Memorial Wood will be funded from this total.



For further information about The Neighbourhood Investment Programme please contact:

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Highway Improvement Funding Programme December 2018





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Introduction

At the Council meeting on 21st June 2018 the proposal referred from Finance & Policy Committee to invest up to £2.5m in highways works was approved. The project is known as the 'Highway Improvement Funding Programme' and the total estimated cost of the Programme is £2,485,019.

This additional Programme complements the existing Programme approved at Committee in March 2018, which is nearing completion and comprises works totaling £1,251,000.

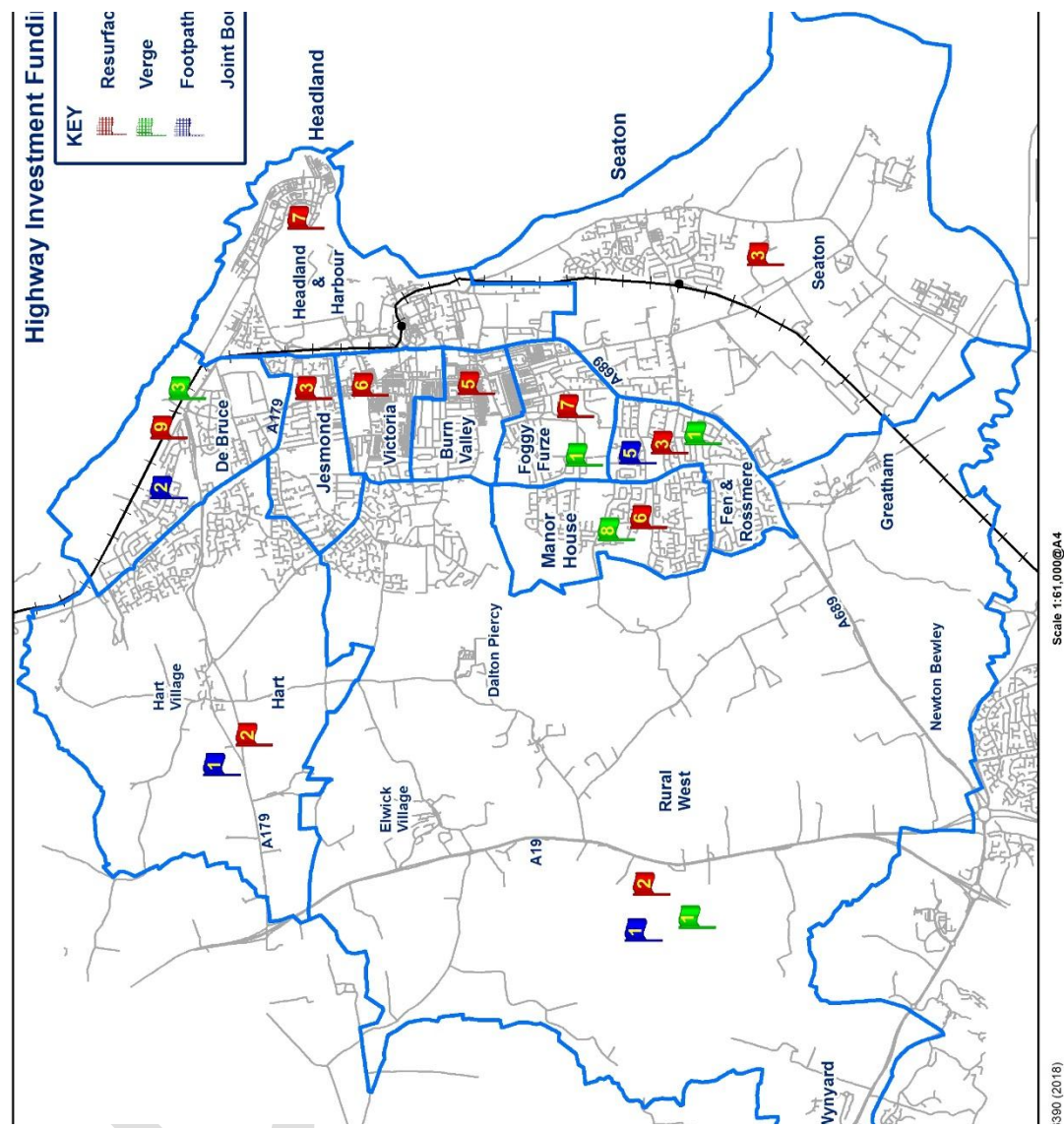
The decision to implement the Programme was due to the fact that the recent bad winter has taken its toll on the highway network, along with years of government funding cuts to highway maintenance budget allocations. To go some way to addressing this, and to also make improvements in residential neighbourhoods, the Council have put forward a range of schemes to focus on some of the worst areas of our highway network across the borough. Schemes have been highlighted from the Council's annual asset surveys, highway inspections, and complaints received from residents and Ward Members.

