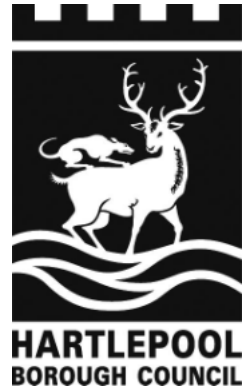


CABINET AGENDA



Monday, 21 September 2009

at 9.00 am

**in Committee Room B,
Civic Centre, Hartlepool**

MEMBERS: CABINET:

The Mayor, Stuart Drummond

Councillors Hall, Hargreaves, Hill, Jackson, Payne, and Tumilty

1. APOLOGIES FOR ABSENCE

2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS

3. MINUTES

To receive the Record of Decision in respect of the meeting held on 7 September 2009

4. BUDGET AND POLICY FRAMEWORK

4.1 Medium Term Financial Strategy (MFTS) 2010/2011 to 2013/2014 – Initial Consultation Proposals – *Corporate Management Team*

5. KEY DECISIONS

5.1 Developing a Strategic Approach to the Voluntary and Community Sector in Hartlepool – *Director of Child and Adult Services & Director of Neighbourhood Services*

6. OTHER ITEMS REQUIRING DECISION

6.1 Business Transformation – Corporate Restructure – Tier 3 – *Chief Executive*

6.2 Asset Management Capital Investment – Essential Property Works – *Director of Neighbourhood Services*

- 6.3 Anglian/Hartlepool Water – Business Planning – *Director of Regeneration and Neighbourhoods*

7. **ITEMS FOR DISCUSSION / INFORMATION**

- 7.1 Analysis of Performance Indicators 2008/09 – *Assistant Chief Executive*

8. **REPORTS FROM OVERVIEW OF SCRUTINY FORUMS**

No items

CABINET REPORT

21st September, 2009



Report of: Corporate Management Team

Subject: MEDIUM TERM FINANCIAL STRATEGY (MTFS)
2010/2011 TO 2013/2014 – INITIAL CONSULTATION
PROPOSALS

SUMMARY

1. PURPOSE OF REPORT

- 1.1 To enable Cabinet to review the MTFS and to determine the initial proposals it wishes to put forward for consultation.

2. SUMMARY OF CONTENTS

- 2.1 The report provides a detailed overview of the financial issues affecting the Council in relation to:
- The development of the 2009/2010 Outturn Strategy;
 - Capital Programme 2010/2011 to 2013/2014;
 - General Fund and Council Tax 2010/2011 to 2013/2014.

3. RELEVANCE TO CABINET

- 3.1 The report enables Cabinet to determine the initial Budget and Policy Framework proposals it wishes to put forward for consultation.

4. TYPE OF DECISION

- 4.1 Budget and Policy Framework.

5. DECISION MAKING ROUTE

- 5.1 Cabinet, Scrutiny Co-ordinating Committee, Scrutiny Forums and Council.

6. DECISION(S) REQUIRED

- 6.1 Cabinet is required to determine its proposals.

Report of: Corporate Management Team

Subject: MEDIUM TERM FINANCIAL STRATEGY
(MTFS) 2010/2011 TO 2013/2014 – INITIAL
CONSULTATION PROPOSALS

1. PURPOSE OF REPORT

- 1.1 To enable Cabinet to review the MTFS and to determine the initial proposals it wishes to put forward for consultation.

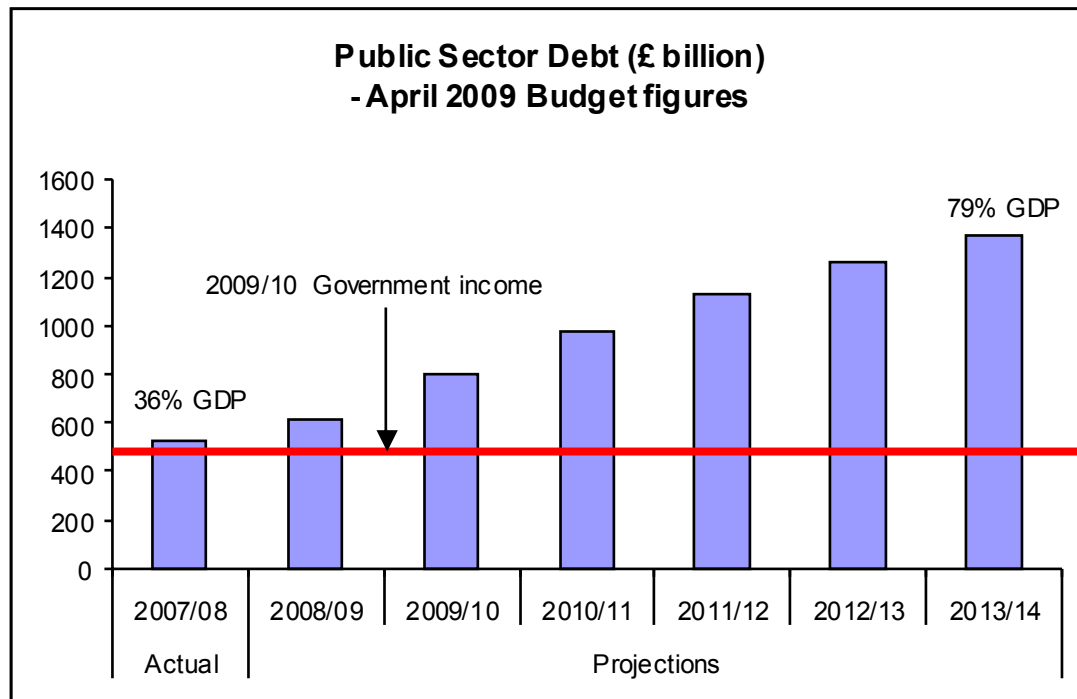
2. BACKGROUND

- 2.1 The current MTFS was approved in February, 2009 and covers the three years 2009/2010 to 2011/2012. As reported in February the final year of the current Comprehensive Spending Review (CSR) is 2010/2011. The MTFS assumes that the Government will confirm the previously announced grant allocations for 2010/2011, although this cannot be guaranteed owing to the deterioration of the national finances.
- 2.2 The MTFS needs to be rolled forward to cover the three years 2011/2012 to 2013/2014, which is expected to be the period covered by the next CSR. Details of the next CSR will not be known until after the General Election. The credit crunch and recession have had a deeper and longer impact on the public sector finances than previously anticipated. It is becoming clearer that the public sector is facing a prolonged period of austerity. For Local Government this is expected to result in grant reductions and this issue is covered in more detail later in the report.

3. NATIONAL FINANCIAL POSITION

- 3.1 In April, 2009, the Chancellor presented the 2009 Budget to Parliament and at the same time published the detailed budget report – “Economic and Financial Strategy Report and Financial Statement and Budget Report”, which runs to 268 pages.
- 3.2 The Budget Report highlights the impact of the financial crisis on the world economy, which is experiencing a severe recession. In the current year world Gross Domestic Product (GDP) is forecast to fall by 1 ½%, which is the first full year contraction in the post-war period.

- 3.3 The contraction in advanced economies (the G7 group) is forecast to be 4%. The Chancellor forecasts the world economy will begin to recover towards the end of 2009, with growth picking up through 2010 and 2011. In some countries there is some evidence that economic activity is beginning to pick up slightly, but it is not yet clear if this is sustainable, or will transfer to other countries.
- 3.4 In relation to the UK economy the Chancellor forecasts a sharp recession in 2009, with growth progressively picking up through 2010 and 2011.
- 3.5 The global recession will have a profound and long lasting effect on the financial position of Governments across the world as public sector debt is likely to rise significantly in all advanced economies.
- 3.6 In the UK this position initially arises from a reduction in tax revenues, particularly in relation to the banking and financial sectors. These reductions reflect London's position as a major international financial centre and the greater proportion of Government revenue which came from this sector than in other advanced economies.
- 3.7 On an ongoing basis Government expenditure on unemployment and related benefits will increase and continue at a higher level until the economy recovers on a sustainable basis. The recession will also have an ongoing impact on Government revenues as higher unemployment means less people will be paying income tax. In addition, company profits will be lower and consequently there will be a reduction in corporation tax and other business taxes.
- 3.8 The recovery in the UK economy (when it comes) is likely to be protracted as the factors driving the economy in recent years, i.e. rising house prices, the availability of relatively cheap consumer credit and foreign investment in the UK, will not be available.
- 3.9 In the current financial year the Chancellor has forecast a budget deficit of £175m, or put another way for every £1 of public spending the Government is only raising 75p.
- 3.10 This is not a one-off deficit but a structural problem caused by a reduction in Government income and increased Government expenditure driven by the recession. The Chancellor has indicated that this position will not improve until 2013/2014. By this date, the Chancellor is forecasting a cumulative shortfall of £700 billion, which means that Public Sector Debt is forecast to double by 2013/2014, as shown in the following table.



3.11 The increase in Public Sector Debt will result in higher debt interest payments for the Government which will be an additional pressure on the public finances. In the medium term the increase in debt may lead to higher interest rates as investors seek a higher return for continuing to support Government debt.

3.12 **Impact of the recession on Public Sector Spending**

3.13 In April the Chancellor made a number of specific announcements relating to public sector spending:

- Public Sector spending growth from 2011/2012 onwards was revised down to only 0.7% in real terms. This is the increase in total public sector spending. Details of increases for individual areas will not be known until the next CSR is published. In practise, whichever party forms the next Government, this increase will not cover increased social protection costs (unemployment benefits, etc.) and political commitments in relation to Health, Education and defence. The Government will also need to increase the amount it spends on debt interest. Together these items account for nearly 70% of Government spending so it is clear other areas, including local government, will face real term reductions to protect these areas and to begin to address the shortfall in the public finance.
- Increase in the efficiency target for 2010/2011 from £30 billion to £35 billion – which increases the efficiency target from 3% to 4%.

- Public sector net investment reducing to 1½% of GDP by 2013/2014 (2009/2010 3.1%).

4. 2009/10 FINANCIAL POSITION AND PROPOSED OUTTURN STRATEGY

- 4.1 A detailed budget management report for the first six months will be submitted to Cabinet in early November. The report will include the first detailed outturn forecasts for the current year.
- 4.2 A number of adverse trends have been identified in relation to income streams. These trends commenced in the previous financial year and, as part of the 2008/09 outturn strategy, specific reserves were created to manage these risks - £150,000 in respect of Shopping Centre income, and £120,000 for general income risks.
- 4.3 Based on the first quarter's income from the Shopping Centre, it is anticipated that £80,000 of the available Shopping Centre Income Reserve will be needed in the current year. As these trends are expected to continue in the medium term, it is hoped that the balance on this reserve will be sufficient to cover the potential shortfall in 2010/2011 and that income will recover to the budgeted level in 2011/2012, provided the economy recovers.
- 4.4 In relation to other areas, the adverse trends on Car Parking and Land Charges income are continuing and it is anticipated that there may be shortfalls of £200,000 and £120,000 respectively, at the year end. Therefore, there is a potential income shortfall of £320,000 compared to the General Income Risk Reserve of £120,000. The resulting shortfall will either need to be funded from the underspend on the Centralised Estimates budget (identified in paragraph 4.5), or from General Fund Balances if this underspend is allocated for other purposes. As these trends are expected to continue in 2010/2011 it would be prudent to set aside say £0.3m to address this risk from the 2009/2010 centralised estimate underspend.
- 4.5 The position in relation to corporate budgets is favourable owing to an anticipated underspend on the Centralised Estimates budget. As reported to Council in April the interest rate structures have been volatile. This provided a number of opportunities that allowed the council to repay what are now relatively expensive debt and net down cash balances which were expected to earn little interest in the medium term as base rates are expected to remain extremely low. The impact of this is that, in a full year, the Council's borrowing costs are expected to fall by £0.6m compared to the budgeted level. It was suggested that part of this benefit be allocated towards supporting strategic land acquisitions via prudential borrowing. It is now becoming unlikely that these resources will be needed in the current year as the strategic land acquisitions are not expected to be completed in the current financial year.

- 4.6 With respect to the outlook for interest rates it is now expected that following the Bank of England decisions to undertake 'Quantative Easing' that there will be no further reductions in interest rates and the next movement is likely to be upwards, although this will not occur for sometime yet. Against this background it is now expected that the Council should be able to earn slightly higher interest rates on its investment than expected when the budget was set. In addition, the Council's cashflow, particularly the receipt of Council Tax payments, are holding up much better than feared and this will also have a positive impact on investment income. Taken together it is anticipated that these changes could have a positive benefit by the year end of £0.4m. A firmer estimate will be reported in the next financial management report based on the first six months activity.
- 4.7 On the downside it is expected that the Council will need to set aside additional resources for Equal Pay costs arising from Equal Pay tribunal decisions against a neighbouring authority at the end of July in relation to male employee claims. Locally the Council has received over 100 such claims covering the pre 1st April 2007 period on the basis that they were related to male bonus earners and also for the post 1st April 2007 period on the basis of protection given to male employees. At this stage it is not possible to quantify these potential costs as the detailed legal issues in relation to Hartlepool employees have not yet been considered by the Tribunal Judge. If these claims are successful the cost could be significant owing to the backdating of claims. It is hoped that an initial estimate will be available for the next financial management report. Once these potential costs have been estimated a funding strategy will need to be developed. It would be prudent to begin to earmark some resources for these liabilities from the underspend on corporate budgets.
- 4.8 On a slightly more positive note, on the 29th July, 2009, the Government announced details of the LABGI (Local Authority Business Growth Incentive) scheme for 2009/2010 and 2010/2011. As reported previously, the amount distributed over these two years will be £100m, which is approximately ten per cent of the amount distributed under the previous scheme. Half of this amount will be distributed in 2009/2010 and half in 2010/2011. The Government have also changed the methodology for distributing the LABGI Reward Grant. Under the previous system these monies were allocated on the basis of the increase in an individual authority's business rates tax base. Under the new system all authorities are allocated to a sub-regional group and the reward grant is initially allocated to the sub-regional group on the basis of the overall change in the business rate tax base. The sub-regional allocation is then distributed to individual authorities on the basis of population. Locally the sub-regional group consists of the five Tees Valley authorities. For 2009/2010 the sub-regional allocation is £317,000 and Hartlepool's share is £40,641. The Government have indicated that

details of the 2010/11 allocations will be made later this year and before authorities set their 2010/2011 budgets. It is expected that the 2010/2011 allocation will be broadly in line with the current years' allocation. It is suggested that these amounts are allocated to assist balance the 2011/2012 budget.

- 4.9 In summary it is anticipated that there will be a net underspend on corporate budgets of £80,000 as detailed in the table below. It is suggested that this amount is earmarked to support the budget in 2011/2012.

	<u>Adverse/ (Favourable) Variance £'000</u>
Centralised Estimates	1,000
LABGI Reward Grant	80
Provision for current year income shortfalls	(200)
Provision for continuing income shortfalls 2010/2011	(300)
Provision for Equal Pay Tribunal Costs	<u>(500)</u>
Allocated to Support 2011/2012 Budget	<u>80</u>

5. CAPITAL PROGRAMME 2010/2011 TO 2013/2014

5.1 Government Capital Allocations

- 5.2 In April's Budget Statement the Chancellor indicated that by 2013/2014 net public sector investment will reduce to 1½% of GDP, compared to 3.1% in 2009/2010. Details of where this reduction will fall will not be known until the next CSR is published. Given the existing national commitments for health and Building Schools for the Future it is anticipated that local authority capital allocation will be reduced as the Government directs resources to national priorities. The Council will need to review this position when detailed allocations for future years are known.

5.3 Local Allocations

- 5.4 In February, 2009 Members confirmed their commitment to continue to use Unsupported Prudential Borrowing for a range of local priorities which do not attract Government funding and to provide the following annual allocation until 2011/2012.

	<u>£'000</u>
SCRAPT Priorities	1,200
Community Safety Initiatives	150
Disabled Adaptations	50
Neighbourhood Forum Minor Works	156

- 5.5 The annual repayment costs of using Unsupported Prudential Borrowing for the above schemes are reflected in the budget forecasts for future years. At this stage it is assumed Cabinet will wish to continue with this investment until 2011/2012. Given the challenging financial position from 2011/2012 Cabinet may wish to reconsider this position as part of the prioritisation of services which will need to be undertaken during 2010. At this stage the revenue forecasts do not include provision to continue these priorities after 2011/12. If Members wish to continue these priorities the borrowing costs will need to be funded from the revenue budget headroom.
- 5.6 The revenue budget forecast for 2010/2011 has reinstated the £0.3m provision to support a capital contribution towards the redevelopment of the Mill House Leisure Centre. This issue will also need to be reassessed as part of the prioritisation of services during 2010.
- 5.7 **Replacement of Cremators**
- 5.8 To comply with emissions regulations the Council will need to replace the existing Cremators by 31st December 2012. As there is finite capacity of cremator manufacturers it is suggested that to meet this deadline the Council replaces the cremators during 2010/11.
- 5.9 A detailed report was considered by the Adult and Public Health Services Portfolio holder on 3rd August 2009 which indicated this scheme will cost in the order of £1m. This cost will need to be funded from Prudential borrowing and the estimated annual repayments costs will be £90,000. The report indicated that the cost of a cremation equates to approximately 19% of the total fees charged by funeral directors for the average funeral.
- 5.10 The Portfolio holder considered two options for funding the annual repayment costs:
- Option 1 – an additional increase to the normal inflation increase in the adult cremation fee of £90 from 1st April 2011;
 - Option 2 – the introduction of an environmental surcharge on every adult cremation beginning in 2009/10, with an additional fee increase in 2011/12.
- 5.11 The Portfolio holder recommendation that Cabinet consider the adoption of Option 1 as part of the MTFs process for 2010/11 to ensure a funding strategy is in place for this scheme.

6. 2010/2011 BUDGET AND COUNCIL TAX

6.1 The current three year settlement for local authorities covers the period up to 2010/2011. In February, 2009 the Government announced the Council's provisional grant allocation for 2010/2011 of £51.5m, which is a 3.4% (£1.7m) increase on the current years' allocation. This amount should be confirmed just before Christmas, although there is potentially a greater risk that allocations for 2010/2011 will change owing to the deterioration of the public finances. However, the Government have previously emphasised the benefits of providing local authorities with three-year settlement so it is hoped the provisional allocations will be confirmed later in the year. The figures in the remainder of the report assume the provisional grant allocation is confirmed. There is however a risk that if there is a change in Government at the General Election that the new Government will implement an emergency in-year budget and may claw-back all, or part, of the 2010/11 grant increase.

6.2 After reflecting the provisional grant increase for 2010/2011 the Council still faces a very challenging financial position next year, which is driven by a number of factors:

- the impact of inflation. Whilst, inflation levels are currently low it is still expected that inflationary cost pressures will be in the order of £2.2m, which is greater than the provisional grant increase. The resulting shortfall equates to a Council Tax increase of 1.3% before any other cost pressures are taken into account;
- In the current year the Council is using temporary funding of £4.9m to support the revenue budget (£4.7m from the Budget Support Fund and £0.2m Area Based Grant). This is not sustainable and the available temporary funding will fall to £1.9m in 2010/2011. There will be further reductions from 2011/2012;
- The inclusion of £1.5m headroom for budget pressures. Detailed proposals which will need to be funded from this provision are covered in paragraph 6.3;
- The current budget includes a temporary investment income benefit of £0.7m which reflects the impact of longer term investments placed before the Bank of England reduced interest rates significantly. These investments had interest rates of up to 5.5% and matured during the earlier part of the current year. Interest rates on replacement investments are typically 0.5% to 0.75%, therefore this benefit will not continue. It is not expected that interest rates will begin to increase until late 2010 or early 2011 and will then only increase very slightly, unless inflationary pressures begin to pick up.

- Mill House Leisure Centre Prudential Borrowing repayment budget of £0.3m. This was taken as a temporary benefit in 2009/2010.
- The current years' budget included a contribution of £0.5m towards one-off Building Schools for the Future costs, which is not needed on an ongoing basis.

6.3 Headroom

- 6.4 An initial review of commitments which may need to be funded from the available £1.5m budget headroom has been undertaken and this has identified a range of issues which fall into the following broad categories, which reflect the definitions used in previous years:

- Budget Pressures – total value £1.159m

Budget pressures are defined as unavoidable additional costs arising from either legislative changes, new government requirements or unavoidable increases in demand or an unavoidable additional cost of continuing to provide existing services.

Details of budget pressures for 2010/11 are provided in **Appendix A.**

- Budget Contingency – total value £0.341m

Budget contingencies are similar to budget pressures and relate to issues which are either not certain or subject to ongoing negotiations and explicit disclosure at this early stage would not be in the Council's financial interest. As these items are not certain it is suggested that a global provision is made for these items.

For 2010/11 there are three items which fall into this category. Firstly, the repayment of 2008/09 severance costs over a period of up to five years. Secondly, potential increases in energy costs from April 2010, which NEPO (North East Purchasing Organisation) have indicated could be in the order of 10% for both gas and electric. Thirdly, potential increases in discretionary Business Rates relief costs during the recession. These items could exceed £0.5m in total, although it is hoped that they will not exceed the proposed value of the contingency.

Further detailed work is needed to assess these issues and these details will be reported to Cabinet in December to enable Members to determine the detailed proposals they wish to put forward for formal scrutiny.