The Neighbourhood Services Committee agreed the funding of the schemes at a meeting on 12th September 2018 and the schemes are expected to be delivered by March 2020.

This document outlines the details of the three types of improvement scheme – carriageway resurfacing, footpaths and verge schemes. It also provides detail on the status and progress of the Programme.

The document will be updated on a quarterly basis to record the progress made on delivering the projects described.

Schemes by Ward



Carriageway Resurfacing

This element of the Programme involves the resurfacing of 56 carriageways within the Borough.

Design work on the first batch of twelve schemes was completed in October 2018 and resurfacing work took place mid-November till early December 2018.

The schemes which were resurfaced within the first batch are:-

OBAN AVENUE	Full
BARTON AVENUE	Full
VENTNOR AVENUE	Full
NORTHGATE	Various Areas
MARINE DRIVE	Full
MOOR TERRACE	Full
BAPTIST STREET	Full
KING OSWY DRIVE	D' Island
SPALDING ROAD	Sections
CARRICK STREET	Full
HALDANE GROVE	Full
WYNARD MEWS	West Side

It is anticipated that the next batch of schemes will be constructed during January/February 2019.

INSERT PHOTOGRAPHS OF BEFORES AND AFTERS WHEN WORKS HAVE BEEN CARRIED OUT MID NOV-EARLY DEC.

BEFORE PHOTOGRAPH

BEFORE PHOTOGRAPH

AFTER PHOTOGRAPH

AFTER PHOTOGRAPH

Footpath Schemes

This element of the Programme involves the resurfacing of eight footpaths and the creation of another within the Borough.

Design work on the first batch of twelve schemes was completed in October 2018 and resurfacing work took place mid-November till early December 2018.

The footpath resurfacing schemes within the first batch are:-

SPEEDING DRIVE	Sections
BRAEMAR ROAD	Section
BENMORE ROAD	Sections

It is anticipated that the next batch of schemes will be constructed during January/February 2019.

Verge Schemes

This element of the Programme involves the creation of parking areas on twelve verge areas around the Borough and two existing hardened verges will be resurfaced.

Design work on the first batch of schemes has been completed and work is already being carried out by the Council's in-house Highway Services Team.

The verge schemes within the first batch are:-

CHAUCER AVENUE	Start date 18/10/18 – Estimated completion 16/11/18
MUNRO GROVE	Started & completed during W/C 22/10/18
MACAULAY ROAD	To follow completion of Chaucer Av
MAXWELL ROAD	To follow completion of Macaulay Rd

It is anticipated that the next batch of schemes will be constructed during January/February 2019.

Munro Grove



Existing damaged surfacing shown above.



Resurfacing work is complete.

Chaucer Avenue



Existing parking issues shown above.



Construction work in progress underway.

Full Scheme List

Road	Location	Estimate
<u>Carriageway Schemes</u>		
Mowbray Road	Sections	£107,000
Cleveland Road	Mountbatten Close to Arch Court	£94,710
Grange Road	Wooler Rd to The Oval	£25,775
Northgate	Various Areas	£113,340
West View Road (A1049)	Railway Bridge to Brus R'dabout	£166,310
Wells Avenue	Full	£24,219
Brierton Lane	West of Catcote Road	£68,000
Gleneagles Road	Full	£32,292
Kingsley Avenue	Oxford Rd to 6th Form	£52,230
Marine Drive	Full	£69,552
Windermere Road	Brenda Rd to Haswell Ave	£14,130
Moor Terrace	Full	£12,730
Dalton Street	Full	£25,150
Baptist Street	Full	£16,925
Lister Street	York Rd to Waldon St	£57,450
Balmoral Road	Full	£48,130
Stockton Rd - St Aidan's School	Westbrooke Ave to Stratford Rd	£52,230
Catcote Road	Elwick Rd to Browning Ave	£146,763
Jesmond Gardens	Sections	£32,000
King Oswy Drive	D' Island	£38,760
Raby Road	Grainger St to Chester Rd	£21,340
	Burn Valley R'dabout to Vicarage Gdns	£25,445
Stockton Road	Near 4 Winds (Sections)	£18,800
Elwick Road	Raby Rd to Middleton Grange Lane	£23,245
Avenue Road	Full	£47,560
Loyalty Road	Sections	£34,560
Winterbottom Ave	Sections	£31,245
Warren Road	Full	£26,250
Hart Lane/ Dunston Rd R'dabout	Section near bend	£16,335
Throston Grange Lane	Sections	£22,850
Marlowe Road	Full	£17,445
Weldeck Road	Near Sports Domes	£18,560
Tees Road	Full	£22,330
Whitby Street North		

Dorset Street	Full	£14,560
West View Road Service Road	South side, Brus to Davison Dve	£14,550
Spalding Road	Sections	£13,050
The Grove	Full	£35,710
Oban Avenue	Full	£12,420
Barton Avenue	Full	£26,703
Carrick Street	Full	£18,630
Caenarvon Grove	Full	£25,620
Annandale Crescent	Full	£79,955
Bruntoft Avenue	Sections	£45,800
William Street	Full	£13,975
Wynyard Mews	West Side	£29,500
Staincliffe Road	Full	£17,225
Castle Howard Close	Full	£16,460
Tunstall Grove	Full	£14,904
The Crescent	Full	£15,220
Chatham Gardens	Full	£22,050
Haldane Grove	Full	£13,970
Linden Grove	Full	£27,750
Ventnor Avenue	Full	£26,750
North Gare Access Rd	Sections	£20,000
Duncan Road	Full	£31,150
Gulliver Road	Full	£23,345
Butts Lane, Hart	Sections	£14,500

Footpath Schemes

Hart Village Road	Section	£7,400
Hart Lane	Section	£6,500
Comrie Road	Sections	£20,500
Cairn Road	Sections	£5,000
Torquay Avenue	Sections	£15,000
Braemar Road	Section	£3,500
Benmore Road	Sections	£21,500
Speeding Drive	Sections	£14,000
Fulthorpe Avenue	Section	£16,750



VERGE SCHEMES

Marlowe Road	1st section from Catcote Rd (Exg tarmac verge)	£5,500
Munro Grove	Full (Existing tarmac verge)	£7,300
Maxwell Road	No's 57-67	£20,720
Kilmarnock Road	No's 20-36, and near Wynyard Rd junction	£33,420
Owton Manor Lane	No's 140-142	£4,500
Islay Grove		£11,200
Fulthorpe Avenue	No's 15-23	£8,000
West View Rd Slip Road	North side, Bruntoft to King Oswy Drive	£19,460
Sandbanks Drive		£6,000
Chaucer Avenue	Opposite playground	£22,820
Tarnston Road	North of Hayston Rd	£3,200
Ivanhoe Crescent	Opposite 10-16	£6,860
Truro Drive	Central Section	£7,600
Macaulay Road	Opposite Scott Grove	£2,500
Project Management & Supervision @ 5%		£118,331
Total		£2,485,019

* There is a risk that individual scheme costs may increase, but should this be the case this will be balanced by use of the main 2019/20 resurfacing budget.

WORK COMPLETE PHOTOGRAPH

WORK COMPLETE PHOTOGRAPH

For further information about The Highway Improvement Funding Programme please contact:

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FINANCE AND POLICY COMMITTEE

17 December 2018



Report of: Director of Finance and Policy

Subject: CORPORATE PROCUREMENT QUARTERLY
REPORT ON CONTRACTS

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 For information only.

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

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

4.2 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.

4.3 Commercial / Confidential information

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.

Appendix C 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.

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. CONSULTATION

- 8.1 No consultation required. Report for information only.

9. CHILD AND FAMILY POVERTY

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

10. EQUALITY AND DIVERSITY CONSIDERATIONS

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

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

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

12. STAFF CONSIDERATIONS

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

13. ASSET MANAGEMENT CONSIDERATIONS

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

14. RECOMMENDATIONS

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

15. REASONS FOR RECOMMENDATIONS

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

16. BACKGROUND PAPERS

- 16.1 There are no background papers.