- Budget Priorities – total value £0.343m

These items relate to proposals to improve existing services, or introduce new services, and the Council can therefore choose if it wishes to fund these issues.

These items are detailed in **Appendix B**. At this stage it is not suggested that these items are funded as this would over commitment the available headroom. If Members wish to support these issues they will need to determine those areas where compensating savings are made.

- 6.5 The review of pressures has identified an additional requirement of £180,000 for Disabled Facility Grants. It is suggested that this issue is considered as a priority for capital funding from the uncommitted 2010/11 SCRAPT allocation.
- 6.6 After reflecting the above factors there is a gross budget deficit of approximately £7.2m, as summarised below

	<u>£'000</u>
Continuing Expenditure from previous year not funded from sustainable resources (funded Budget Support Fund)	4,630
Add	
- Inflation	2,225
- Loss 2009/10 Temporary Investment income	700
- Mill House - Prudential Borrowing repayment budget	309
- Headroom for pressures	1,500
<u>Less</u>	
- Contribution to BSF one-off costs (included in 2009/10 base)	(500)
- Grant Reduction/(increase)	<u>(1,688)</u>
Gross Budget Deficit	<u>7,176</u>

- 6.7 A strategy needs to be developed for funding this deficit and a series of proposals are detailed in the following paragraphs for Cabinet's consideration.
- 6.8 **Business Transformation Programme – Benefit £2.514m Gross**
- 6.9 Cabinet has previously approved the overall Business Transformation Programme and noted that these efficiencies will take four or five years to delivery, owing to the longer timescale for service delivery options and asset management.
- 6.10 In terms of integrating the Business Transformation Programme and the MTFs specific efficiency figures have been included in the budget forecasts from 2010/2011. These targets were based on funding

one-off severance costs on a loan basis repayable over five years. On this basis the annual Business Transformation efficiencies which can be taken to help balance the budget are as follows:

	<u>Annual Efficiencies £'000</u>	<u>Ongoing Efficiencies £'000</u>
2010/2011	2,088	2,088
2011/2012	1,105	3,193
2012/2013	2,020	5,213
2013/2014	0	5,213
2014/2015	0	5,213
2015/2016	477	5,690
2016/2017	320	6,010

- 6.11 If Council approve Cabinet's revised proposal to fund part of these costs from one-off resources this enables the Business Transformation efficiencies to be taken to the revenue budget earlier. Under this option the full Business Transformation efficiencies can be taken by 2013/2014. The benefit in 2010/2011 will increase from £2.088m to £2.514m, as detailed below:

	<u>Annual Efficiencies £'000</u>	<u>Ongoing Efficiencies £'000</u>
2010/2011	2,514	2,514
2011/2012	1,310	3,824
2012/2013	2,102	5,926
2013/2014	84	6,010

6.12 Temporary Funding – Benefit £1.937m

- 6.13 A Budget Support Fund has previously been established to support the revenue budget over the period 2009/2010 to 2011/2012. At 1st April, 2009, the balance on this reserve was £6.755m. Commitments against this reserve total £7m, as summarised below. It is anticipated the shortfall will be bridged from future RTB receipts from Housing Hartlepool.

Phased Use of Budget Support Fund

	<u>£'000</u>
2009/2010	4,630
2010/2011	1,523
2011/2012	847
	<u>7,000</u>

6.14 In addition to the Budget Support Fund the Council has previously undertaken a detailed review of the Area Based Grant (ABG) to identify flexibility for using the ABG to support services/projects currently funded from the Council's core budget. This review released resources by capping increases in some ABG allocations to 2.5% and from taking some of the uncommitted element of the Working Neighbourhood Fund part of the ABG. In the current year this review released £0.287m and £0.414m in 2010/2011. The figure for 2010/11 assumes there is no reduction in the previously announced ABG allocation for 2010/2011.

6.15 **Corporate Efficiencies and Savings – Benefit £1.75m**

6.16 There are a range of corporate efficiencies and savings which if implemented could benefit the budget for 2010/2011 and the following three years covering the following issues:

i) <u>Benefit Subsidy Income</u>	<u>£'000</u> 300
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A temporary saving for additional benefit subsidy income of £0.2m was included in the 2009/2010 budget. It is anticipated that this benefit is likely to be sustainable at £0.3m on an ongoing basis assuming current subsidy regulations remain in place. There is a risk that less beneficial subsidy regulations may be introduced, although given the increase in workload for this service as a result of the recession this is unlikely in the next three years.

ii) <u>Landfill Allowance Trading Scheme (LATS) Income</u>	250
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As reported previously the Council will benefit from the sale of LATS permits from 2010/2011. Members have previously determined to allocate these resources to assist the revenue budget from 2010/2011 onwards; £0.25m in 2010/2011 and £0.2m for the following three years.

iii) <u>Capitalisation of Revenue Expenditure</u>	500
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The Council currently funds a variety of projects from revenue budgets which could be capitalised to produce gross revenue saving of £0.5m in 2010/2011. This could be achieved by replacing revenue funding with Prudential Borrowing. The resulting repayment costs are a first call in the revenue headroom. The revenue costs of using

£0.5m of Prudential Borrowing will be in the order of £50,000 depending on the specific schemes undertaken.

In the medium term, i.e. 2011/2012 to 2013/2014 Members will need to determine if they wish to continue this strategy. This will enable current levels of investment to be maintained, although this will commit future revenue headroom. For planning purposes it is assumed that Members will wish to continue this strategy and will review its sustainability when details of the next three year grant allocations for Councils are known.

iv) Cross Departmental Income Review 300

In previous years individual departments have been able to retain any above inflationary increases in income from fees and charges to either offset expenditure pressures or to count towards departmental savings targets. As no departmental savings targets (other than those accruing from the BTP) are planned for 2010/2011, it is suggested that a cross departmental income target of £0.3m is established.

If Members approve this principal detailed proposals for achieving this target will be reported to a future Cabinet meeting. These details will then be referred to Scrutiny Co-ordinating Committee as part of the Formal Budget Consultation arrangements later in the year.

v) Review of Car Allowance 400

It is anticipated that efficiencies can be made by undertaking a comprehensive review of existing officer transport arrangements for official Council business. This review will cover the cost effectiveness of the existing arrangements and alternative arrangements aimed at reducing costs and the Council's environmental impact. These proposals have been discussed by the Tees Valley Chief Executive to determine if there is scope to achieve greater efficiencies by working together.

1,750

6.17 Council Tax Increase – benefit £0.911m

6.18 In February, 2010, Cabinet put forward an indicative Council Tax increase for 2010/2011 of 3.9%. Since that time there has been a reduction in the current level of inflation. This will impact on the inflationary increase in pensions which are expected to be pegged to 2.5%.

6.19 In addition, there will be increased public pressure for lower increases owing to the impact of increasing unemployment and pay freezes (or even reductions) in large parts of the economy. There will also be increasing political pressure on Council Tax increases in the run up to a 2010 General Election.

6.20 Against this background it is assumed that Members may wish to consider a lower Council Tax increase than the 3.9% indicative increase. For planning purposes an increase of 2.5% has been assumed for 2010/2011 to 2012/13 and 3.9% for 2013/14.

6.21 Each 1% additional increase/decrease in Council Tax equates to approximately £0.4m.

6.22 Summary Position 2010/2011

6.23 If Members approve the proposals detailed in the previous paragraphs the 2010/2011 budget can be broadly balanced, as summarised below:

	<u>£'000</u>	<u>£'000</u>
Gross Budget Deficit		7,176
<u>Less</u>		
Temporary Funding		(1,937)
Business Transformation Efficiencies (BTP)	(2,088)	
BTP earlier releases assuming revised funding strategy approved	<u>(426)</u>	
Total BTP		(2,514)
Corporate efficiencies and savings 2.5%		(1,750)
Council Tax increase		<u>(911)</u>
Net Deficit		<u>64</u>

6.24 In broad terms it is anticipated that the 2010/2011 budget can be balanced without having to undertake a specific efficiencies/savings exercise. Whilst, this initially appears less challenging than in previous years, the detailed position is still extremely challenging and will require a series of difficult decision to be made before the budget is approved in February.

6.25 These decisions will include issues relating to the detailed implementation of the Business Transformation Programme, including the strategy for funding one-off implementation costs. For planning purposes it is assumed that the Business Transformation efficiencies are implemented from 1st April, 2010.

6.26 **Budget Risks 2010/11**

6.27 In terms of budget risks the principal areas of risk relate to potential delays in the achievement of the BTP efficiencies and other efficiencies from 1st April, 2010.

6.28 There is also a risk in relation to the cost of Job Evaluation appeals. The budget forecasts include an ongoing provision for this risk of £0.4m per year. In practice, the final position on appeals will not be known until 2011/2012 so part of this amount may need to be carried forward until the final position is known.

6.29 In previous years the Council has increased the Looked after Children budget to safeguard children and address increasing caseloads following the Baby P case. At this stage no additional pressure has been identified for this area. However, as Members are aware this is a volatile area and very small changes in caseload, or the complexity of individual cases, can have a significant financial impact.

6.30 On the income side there is a risk around grant income, both the core revenue grant and the specific grant regimes. At this stage the Government have not provided any indication that provisional grant allocations previously announced for 2010/11 will be changed. This position may change, particularly if there is a new Government and they implement an emergency budget part way through 2010.

7. 2011/2012 TO 2013/2014 BUDGET

7.1 It is expected that the next CSR will cover the period 2011/2012 to 2013/2014, although these details will not be known until after the General Election. In practice, individual councils' grant allocations will probably not be known until late November/early December, 2010, owing to the lead time between the General Election result and the Government reviewing the public finances and determining its overall spending priorities.

7.2 The Council therefore faces a period of financial uncertainty. However, it is clear that the public sector faces a period of austerity from 2011/2012 which will fundamentally change public services.

7.3 Give the main political parties commitments to Health, Education and Defence and the need to begin to balance the public sector finances it is anticipated that Government funding for other services, including

councils, will be reduced from 2011/2012. What is not clear is how quickly the Government will implement such changes.

7.4 On a practical basis the Council cannot wait until after the General Election to find out future grant allocations as this will not provide adequate time to develop a rational strategy for reducing costs. The Council needs to begin to plan how it will manage and prioritise services with lower grant levels during 2010 to ensure a strategy can be developed and implemented.

7.5 In order to begin this work the budget forecasts have been rolled forward to cover the period 2011/2012 to 2013/2014 and reflect the following planning assumptions:

- Provision for Inflation

Whilst inflation levels are currently low it is expected that the Council will face inflationary cost pressures of 2.5% which increases costs by approximately £2.4m per year.

- Headroom for Pressures

The Council will continue to face additional budgeted pressures, particularly in relation to care services and legislative changes. Annual provisions of £2m for these items have previously been included in the budget forecasts from 2011/2012 as a planning assumption. Based on previous years approved pressures this planning assumption is still appropriate. However, given the more challenging financial position this area needs to be reviewed to determine if there is scope for reducing this provision.

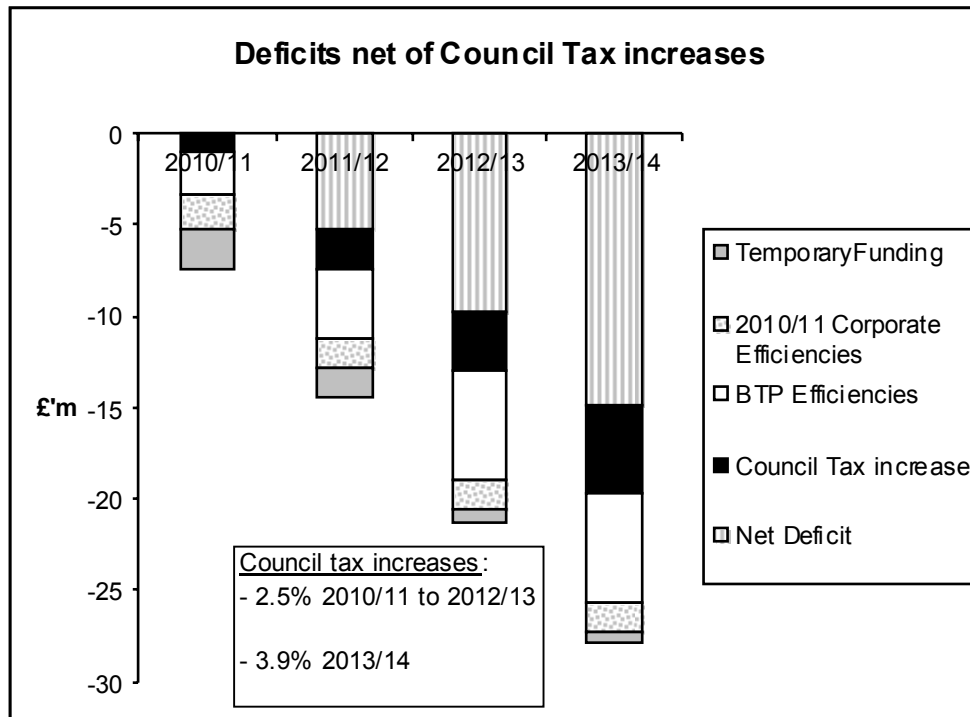
- Council Tax Levels

Council Tax levels will continue to be subject to public pressure owing to higher unemployment and continuing wage restraint in the private and public sectors. There will also be political pressure on Council Tax. For example, the Conservative Party have previously indicated that if authorities limit Council Tax increases to 2.5% an additional grant will be paid to effectively freeze the actual increase paid by individual tax payers for two years. For planning purposes the budget forecasts for 2011/2012 and 2012/13 assume annual Council Tax increases of 2.5% and 3.9% for 2013/14.

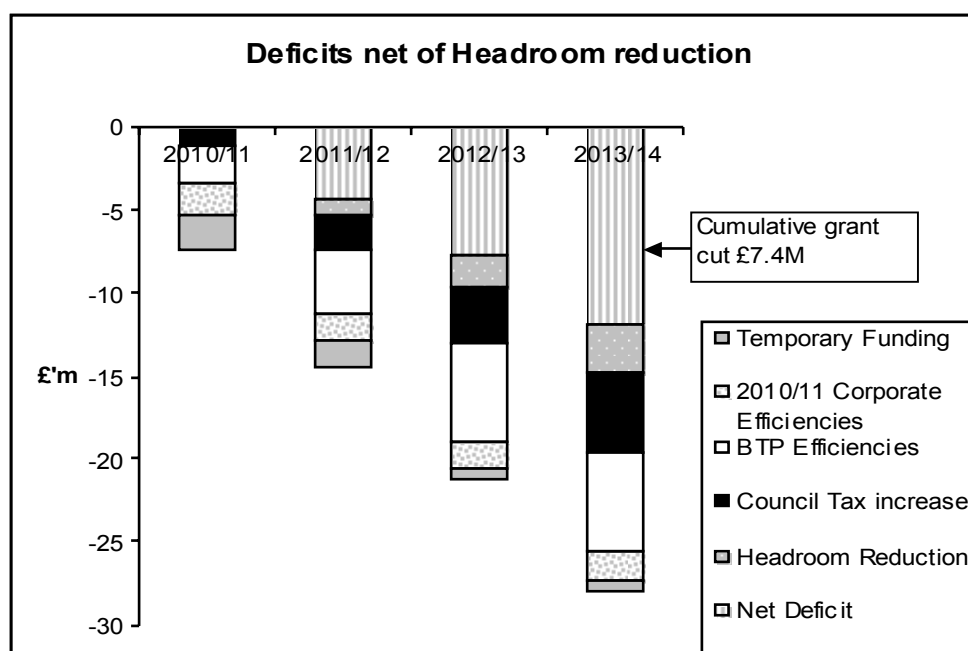
- Grant Levels

For planning purposes it is assumed that the Government will reduce grant funding by 5% per year from 2011/2012 for a three year period.

- 7.6 On the basis of the above planning assumptions the Council would need to make expenditure reductions of nearly £14m before the start of 2013/2014. This would be in addition to the use of temporary funding, the achievement of 2010/11 Corporate efficiencies, the achievement of the BTP efficiencies and suggested Council Tax increases, as detailed in the following table.



- 7.7 If the annual headroom could be reduced to £1m per year this would reduce the required expenditure reductions from £14m to £11m, as follows:

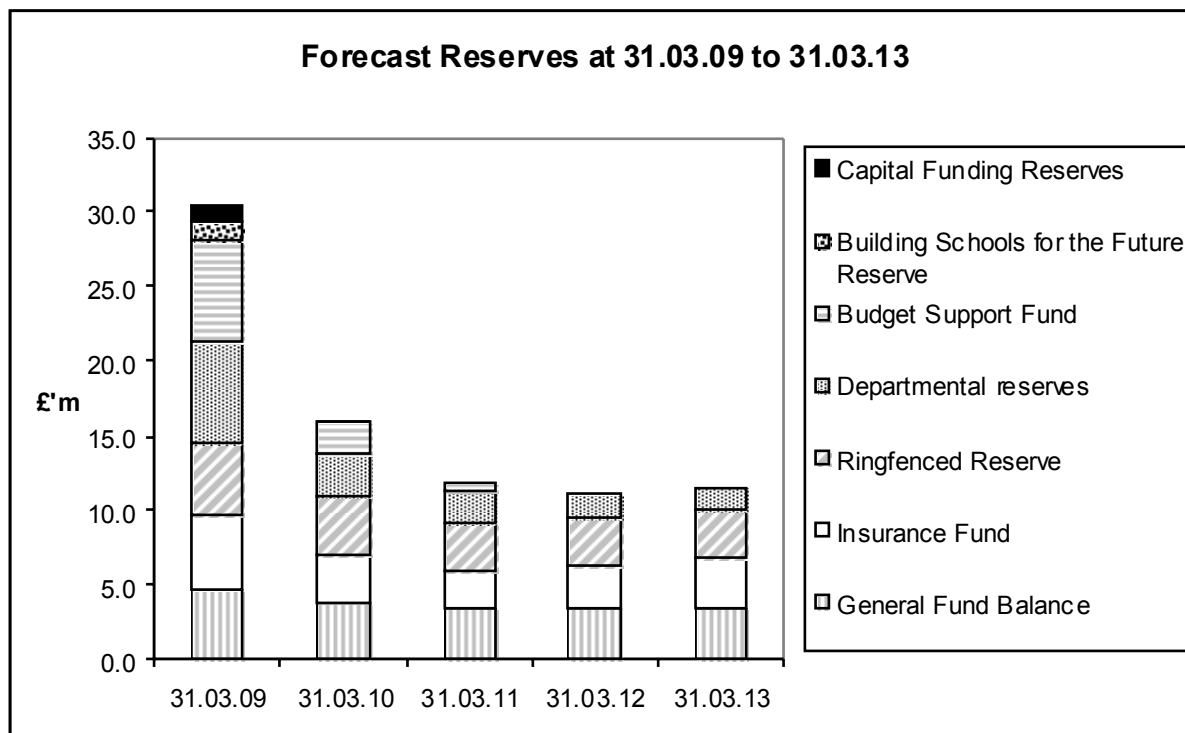


- 7.8 The budget forecasts assume annual grant reductions of 5% and Council Tax increases of 2.5%. The following table shows the impact of changing these assumptions by +/-1% on an annual basis and also the cumulative impact of +/-1% annual changes for three years from 2011/2012. These figures illustrate that there will need to be a significant change in the planning assumptions for either future grant levels, or Council Tax increases, to make a significant difference to forecast budget deficits.

	<u>Annual Impact</u>	<u>Cumulative Impact Over 3 Years</u>
	<u>£'000</u>	<u>£'000</u>
Impact of +/-1% change in Grant	+/-510	+/-1,530
Impact of +/-1% change in Council Tax	+/-440	+/-1,320

8. REVIEW OF RESERVES

- 8.1 Over the last few years the Council has been able to strengthen the Balance Sheet. This has been achieved as a result of higher investment income and the Local Authority Business Growth Incentive (LABGI) scheme. These factors will not continue as interest rates have fallen significantly and are expected to remain low in the medium term. At the same time the Council's investments are forecast to reduce as reserves are used. From 2009/2010 a new LABGI Scheme has been introduced which only allocates 10% of the amount allocated under the previous system.
- 8.2 Significant elements of these resources have been earmarked for Building Schools for the Future costs and to assist manage the budget over the medium term. These resources will be released over the next few years so the increase in reserves is temporary.
- 8.3 A review of the historical position shows that the increase in reserves was previously driven by investment income and stock transfer benefits, including RTB income. Reserves peaked in 2004/05 at £36m and are forecast to fall to the longer term trend level of £11m by 2012/13 as detailed below.



8.4 The level of reserves is forecast to fall to £11.3m by 31st March, 2013, compared to a minimum requirement at that date or £8.2m. The minimum requirement consists of:

- the General Fund Balance of £3m, which is the minimum recommended level and equates to 3% of the budget;
- the Insurance Fund Balance of £4.7m, which is the estimated value to meet outstanding claims. The actual balance at 31st March 2013 is forecast to be £3.4m which is less than the ongoing requirement owing to the temporary use of this reserve to fund Business Transformation one-off costs repayable over a five year basis. It is hoped that the timing of these repayments and the settlement of insurance claims can be managed over this period within the available cash balance on this reserve.

8.5 After reflecting the existing commitment of reserves and the minimum ongoing requirements the Council has effectively committed the majority of available reserves. The only area where there are potentially uncommitted resources is the Ring-fenced Reserve for Supporting People. This reserve was established to mitigate the potential repayment of grant and to manage the transition to the new grant regime. Further work is needed to assess how much can prudently be released from this reserve. It is suggested that in the first instance this amount is allocated towards Equal Pay costs and then to support the budget from 2011/2012 onwards, which will be the first year of the next CSR.

9. CONCLUSION

9.1 2009/10 Budget Position

9.2 The recession has produced a number of income shortfalls in relation to car parking, land charges and shopping centre income. These issues are partly covered from resources set aside in last year's closure strategy. These trends are expected to continue into 2010/2011, so it would be prudent to earmark additional resources to manage this risk.

9.3 Following recent Equal Pay Tribunal cases there is an increased risk of additional costs which will also need to be funded.

9.4 On the upside Centralised Estimates will underspend and in the current year this amount will not be needed to fund the revenue costs of strategic land acquisitions, which have been delayed. Therefore, this underspend can be allocated to fund the income shortfalls and to partly meet the anticipated additional Equal Pay costs. It is also suggested that any uncommitted resources are carried forward to help manage the 2011/2012 budget.

9.5 2010/2011 Budget Position

9.6 The Council faces a challenging financial position for 2010/2011 which can only be managed by implementing a series of measures, including a 2.5% Council Tax increase, a range of corporate efficiencies and the first phase of the Business Transformation Programme.

9.7 The most challenging part of this strategy is the implementation of the Business Transformation Programme owing to the lead in time for the start of the new financial year. This phase of the Business Transformation Programme will also lay the foundations for the second phase of this Programme which will achieve further savings in 2011/2012 and 2012/2013.

9.8 2011/2012 to 2013/2014 Budget Position

9.9 From 2011/2012 the Public Sector faces the toughest financial challenge for many years and probably faces a decade of reducing funding.

9.10 Given the main political parties commitments to Health, Education and Defence it is clear that other areas of the Public Sector will face reductions in funding. The current Chancellor in the April, 2009 budget reduced the growth in total public spending from 2011/2012 to 0.7% per year – this is further evidence that areas such as local authorities face reductions in funding.

- 9.11 At this stage it is not possible to accurately predict future grant levels. However, on the basis of existing information on the national financial position a planning assumption of annual grant reductions of 5% in the Council's core grant seems appropriate.
- 9.12 On this basis if no action is taken the Council will face a budget deficit of £14m by 2013/2014 – this assumes the Business Transformation efficiencies of £6m are achieved. This deficit is largely driven by the forecast grant reductions.
- 9.13 A strategy for managing this position will need to be developed during 2010 to address this position to ensure there is an adequate lead-in time to implement expenditure reductions once the actual grant allocations for 2011/2012 onwards are known. It will not be possible to bridge this deficit from a further round of efficiencies as the Business Transformation Programme will have exhausted this area. Therefore, the strategy will need to prioritise services, including identifying those services which the Council no longer provides and also review issues such as eligibility criteria and service levels across the remaining services.
- 9.14 At this stage no assessment of potential reductions in the Area Based Grant have been made as the Government may change this regime to reflect their own prioritisation of services. Similarly no assessment of potential reductions in specific grant regimes has been made. These issues will need reviewing when more information is available. This may require the Council to make difficult decisions to pass on grant reductions as the Council will not be able to afford to mainstream these reductions owing to anticipated reductions in core grant income and the resulting budget gap for the Council's own budget.

10. CONSULTATION PROPOSALS

- 10.1 Cabinet needs to determine the specific consultation proposals it wishes to refer for consultation in relation to the following issues.
- 10.2 2009/2010 Proposed Outturn Strategy**
- 10.3 Do Cabinet wish to allocation the anticipated centralised estimate underspend of £1m to manage the following budget risks:

	<u>£'000</u>
Provision for current year income shortfall	200
Provision for continuing income shortfalls 2010/2011	300
Provision for Equal Pay Tribunal Costs	500

- 10.4 Do Cabinet wish to allocate the 2009/2010 and 2010/2011 total LABGI allocation of £80,000 to support the 2011/2012 budgets?

10.5 Capital Programme 2010/2012 to 2013/2014

- 10.6 Do Cabinet wish to confirm their commitment to use Unsupported Prudential Borrowing for the following local priorities in 2010/2011:

	<u>£'000</u>
SCRAPT Priorities	1,200
Community Safety Initiatives	150
Disabled Adaptations	50
Neighbourhood Forum Minor Works	156

- 10.7 Do Cabinet wish to review the continuation of the above priorities in 2011/2012 and beyond as part of the comprehensive review of budget priorities in 2010?
- 10.8 Do Cabinet wish to confirm their commitment to use £3m of Unsupported Prudential Borrowing for the replacement of Mill House in 2010/2011 or to take the £03.m revenue saving?.
- 10.9 Do Cabinet wish to support the proposal to use Prudential Borrowing to replace the cremators during 2010/2011 and to repay this loan from 2011/2012 by increasing the cost of an adult cremation by £90, in addition to the normal inflationary increases?

10.10 2010/2011 Budget

- 10.11 Do Cabinet support the proposed corporate efficiencies and savings of £1.75m (detailed in paragraph 6.12) and do they wish to refer these for consultation?
- 10.12 Do Cabinet support a proposed Council Tax increase of 2.5% for 2010/11?
- 10.13 Do Cabinet support the proposals for allocating the £1.5m headroom to fund budget pressures and the budget contingency detailed in paragraph 6.4?
- 10.14 Do Cabinet wish to refer the Budget Priorities detailed in Appendix B for consultation and to suggest that if Members want to fund these items they will need to suggest where compensating reductions should be made?
- 10.15 Do Cabinet support the proposal to allocate the uncommitted balance of the Supporting People reserve for Equal Pay costs and supporting the 2011/12 budget?

10.16 2011/12 to 2013/14

- 10.17 Do Cabinet support indicative Council Tax increases of 2.5% for 2011/12 and 2012/13 and 3.9% for 2013/14?

4.1 Appendix A

Initial Pressures 2010/11

	£'000	Description
<u>Corporate issues</u>		
Revenue cost of proposed £0.5m capitalisation	50	Estimated repayment cost of using Prudential Borrowing to capitalise £0.5m of expenditure, which will produce a gross revenue saving for 2010/11 of £0.5m
Discretionary Business Rates Hardship Relief	70	Temporary costs for up to three years to provide support to businesses during the recession.
<u>Child and Adult Services</u>		
Brierton School site pre Dyke House decant	125	Part year costs of the LA operating the site whilst construction works are undertaken until Dyke House School moves to Brierton on 1st September 2010 - Rates, energy, caretaking, security etc. May be possible to fund part of these costs from alternative funding sources, such as DSG and these options are currently being explored in more detail.
Home to School Transport	220	Part year costs of transporting Dyke House pupils from home to the Brierton site wef 1st September 2010. Significant additional costs are likely depending on what Members agree regarding an exceptional rule to the Home to School policy. Legally we are only obliged to provide free transport to pupils travelling beyond 3 miles although the limit is 2 miles for low income families. (Again possibility that this could be DSG funded) Costs would be for 2 academic years only, spread over three financial years and would cease when Dyke House school reopens in September 2012. This figure is an initial costing and will be reviewed once Cabinet has determined a transport policy for decant period of Dyke House school.
Mental Health - Agency placements	155	Increasing number of high cost community based packages associated with Aspergers/autism/complex Dual Diagnosis. The complex needs associated with these conditions require significant funding and diagnoses of these conditions are expected to increase in the coming years. Packages have previously been funded through vacancies but posts now filled. Statutory duty to meet assessed needs, risks around failure in meeting our Duty of Care.
Older People - Intermediate care/transitional beds	190	Current pressure exists in relation to intermediate care provision and transitional beds. There continues to be an increased demand for these services owing to demographic increases in Older People and specifically those with dementia. The existing transitional beds provision is not suitable for those individuals with severe dementia. Funding is required to expand the current provision and to explore alternative options for more sustainable community based solutions.
Learning Disability Agency	195	Three young people with learning disabilities currently in transitions will turn 18 years of age at the start of 10/11. Early indications are that there will be a pressure of approximately £55K for those individuals, one with complex learning disabilities estimated at £35K, the remaining 2 individuals estimated at £10K each. There are 20 young adults with Learning Disabilities who currently access Post 19 education and enrichment/day opportunity via Catcote School. The provision is supported from a mixture of funding streams, LSC funding supports 50% of the provision classified as teaching and learning, the remainder is supported by Catcote school, of which the council has supported in recent years £66K from short term grant funding. Catcote school can no longer subsidise the overall provision which predominantly meets the assessed social care needs of this complex and vulnerable group of individuals. A pressure of £140K is required to enable this provision to continue.
<u>Regeneration and Neighbourhoods</u>		
Support Bus Service and Concessionary Fares	154	This pressure arises due to the reinstatement of the hospital service H1 to North Tees and an anticipated above inflationary increase in concessionary fare payments.
	1,159	

4.1 Appendix B

Initial Priorities

	£'000	Description
<u>Corporate issues</u>		
Support of Credit Union	60	To support bids for administration of pump priming loan pool fund from DWP to help needy families and also to create a development fund to support initiatives of the Hartlepool Financial Inclusion Partnership.
<u>Regeneration and Neighbourhoods</u>		
Reactive Maintenance	50	Past years have seen reactive budget provision increase annually by less than construction industry cost increases. In addition energy costs have increased. Budget provision for the Windsor and Carnegie have been less than requested within the overall budget headings, a realignment against anticipated commitments has been undertaken involving Finance. The consequence of this is that the available resources for day to day responsive works have been significantly reduced.
Extension of out of hours service	183	Depending on Members' decision on options for extending the service the costs could be funded from existing budgets or incur additional costs of up to £183,000.
Neighbourhood Management/Community Safety	50	With the demise of NDC the contribution towards the Neighbourhood Management/Policing and Community Safety programme at 173 York Road will cease. Cleveland police are committed to funding half of the costs and are pursuing the increase through their own budget pressure rounds. The costs cover premises/ half a FTE anti social behaviour officer and administrative support.
	343	

CABINET REPORT

21 September 2009



Joint Report of: Director of Child and Adult Services/Director of Regeneration and Neighbourhoods

Subject: DEVELOPING A STRATEGIC APPROACH TO THE VOLUNTARY AND COMMUNITY SECTOR IN HARTLEPOOL

SUMMARY

1. PURPOSE OF REPORT

The report seeks Cabinet approval of the final Voluntary and Community Sector Strategy (VCS) and to note the intention that the Action Plan will be used as a basis for the Council and PCT to work with the VCS.

The report also seeks Cabinet's agreement to setting up an Implementation Group to oversee the prioritisation and delivery of the Action Plan.

2. SUMMARY OF CONTENTS

The Strategy (**APPENDIX 1**) provides a strategic approach to working with the voluntary and community sector.

The report is in two parts; Part One includes the proposed strategic approach and sets out the outcome framework based around the following four aims.

1. A shared vision and strategic direction
2. A sector that is strong and prosperous
3. A sector that contributes to the delivery of good public services
4. A sector that strengthens communities and neighbourhoods.

Part Two is the background analysis and supporting documentation to the strategy.

The strategy was agreed as a draft for consultation at Cabinet on 23 February 2009. This report also includes a summary of the subsequent consultation events, including the Local Strategic Partnership (LSP) consultation and a voluntary sector event.

The report also recommends the creation of an Implementation Group to steer delivery of the action plan.

3. RELEVANCE TO CABINET

The report impacts on all wards in the town.

4. TYPE OF DECISION

Key Test ii

5. DECISION MAKING ROUTE

Cabinet approval, prior to LSP approval on 23 October 2009.

6. DECISION(S) REQUIRED

Cabinet is requested to endorse the Strategy, to note the intention that the Action Plan will be used as a basis for future work between the VCS and the Council and PCT, and to approve the creation of an Implementation Group to oversee the prioritisation and delivery of the action plan.

Joint Report of: Director of Child and Adult Services/Director of
Regeneration and Neighbourhoods

Subject: DEVELOPING A STRATEGIC APPROACH TO THE
VOLUNTARY AND COMMUNITY SECTOR IN
HARTLEPOOL

1. PURPOSE OF REPORT

The Strategy (**APPENDIX 1**) provides a strategic approach to the voluntary and community sector.

The report seeks Cabinet approval of the final Voluntary and Community Sector Strategy (VCS) and to note the intention that the Action Plan will be used as a basis for the Council and PCT to work with the VCS.

The report also seeks Cabinet's agreement to setting up an Implementation Group to oversee the prioritisation and delivery of the Action Plan.

2. BACKGROUND

- 2.1 The proposal to develop a strategic approach in relation to future work with the Voluntary and Community Sector was agreed by Cabinet at its meetings on 29 October and 26 November 2007.
- 2.2 Extensive work was subsequently been undertaken to develop the final draft proposals which were considered by Cabinet on 23 February 2009, and agreed as a final draft for consultation.
- 2.3 Extensive consultation had already been undertaken with stakeholders, officers, members, partner organisations and the sector itself in developing the draft.
- 2.4 The report is of particular relevance to the CPA assessment of the Council when it was highlighted that the Council needed to improve its approach to providing services with the voluntary and community sector, and develop a strategic view on the appropriate role for the sector in the town.
- 2.5 Members will also recall that the brief for commissioning this work was widened to include key partners and stakeholders within the Local Strategic Partnership and in particular the involvement of the Primary Care Trust who co-funded the work.

- 2.6 This work also reflected the approach adopted to developing the Hartlepool Compact, the final version of which was endorsed by Cabinet at its meeting in October 2008. The Compact underpins the Strategy and sets out how statutory agencies and the sector will work together to deliver it through a series of Codes of Practice.
- 2.7 The work has been overseen by a broad based Steering Group comprising representatives from Council Departments, the Voluntary Sector and Primary Care Trust.
- 2.8 After the draft was agreed by Cabinet as a final draft for consultation, further consultation was arranged, including an event for the voluntary sector in March 2009.

3. THE STRATEGY FOR SUPPORTING AND DEVELOPING THE VOLUNTARY AND COMMUNITY SECTOR IN HARTLEPOOL

- 3.1 The strategy for supporting and developing the voluntary and community sector in Hartlepool has been produced in two parts. The first details the proposed strategic approach to the voluntary and community sector in the town, including a vision and outcomes framework based around the following four aims:
 - 1. A shared vision and strategic direction
 - 2. A sector that is strong and prosperous
 - 3. A sector that contributes to the delivery of good public services
 - 4. A sector that strengthens communities and neighbourhoods
- 3.2 The four aims are broken down into a series of outcomes supported by a detailed action plan, including indicative timescales and potential resource implications.
- 3.3 The second part of the Strategy provides the background information and analysis assessment influenced by stakeholder interview observations. Part Two also includes various appendices including the Hartlepool Compact.
- 3.4 The strategy overall is about how the Council and PCT can support the Voluntary and Community Strategy to maintain and develop its role in Hartlepool by contributing to broader objectives including the delivery of the Hartlepool Ambition (the Community Strategy). Whilst the Voluntary and Community Strategy is not necessarily about how much funding the Council and PCT should provide to the Voluntary and Community Sector nor which organisations should receive that funding, it does set out a framework within which these decisions can be made.

- 3.5 The Strategy sets out the national and local policy context for working with the Voluntary and Community Sector and explains how the Government has made it clear that it wishes to see the role of the sector expand, particularly in the sphere of service delivery.
- 3.6 The Strategy also provides an overview of how the Voluntary and Community Sector operates within Hartlepool and its current relationships with the Council and PCT.
- 3.7 A direction of travel is set out in general terms within the report which is considered necessary for the Council, PCT and parts of the sector to follow. It also makes suggestions for a future funding model for the Voluntary and Community Sector in the town.
- 3.8 The report also sets out the outcomes framework and action plan which will enable the Council and PCT to deliver the vision and move in the direction of travel set out in the four aims outlined in paragraph 3.1 above.
- 3.9 In the course of preparing the Strategy early drafts have been shared with the Audit Commission who themselves have been involved in the consideration of the direction of travel for the council following a previous CPA assessment. The dialogue with the Audit Commission has not indicated any significant issues in relation to the strategic approach set out in the report.
- 3.10 The strategy is aimed primarily at the Council and Primary Care Trust but its overall success also depends on achieving buy-in from the Voluntary and Community Sector. To achieve maximum success it also requires the involvement of other Local Strategic Partners and key statutory agencies.

4. RESULTS OF CONSULTATION

- 4.1 The recommendations in the Strategy were welcomed by the PCT, Hartlepool Borough Council and the sector.
- 4.2 **LSP Consultation** - The draft strategy was taken to the LSP on 20/03/09, there was overall agreement to the approach, and members of the Partnership were invited to provide any further detailed comments. No additional comments were received from members of the LSP.
- 4.3 **Voluntary Section Consultation Event 27/03/09** - There was an overall agreement to the approach. There was some minor discussion regarding the Vision as the term thriving was included twice. It was agreed that the outcome framework was a good starting point, and the implementation would need to be overseen by the Steering group, with a potential role for the Community Network also. It was also suggested that the Action Plan would be prioritised.

- 4.4 **Response from HVDA** - A detailed response from HVDA was received on 28/04/09. This is attached as **APPENDIX 2**. The key issues raised include:
- The need for prioritisation of the Action Plan
 - Comments regarding the proposed funding model
 - The premise that there is a lack of clarity regarding funding by the PCT and Hartlepool Borough Council is overstated, whereas there is much good effective partnership working with clearly defined expectation on both sides
 - HVDA provide support for a wide range of groups, not just smaller groups
- 4.5 **Steering Group** - The Steering Group met and considered all the responses to the consultation. Although the overall Strategy was welcomed it was felt that it was overcritical in parts. It was agreed that the Strategy underplays a lot of the excellent partnership working, the amount of work already undertaken regarding capacity building, and procurement/commissioning of services which deliver good outcomes for the people in the town. It was also felt that the PCT and Hartlepool Borough Council have a good understanding of the funding provided to the sector as the outcomes this delivers. Further work will be required on the funding model. It was suggested that the Steering Group would be reconstituted as an Implementation Group to steer the delivery of the action plan. The group will continue to meet to help move this work forward. This will include representatives from the Voluntary Sector, Hartlepool Borough Council and Primary Care Trust.

The future Implementation Group will ensure that there are links to the Compact, as it will include the Compact lead as a member. The group will ensure that the Action Plan dovetails with the Compact.

5. FINANCIAL IMPLICATIONS

- 5.1 The Strategy has no immediate direct financial implications for the Council. The Implementation Group will consider ways of funding the priorities, through grants and highlighting issues and priorities as part of budget setting for both the Council and the PCT.

6. RECOMMENDATION

- 6.1 Cabinet is requested to approve the Voluntary Strategy, and note that the Action Plan will be used as a basis for the Council and PCT to work with the Voluntary and Community Sector.

Cabinet are also requested to agree to the creation of Implementation Group to oversee the prioritisation and delivery of the Action Plan.

A strategy for supporting and developing the voluntary and community sector in Hartlepool

Part one: the strategy

Draft for consultation

**Report by
Peter Fletcher Associates Ltd**

February 2009



Peter Fletcher Associates Ltd
Research and Consultancy

A strategy for supporting and developing the voluntary and community sector in Hartlepool

Team

Louise Craig

Iain Kitt

Peter Kenrick

Eileen Waddington

Peter Fletcher Associates Ltd
Chesterwood Grange
Haydon Bridge
Northumberland NE47 6HW
Tel: 01434 684944
Fax: 01434 684945

Email: info@peterfletcherassociates.co.uk
Website: www.peterfletcherassociates.co.uk

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Part 2 containing the appendices to this report is available separately.

Executive summary

Introduction and the purpose of this strategy

Hartlepool has a large and vibrant voluntary and community sector (VCS) that makes a significant contribution to the economic and social wellbeing of many residents. This draft strategy sets out how Hartlepool Borough Council (the Council) and Hartlepool Primary Care Trust (the PCT) can develop and support the VCS.

The Council and PCT have agreed a vision that:

There will be a thriving voluntary and community sector in Hartlepool that contributes fully to making Hartlepool an ambitious, healthy, respectful, inclusive, thriving and outward-looking community, in an attractive and safe environment, where everyone is able to realise their potential.

This draft strategy is about how the Council and PCT can realise this vision. It was prepared for the Council and the PCT by Peter Fletcher Associates, an independent firm of consultants, in conjunction with a number of voluntary and community sector organisations. It has been agreed for consultation by the Council's Cabinet and the PCT's Board. There will now be consultation on the proposals with the Hartlepool Partnership and the VCS.

The role of the voluntary and community sector

A healthy voluntary and community sector is a vital part of a democratic society and it is part of the job of government (at both national and local level) to foster its development. The VCS plays a number of important roles including:

- Delivering publicly funded services
- Bringing innovation to partnerships with the public sector
- Engaging with local communities – especially more marginalized and disadvantaged groups
- Helping to design services
- Campaigning for change

The voluntary and community sector in Hartlepool

In Hartlepool the importance of the VCS has been recognised in 'Hartlepool's Ambition', the sustainable community strategy and the Local Area Agreement agreed in April 2008. In October 2008 the Partnership agreed a local Compact between the VCS and statutory organisations that sets out a framework within which relationships between the VCS and statutory organisations will be conducted. The Compact and this strategy are complementary documents that, taken together, should bring about a real change in culture and help both sectors to work together more effectively and provide better services.