17. CONTACT OFFICER

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Tel: 01429 523003

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
5/9/18	Roof Works at Rossmere Youth Centre Contract Reference 955-2018	4 Contractors were invited to quote for the renewal of roof coverings, timber roof structure on selected areas and other works.	2 months	R&N	Dufell Roofing Co Ltd Hodgson Sayers Ltd O'Connor Roofing Services	Darlington Stanley, Durham Hartlepool	100% Price & Pass Selection Questionnaire	Dufell Roofing Co Ltd	N/A
7/9/18	DFG 4974 – 7, Church Street Contract Reference 988-2018	3 companies were invited to submit bids for building a ground floor detached annexe.	N/A	C&A	HES Group Limited Paul Proudlock North East Site Services	Hartlepool Hartlepool Middlesbrough	100% Price	Paul Proudlock	N/A
18/9/18	Visitors Attraction & Events Feasibility Study Contract Reference 970-2018	6 companies were invited to submit proposals for a Visitor Attraction and separate Events Arena at The Waterfront Feasibility Study	October 2018 – March 2019	R&N	Planning Solutions Consulting Limited	Hampshire	70% Quality 30% Price	Planning Solutions Consulting Limited	N/A

7.1 APPENDIX A

18/9/18	WaterSports Hub Feasibility Study Contract Reference 969-2018	6 companies were invited to submit proposals for a Watersports Hub Feasibility Study.	October 2018 – March 2019	R&N	Planning Solutions Consulting Limited	Hampshire	70% Quality 30% Price	Planning Solutions Consulting Limited	N/A
25/9/18	Hard Landscaping at King Oswy Shops Contract Reference 964-2018	5 companies invited to quote for hard landscape refurbishment to the external public space	12 weeks	R&N	Brambledown Landscapes Dawson Landscapes Ltd Deerness Fencing & Landscaping Hall Construction Services Ltd Seymour Civil Engineering Contractors	Brandon Village, Durham Hartlepool Bow burn, Durham Rushyford, County Durham Hartlepool	100% Price & Pass Selection Questionnaire	Dawson Landscapes Ltd	N/A
9/10/18	Trash Screen at Riverton Close. Contract Reference 984-2018	5 companies invited to quote for the construction of a new trash screen and associated reinforced concrete inlet structure to the Riverton Close culvert, macadam access path and widening of the existing Public Right of Way	7 weeks	R&N	Esh Construction Ltd Hall Construction Services Ltd Seymour Civil Engineering Contractors Ltd Tangent Construction Ltd	Bowburn, Durham Rushyford, County Durham Hartlepool Hartlepool	100% Price	Tangent Construction Ltd	N/A

7.1 APPENDIX A

15/10/18	New Nursey at Rift House Primary School Contract Reference 967-2018	6 companies invited to quote for the construction of a single storey brick built new building with pitched roof, together with associated mechanical and electrical services, drainage and external works.	30 weeks	R&N	Ashbrook Construction Services Gus Robinson Developments T Manners & Sons Ltd Vest Construction (Liveco) Ltd Wharton Construction	Billingham Hartlepool Bishop Auckland Bishop Auckland Darlington	100% Price & Pass Selection Questionnaire	Ashbrook Construction Services	N/A
6/11/18	Re-Roofing & Associated Works at the Borough Hall 968-2018	4 companies were invited to quote to remove existing roof covering from Borough Hall and adjacent building and re-roof utilising traditional slating methods and flat roof	3 months	R & N	O'Connor Roofing Jennings Roofing Ltd	Hartlepool Leeds	100% Price & Pass Selection Questionnaire	O'Connor Roofing	N/A
16/11/18	Tees Valley Framework for the Servicing, Maintenance & Supply of fire Extinguishers & Related Equipment 425-2018	This was an open invitation for the servicing of fire extinguishers, fire blankets, fire hose reels and brackets and the maintenance and supply of new fire extinguishers and related equipment.	4 years	Corporate Procurement on behalf of the 5 Tees Valley Authorities	Chubb Fire & Security Ltd Churches Fire Security Ltd DFP Services Ltd Fire Safety Services FSS Ltd Harmony Fire Hoyles Fire &	Ashford, Middlesex Eastleigh, Hampshire Durham Oldham, Lancashire Sherbourne, Somerset Elland, West	80% Price 20% Quality	Safe and Sure Fire Protection Ltd	Safe and Sure Fire Protection Ltd