The VCS in Hartlepool is large and varied. The Hartlepool Voluntary Development Agency (HVDA) estimates that it is made up of at least 550 different groups and organisations involved in many different areas of work. It has many strengths. These include:

- It is large and diverse and contributes significantly to improving many people's quality of life
- It has a track record of bringing in additional income
- It supports and enables people as members of their communities e.g. as volunteers
- It has shown itself to be entrepreneurial and has developed innovative services
- It can act as a voice for otherwise disenfranchised communities and groups

However it also has a number of weaknesses:

- Many organisations are struggling in an increasingly tight financial environment
- Some parts are heavily reliant on grant aid
- Some organisations are finding it hard to adapt to a new more 'business like' and competitive environment
- The Council and PCT's funding is often short-term and their expectations are not always clear
- The sector has not been as proactive in anticipating and preparing for change as it could have been

This strategy aims to build on these strengths and overcome the weaknesses. It proposes:

- An increasingly important role for the VCS organisations as providers of mainstream public services
- A shift in the basis on which service delivery is funded to longer-term contracts based on 'full-cost recovery'
- A clearer understanding of the importance of the sector's broad role - as campaigners for change, as advisers influencing the design of services and as innovators – and support for this
- Keeping grant aid to retain the current diversity of the sector and support smaller organisations

Implementing it will require voluntary and community organisations, along with the Council and PCT, to think afresh about how they operate and how they relate to each other.

Funding the sector

The strategy is not about how much funding should go to VCS organisations but it is about how that funding should be allocated. It sets out a funding model for the sector. This identifies three types of funding relationship:

- **‘Shopping’** (or contracting) – where funding is given for delivering a specific service e.g. provision of day care services to older people
- **‘Giving’** (or ‘grant aid’) where the funder is seeking to support a worthy cause e.g. general support to a tenant’s group or youth club.
- **‘Investing’** (or ‘grant in aid’) where funding is to help build the capacity of the voluntary sector and enable it to operate more effectively capital funding to enable several organisations to share premises

It should be emphasised that this is only a model and it will need to be applied flexibly. The approach to be used depends on the circumstances. Funding, even ‘giving’, will always be in return for an activity that contributes to helping the Council/PCT achieve its objectives. The strategy sets out a process for reviewing current funding agreements to ensure that they are clear, consistently applied, properly monitored and reviewed, deliver value for money and operate within a relationship between the Council/PCT and the VCS that is fair and properly regulated.

An outcomes framework

The strategy brings together the vision, the overall aims for the sector and a number of outcomes this strategy will need to deliver to achieve these into a single ‘outcomes framework’. This is shown on the next page.

The action plan

The draft strategy sets out an action plan that would deliver the outcomes in the outcomes framework. It is comprehensive and ambitious. It has not been agreed by the Council, PCT or VCS. and is put forward for discussion. The Council, the PCT and the VCS will need to agree over the coming months which actions they agree to, how they will prioritise these and what additional resources they can commit to implementing the plan.

Conclusion

This strategy sets out an ambitious vision for the VCS in Hartlepool. In adopting this draft the Council and the PCT have indicated their clear support for the VCS in the town and their intention to work with it to ensure that it continues to thrive.

A vision and outcomes framework for the VCS in Hartlepool

Vision: there will be a thriving voluntary and community sector in Hartlepool that contributes fully to making Hartlepool an ambitious, healthy, respectful, inclusive, thriving and outward-looking community, in an attractive and safe environment, where everyone is able to realise their potential.			
Aim 1 A shared vision and strategic direction	Aim 2 A sector that is strong and prosperous	Aim 3 A sector that contributes to the delivery of good public services	Aim 4 A sector that strengthens communities and neighbourhoods
Outcome 1a There will be a shared view of the role of the VCS set out in the Compact Outcome 1b The VCS will set out a clear statement of what it can offer and the added value that it brings Outcome 1c The VCS will be engaged in strategic planning and commissioning processes and helping shape the priorities for Hartlepool Outcome 1d There will be excellent collaborative working with a good understanding in both sectors of their respective roles, cultures and constraints Outcome 1e There will be good communication between the VCS and statutory organisations	Outcome 2a The Council and PCT will contract with an organisation to deliver infrastructure support to the VCS in order to enable the sector to perform effectively Outcome 2b The VCS will share facilities and resources where this makes sense and will deliver a more cost effective service Outcome 2c VCS organisations will have a clear understanding of their cost base and service objectives Outcome 2d There will be a single publicly available database of all VCS organisations in the town Outcome 2e The Community Network will be seen as the effective voice of the VCS in the Hartlepool Partnership Outcome 2f VCS organisations will know the basis on which they receive funding from the Council and PCT and how this will be monitored Outcome 2g There will be a diversity of funding support that recognises the different needs of VCS organisations	Outcome 3a VCS organisations will play an effective role in delivering public services that help the Council and PCT meet their objectives Outcome 3b There will be clear procurement and contracting processes that provide a level playing field for VCS organisations Outcome 3c The VCS will be geared up to take advantage of procurement opportunities Outcome 3d Contracts with VCS organisations to deliver services will be funded on a transparent basis using full-cost recovery. Outcome 3e The VCS will be able to demonstrate that it delivers quality services that meet the needs of users Outcome 3f VCS organisations contracted to deliver services will have effective business planning processes and be able to demonstrate that they deliver value for money	Outcome 4a Community organisations will be supported to enable local people to make their views and aspirations known within the Neighbourhood Renewal Areas Outcome 4b Views from neighbourhood level will feed into strategic partnerships/policy makers to give a voice to specific communities of interest. Outcome 4c Hard to reach and special needs groups will be given targeted support to enable their voice to be heard. Outcome 4d The VCS will work collaboratively at a local level to make the best use of its resources Outcome 4e Volunteers will be a valued resource in the community Outcome 4f Grant aid funding will be available to support small local groups that is transparent and linked to community priorities as set out in the Community Strategy and LAA Outcome 4g There will be a single process for applying for non-contract funding from the Council and PCT Outcome 4h The PCT will commission an organisation to deliver its public Health Grant scheme
The Compact The Compact underpins the strategy and sets out how statutory agencies and the sector will work together to deliver it through a series of codes of practice.			

1. Introduction: a vision for the voluntary and community sector in Hartlepool

Hartlepool has a large and vibrant voluntary and community sector (VCS) that people in the town are rightly proud of.¹ Voluntary and community organisations provide services that contribute to improving the quality of life of many residents in areas such as health and social care, sport and leisure, culture and the environment. Many thousands of residents give their time freely as volunteers to support local organisations and the sector contributes to increasing the economic prosperity of the borough by bringing in millions of pounds of funding from outside organisations. Hartlepool Borough Council and Hartlepool Primary Care Trust have agreed a vision for the voluntary and community sector in the town. It is that:

There will be a thriving voluntary and community sector in Hartlepool that contributes fully to making Hartlepool an ambitious, healthy, respectful, inclusive, thriving and outward-looking community, in an attractive and safe environment, where everyone is able to realise their potential.

This strategy sets out how Hartlepool Borough Council (the Council) and Hartlepool Primary Care Trust (the PCT) can realise this vision by better supporting the sector to maintain and further develop its contribution and ensure that it continues to thrive and prosper in potentially difficult times. It sets out four key aims:

- A shared vision and strategic direction for the sector
- A sector that is strong and prosperous
- A sector that contributes to the delivery of good public services
- A sector that strengthens communities and neighbourhoods

The vision and aims are combined in an 'outcomes framework' that sets out in a simplified form what the strategy should deliver. This is shown on page 7 above and is repeated on page 41 where it is followed by a draft action plan that would deliver the outcomes.

This strategy is about how the Council and PCT can support the VCS to maintain and develop its role in Hartlepool. It is not about how much funding the Council and PCT should provide to voluntary and community organisations nor which organisations should receive that funding. It does set out a framework within which these decisions can be made.

¹ By voluntary and community sector we mean non-governmental, not-for-profit organisations (which may also be charities). The Government increasingly refers to 'the third sector' which also covers 'for profit' organisations which work to clear social values and objectives e.g. social enterprises, mutual organisations and co-operatives. In this work we focus on non-governmental, not-for-profit organisations. And where we do use the term third sector we are only referring to these organisations although many of our proposals would be equally applicable to other organisations with social objectives.

Status of this document

This document has been prepared by Peter Fletcher Associates on behalf of the Council and PCT and in conjunction with a number of voluntary and community sector organisations in the town. Peter Fletcher Associates is an independent firm of consultants and the views expressed in this report are those of the authors and do not necessarily represent the views of either the Council or the PCT or any organisations or individuals consulted in the course of this work.

2. Why this strategy has been developed

Whilst the Council and PCT do already provide a great deal of support to the VCS it has been recognised that this could be improved. In March 2007 the Audit Commission published its most recent assessment of the Council's performance. This concluded that the Council could:

“further enhance its capacity to deliver its objectives and further stimulate modernisation of the Council's functions by developing a strategic approach to working with the voluntary sector, including funding arrangements, which maximises the sector's potential to improve the quality of life in Hartlepool and to enable these organisations to plan ahead in support of the Council's objectives”²

The Council and the VCS had already said that they were going to review the local Compact³ agreed in 2003 and this process started towards the end of 2007. A revised Compact was endorsed by the Hartlepool Partnership in October 2008. It has subsequently been specifically endorsed by the Council's Cabinet and PCT Board.

From the perspective of the PCT they had identified the need for a framework that would guide any plans that they developed for investing in the VCS, something that they were considering as part of their business planning for 2008-09 onwards.

The Council and the PCT therefore decided to jointly commission a piece of work to develop the strategic approach that the Audit Commission identified as being needed. An external firm of consultants, Peter Fletcher Associates, were brought in to carry out this work reporting to a Steering Group made up of representatives from the Council, the PCT and the VCS in the town.⁴

The Hartlepool Partnership supported this work at its meeting in December 2007 on the basis that:

“Although there is significant benefit in developing the approach for the Council, it is suggested that the original brief should be widened to include key partners and stakeholders within the LSP. This would help develop a more coherent and consistent approach to community and voluntary sector support for all key partners in the town.”⁵

² 'Annual audit and inspection letter for Hartlepool Borough Council', Audit Commission, (March 2007). Available at <http://www.audit-commission.gov.uk/Products/CPA-CORP-ASSESS-REPORT/50973D45-D5EF-42CC-BAD2-6E58FCFE0E65/HartlepoolBCCA13Mar07REP.pdf> Para 20, p9

³ The Compact is an agreement between Council and the voluntary and community sector in Hartlepool. It recognises shared values, principles and commitments and sets out guidelines for how both parties should work together. See appendix one for the current Compact agreed in October 2008.

⁴ More detailed information about how Peter Fletcher Associates carried out their work is set out in appendix six. This includes details of who was on the Steering Group. The appendices are contained in a separate volume to this report.

⁵ 'Developing a strategic approach to the Voluntary & Community Sector' report to the Hartlepool Partnership Board, 7 December 2007

In preparing this draft strategy we met with a range of organisations and people including a number from the VCS. This report will be presented as a draft for consultation to the Council's Cabinet and the PCT's Board (as the organisations that funded the work) prior to wider consultation with the voluntary and community sector and the Partnership.

3. The national and local context

National policy towards the VCS

The overall approach towards the VCS

Since coming to power in 1997 the Labour Government has been steadily developing its approach to the VCS through a series of policy documents and guidance. The basic premise of the Government's approach is that a healthy voluntary and community sector is a vital part of a democratic society and that it is part of the job of government (at both national and local level) to foster the development of the sector. It is accepted that the VCS plays a number of important roles including:

- Delivering publicly funded services
- Bringing innovation to partnerships with the public sector
- Engaging with local communities – especially more marginalized and disadvantaged groups
- Helping to design services
- Campaigning for changes to service provision

The Government has made it clear that it wishes to see the role of the sector expand – particularly in the sphere of service delivery, but has recognised that in order for this to happen there needs to be a change in the relationship between public sector bodies and the VCS at all levels. The main areas where change is needed are:

- Consultation and involvement – the VCS should be involved and consulted in every aspect of the decision-making and service delivery process as standard practice
- Outcomes – the focus of service commissioning should be placed upon outcomes, rather than the sector from which the service is provided. Social outcomes should be included in contracts⁶
- Funding – there needs to be a move towards longer-term funding in order to improve financial relationships between statutory and VCS bodies, to provide the VCS with financial stability, to increase value for money, and to stop VCS resources being diverted into bidding for funds. Where the sector is contracted to deliver services this should be on the basis of what is known as full-cost recovery⁷

⁶ Social outcomes or social clauses are requirements within a contract that allow the contract to address broader issues than simply the delivery of the service concerned. Their most common use is to require a contractor to prioritise the need to train and employ the long-term unemployed in the area. There is increasing interest in broadening their scope but there are issues as to how far this is possible within current EU procurement rules. Social clauses are seen by many as being an important way of helping VCS organisations to secure public contracts. The North East Improvement and Efficiency Partnership is leading a piece of national work in this area. See <https://www.nece.gov.uk/nece/CMS.nsf/vLiveDocs/903BB8AE16772AEB802574570034E340?OpenDocument>

⁷ Under full cost recovery organisations and their funders ensure that the price of contracts and the funding awarded reflects the full costs of delivery, including a legitimate portion of overhead costs.

- Reduction of bureaucracy – barriers that prevent the VCS taking part in procurement and other processes should be removed as much as possible. Application processes for funding should be simplified and monitoring processes should be proportionate relative to funding and risk
- The wider role of the VCS should be recognised e.g. through encouraging volunteering
- There needs to be more explicit recognition and support of the VCS to enable it to carry out these roles effectively

Relationships between Central Government and the VCS are to be conducted according to the principles set out in a National Compact originally agreed in 1998 and reviewed in 2002⁸. The Compact sets out a framework for partnership working between Government and the VCS, and recognises the contribution that the VCS makes to society. The following is a list of the guiding principles of the Compact:

- A healthy voluntary and community sector is part of a democratic society
- Working in partnership with the voluntary and community sector can result in better policy and services and better outcomes for the community
- Partnership requires strong relationships (e.g. integrity and openness)
- Government can play a role as funder of the voluntary and community sector
- The independence of the voluntary and community sector should be respected

The Compact recognizes that building an effective relationship requires change on both sides and both Government and the VCS signed up to a series of undertakings as part of the process.

The Compact has been followed by further reports and guidance particularly looking at good practice in terms of funding arrangements and relationships⁹ and how the sector can be supported to play a bigger role in the delivery of public services¹⁰. In this latter context it is accepted that in many cases the VCS is often better placed to deliver public services because of its expertise particularly in delivering services to so-called 'hard to reach' groups and communities and its ability to innovate.

In an action plan published in 2006¹¹ the important role of commissioning in enabling VCS organisations to play a fuller role in service delivery was highlighted.

⁸ *The Compact on Relations Between Government and the Voluntary and Community Sector in England* (Home Office, 2002)

⁹ see 'A Summary Guide: Improving Financial Relationships with the Third Sector – Guidance to Funders and Purchasers' HM Treasury (2006)

¹⁰ *The Role of the Voluntary and Community Sector in Service Delivery: A Cross-Cutting Review* HM Treasury (2002) and also 'No Excuses. Embrace Partnership Now. Step Towards Change!: Report of the third sector commissioning taskforce', Dept of Health (2006)

¹¹ 'Partnership in Public Services: An action plan for third sector involvement' Cabinet Office (2006)

Building cohesive communities and public involvement

However it is also recognised that the VCS plays a wider role than simply being involved in service delivery. There are many third sector organisations that may have no interest in delivering public services that nonetheless play an important role in their local communities and should be able to access government support. The 2007 *PSA Delivery Agreement 21: 'Build more cohesive, empowered and active communities'* stresses the importance of the third sector in supporting active community participation and empowerment. It states:

*'Sustainable third sector organisations are vital to achieving the aims of this PSA. They are able to better represent the voice of communities, to support empowering, user-focused services, which involve citizens in their design and operation, and bring people together to effect change in communities.'*¹²

The 2007 Government White Paper *'Creating Strong, Safe and Prosperous Communities'* set out the Government's expectation that the sector would be engaged at a local level in helping to tackle social exclusion and build community cohesion.¹³

In July 2008 the Government published a White Paper: *'Communities in Control: real people, real power'*¹⁴. The White Paper set out a number of proposals aimed to devolve power to local communities and to enable local people to set and meet their own priorities. It sees an important role for third sector organisations in implementing the proposals set out in the White Paper including in the areas of:

- Supporting people in volunteering
- Social and democratic renewal
- Neighbourhood management
- Influencing the commissioning and delivery of local services through mechanisms such as community development, neighbourhood management and participatory budgeting
- Commissioning more services from faith based groups
- Engaging specific groups such as younger and older people
- Promoting citizenship and active participation
- Increasing community ownership and control of public assets through asset transfers and community land ownership

A number of funds have been set up to support the sector in carrying out these roles.

¹² *'PSA Delivery Agreement 21: Build more cohesive, empowered and active communities'* HM Treasury, (2007), p3

¹³ The White Paper is at <http://www.communities.gov.uk/publications/localgovernment/strongprosperous> It was followed by guidance to local authorities on how they should implement the White Paper at local level. This can be seen at <http://www.communities.gov.uk/publications/localgovernment/strongprosperous>

¹⁴ *'Communities in control: Real people, Real power'*, Communities and Local Government, (July 2008)

The White Paper was supported by statutory guidance¹⁵ on how local authorities should implement some of its provisions in particular a new statutory 'duty to involve' that has been contained in the '*Local Government Public Involvement in Health Act*' passed in October 2007. The guidance envisages a particular role for third sector organisations in helping local authorities implement this duty¹⁶ and many of the proposals in the strategy will assist the Council and the VCS to move forward and implement this new duty in the town.

Stimulating the VCS to provide health and social care services

VCS organisations have a long-track record of working with the NHS and Social Services and delivering health and social care services. The Government has published a number of documents which make it clear that it sees an increasing role for VCS organisations in this area. In 2006 the Department of Health published '*Our health, our care our say*'¹⁷ setting out a new direction for community services which envisaged the 'third sector' as an increasingly important provider of services. This was followed later in the year by the report of a 'Third Sector Commissioning Task Force' set up to look at how to address the practical obstacles to the third sector fulfilling its potential as a mainstream provider of health and social care services.¹⁸ The Department has subsequently made it clear that it expects PCTs to open up opportunities to an increasing range of organisations to be able to bid to run local services.

In 2007 the Department launched the concept of 'world class commissioning' designed to improve the competency of PCTs as commissioners and ensure that they were commissioning to improve the health and well-being of their local population¹⁹. World class commissioning means PCTs developing a set of core competencies to demonstrate that they:

- Are recognised as the local leader of the NHS
- Work collaboratively with community partners to commission services that optimise health gains and reductions in health inequalities
- Proactively seek and build continuous and meaningful engagement with the public and patients, to shape services and improve health
- Lead continuous and meaningful engagement with clinicians to inform strategy, and drive quality, service design and resource utilisation
- Manage knowledge and undertake robust and regular needs assessments that establish a full understanding of current and future local health needs and requirements

¹⁵ '*Creating Strong, Safe and Prosperous Communities*', Communities and Local Government, (July 2008)

¹⁶ Para 2.24

¹⁷ '*Our health, our care, our say*', Department of Health, (January 2006). See, for example, chapter 7, '*Ensuring our reforms put people in control*'.

¹⁸ '*No excuses. Embrace Partnership Now. Step Towards Change*', Dept of Health, (July 2006)

¹⁹ See

<http://www.dh.gov.uk/en/Managingyourorganisation/Commissioning/Worldclasscommissioning/Vision/index.htm>

- Prioritise investment according to local needs, service requirements and the values of the NHS
- Effectively stimulate the market to meet demand and secure required clinical, and health and well-being outcomes
- Promote and specify continuous improvements in quality and outcomes through clinical and provider innovation and configuration
- Secure procurement skills that ensure robust and viable contracts
- Effectively manage systems and work in partnership with providers to ensure contract compliance and continuous improvements in quality and outcomes
- Make sound financial investments to ensure sustainable development and value for money

Engaging with the third sector is recognised as a component of at least four of these:

- Working with community partners
- Engaging with the public and with patients
- Stimulating the market
- Promoting improvement and innovation

The PCT will need to work with the VCS in Hartlepool if it is to be able to achieve the status of a world class commissioner as envisaged by the Department of Health.

The local context

The local policy context for this work has been set by a number of recent documents and initiatives. The main ones are set out below.

The Compact

A local Compact between the Council and the VCS in Hartlepool was originally agreed in 2003. In 2006 the Council's 'Strengthening Communities Best Value Review' concluded that the Compact needed to be strengthened and relaunched²⁰. This view was endorsed by the Hartlepool Partnership which also agreed that the revised Compact should include partners other than just the Council.²¹ A new Compact has now been drawn up and endorsed by the Partnership, including the Council and PCT, and this is included at Appendix one.²² The Hartlepool Compact won the 'Compact of the year' award in the 2008 North East VCS Awards.

²⁰ 'Strengthening Communities Best Value Review', report to Council Cabinet, 25 September 2006

²¹ See minutes of the meeting of the Hartlepool Partnership Board held on 7 December 2007

²² The outcome of the consultation on the draft can be viewed at <http://consultation.hartlepool.gov.uk/inovem/consult.ti/HartlepoolCompact2008/consultationHome>

The Compact contains five codes which set out ground rules for good practice in relationships between the VCS and statutory agencies. They are:

- Funding code
- Consultation and policy code
- Inclusion code (minority and small community groups code)
- Code of practice on representation
- Volunteering code

The aim of the Compact is to set out a framework within which relationships between the VCS and statutory organisations will be conducted. An action plan will be agreed to promote the use, recognition and implementation of the Hartlepool Compact. Progress on actions will be monitored by the Community Network²³, and reported to the Hartlepool Partnership.

The Compact sets out the principles which will govern how the relationships between VCS organisations and statutory agencies are conducted and the working practices that should define the way they work together. It underpins this strategy which sets out what the Council and PCT will do, working with the VCS, to help it develop and prosper. They are complementary documents that, taken together, should bring about a real change in culture and help both sectors to work together more effectively and provide better services.

The Hartlepool Partnership

The Hartlepool Partnership is the Local Strategic Partnership for Hartlepool which brings together representatives from the key agencies and sectors that are concerned with improving quality of life in the town and the delivery of public services to local residents. The VCS is specifically recognised as a 'community of interest' within the Partnership structure and Hartlepool Voluntary Development Agency (HVDA) has a seat on the Partnership Board in its role as the umbrella organisation for the VCS in the town. VCS organisations also sit on many of the Partnership's thematic partnerships and groups.

The sector is also brought together to engage in the Partnership through the Community Network. The Network aims to ensure that the sector is involved effectively in the Partnership and that it has real influence over the provision of services and initiatives through meaningful involvement in the town's decision making.

The Partnership has also identified eight priority neighbourhoods in the town where deprivation is greatest. These areas are targeted for specific intervention through the

²³ The Community Network has been set up to promote and support communities, the voluntary sector and residents to participate effectively in neighbourhood renewal in Hartlepool. The Network is currently funded from the Working Neighbourhoods Fund.

Neighbourhood Renewal Strategy aimed at closing the gap between these areas and the rest of the town. The eight are:

- Burbank
- Dyke House/Stranton /Grange
- New Deal for Communities
- North Hartlepool (Central Estate, Headland & West View /King Oswy)
- Owton
- Rift House/Burn Valley
- Rossmere
- Throston Grange Estate

Neighbourhood Action Plans (NAPs) have been developed in each of these neighbourhoods to ensure that local residents play a central role in making their neighbourhood a better place to live. NAPs identify local issues and priorities in the area. These priorities are established through consultation with local residents of all ages and background, community groups, Councillors and service providers. A NAP will identify:

- Local priorities and the actions required to tackle these priorities
- Timescales and responsibilities for delivering actions
- How service providers can shape their services to meet the needs of the area.
- Potential areas of funding and resources

NAP forums, which are a neighbourhood partnership of residents, Councillors, service providers and voluntary and community groups, have been established for each neighbourhood. These forums meet regularly to ensure that the priorities identified within the NAP document are addressed and also to consider any new priority issues arising within the community. The sector plays an important role in supporting and sustaining the work of the NAP forums.

Community Strategy

Hartlepool's first Community Strategy published in 2002 identified the importance of the voluntary and community sector in the life of the town - making a significant contribution to direct service provision and the well-being of residents. This emphasis is repeated in '*Hartlepool's Ambition*' the revised community strategy adopted by the Partnership in July 2008. This contains a specific objective to:

*"fully value the voluntary and community sector and to support them to secure their long-term future through contracted service delivery, promoting volunteering and the agreement of longer term funding settlements."*²⁴

²⁴ '*Hartlepool's Ambition*' p54.

<http://www.hartlepoolpartnership.co.uk/site/scripts/documents.php?categoryID=5>

It also includes objectives as part of the Neighbourhood Renewal Strategy to:

- Develop and support residents associations across the neighbourhoods to enable local people to make their views and aspirations known
- Develop networks and structures from the neighbourhood level to feed into strategic partnerships/policy makers to give a voice to specific communities of interest
- Provide community development and capacity building support in key areas of need including targeted support for hard to reach and special needs groups
- Support community and voluntary sector groups who provide vital support within the Neighbourhood Renewal Area

The VCS is identified as a key partner in helping to deliver the overall objectives of the Community Strategy. It is seen as playing a specific role in delivering particular objectives including:

- Improving the quality of the local environment and access to public open spaces
- Improving the range and quality of recreational learning opportunities for all especially children and young people
- Creating and maintaining employment opportunities for local people

The sector is also seen as playing a vital role in delivering the neighbourhood renewal dimension of the strategy that aims to close the gap between the poorest and the best off areas in the town.

“Strengthening and valuing communities is at the heart of Neighbourhood Renewal. Empowering individuals and groups and increasing the involvement of citizens in all decisions that affect their lives is fundamental to the process of reducing the gaps between the conditions in the Neighbourhood Renewal Area and Borough and national averages.”

Two objectives in the Neighbourhood Renewal Strategy relate to support for the VCS:

*“To fully value the voluntary and community sector and to support them to secure their long-term future through contracted service delivery, promoting volunteering and the agreement of longer term funding settlements.
To support community and voluntary sector groups who provide vital support within the Neighbourhood Renewal Area.”*

Local Area Agreement

The Local Area Agreement (LAA) sets out the priorities that the Hartlepool Partnership will progress in the three years from June 2008 – March 2011. It is based on Hartlepool's Ambition identifying the agreed priorities of the Partnership.

Put simply, the LAA is a collection of improvement targets – a delivery contract for Hartlepool's Vision as set out in the Community Strategy.²⁵

The LAA is negotiated between the Council, Hartlepool Partnership and central Government and must include up to 35 national priority targets, chosen from a single set of 198 national indicators.²⁶ Developing and sustaining a healthy 'third' sector is itself a national priority outcome and the national indicator set include 2 specific indicators to measure progress towards achieving this. These are:

- Participation in regular volunteering (NI 6), and
- Creating an environment for a thriving third sector (NI 7)

The Hartlepool LAA includes the first of these as one of its 35 priorities.

The LAA makes it clear that VCS organisations played a significant role in helping to draft the agreement and also that they will play a key role in delivering the LAA. Specifically HVDA is given a lead role in respect of the delivery of three outcomes:

- Increasing participation in volunteering
- To empower local people to have a greater voice and influence over local decision making and the delivery of services
- Making a positive contribution

This strategy includes outcomes and actions to help the sector play its full role in the delivery of the Community and Neighbourhood Renewal Strategies.

Scrutiny and Best Value reviews

There have been a number of such reviews in recent years that have touched on issues concerning the relationship between the Council and the VCS and the state of the latter.

In 2006 the Regeneration and Planning Services Scrutiny Forum undertook a scrutiny of partnerships in Hartlepool. This included a specific remit to clarify the role of the community and voluntary sector, and determine how better links could be established with Community and Voluntary Sector organisations. In its final report the Forum recommended that:

*"the need for infrastructural organisation offering support to the wider VCS be recognised by the Council and be appropriately funded."*²⁷

Also in 2006 a Best Value Review was undertaken of the Council's contribution to the 'strengthening communities' theme within the Community Strategy. This included

²⁵ It can be viewed at

http://www.hartlepool.gov.uk/partnership/downloads/LAA_V2_20_June_2008.pdf

²⁶ National Indicators for Local Authorities and Local Authority Partnerships: Handbook of Definitions, Dept of Communities and Local Government, May 2008

²⁷ 'Final report – Scrutiny investigation into partnerships', Regeneration and Planning Services Scrutiny Forum report to Cabinet 15 May 2006, p34. Available at

http://www.hartlepool.gov.uk/site/scripts/documents_info.php?documentID=65&pageNumber=11#2006

looking at the Council's support to and relationship with the VCS in the town. In the 'sounding boards' that were convened as part of the review, support for the VCS was identified as a high priority. Specifically the need to:

- Strengthen and relaunch the Compact
- Increase support for the VCS and its infrastructure
- Increase Council familiarity with VCS services and expertise
- Enable VCS to access Council training programmes that both Officers and Councillors participate in
- Review the Community Pool
- Create a list of VCS groups and services

The recommendations of the review, which were endorsed by the Cabinet, included one to:

*"Strengthen and re-launch the Compact and consider within the context of emerging guidance for Compact Plus. Utilise this as the vehicle for increasing Council awareness of CVS and ensuring it has better access to funding and service provision opportunities, and ensure buy-in from all Departments of the Council."*²⁸

In June 2007 the Adult and Community Services and Health Scrutiny Forum reported to Cabinet on the development of social prescribing in Hartlepool.²⁹ The report identified that the VCS was playing an important role in developing social prescribing in the town but that development was being hampered by insecure funding and other factors. The report recommended the development of a comprehensive and coordinated strategy for the delivery, funding and evaluation of social prescribing and that social prescribing should be incorporated within the Voluntary Sector Strategy Development.

This strategy will assist in implementing the recommendations of these reviews.

Building Links programme

This was a joint initiative between the Council, PCT and the VCS, funded by the North East Centre for Excellence that ran between April 2005 and March 2007. It was aimed at building capacity in a number of VCS organisations that deliver health and social care services in the town. Activities included:

- One to one support to groups including completion of individual development plans

²⁸ 'Strengthening communities Best Value Review Improvement Plan', report to Cabinet 25 September 2006, p17

²⁹ 'Social Prescribing – Final Report', Adult and Community Services and Health Scrutiny Forum report to Cabinet, 11 June 2007. Available at http://www.hartlepool.gov.uk/downloads/Microsoft_Word_-_Social_Prescribing_-_Final_Report_ACS&HSF.pdf. Social prescribing is an approach to linking patients with non-medical forms of support where (typically) GPs will 'prescribe' interventions such as counselling or exercise for patients.

- Training sessions which helped the VCS organisations gain the skills to participate in the procurement process
- Events that brought together the VCS organisations
- A quality assurance seminar and quality /assurance support work with individual organisations
- Documentation to record what the groups were doing
- Promotional skills development to improve communication by the VCS organisations participating

The project gave direct support to 14 organisations that provide social care services to people with physical and mental ill health and/or disabilities and that receive financial support from the Council to do this.

An evaluation of the initiative was undertaken³⁰ and concluded that:

- The programme had led to some groups being able to strengthen existing funding and some are actively working outside of Hartlepool but that efforts needed to continue to promote more business like practice
- There is a role for ongoing infrastructure support which could help act as an advocate for the groups, seek out collaborative opportunities for delivery both within Hartlepool and elsewhere across Tees Valley

A number of recommendations were made which, it was felt, would support the VCS to engage fully with the public sector in maximising procurement opportunities. The experience of the programme has informed this strategy which builds and takes forward the recommendations from the evaluation.

Summary and conclusion

This strategy is building on strong foundations. Both nationally and locally there is a clear view that the VCS has a vital role to play in helping statutory organisations deliver their key objectives, whether this is in terms of delivering high quality public services, engaging citizens and service users or building cohesive and sustainable communities. This strategy is about how the Council and PCT can best support the sector to fulfil this potential and take advantage of the opportunities that are available. In the next section we look at the current strength of the sector and the areas where it needs to develop.

³⁰ See 'Evaluation of the Building Links Capacity Building Support Programme' Simon Davidson, Hartlepool Voluntary Development Agency, June 2007

4. The voluntary and community sector in Hartlepool – an overview³¹

What is the voluntary and community sector?

The term VCS covers a huge range of organisations from a small mother and toddlers group run entirely by volunteers and living from hand-to-mouth in terms of funding to large national (in some cases multi-national) organisations with multi-million pound budgets and professional, employed staff. What unites all of these diverse organisations and suggests there should be a specific approach to their development and relationship with statutory agencies? We characterise it as a mix of the roles they undertake, the way they attract funding, their constitutional arrangements and their potential for engaging effectively with both their geographical communities and communities of interest. It is this unique mix which justifies a specific approach to supporting and developing the sector in the town.

There are a number of roles which VCS organisations play which statutory agencies find more or less difficult. These include:

- **Community engagement:** VCS organisations are often closer to their communities – which can either be geographical or a particular interest group. In particular they have a record of being able to engage with ‘hard-to-reach’ or ‘hard to hear’ groups (such as disaffected young people, homeless people, BME communities) which are often reluctant to become involved with statutory agencies
- **Service delivery:** there is a long tradition of VCS organisations being involved in service delivery. Often they can be more effective in this role because, for example, of their engagement with different communities and their ability to lever in additional resources either in terms of volunteers or additional funding. VCS organisations can also be more flexible in their service delivery and able to respond quickly to changing policy and the needs and demands of their service users
- **Innovation:** it is recognised that in many cases the sector is more easily able to innovate and pilot new approaches in areas such as service delivery and community engagement than statutory organisations and there is a good track record of this in many areas. However it is also the case that sometimes elements of the sector can be less likely to adopt new approaches and continue to provide services in traditional and sometimes out-dated ways
- **Community cohesion:** the sector can play a substantial role in enabling community cohesion through, for example, its ability to bring together people from different communities and groups and by providing a range of activities at a very local level
- **Public involvement:** the sector plays an important role in encouraging and supporting people to play an active role in their community through activities such as volunteering and helping to run VCS organisations. It also often acts directly to support people to express their views or is able to

³¹ See appendix two for the more detailed assessment on which this section is based.

represent the views of marginalised and disadvantaged groups on the basis of the work that it does with them

VCS organisations in Hartlepool play all of these roles to differing degrees. The VCS in Hartlepool is large and diverse. The Hartlepool Voluntary Development Agency (HVDA) estimates that it comprises of at least 550 different groups and organisations involved in many different areas including:

- Culture/leisure/sport/arts
- Health/disability/care
- Children and young people
- Residents and community groups
- Advice and information
- Training and community education
- Self-help and mutual support

Information from an audit undertaken by the Council in 2006 ³² shows that 55 of the larger VCS organisations between them:

- Employed 235 full-time and 321 part-time staff
- Engaged 1,195 volunteers delivering 4,020 unpaid hours of work per week
- Delivered services to 132,709 different people and 680 groups

The audit covered many of the larger voluntary sector organisations in the town. Most of the VCS is comprised of much smaller groups most of whom operate without any paid staff and who will receive relatively little, if any, of their income from local statutory agencies instead relying on one-off grants from charitable trusts and their own fund-raising efforts and the input of an estimated 5000 volunteers.³³

It is our impression (hard comparative data is not available) that the VCS in Hartlepool is larger and more diverse than in other towns of a similar size. It is also noticeable that it is largely 'home-grown' i.e. there are relatively few large regional or national voluntary organisations operating in the town. Generally this is seen as a positive virtue – local organisations run by and for local people. There are examples, however, where it can be seen to be a disadvantage with local organisations struggling to demonstrate that they have the capacity and capability to take up opportunities that have arisen. If there is a wish to maintain a strong home-grown VCS then it will be necessary to invest in equipping local organisations to improve their capacity in key areas.

³² 'Audit of community and voluntary groups in Hartlepool', June 2006 included in the Scrutiny Co-ordinating Committee report on 'Withdrawal of European Structural Funding to the voluntary sector within Hartlepool' presented to the meeting of Hartlepool Cabinet on 30 April 2007 and available at http://www.hartlepool.gov.uk/downloads/Withdrawal_of_European_-_Final_Report.pdf

³³ As part of our work we held two focus groups that were intended to be for such smaller groups to ensure their input into the process of developing the strategy. The reports of these groups are at Appendix seven.

Relationships between the Council and PCT and the sector

Relationships between key people in statutory agencies and the VCS are generally good. However in some instances there is a lack of understanding on both sides – of what the sector can offer, for example, or the constraints under which the Council and PCT sometimes operate. There is a definite sense felt by many people in the sector that they are treated as poor relations and the Council and the PCT are seen by some people as rather distant bodies.

Given the size and diversity of the sector this is perhaps not too surprising. It would be impossible for the Council and the PCT to have a direct relationship with every voluntary and community organisation in the town. In many cases it will be more appropriate for the relationship to be through an intermediary body, such as HVDA. What is important, however, is that it is made clear that this is how relationships will be managed and this clarity has sometimes been lacking.

For its part the sector needs to recognise that the nature of its relationship with statutory organisations is changing in some instances and will move towards being on a more contractual basis. This can bring advantages e.g. in terms of the basis on which funding is awarded but it also carries a responsibility for organisations to become more businesslike and able to demonstrate that they offer value for money. VCS organisations often complain that there is not a 'level playing field' when it comes to competing for contracts, sometimes it has to be said that they are trying to play a completely different game.

The action plan in this strategy sets out a number of proposals designed to further improve relationships between the sector and the Council and the PCT.

Funding for the sector

Funding for the sector comes from a number of sources. These include:

- Grants and contracts from statutory agencies, especially the Council and PCT but also funding from central government and other statutory bodies.³⁴ This includes funding through grant aid, contract income, funding from regeneration programmes and other ring-fenced funding
- Grants from charitable trusts (including the Lottery)
- Earnings generated by general fundraising, membership, trading etc.
- Sponsorship from the private sector.³⁵

³⁴ This would include the Learning and Skills Council, National Offender Management Service, Police, Job Centre Plus. As part of this work, however, we were not able to ask these organisations how much support they provided and this information does not seem to be readily available locally.

³⁵ Appendix 7 of the audit carried out in 2006 shows the range of sources although not the amounts or relative proportions.

In 2006/07 the 55 organisations covered by the audit referred to above had an estimated income of just over £7 million that came from multiple sources including:

- European Regional Development Fund
- Central government
- Regeneration funding (NRF/SRB etc.)
- Local authority grant aid
- Contract income from the council and pct
- Local fundraising
- Charitable trusts such as the Northern Rock Foundation and the Lottery
- Trading income

Research in other areas has indicated that for every £1 of grant aid a VCS organisation receives from a local authority it is able to raise £14 from other sources.³⁶

Funding from the Council and PCT

Funding for the VCS from the Council falls into 2 main categories:

- Funding under a contract for the delivery of services
- Funding from specific funding pots

This latter category can, in turn, be split into:

- Funding specifically designated to support VCS organisations e.g. The Community Pool
- Funding with a broader remit some of which is used to fund VCS organisations e.g. The Working Neighbourhoods and Children's Funds

In 2008/09 we estimate that total funding from the Council is at least £2.3 million. This is made up as follows:

Table 1: Council funding to the voluntary and community sector in 2008/09³⁷

Source of funding	Amount in 2008/09 £
Community Pool	470,822
Children's Fund	472,256
Working Neighbourhood Fund	1,382,509
Other funds (e.g. Civic Lottery)	35,000

³⁶ 'The Voluntary Sector in Newcastle upon Tyne', Newcastle CVS, (2005). Other sources in this study included income from statutory bodies other than the local authority.

³⁷ These figures do not include funding to VCS organisations that is given as a result of them being awarded a contract following a competitive tendering process for the delivery of mainstream services.

Further information about funding from the Council is shown in appendix three.

Funding from the Primary Care Trust

The PCT also funds a number of VCS organisations in the town although there was a period between 2006 and 2008 when the level of funding was significantly reduced because of financial difficulties in the organisation. For 2008/09 the PCT has identified £688,000 of specific funding for voluntary and community organisations although this is currently only available for a two-year period. Further details of the PCT's past and current funding are shown in appendix three.

Overall support

Both the Council and the PCT provide a considerable amount of financial support to VCS organisations – in 2008/09 this totals just over £3 million. Without this support many organisations would not be able to continue. The amount of funding provided is probably significantly higher than in most other comparable areas, something that is not perhaps always appreciated by the sector. The available evidence is that the funding is used to support services that help both the Council and the PCT deliver their corporate objectives and the objectives in the Community Strategy. However the funding is often provided on a short-term basis and it is not clear how the amount of funding is determined or exactly what it is for. Both organisations lack a clear picture of the overall funding they provide to the sector. There is often an expectation that after a period, usually two or three years, organisations will be able to secure replacement funding from an unspecified source – an expectation that is often neither realistic nor justified. Current funding practice does not always match good practice as set out in Treasury guidelines.³⁸ In turn VCS organisations are not always clear what they are giving funders for their money and we came across evidence of some organisations lacking robust business planning and financial processes. There is we think almost certainly scope for organisations to become more efficient through, for example, sharing support and backroom functions and premises. The sector needs to be more proactive in demonstrating it is looking to make efficiencies in the same way that local authorities and the NHS are now required to do.

One issue with funding is the application process. The Council and PCT have a number of different funding pots and each has its own criteria and application process. This can be confusing for organisations trying to find out which pot is most appropriate and also time-consuming when they have to submit more than one application. A number of local authorities have developed a 'single gateway' for funding applications so VCS organisations only have to make one application – even though it may be considered for several different funding sources³⁹. This has been found to be helpful both to VCS organisations and to the Council concerned in reducing the administrative burden on both sides, building up a source of local expertise on funding opportunities and giving the Council a better overall picture of what funding it provides to the sector and how this is being used.

³⁸ See 'A Summary Guide: Improving Financial Relationships with the Third Sector – Guidance to Funders and Purchasers' HM Treasury (2006)

³⁹ See appendix eight for some examples

Increasingly the basis on which organisations are funded will shift from grant aid to funding through a contract for the delivery of a specified service. Hartlepool has not gone as far or as quickly down this road as many other areas and we recommend that the Council and PCT retain a 'mixed economy of funding' recognising that the sector is not homogenous and that both contract funding and grant aid are needed to support different types of organisations and activities.