7.1 APPENDIX A

					Safety	Yorkshire			
					Hutton Fire Protection	Billingham			
					MacDonald Martin Ltd	Sunderland			
					Phs Compliance	Warrington, Cheshire			
					Safe and Sure Fire Protection Ltd	Durham			
16/11/18	Rossmere Park Improvements Phase 1 to 2C 963(1)-2018	5 companies were invited to tender for the refurbishment of existing play areas, development of a new play area, development of an events area and events access into the park and development of a new off-street car park.	6 months	R&N	Brambledown Landscape Services Ltd	Brandon Village, Durham	100% Price & Pass Selection Questionnaire	Cleveland Land Services	N/A
					Cleveland Land Services	Guisborough			
					Dawson Landscapes Ltd	Hartlepool			
					Deerness Fencing & Landscaping	Bowburn, Durham			
					Seymour Civil Engineering Contractors	Hartlepool			

Procurements Exempted from Council Contract Procedure Rules**Exemption Information**

Dept.	Service Unit	Company Name	Company Based at	Estimated Expenditure	Duration	Description	Approval
R&N	Building Design & Construction	Schneider Electric UK	Gateshead	£146,000 - The funding Strategy uses the £50K refund from British Gas with the remaining £96K being funded from the Corporate Planned Maintenance Budget	11/06/2018 - 31/07/2018	Building Energy Management System upgrade	Approved by Tony Hanson, Hayley Martin, Denise Ogden and Chris Little on 28.06.2018
R&N	Community Safety & Engagement	Concrete Repairs Limited	Chesterfield, Derbyshire	£23,305	One off Procurement	Specialist waterproofing solution to the Multi Storey Car Park	Tony Hanson, Chris Little, Hayley Martin and Denise Ogden on 20.08.2018
R&N	Building Design & Construction	Sub Aqua Diving Services (UK) Ltd	Middlesbrough	£54,000	One off Procurement	Graving Dock repairs - Diving services for the Installation of Dolphins	Tony Hanson, Chris Little, Denise Ogden & Neil Wilson (On behalf of Hayley Martin) on 13.08.2018
R&N	Building Design & Construction	Tees Valley Lifting & Engineering Services Ltd	Middlesbrough	£105,960	One off Procurement	Graving Dock repairs - Lifting Services for the Installation of Dolphins	Tony Hanson, Chris Little, Denise Ogden & Neil Wilson (On behalf of Hayley Martin) on 13.08.2018

CEX	Health Safety and Risk	Hartlepool and East Durham Mind	Hartlepool	£3,000	13.08.2018 - 18.08.2019	Counselling/psychological therapy for HBC Employees	Claire McLaren, Chris Little and Marian Williams (On behalf of Hayley Martin) on 20.08.2018
CEX	Health Safety and Risk	Alliance Psychological Services	Stockton	£2,000	13.08.2018 - 18.08.2019	Counselling/psychological therapy for HBC Employees	Claire McLaren, Chris Little and Marian Williams (On behalf of Hayley Martin) on 20.08.2018
C&A	Childrens and Joint Commissioning Service	Interface Enterprise Ltd	Norwich, Norfolk	£25,000	One off Procurement	Level 4 Children, young People & Family Practitioner Course	Approved by Jane Young, Chris Little, Hayley Martin and Sally Robinson on 12.09.2018
C&A	Children's and Joint Commissioning	Harrogate and District NHS Foundation Trust (HDFT)	Harrogate	£52,388	01/07/2018 - 30/06/2019	It is proposed that HBC contract with HDFT to deliver the requirement for a .5 Senior Nurse Child Protection for a period of one year initially, to be reviewed and possibly extended for one further year	Approved by Danielle Swainston, Hayley Martin, Sally Robinson and Chris Little. The exemption has been approved for one year.
C&A	Childrens & joint Commissioning	Billinghurst George & Partners	Stockton	£2,500	One off Procurement	Structural Survey Report of Barnard Grove School	Approved by Mark Patton, Chris Little, Sally Robinson and Hayley Martin 6.11.2018

Extension Information

Dept.	Service Unit	Company Name	Company Based at	Estimated Expenditure	Duration	Description	Approval
C&A	Preventative & Community Based Services	XN Leisure Systems Ltd	Abingdon, Oxon	£10,552.92 per year (3 year contract) = £31,658.76	Extended dates 01.01.2019 - 31.12.2021	3 year extension to use the XN Leisure System.	Approved by Gemma Ptak, Chris Little, Jill Harrison and Hayley Martin 09.08.2018
C&A	Human Resources	K2 Physiocare	Hartlepool	£3,000	Extended dates 01.04.2019 - 31.05.2019	2 month extension to the Physiocare Contract	Approved by Claire McLaren, Chris Little and Hayley Martin 19.11.2018