Constitutional arrangements and infrastructure support

All VCS organisations are independent with their own trustees and/or board of management. Their constitutional arrangements can vary considerably. Many will be registered charities governed by charity law and the inspected by the Charities Commission. Others will be formerly constituted organisations with a membership and elected officers. Some will be informal, unconstituted groups operating with minimal formal structure. These diverse organisations operate independently and perform very different roles. This strategy reflects that diversity and sets out a number of different types of support that the Council and PCT can give that takes account of the different needs of the organisations that make up the sector.

The VCS as such has no formal structure. The Hartlepool Voluntary Development Agency (HVDA) receives funding from both the Council and the PCT to carry out specific roles to support the sector including:

- Promoting and supporting volunteering (it runs the Volunteer Centre)
- Supporting and developing voluntary and community organisations including helping in applying for funding, giving advice on constitutional matters, providing training etc.
- Building links between voluntary organisations and developing partnerships with other agencies
- Promoting the role and value of the voluntary sector
- Distributing funding e.g. The PCT's recently established Public Health Grants Scheme
- Bringing the sector together, e.g. through the Community Network, to express its views and be represented on partnership bodies such as the Hartlepool Partnership
- Acting as a communication channel and liaison point between the sector and the Council and PCT

In addition it raises funding from a variety of other sources including Big Lottery, Working Neighbourhoods Fund and Northern Rock Foundation. Core funding from the Council and PCT covers a relatively small proportion- less than 10% - of its total costs.

Other organisations, such as OFCA, Headland Futures, West View Advice and Resource Centre, Belle Vue Sports and Youth Centre also play a complimentary role in helping to support and develop VCS organisations in different parts of the town.

Whilst the role of HVDA as the local development agency for the sector is generally supported and the organisation is seen to be effective in giving a voice to the sector it is not without its critics. It is viewed as being very successful in supporting small to medium organisations but of less relevance to the larger organisations within the sector. Some organisations criticise it for effectively being in competition for funding whilst, at the same time, acting as a broker for those same funds – in other words operating with a conflict of interest. It has not been as proactive as it might have been in gearing up the sector to respond to the new contract culture. We do see the need for an organisation to take on the role of local development agency and see HVDA as being best placed to continue to play this role but in return for continued, and possibly increased, funding to do this it will need to demonstrate that it can play the role effectively.

Summary

The voluntary and community sector in Hartlepool has many strengths. These include:

- It is large and diverse and contributes significantly to improving the quality of life of people in the town
- It has a track record of bringing in significant additional income to the town
- It is well embedded in local communities – both of place and of interest. It supports and enables people as members of their communities throughout the town as well as seeking to promote and support particular interests and needs – particularly with groups who may sometimes be ‘hard to hear and reach’
- In a number of cases it has shown itself to be very entrepreneurial and has developed innovative services
- It can act as a voice for otherwise disenfranchised communities and groups
- It has a generally positive relationship with statutory organisations which provide significant levels of funding to support it.

However it also has a number of weaknesses:

- Its diversity also means that there are many small organisations that are struggling to survive in an increasingly tight financial environment
- Some parts are heavily reliant on grant aid with few alternative sources of income
- Some organisations are struggling to adapt to a new more ‘business like’ environment and lack skills and capacity
- The Council and PCT’s funding is often short-term and it does not encourage stability
- It is not always clear what the Council and PCT’s expectations are of the sector
- The sector has not been as proactive in anticipating and preparing for change as it could be and is not best equipped to respond to a move towards greater use of contracting as a funding mechanism

This strategy aims to build on these strengths and support the sector and the Council and PCT to work together to overcome the weaknesses.

5. The need for change

In chapter three we identified that the context within which the sector operates is changing. Public sector organisations are moving towards a greater emphasis on their role as commissioners of services and using contracting as a mechanism for procuring. Hartlepool may not have moved as far or as quickly in this direction as many other places but the pressure for it to do so is still there. Increasingly service areas that have traditionally been the preserve of local voluntary sector organisations will attract interest from regional and/or national ones as well as the private sector. If the sector is to survive and prosper in the medium to longer term it needs to learn to adapt to the changing context and embrace more readily the move towards commissioning and contracting. In chapter four we have identified a number of ways in which the sector needs to change in order to remain 'fit for purpose'. Our overall assessment, based on the information presented in this report, is that "the status quo is no longer an option" – although we would qualify it to add "in the medium to longer term".

In table 2 below we set out in general terms the direction of travel that we see as being necessary for the Council, PCT and parts of the sector to follow and highlight what these changes will mean for many VCS organisations.

Table 2: direction of travel

In the past	In the future
Voluntary organisations are funded because of their links with local communities and their past record.	<i>Voluntary organisations have to compete on the same basis as other organisations and secure funding on the basis of what they can achieve in the future</i>
Statutory bodies provide funding support to the voluntary sector as grant aid and assume this will be supplemented by income from other sources.	<i>Contracted services will be commissioned through a contract and will be funded at full cost.</i>
The sector relies heavily on grant aid from a few sources.	<i>The sector's income base goes beyond traditional sources and will increasingly operate on a trading basis with the development of more social enterprises</i>
Funding is provided on an historical basis with little few explicit expectations on what will be achieved for the funding. Performance monitoring mostly relates to how the money is spent.	<i>Funding is transparent and linked to the delivery of funder's priorities and objectives with clear outcomes set and monitored.</i>
Statutory organisations have assumed the sector could look after itself and would continue doing what it had always done.	<i>Commissioners of services recognise that the VCS should be supported to help build the capacity of the sector to meet new demands.</i>

In the past	In the future
Voluntary sector organisations operate as autonomous bodies and collaboration in service delivery is uncommon	<i>VCS organisations increasingly are involved in collaborative arrangements and partnerships to make the best use of their shared resources</i>

We understand that the real world is not as black-and-white as this picture suggests. Nor are we saying that the current situation in Hartlepool is entirely in accord with how we characterise the past. We do not believe that moving forward means that elements of traditional relationships and funding, such as grant aid, should entirely disappear – indeed we propose that they should be explicitly maintained alongside a growing role for the delivery of contracted services. But the direction of travel is clear and the sector needs to be actively encouraged and supported to prepare for it.

Some VCS organisations will struggle to prosper in this new environment without effective support and preparation. There are opportunities to be taken here if organisations are geared up to do so. These opportunities include:

- An increasingly important role as providers of mainstream public services rather than just those areas of service where the sector has traditionally operated. An example would be the recent tendering of three new GP surgeries in the town where there was involvement from a voluntary sector organisation in one of the prospective bids
- A shift in the basis on which service delivery is funded to longer-term contracts based on 'full-cost recovery' recognising that VCS organisations should not have to subsidise publicly funded services. This should mean greater financial certainty and stability for those organisations that are funded in this way
- A clearer understanding of the importance of the sector's broad role - as campaigners for change, as advisers influencing the design of services and as innovators from which the public sector can learn – recognised in their involvement in the Hartlepool Partnership and their contribution to the delivery of the community strategy

Taking advantage of these opportunities will require voluntary and community organisations, along with the Council and PCT, to think afresh about how they operate and how they relate to each other. Some VCS organisations in the town are already gearing themselves up to take on new roles and new ways of working. Many, however, have yet to fully recognise the impact of the changes that are taking place in publicly funded services and need to develop the skills or expertise in their management committees and staff to respond appropriately. Similarly, those parts of statutory bodies that engage with voluntary organisations (or potentially could do so) need to re-examine their attitudes to those relationships and the support they can give to the sector.

However, there are risks in this process and it is not one that is appropriate for all parts of the sector. Many smaller organisations will not want to go down the path of bidding to run public services and it would neither be sensible or good value for

money to force them to do so if they want to be able to continue to receive support from public funds. It will important to retain the current diversity of the sector through, for example, the continuing provision of grant aid support alongside contracting. In the next chapter we set out a funding model that we propose should be adopted in Hartlepool that recognises the diversity of different types of funding that need to be made available to support the sector.

6. A funding model for the VCS

This model sets out three types of funding relationship between a funding organisation and the recipient of that funding. These are: shopping, giving and investing.⁴⁰

‘Shopping’ (also referred to as contracting)

Here the funder is seeking to procure a specific service or activity. This would be something that the funding organisation will have a clear responsibility to ensure is delivered to its local population e.g. provision of day care services, sports activities for young people. Ideally this should be as part of a wider commissioning process of which the actual procurement is only one part.⁴¹ The funders, in this case the Council/PCT, will want to specify in some detail exactly what it expects an organisation to deliver. In the past this has tended to be in terms of inputs and outputs but increasingly commissioners are looking to specify the outcomes they wish to achieve through delivery of the service e.g. improvements in health and wellbeing, the promotion of social inclusion. In the majority of cases procurement of a service will be through open tender and voluntary sector organisations may be competing against the Council/PCT itself and/or private sector providers. Services will be provided under contract either for a fixed amount or an amount that is related to the volume of work carried out. Contracts will be for a fixed term – the length of which will depend upon the nature of the service being provided and usually funded on the basis of ‘full-cost recovery’. Contracts will need to be actively managed at a level appropriate to the size and risk attached to the contract concerned.

‘Giving’ (also known as ‘grant aid’)

Here the funder is seeking to support a cause without this support being tied to delivering specific activities. An example would be general support to a tenant's group or youth club. Community chest type funds, such as the PCT's Public Health Grant Scheme would fall into this definition. Support will be provided as a grant and, therefore, will have relatively few conditions attached. However even though it is described as ‘giving’ the funding is still tied to delivering the funder's objectives albeit that this will be specified at a high level e.g. to provide support to local residents to encourage them to live healthier lifestyles. Grants are normally awarded on an annual basis and good practice suggests that they should not, therefore, be used to fund ongoing commitments e.g. staff costs. Where funding is intended to support ongoing costs then ‘shopping’ or ‘infrastructure’ support are usually more appropriate mechanisms as they are generally linked to longer-term agreements. The need to demonstrate equity suggests that grant aid should be awarded through a published and open process. Grant aid funding will need to be managed and performance reviewed but using a light-touch. Grants will generally be for relatively small amounts (e.g. less than £20,000 per annum) although this need not be a hard and fast rule.

⁴⁰ This is based upon a model developed by Julia Unwin, now Director of the Joseph Rowntree Foundation. See *‘The Grant Making Tango’*, Julia Unwin, Joseph Rowntree Foundation, 2004

⁴¹ See appendix five for an explanation of the commissioning cycle and the place of procurement within it.

‘Investing’ (also referred to as ‘grant in aid’)

When ‘investing’ the funder is seeking to build the capacity of the voluntary sector and enable it to operate more effectively. Examples could include funding an organisation to provide support to other voluntary organisations throughout the town or to provide capital support to enable several organisations to share premises or to fund core costs for an organisation that is seen to play a vital role in some way. The Council/PCT will need to be able to specify what it wants to achieve through the funding and relate this to its priorities and objectives but it is likely to be at a higher level of detail than for a specific service with funding linked to the delivery of specific outcomes rather than outputs. Funding is likely to be directed to a specific organisation on the basis that it is uniquely placed to deliver what the funders want so tendering will probably not be appropriate or the Council/PCT recognise that they want to support the organisation to play a broader role e.g. in engaging with and developing provision for a specific user group. (Although a restricted tender process may be appropriate in some situations). The nature of the relationship between funder and provider is likely to be longer-term and rather than a detailed contract it would be more appropriate to draw up a rolling service level agreement which is reviewed on a regular basis (although this will still have the legal force of a contract). Agreements will need to be actively managed – but this should be more of a collaborative process with the provider.

Table 3 below sets out in more detail how the model could be applied. – adapted from an approach developed by Croydon Council which was awarded ‘beacon status’ for its work in this area. It should be emphasised that this is only a model and should not be seen as an inflexible framework that has to be applied rigidly irrespective of the circumstances. The Council/PCT and the VCS will need to agree how it is to be implemented and monitor its impact (see next section).

5.1 Appendix 1

Table 3: methods of funding and procurement

Procurement Method	Most applicable when any of the following apply	Guide amount	Type of agreement	Full cost recovery applies
Shopping				
Full competitive procurement process	<ul style="list-style-type: none"> • Specific service • Outcomes/outputs can be clearly defined • Contestable market • Non-sector specific • Statutory or required service 	£144,371 over the life of the contract if EU procurement rules apply. No lower limit though generally for amounts of more than £20,000 p.a.	Contract	Yes
Restricted procurement process	<ul style="list-style-type: none"> • Specific service • Outcomes/outputs can be clearly defined • Few potential providers • May in effect be sector specific • Statutory or required service 	No lower limit though generally for amounts of more than £20,000 p.a.	Contract	Yes
Investing				
Restricted procurement process	<ul style="list-style-type: none"> • Core Costs for strategically important organisations that add value to the locality and/or support others. • Capital funding e.g. to improve efficiency 	No limit	Service level agreement	Negotiated settlement based on an understanding of costs
Giving				
Bidding process	<ul style="list-style-type: none"> • Outcomes not clearly specified • Many potential providers • VCS specific 	£10,000 - £50,000	Funding agreement with SLA	Negotiated settlement based on an understanding of costs
Small grants through community chests	<ul style="list-style-type: none"> • One-off projects/activities • Contribution to development costs • VCS specific 	<£10,000	Funding agreement	No

Current funding in Hartlepool

Currently it is not always clear which of these categories funding of VCS organisations falls into. Often funding appears to contain elements of all three without it being clear what is being given for what purpose. This makes it difficult to be clear about the purpose of any funding and how it relates to delivering the Council and PCT's objectives. It also almost certainly means that some VCS organisations are effectively subsidising the cost of delivering services that should be funded as 'shopping'. It also leads to a situation where organisations are being funded for core costs, including salaries, through grant aid paid on an annual basis which makes their financial situation very uncertain.

We would therefore propose that the Council and PCT should review all of their current funding to the sector to clarify the basis on which it is given and the purpose of giving it.

As part of this process the Council and PCT should establish clear and separate funding streams for:

- 'Giving' – along the lines of the Working Neighbourhoods Community Chest (as distinct from the main Working Neighbourhoods Fund) and Public Health Grantscheme
- 'Investing' – based upon the Community Pool (although we suspect that some of the funding from the Community Pool is effectively for the delivery of services)

Funding for 'shopping' should come from the Council's mainstream budgets and or pots such as the Working Neighbourhoods Fund and will not be differentiated as being solely for VCS organisations although there may be some circumstances where effectively such organisations will be the only potential or preferred providers of services. Wherever funding comes from and however it is given it is the case that it should be supporting the Partnership's/Council or PCT's objectives and priorities as set out, for example, in the Community Strategy, LAA, NAPs, Annual Operating Plan etc.

Purpose of the review:

The purpose of the review would be to ensure that where funding is provided, it:

- Contributes to corporate and departmental objectives
- Is consistently applied across all directorates
- Is properly monitored and reviewed
- Achieves value for money; and, overall
- Operates within a relationship between the council/pct and the voluntary and community sector that is fair and properly regulated

In Appendix four we set out detailed proposal on how the review should be carried out. The next chapter looks at how this strategy could be implemented.

7. Delivering the vision: an outcomes framework and action plan

The Council and the PCT have agreed a vision for the sector:

There will be a thriving voluntary and community sector in Hartlepool that contributes fully to making Hartlepool an ambitious, healthy, respectful, inclusive, thriving and outward-looking community, in an attractive and safe environment, where everyone is able to realise their potential.

In order to achieve that vision and move in the direction set out in table 2 above we set out four aims. These are:

A shared vision and strategic direction

There needs to be a greater sense of shared understanding about the role of the sector, how it can be supported, how it contributes at a strategic level to shaping the future of Hartlepool and how relationships between the sector and statutory agencies should be conducted. There should be a shared understanding of the sector, the range of organisations within it and how it contributes to the prosperity of Hartlepool. The sector itself needs to be able to articulate clearly what it does and the added value that it brings. The Compact sets out how statutory agencies and the sector will work together towards shared objectives to improve the quality of people's lives within Hartlepool.

A sector that is strong and prosperous

It is in everyone's interest to ensure that the VCS remains strong in the town and that it continues to prosper. This means clear funding arrangements but it is also about other forms of support and the mechanisms needed to provide them. These include ensuring there is an effective local development agency in place to support the sector, help it develop and promote its broader role. It means recognising the diversity of the sector and that there needs to be a range of funding available that are appropriate for the different types of organisation that exist and that the funding that organisations receive is given for clearly stated reasons and that the amount is transparent. It also requires that the sector itself demonstrates that it is constantly looking to see how it can become more effective and make the best use of all its resources to deliver high quality services.

A sector that contributes to the delivery of good public services

The Council and PCT believe that VCS organisations have a significant role to play in delivering public services in the town and we want to support and encourage them to play that role (within the constraints imposed on them by, for example the need to demonstrate they are obtaining value for money). This requires both that effective procurement mechanisms are put in place by the Council and the PCT (and reflected in their procurement strategies and guidance) but also that the sector is geared up to take advantage of these opportunities and is able to demonstrate that it provides good quality, value for money, services. VCS organisations that want to deliver public services will need to be able to compete on a level playing field with

both statutory and private sector providers and be able to demonstrate that their services meet the requirements of service commissioners and the needs of service users.

A sector that strengthens communities and neighbourhoods

The VCS plays a vital role at a community and neighbourhood level in building and maintaining sustainable and cohesive communities and should be supported to do this. This will be both as providers of important community based services and facilities but also through being able to use their local knowledge and contacts to shape the design and delivery of services to ensure they meet local needs and to work with local people and 'hard to hear' groups to ensure that their voices are heard and taken account of. This is often where smaller community organisations have an important role to play and there is a need to ensure that there are mechanisms in place to give them effective support. Ways of accessing support for these groups need to be as straightforward and non-bureaucratic as possible and funding should reflect the priorities of local communities. The role of volunteers should be recognised and supported.

On page 7 we set out an outcomes framework that brought together the vision, the overall aims for the sector and a number of outcomes this strategy will need to deliver to achieve these. This is reproduced again below followed by a draft action plan for the Council/PCT and HVDA to consider that will deliver this strategy.

8. A vision and outcomes framework for the VCS in Hartlepool

Vision: there will be a thriving voluntary and community sector in Hartlepool that contributes fully to making Hartlepool an ambitious, healthy, respectful, inclusive, thriving and outward-looking community, in an attractive and safe environment, where everyone is able to realise their potential.			
Aim 1 A shared vision and strategic direction	Aim 2 A sector that is strong and prosperous	Aim 3 A sector that contributes to the delivery of good public services	Aim 4 A sector that strengthens communities and neighbourhoods
Outcome 1a There will be a shared view of the role of the VCS set out in the Compact Outcome 1b The VCS will set out a clear statement of what it can offer and the added value that it brings Outcome 1c The VCS will be engaged in strategic planning and commissioning processes and helping shape the priorities for Hartlepool Outcome 1d There will be excellent collaborative working with a good understanding in both sectors of their respective roles, cultures and constraints Outcome 1e There will be good communication between the VCS and statutory organisations	Outcome 2a The Council and PCT will contract with an organisation to deliver infrastructure support to the VCS in order to enable the sector to perform effectively Outcome 2b The VCS will share facilities and resources where this makes sense and will deliver a more cost effective service Outcome 2c VCS organisations will have a clear understanding of their cost base and service objectives Outcome 2d There will be a single publicly available database of all VCS organisations in the town Outcome 2e The Community Network will be seen as the effective voice of the VCS in the Hartlepool Partnership Outcome 2f VCS organisations will know the basis on which they receive funding from the Council and PCT and how this will be monitored Outcome 2g There will be a diversity of funding support that recognises the different needs of VCS organisations	Outcome 3a VCS organisations will play an effective role in delivering public services that help the Council and PCT meet their objectives Outcome 3b There will be clear procurement and contracting processes that provide a level playing field for VCS organisations Outcome 3c The VCS will be geared up to take advantage of procurement opportunities Outcome 3d Contracts with VCS organisations to deliver services will be funded on a transparent basis using full-cost recovery. Outcome 3e The VCS will be able to demonstrate that it delivers quality services that meet the needs of users Outcome 3f VCS organisations contracted to deliver services will have effective business planning processes and be able to demonstrate that they deliver value for money	Outcome 4a Community organisations will be supported to enable local people to make their views and aspirations known within the Neighbourhood Renewal Areas Outcome 4b Views from neighbourhood level will feed into strategic partnerships/policy makers to give a voice to specific communities of interest. Outcome 4c Hard to reach and special needs groups will be given targeted support to enable their voice to be heard. Outcome 4d The VCS will work collaboratively at a local level to make the best use of its resources Outcome 4e Volunteers will be a valued resource in the community Outcome 4f Grant aid funding will be available to support small local groups that is transparent and linked to community priorities as set out in the Community Strategy and LAA Outcome 4g There will be a single process for applying for non-contract funding from the Council and PCT Outcome 4h The PCT will commission an organisation to deliver its Public Health Grant scheme
The Compact The Compact underpins the strategy and sets out how statutory agencies and the sector will work together to deliver it through a series of codes of practice.			

9. Draft action plan

The draft action plan set out in the following pages identifies a range of actions that would deliver the outcomes in the framework above. It is comprehensive and ambitious. The action plan set out here has not been agreed by the Council, PCT or VCS, and is put forward for discussion. The Council, the PCT and the VCS will need to agree over the coming months which actions they agree to, how they will prioritise these and what additional resources they can commit to implementing the plan. To aid this process we have included:

- Indicative possible timescales
- What we see as the relative priority of different actions – scored on a scale from 1 (high priority) to 4 (low priority)
- The possible resource implications. These are assessed as:
 - High – considerable additional resources will be required i.e. over £20,000 per annum
 - Medium – some resources required – up to £20,000 per annum
 - Low – only a small additional resource required which can probably be found from within existing budgets or there would be no need for additional resources to implement the action

The action plan also indicates whether the resource requirement would be on going in nature or just for one-off expenditure.

It is important to stress that this information is only indicative and is not based on any detailed costings.

In some places the action plan refers to the Hartlepool Partnership. It only does so where the actions are ones that the Partnership has already agreed e.g. in relation to delivery of the LAA. The draft strategy will be presented to the Partnership once it has been endorsed by the Council and PCT and it is hoped that other partners will adopt the approach, and where appropriate actions, set out in it.

5.1 Appendix 1

Outcome	Actions	Rationale	Timescale	Lead organisation ⁴²	Resource implications	Priority
Aim 1: a shared vision and strategic direction						
Outcome 1a There will be a shared view on the role of the VCS which will be set out in the Compact	1. The redrafted Compact has been agreed by the Hartlepool Partnership and endorsed by all partners	The revised Compact sets out the shared view of the Hartlepool Partnership on the role of the VCS and relationships between the sector and statutory agencies. It has been agreed by all partners and adherence to it will be monitored by the Community Network on behalf of the Partnership to ensure that it is as an effective document. Agencies that sign up to the Compact need to ensure that it is implemented within their organisation.				
	2. There will be an action plan agreed for the Compact to ensure it is promoted and used by the organisations that have endorsed it. This will be matched by individual plans within organisations.		31/03/09	Partners	Low	1
	3. The plan should be monitored by the Community Network and an exception report on compliance submitted to the Partnership on an annual basis		ongoing	Community Network	Low	1
Outcome 1b The VCS will set out a clear vision of what it can offer and the added value that it brings	4. The VCS to produce a statement that clearly identifies the different ways in which it adds value and be able to specify which of these apply in particular situations	It is agreed that the VCS adds value but it is not always clear what that value is. The sector should be clear about what makes it different and be able to articulate that – both in general terms and in relation to specific programmes of work. This would cover both economic and social aspects	31/03/09	HVDA	Low	2
	5. The Council and PCT and the VCS to collaborate on a survey of all	One area where the sector can be clear that it adds value is in the	30/09/09	HVDA	Medium one-off	2

⁴² Where action is required by the VCS we have identified HVDA as the lead agency. However this does not mean we think they should necessarily do all the work – rather that they would co-ordinate input from a range of people and organisations within the sector

5.1 Appendix 1

Outcome	Actions	Rationale	Timescale	Lead organisation ⁴²	Resource implications	Priority
	VCS organisations to identify the total funding VCS organisations bring into the town	additional funding it brings into the town. A survey of organisations would identify exactly how much this additional funding is worth and thereby contribute to developing a fuller understanding of the worth of the sector to the local economy as well as building up a picture of the financial health of the sector and identifying weaknesses so a proactive approach can be taken to dealing with these.				
Outcome 1c The VCS will be engaged in strategic planning and commissioning processes and helping shape the priorities for Hartlepool	6. VCS organisations should collaborate more to promote a 'VCS voice' within the Hartlepool Partnership and its thematic partnerships	Whilst the VCS is represented in the partnership structures we heard views that its approach was not always sufficiently strategic. By working more closely together in their engagement in policy and high-level commissioning (as opposed to procurement) processes the sector would be able to be more influential in shaping future policy and strategy.	ongoing	HVDA	Low	2
	7. The Council and PCT should ensure that the VCS continues to be represented in key strategic bodies		ongoing	Council/PCT	Low	1
Outcome 1d There will be excellent collaborative working with a good understanding in both sectors of their respective roles, cultures and constraints	8. HVDA should set up a training programme for staff from statutory agencies to increase awareness and understanding of the sector	We found evidence that in some instances there is a lack of understanding of the role that the VCS plays, how it works etc. We make a series of suggestions as to how understanding could be improved on both sides.	31/03/09	HVDA	Medium	2
	9. Run an awareness raising session for Councillors and Non-executive Directors on the VCS and what it can deliver		31/03/09	HVDA	Low	2
	10. Material on the sector will be included in all induction programmes for new staff		31/09/09	HVDA/HBC/PCT	Low	3
	11. Opportunities to exchange learning		30/06/09	HVDA/HBC/	Medium	3

5.1 Appendix 1

Outcome	Actions	Rationale	Timescale	Lead organisation ⁴²	Resource implications	Priority
	between statutory and voluntary agencies should be explored e.g. shadowing, job-swaps, placements etc		(for way forward to be agreed)	PCT		
Outcome 1e There will be good communication between statutory organisations and the VCS	12. HVDA to review its e-mail bulletin to ensure it is reaching key staff in statutory agencies	Communication is generally good but could be improved. We think it is important that contact between the VCS and statutory agencies is encouraged at all levels and in all departments. One way to promote this would be to use the Council's website to provide links to e.g. HVDA's website and to contain information about and for the sector. There is also merit in considering whether having a post with specific responsibilities for promoting links between the Council, PCT and the sector would further encourage joint working and the development of the VCS. If this is not seen as appropriate then clear points of contact need to be identified and widely advertised.	31/12/08	HVDA	Low	2
	13. Develop a VCS page on the Council's website and intranet linking into HVDA's website and giving access to information about and for the VCS		31/12/08	HBC/HVDA	Low	2
	14. Consider establishing a dedicated post as the main point of liaison between the VCS and statutory agencies and to act as the lead for VCS development. As a minimum the Council and PCT should identify clear points of contact within their organisations for VCS organisations and make sure these are well publicised.		30/06/09 (for decision to be made of which approach to take)	HBC/PCT	High	2

5.1 Appendix 1

Outcome	Actions	Rationale	Timescale	Lead organisation ⁴³	Resource implications	Priority
Aim 2: a sector that is strong and prosperous						
Outcome 2a	15. The Council and PCT should create a joint Community Pool to provide infrastructure support to key voluntary sector organisations	The Council and PCT should pool their support and create a single Community Pool to provide infrastructure support to VCS organisations.	31/03/10	HBC/PCT	Low	1
Outcome 2b The Council and PCT will contract with HVDA and other organisations to deliver infrastructure support to the VCS in order to support the sector to operate more effectively	16. Strengthen the role of HVDA as the local development agency for the VCS in Hartlepool with appropriate funding so it can effectively deliver the programme set out in this action plan	HVDA plays an important role in supporting the development of the sector. However we think this role needs to be enhanced and the organisation should take a more pro-active approach e.g. in relation to preparing and supporting the sector to take advantage of procurement opportunities. Opportunities for additional funding for HVDA to support this enhanced role should be explored.	31/03/09	HBC/PCT	High	1
	17. Negotiate a new contract with HVDA that in return for appropriate financial support sets out clear targets for the organisation to deliver	Whatever the level of funding given the expectations of what HVDA will deliver should be set out in a single, 3 year, rolling contract between the Council/PCT and HVDA.	31/03/09	HBC/PCT/ HVDA	High	1
	18. Other organisations that play a role in supporting the VCS should be identified and a decision made	A range of organisations currently support other VCS organisations in the town. Using the revised	31/03/10	HBC/PCT	Medium	2

⁴³ Where action is required by the VCS we have identified HVDA as the lead agency. However this does not mean we think they should necessarily do all the work – rather that they would co-ordinate input from a range of people and organisations within the sector

5.1 Appendix 1

Outcome	Actions	Rationale	Timescale	Lead organisation ⁴³	Resource implications	Priority
	whether to support them in this role	Community Pool this role should be recognised and supported where appropriate.				
Outcome 2c The VCS will share facilities and resources where this makes sense and would deliver a more cost effective service	19. Undertake a review of VCS organisations with the explicit aim of identifying opportunities to share resources i.e. premises, back room functions	There are a large number of organisations in Hartlepool running their own premises, providing their own backroom functions etc. We think there are likely to be opportunities for organisations to collaborate to reduce overhead costs and ensure more funding goes into front-line services. This process will require leadership and should be one of the roles given to HVDA under 2a above.	30/06/09	HVDA	Medium One-off Long-term savings	1
Outcome 2d VCS organisations will have a clear understanding of their cost base and service objectives	20. HVDA to develop a training programme and support to enable VCS organisations to analyse their cost base and define their service objectives	Progress has been made in this area e.g. through the Building Links programmes but all VCS organisations potentially bidding for contracts need to fully understand their cost base and be clear about the services they can offer. This will require support in some instances	31/12/09	HVDA/HBC	Medium One-off	2
Outcome 2e There will be a single publicly available database of all VCS organisations in the town	21. Compile an online database of all VCS organisations in the town, the services they deliver and facilities they can provide. Make this widely available through the Council's and other websites.	There is no single authoritative list of VCS organisations in the town which sets out what organisations do and provide. This would set up an electronic database that would be publicly available and that could be routinely updated. This will be an important resource for the sector itself, commissioners and the public	31/03/09	HVDA/HBC/ PCT	Medium Mostly one-off	1
Outcome 2f The Community	22. The Community Network should be supported through mainstream	The Community Network is currently funded on an annual basis through	31/03/10	HBC	High	2

5.1 Appendix 1

Outcome	Actions	Rationale	Timescale	Lead organisation ⁴³	Resource implications	Priority
Network will be seen as the effective voice of the VCS in the Hartlepool Partnership	funding with a 3-year rolling contract to ensure that the VCS is represented on the Hartlepool Partnership and its thematic partnerships	the Working Neighbourhoods Fund. Given its role it would be more appropriate for it to be funded through mainstream funding and on an ongoing basis. Funding should not just come from the Council. The Partnership should explore how best to fund and support the Community Network.				
Outcome 2g VCS organisations will know the basis on which they receive funding from the Council and PCT and how this will be monitored	23. The Council and PCT will adopt the good practice guidelines for funding VCS organisations published by the Treasury (see section 7)	Any VCS organisations whatever the source and level of its funding should be clear about why that funding has been given, how long it will last and what is expected of it in return. All funding agreements should be reviewed to ensure that the funding remains appropriate i.e. that it is clear how they contribute to delivering the funder's objectives and that they contain this information.	31/03/10	HBC/PCT	Potentially high (impact of move to full-cost recovery)	1
	24. The Council and PCT will review their funding of all VCS organisations using the approach set out in appendix four		31/03/10	HBC/PCT	Low	1
	25. All funding for whatever purpose will be accompanied by a clear agreement/letter setting out: <ul style="list-style-type: none"> • The amount of the funding • The purpose for which it is given • The duration of the funding • How performance will be managed 	Where services are delivered under contract it is appropriate and in line with guidance from the Treasury, that organisations should be paid on the basis of full-cost recovery. Agreeing what this means for VCS organisations is not always straightforward and a methodology for doing so needs to be agreed. We recommend using the toolkit	31/03/10	HBC/PCT	Low	1
	26. The Council/PCT and VCS should agree a methodology for calculating full-cost recovery.		31/03/10	HBC/PCT	Low	1

⁴⁴ See <http://www.fullcostrecovery.org.uk/main/index.php?content=home>

5.1 Appendix 1

Outcome	Actions	Rationale	Timescale	Lead organisation ⁴³	Resource implications	Priority
	27. A performance framework should be developed which is agreed with the sector that sets out how performance will be monitored and managed. Outcome based agreements and monitoring should be developed where possible.	developed by aevo (Assoc of Chief Executives of Voluntary Organisations). ⁴⁴ Agreements should set out clearly how performance will be managed. The level of performance management should be proportionate to the level of the funding and risk.	31/03/10	HBC/PCT	Low	1

5.1 Appendix 1

Outcome	Actions	Rationale	Timescale	Lead organisation ⁴⁵	Resource implications	Priority
Aim 3: a sector that contributes to the delivery of good public services						
Outcome 3a VCS organisations will play a major role in delivering services that help the Council and PCT meet their objectives	28. The Council and PCT should adopt a clear policy to promote the role of the VCS in service delivery within the parameters of EU procurement rules and where that adds value for money.	In order to ensure that the VCS can play a significant role in the delivery of public services within the town various steps will need to be taken to: <ul style="list-style-type: none"> Promote their potential role Ensure that the Council and PCT's procurement policies and strategies support that role Develop the capacity of the VCS to bid for contracts 	31/03/09	HBC/PCT	Low	2
	29. Develop a procurement code as part of the future review of the Compact		31/03/10	HBC/PCT/HVDA	Low	3
	30. Establish a joint working group and agree a detailed plan to take forward action in this area building on the actions set out in appendix 5		31/03/09	HBC/PCT/HVDA	Low	2
	31. Develop a key performance indicator that will measure the level of business placed with VCS organisations		31/03/10	HBC/PCT/HVDA	Low	4
Outcome 3b There will be clear procurement and contracting processes that operate according to the Compact	32. Review the Council's and PCT's procurement strategy to ensure they provide a level playing field for VCS organisations	The Council and PCT should encourage, within the constraints within which it operates, VCS organisations to compete for contracts as effectively as possible. These measures will ensure that VCS organisations have maximum opportunities to bid for contracts. More details are set out in appendix	31/03/10	HBC/PCT		
	33. Provide training to VCS on the Council's procurement process		31/03/09	HBC/PCT	Low	3
	34. Ensure that VCS organisations are aware of procurement opportunities through setting up an e-mail alert		31/12/08	HBC/PCT	Low	1

⁴⁵ Where action is required by the VCS we have identified HVDA as the lead agency. However this does not mean we think they should necessarily do all the work – rather that they would co-ordinate input from a range of people and organisations within the sector

5.1 Appendix 1

Outcome	Actions	Rationale	Timescale	Lead organisation ⁴⁵	Resource implications	Priority
principles	system linked to the HVDA website	five to the report.				
Outcome 3c The VCS will be geared up to take advantage of procurement opportunities	35. Develop a VCS development programme that will cover the following areas: <ul style="list-style-type: none"> • Marketing • Business planning • Preparation for contracting • Quality assurance • Leadership • Negotiation 	A range of measures need to be taken to ensure that the VCS is able to take advantage of the procurement opportunities that are available. More details are set out in section 8 of the report.	30/09/09	HVDA/HBC/PCT	High (but much one-off)	2
	36. Promote support mechanisms that will build skills and capacity in the VCS		ongoing	HVDA	Low	2
	37. Encourage new ways of working such as consortiums and partnerships between VCS organisations		ongoing	HVDA	Low	2
Outcome 3d Contracts with VCS organisations to deliver services will be on a sustainable basis	38. VCS organisations that provide services under contract should be paid on the basis of 'full-cost recovery'.	Where VCS organisations are delivering services under contract (shopping) then it is appropriate that they are paid the full cost of providing those services including a proportion of their overhead costs.	31/03/10	HBC/PCT/HVDA	High	1
				HBC/PCT/HVDA		
	39. The Council and PCT should ensure that all contracts with VCS organisations for the delivery of specific services are properly funded and are long-term contracts of at least 3 years duration – unless the services concerned are clearly of a short-term nature	A number of VCS organisations that are effectively providing services are still doing so on the basis of short-term contracts. This does not promote stability, value for money or good service delivery	31/03/10	HBC/PCT	low	1
	40. Organisations that receive funding from both the Council and PCT should have a single contract that covers both funding streams	Several organisations receive funding from both the Council and PCT yet have separate contracts. It would be more efficient if a single	31/03/10	HBC/PCT	low	2

5.1 Appendix 1

Outcome	Actions	Rationale	Timescale	Lead organisation ⁴⁵	Resource implications	Priority
		contract was drawn up and 1 body identified as the lead commissioner for that organisation as has been done, for example, with Connected Care.				
Outcome 3e The VCS will be able to demonstrate that it delivers quality services	41. HVDA should promote the take up of quality assurance systems designed specifically for small to medium voluntary sector organisations such as PQASSO (Practical Quality Assurance System for Small Organisations – see http://www.ces-vol.org.uk/index.cfm?pg=42 or 'Quality First' (http://www.bvsc.org/development/quality-first.html/?searchterm=Quality%20First) The target should be that all VCS organisations are able to demonstrate they have appropriate mechanisms in place to assure the quality of their services.	VCS organisations need to be able to demonstrate they have effective quality assurance systems in place. There are now schemes which are specifically designed for VCS organisations, including small ones, which should be promoted amongst organisations in the town.	31/03/10	HVDA	Medium	2
Outcome 3f VCS organisations contracted to deliver services will have effective business planning processes and be able to demonstrate that they deliver	42. Extend the Building Links work and make available to all VCS organisations in the town (see also action 32)	The Building Links programme was delivered to 14 organisations. The evaluation shows it would be useful to extend it to other VCS organisations in the town on a rolling basis. HVDA should be contracted to organise the delivery of this training.	31/03/10	HVDA	Medium	2

5.1 Appendix 1

Outcome	Actions	Rationale	Timescale	Lead organisation ⁴⁵	Resource implications	Priority
value for money						

5.1 Appendix 1

Outcome	Actions	Rationale	Timescale	Lead organisation ⁴⁶	Resource implications	Priority
Aim 4: a sector that strengthens communities and neighbourhoods						
Outcome 4a Community organisations will be supported to enable local people to make their views and aspirations known within the Neighbourhood Renewal Areas	43. Review progress towards delivering these outcomes and identify actions for the LAA Delivery Improvement Plans for 2009/10 and 2010/11	These outcomes are both taken from the Neighbourhood Renewal Strategy, part of Hartlepool's Ambition. The LAA Delivery and Improvement Plan ⁴⁷ sets out a number of actions that are planned for 2008/09 to deliver these outcomes. Progress in delivering these outcomes should be reviewed in the light of these actions and a new action plan drawn up for the remaining two years of the LAA	31/03/09	Hartlepool Partnership	Low	1
Outcome 4b Views from neighbourhood level will feed into strategic partnerships/policy makers to give a voice to specific communities of interest.						

⁴⁶ Where action is required by the VCS we have identified HVDA as the lead agency. However this does not mean we think they should necessarily do all the work – rather that they would co-ordinate input from a range of people and organisations within the sector

⁴⁷ Available at http://www.hartlepool.gov.uk/partnership/downloads/LAA_DIP_Part_1_2nd_Draft_04_Aug_08.pdf

5.1 Appendix 1

Outcome	Actions	Rationale	Timescale	Lead organisation ⁴⁶	Resource implications	Priority
Outcome 4c Hard to reach and special needs groups will be given targeted support to enable their voice to be heard.	44. The Council and the PCT should review the way that they currently support VCS organisations to engage and involve hard to reach groups to ensure there is a consistent approach across all vulnerable groups	There are a number of groups that either work to or have been set up specifically to promote the engagement of vulnerable groups e.g. older people, people with disability or mental health problems etc. However there is no consistent approach to this work across all user groups and the resources and processes available vary between different user groups which is inequitable.	31/03/10	HBC/PCT	Low (review) May be resource implications in the longer term	2
Outcome 4d The VCS will work collaboratively at local level to make the best use of its resources	45. The Council and HVDA should commission an audit of community based resources (including community centres) and identify opportunities to make more effective use of those resources (including rationalisation). See also action 19.	There are many organisations working at community level with access to a variety of resources (buildings etc). There are almost certainly opportunities to make more effective use of these resources.	30/06/09	HBC/HVDA	Medium One-off Long-term savings	1
Outcome 4e Volunteers will be a valued resource in the community	46. The Council and PCT should ensure they have a policy in place to promote and support volunteering in their workforce.	Volunteers perform a vital function both in delivering services but also in building community cohesion. This role should be encouraged by all partners as an integral part of the Compact.	30/09/09	HVDA		
	47. The role of HVDA in promoting volunteering will be explicitly recognised in their contract with the Council and PCT		31/03/09	HBC/PCT/ HVDA	Medium	2
	48. See also actions in the LAA delivery and Improvement Plan 2008/09 pp183-184		31/03/09	HVDA	Low	2

5.1 Appendix 1

Outcome	Actions	Rationale	Timescale	Lead organisation ⁴⁶	Resource implications	Priority
Outcome 4f Grant aid funding will be available to support small local groups that is linked to community priorities as set out in the Community Strategy and LAA	49. The Council should set up a community chest fund that brings together existing funding streams to provide smaller, one-off grants to community based VCS organisations	There is a need for small community based organisations to be able to access funding to help them sustain their activities at a very local level. Community chests have been shown to be an effective way of doing this. Currently there are a number of different pots of money that are used for this purpose. The Council should look to bringing these together into a single pot that can be spent in accordance with community priorities as set out, for example, in the NAPs.	31/03/10	HBC	High	2
Outcome 4g There will be a single process for applying for non-contract funding from the Council and PCT	50. The Council and PCT will agree a single process for applying for all grant aid. Within this all grant aid applications will be administered electronically.	Whilst it may be appropriate to continue different funding streams for different purposes there should be a single process for applying for grants. Ideally this would be a web based approach through a 'single gateway'.	31/03/10	HBC/PCT/HVDA	Medium (one-off)	3
	51. Review the role of the Grants Committee	If the framework set out in this strategy is adopted it brings into question the need for the Council's Grants Committee. This should therefore be reviewed.	31/03/10	HBC	Low	3
Outcome 4h The PCT will commission an organisation to deliver its public Health Grant	52. The PCT should continue to commission HVDA to administer its Public Health Grants scheme	The PCT has set up a grants scheme to provide funding for community organisations that help improve health outcomes. This funding is currently only secured until March 2010. Assuming the scheme is judged	31/03/10	PCT/HVDA	High	2

5.1 Appendix 1

Outcome	Actions	Rationale	Timescale	Lead organisation ⁴⁶	Resource implications	Priority
scheme		to be a success it should be continued for at least a further 3 years after that date.				

Implementing the strategy						
	53. The Council, PCVT and VCS should set up a task group to agree actions and priorities to implement the strategy and develop a detailed implementation plan	Once the strategy has been agreed an effective implementation process will need to be established including agreeing exactly which actions will be taken forward and when and by whom.	31/12/08	HBC/PCT/HVDA	Low	1

10. Delivering the strategy

This strategy sets out an ambitious vision for the VCS in Hartlepool. Implementing the outcomes framework and the action plan that supports it will require a programme of change in the Council, the PCT and the sector itself. Some of this is about a change in attitude and approach that can be delivered without significant additional resources. Some change will require additional resources in the short to medium term e.g. to support VCS organisations adopt new ways of working. Delivering some of the actions will require resourcing over the longer term.

At this stage it is not clear that all or any of those resources are available. The strategy has been developed too late to secure any additional funding in the financial year 2009/2010. Both the Council and the PCT will be looking to see if they can identify resources to support the strategy from April 2010. But rather than limit our vision to what we know we can achieve at the moment we think it right to set out our overall ambition for the sector.

This does not mean that no progress can be made in the meantime. The action plan identifies a number of actions that can be taken with little or no additional resources. Existing resources may be able to be used differently or some resources may become available during the year that can be used to take forward specific actions. The Council and the PCT need sit down with the sector and agree jointly how progress can be made. We propose that a time-limited implementation group should be convened to agree this and then set in place arrangements to deliver the strategy and monitor its implementation.

Most importantly in adopting this strategy the Council and the PCT will have indicated their clear support for the VCS in the town and their intention to work with it to ensure that it grows and develops. We hope that other statutory agencies will adopt a similar approach. Working in partnership we can help build a thriving voluntary and community sector that continues to enhance the quality of life for the people of Hartlepool.

HVDA'S RESPONSE TO THE DRAFT VCS STRATEGY
APRIL 2009

General comments are made below as well as a number of responses to the individual recommendations in the Strategy which are attached. Overall many of the individual recommendations are useful, inevitably issues will arise regarding implementation and interpretation. When looking at the amount of work involved concerning implementing the recommendations a process of prioritisation will be required.

Much of what is recommended is already in place in Hartlepool, but often not funded on an ongoing basis, however the premise that the Council and PCT do not know what they fund and why they fund specific services is overstated throughout the Strategy. There is much good effective partnership working between the public sector and VCS in Hartlepool with clearly defined expectations on both sides. It is not clear whether or not the consultants examined many existing funding agreements in any detail.

The consultants have over focussed on process. If they had looked at examples of best practice in the delivery of outcomes by the VCS and then looked at what processes were in place which facilitated the achievement of outcomes, the emphasis in the Strategy would have been different. In overall terms it is not clear that the Consultants really understood what was being delivered in Hartlepool and why in certain areas of delivery some services are being effectively delivered against agreed outcomes. In this sense the Strategy could be applied to any other local authority area and as such does not draw many of their recommendations from what does or does not work in Hartlepool. The consultants recommend that VCS services should be fitted into a pre-determined funding model which may not be the best model for Hartlepool. There is no evidence that the consultants considered other funding models used by other local authorities or that the model they recommend is the best one for Hartlepool.

Consideration of the added value of the VCS in terms of its contribution to strategic objectives was looked at by HBC who undertook such a study of the VCS groups it supported through the Community Pool in 2004 and a audit of the VCS in 2006 by HBC. The above mentioned research demonstrated that groups currently funded by the Community Pool do achieve their mission with reference to the Council's corporate objectives. With WNF all initiatives are aligned to the Community Strategy and LAA outcomes and performance managed accordingly, this is not reflected in the Strategy or the fact that all WNF projects have been externally evaluated.

Commissioning

Whether or not commissioning has been done well is not considered in the Strategy. Commissioning can be a 'top down' process with those carrying out commissioning sometimes being too far removed from those needs which are being met by VCS groups. Where commissioning takes place VCS groups need to be consulted in the development of any commissioning framework, which should consider the potential service delivery role of existing local VCS groups where services are already being provided in response to 'unmet needs'.

Procurement

How procurement is done in Hartlepool is not considered in the Strategy. Competitive procurement can be an appropriate mechanism to identify who should deliver a new service, but where an existing VCS group is delivering a service successfully against agreed outcomes such work should not be put out to competitive procurement. VCS groups should not be asked to tender for work they are already undertaking successfully against agreed outcomes. In such situations local VCS groups should not be treated any differently to how the public sector would view its own role as a direct provider of services.

Social clauses and added value such as volunteer contribution, needs to be included in contact specifications where relevant. Local expertise and community involvement needs to be fully weighted against any expertise which national organisations may be able to offer. For local VCS groups to have a real opportunity to bid successfully in any competitive procurement process they may require technical assistance or to come together as a consortia, or both. This is recognised in the Strategy.

When procurement occurs it needs to be offered and made available so that VCS groups can tender for specific parts of the contract where they may have a particular specialism to deliver part of the contract.

A number of factors would need to be considered when considering going out to competitive tender. The following are reasons when competitive tendering may not be appropriate which is taken from the Audit Commission's funding model such as approaches probably best facilitated by groups rather than contracts.

- there is no absolute requirement to conduct a full competitive procurement process;
- the VCS has a strong track record in delivering the service;
- there is benefit to be derived from high levels of user/community involvement;
- the service or activity addresses the needs of vulnerable or marginalised groups;
- there is a requirement for awareness raising, information provision, representation or advocacy in relation to these groups;
- there are issues of trust involved (ie. trust in the provider on the part of the service users);
- local knowledge is essential;
- only relatively small amounts of money are involved.
- there is an opportunity to pilot new provision;
- the outcomes of the activity are uncertain;
- activities are unique to particular providers;
- a greater range of provision is sought in a particular niche area of activity.

In addition grant funding tends to be used where the relationship tends to be one where the commissioning body is offering financial support to an area of work largely designed and proposed by the VCS.

Grant-in-aid

Grant-in-aid is a specific definition used by the Audit Commission Funding Model, this is similar to the investing category used in the Hartlepool VCS Strategy. It refers to an arms length funding relationship which will be monitored but which will largely, from the Voluntary Community Organisation point of view, represents 'unrestricted funds' toward their running costs. Grants that fund project or development activity on the other hand, will be 'restricted' for those specific purposes. In these cases too there will be a written agreement setting out the purpose for which the funding is to be used and the how the funding body will monitor achievement of proposed outcomes. This will usually be set out in a funding agreement, or a more detailed Service Level Agreement where appropriate. These agreements may or may not be legally binding. They do however set out obligations with which the grant recipient organisation is required to comply.

The importance of grant aid for local organisations

Local groups often have a higher degree of community ownership and commitment as they have been formed as a direct response to local people's aspirations. The needs of the local VCS are not always the same as those of national VCS organisations. For local groups grants and core costs funding can be more important than the procurement of public sector contracts which are often the focus of the work of national voluntary organisations. Such organisations are able to cover their central overheads through managing a large number of contracts. Without a degree of core costs funding from HBC and the PCT, some local groups would not be in a position to tender for other work. It also needs to be remembered that for local groups the core costs and service delivery costs can be one and the same. The definition of investing in the Strategy partially covers this area, but in the Strategy at present the category of 'investing' is too narrowly defined.

The importance of specific funding streams which support groups, who have identified needs from a 'bottom up' approach need to be in place. The Council's 'Community Pool' is a good example of such financial support for locally defined initiatives. Local groups providing services are nearly always meeting a need which has been identified by local residents and/or, communities of interest, and usually in response to gaps in service provision or unmet need.

HVDA's role with larger groups

The Strategy rightly recognises HVDA's important role in terms of infrastructure support, but suggests that HVDA does not support larger groups. In some cases this is correct, but it needs to be stated that HVDA has supported larger groups in Hartlepool and this is evidenced in the HBC Audit of VCS groups in 2006 which surveyed larger groups, 55 groups responded to the Survey. Groups were asked to identify the most significant source of help over the last 3 years. HVDA was identified by 22 groups and 9 groups identified consultants, most of whom will have been appointed by HVDA.

Specialist support

A number of recommendations in the Strategy argue for specialist infrastructure support. This is needed, but the case for it is probably over stated in the Strategy e.g. there is no evidence of how many groups require such specialist support. A number of the recommendations in this area could be combined and delivered through an allocation of funding being made available to purchase specialist infrastructure support as and when required as well a bespoke training programme.

CABINET REPORT

21st September 2009



Report of: Chief Executive

Subject: BUSINESS TRANSFORMATION – CORPORATE
RESTRUCTURE – TIER 3

SUMMARY

1. PURPOSE OF REPORT

This report is to progress the recommendations from the Cabinet reports of the 26th January and 6th April with particular reference to the corporate restructure of the authority

To ask Cabinet to consider amendments to the functional structures and the proposed slotting in or ring fencing of the third tier posts.

2. SUMMARY OF CONTENTS

The Business Transformation programme is designed to improve the efficiency and effectiveness of the Council and one key part of the programme is to deliver a corporate restructure along with new management structures. The business case for this workstream was agreed at Cabinet on 26th January 2009, and further progressed at your meeting of 6th April.

The Director of Child and Adult Services and the Director of Regeneration and Neighbourhoods were appointed on 19th August and formally took up their posts from 1st September. As planned they have had an opportunity to review the functional structures agreed in April, and as a result this report proposes some relatively minor changes in these departments. The Chief Executive has also taken the opportunity to review the functional groupings in the Chief Executive's Department and there are proposals contained within this report to that effect. This report proposes those posts which should report to the two new Directors and to the Chief Executive, and to what extent existing Chief Officers may be slotted in.

The report identifies minor changes proposed to the functional structures agreed in April for Child and Adult Services and Regeneration and Neighbourhoods Departments, proposals for the

Chief Executives Department, proposals for deputies for each Director and the slotting in of individuals to posts .

Further tiers of management will be devised within cost limits and design guidelines by Directors and Chief Officers, and recruited to in the established way. Implementation will be in accordance with the recently revised policy and procedure documents in relation to reorganisation, redeployment and redundancy.

3. RELEVANCE TO CABINET

Cabinet have authority to determine workforce matters .

4. TYPE OF DECISION

This is not a key decision.

5. DECISION MAKING ROUTE

Cabinet.

6. DECISIONS REQUIRED

Cabinet are asked to

- 6.1 Agree the amendments to the functional structures of the three departments as stated in paragraphs 3 subject to decision in respect of the following which are included in the confidential appendix to this report. (6.2 to 6.5 below)
- 6.2 Agree to implement the recommendations of the LGE regarding the grading of the third tier posts.
- 6.3 Agree the proposals regarding slotting in or ring-fencing of employees into third tier posts.
- 6.4 Determine the most appropriate option regarding the functional structures of the Chief Executive's Department.
- 6.5 Agree the proposals regarding the designated deputy roles.
- 6.6 Agree to receive any further reports regarding overall functional structures should it be required as part of the Business Transformation Programme.

Report of: Chief Executive

Subject: BUSINESS TRANSFORMATION – CORPORATE
RESTRUCTURE – TIER 3

1. PURPOSE OF REPORT

- 1.1 This report is to progress the recommendations from the Cabinet reports of the 26th January and 6th April with particular reference to the corporate restructure of the authority
- 1.2 To ask Cabinet to consider amendments to the functional structures and the proposed slotting in or ring fencing of the third tier posts.

2. BACKGROUND

- 2.1 The Business Transformation programme is designed to improve the efficiency and effectiveness of the Council, in part by:
 - identifying and delivering greater synergies in services,
 - holistic (or corporate) approaches to those issues which can be more effectively managed and delivered to the whole organisation,
 - the removal of any barriers to service performance and efficiency which are a result of structural factors,
 - sharing strengths, skills and expertise across the organisation
 - the redesign and integration of systems and processes to be more effective.
- 2.2 One key part of the programme is to deliver a corporate restructure along with new management structures. The business case for this workstream was agreed at Cabinet on 26th January 2009, and further progressed at the Cabinet meeting of 6th April 2009. At that time decisions were taken on the functional structures for the three new departments, and it was suggested that wherever it was appropriate and the roles were comparable Chief Officers should be slotted into the new posts. A further report was agreed to be submitted after the appointment of the two new Directors in respect of these structures and the proposed slotting in of Chief Officers at this third tier.
- 2.3 Apart from delivering vital efficiency savings, the functional structures are expected to enable departments to manage outcomes and risk, and to address the Council's aspirations going forward. The intention is to make changes where it would add value, and for these changes to be carried out through a managed and phased process which minimises disruption and periods of uncertainty. The structural changes will also link into a number of other elements of Business Transformation, including Transactional Services and Asset Management, and can be

implemented alongside the first round of Service Delivery Options reviews.

- 2.4 The Director of Child and Adult Services and the Director of Regeneration and Neighbourhoods were appointed on 19th August and formally took up their posts from 1st September. As planned they have had an opportunity to review the functional structures agreed in April, and as a result this report proposes some relatively minor changes in these departments. The Chief Executive has also taken the opportunity to review the functional groupings in the Chief Executive's Department and there are proposals contained within this report to that effect. This report proposes those posts which should report to the two new Directors and to the Chief Executive, and to what extent existing Chief Officers may be slotted in. This would complete the senior management team for the Council, and set the framework within which to develop the remaining management structures.

3. DEPARTMENTAL STRUCTURES

Child and Adult Services Department (Previously People)

- 3.1 There are only very minor changes proposed to the functional structures agreed in April. Workforce Development would move from the Schools area into Resources and Support services. This would reflect the whole department focus and link into related development functions. Schools Transformation Commissioning would transfer to Schools, alongside Schools Transformation Strategy. For clarity, Children's Prevention services have been added to the list for Children's Social Care. (See **Appendix A** for functional groupings).

Regeneration and Neighbourhoods department (previously Place)

- 3.2 Printing and Reprographics have been added to the Property and Assets functional area. In many other areas the functions have been clarified by changing and adding to the titles used, but the functions are essentially unchanged. (See **Appendix B** for functional groupings).

Chief Executive's Department

- 3.3 At the Cabinet meeting in April 2009 Cabinet agreed, in conjunction with other parts of the authority, the headline functional structure for the Chief Executives department. This was agreed, as with the others, on the basis of functional groupings and not, at that stage (or at this) the actual delivery structures underpinning these. The diagram below reflects this decision of Cabinet to transfer LSP / LAA functions to the Corporate Strategy Division.

Chief Executive

Corporate Strategy	Human Resources	Legal	Finance
Policy & Performance Consultation E-Government / ICT Public Relations Business Transformation Scrutiny Democratic Services LSP / LAA	Human Resources Advisors Human Resources Operations Health, Safety & Wellbeing Organisational Development Diversity Customer Services Contact Centre Registrars	Legal Elections Land Charges Member services	Benefits Means Tested Services Revenues Audit Fraud Revenues Payments Transactional Services Accountancy Financial Management (Corporate)

- 3.4 There are a range of other proposals incorporated in the Business Transformation Programme and other programmes or projects under development which have been previously agreed by Cabinet that are currently being developed or implemented which affect the functional structure of the Chief Executives Department. These include implementation of a new Human Resources and Payroll system and in respect of Business Transformation the proposed ICT centralisation and creation of a centralised administration function in each of the new departments.
- 3.5 **Revisiting the Functional structure of the Chief Executive's Department**
- 3.6 At Cabinet in April it was agreed that the opportunity would be taken to revisit the overall divisional structure of the departments which had

been agreed by Cabinet and to report back to Cabinet, or to bring for decision, any proposed changes.

- 3.7 The Council has requested expressions of interest in early retirement / voluntary redundancy from Chief Officers. An expression of interest received from within the Chief Executive's Department provides an opportunity to achieve new and additional savings. The proposed structure would also enable an immediate alignment of many functions which would achieve additional efficiencies and improved performance and service delivery.
- 3.8 The diagram below shows those changes between the report to Cabinet in April and those currently proposed. The structure still only deals with those functional groupings that constitute the next tier down from the Chief Executive. Further proposals will be developed for those component parts which together make up each of the divisional units in line with the requirements and underpinning assumptions for the Management Structures business case for the Business Transformation Programme.

Chief Executive

<i>Divisional title to be confirmed</i>	<i>Divisional title to be confirmed</i>	<i>Divisional title to be confirmed</i>	<i>Divisional title to be confirmed</i>
Policy & Performance Consultation E-Government / ICT incl Corporate support Public Relations Business Transformation Scrutiny Democratic Services LSP / LAA	Human Resources Advisors Human Resources Operations Health, Safety & Wellbeing Organisational Development Customer Services (incl Diversity) Hartlepool Connect Registrars Benefits (Inc Fraud and control) & Means Tested Services Revenues Collection Payments/Payroll potentially within an Internal Shared Services Unit Departmental Administration function Business Continuity ----- Deputy S151 Officer	Legal Elections Land Charges Member services ----- Monitoring Officer	Audit and Governance Accountancy Financial Management (Corporate) ----- S 151 Officer

Rationale for Change

- 3.9 The revised structure allows the opportunity for the attention of the Section 151 Officer to be focused on the Council's financial management and governance which is particularly important at a time when resources are anticipated to reduce. It is envisaged that if the proposed change was not agreed and the status quo applied the Chief Financial Officer would need to direct more attention to corporate finance issues.
- 3.10 The proposals allow an integrated approach to be taken to the Service Delivery Option (SDO) review for the role of Financial Management at both a departmental and corporate level to maximise efficiencies and minimise risks.
- 3.11 In relation to those transactional services such as Revenues, Benefits and Payroll the revised structure allows all aspects of these services to be incorporated under a single management structure. This would allow an easier development of an internal shared services unit that would directly link and integrate all aspects of service delivery between front and back offices to ensure the most effective end to end delivery of services. This emulates the models adopted in best practice organisations in both the public and private sector and enhances the ability to maintain jobs in the community whilst maximising efficiencies. In practical terms this means joining the strategic elements of customer service and diversity to the direct delivery of services e.g. Hartlepool Connect, Benefits, Revenues, etc. to ensure high quality services are delivered consistently, as well as incorporating internal Council transactional activities into a unit to achieve economies of scale.
- 3.12 Maintaining and developing staff skills and knowledge in technical areas will be prioritised as in any situation where capacity is being reduced there is scope for increased risk. The above structure mitigates this risk however by providing fewer, but larger, functional units which have greater resilience.

Financial Implications of Option 2

- 3.13 The revisions to the Chief Executive's Department at this level are expected to generate an additional saving against budget of £101,199 in 2010/11, £97,645 in 2011/12, £94,093 in 2012/13 and an ongoing saving thereafter of £90,539 p.a. These savings were not anticipated in the initial target and are hence additional should Cabinet determine this revised structure. The achievement of this saving can be achieved by deleting one Chief Officer posts subject to the Council approving a request for early retirement. This would avoid making existing staff compulsory redundant.

- 3.14 The Business Transformation programme anticipates overall savings from the new departmental organisational arrangements and associated management restructure of £2.5m. Additionally, a Service Delivery Options Review programme covering the period 2009/10 to 2012/13 has been developed encompassing over 40 reviews and provisional savings targets totalling £6.5m have been determined. The revisions to the Chief Executive's Department will support and facilitate the delivery of planned savings which are pivotal to the council's medium term financial strategy.

4.0 JOB EVALUATION PROCESS

- 4.1 Details of the new posts have been submitted for external evaluation as agreed at Cabinet in January. The results include individual salary information, and are covered in the confidential appendix (**Appendix C**) to this report. **This item contains exempt information under Schedule 12A of the Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely Para 2 – Information which is likely to reveal the identity of an individual).** All of the proposals are contained within the existing chief officer salary bandings agreed in 2006.

5.0 DEPUTIES

- 5.1 Each of the two new service Directors has a very wide area of responsibility, and also a wider role within the town and in regional and national settings. In order to ensure robust management of services and risk it is proposed that two Assistant Directors are identified as deputies for each Director. This has been reflected in the above functional diagrams, and in the salaries proposed in the confidential part of this report.

6.0 SLOTTING IN AND APPOINTMENT PROCESS

- 6.1 The principles of implementation reflect the Council's previous approach to change management. This has included:
- Confirming employees in posts on the structure where there is limited or no change to duties and responsibilities.
 - Slotting in current employees where the post on the new structure is deemed comparable but not the same.
 - Posts which are comparable but not the same as existing posts and include more than 1 post holder are "Ring-fenced" and restricted to applications from the "selection pool", subject to Appointment Panel processes.
 - Early retirement and voluntary redundancy applications from Chief Officers – where these facilitate the Business Transformation Programme they will be processed and considered by General Purposes Sub Committee in the usual way.

6.2 The timescales and process can be summarised as follows:

Process	Timescales
Expression of interest in Voluntary Redundancy/Early Retirement	June/July
External evaluation of salaries	August
Cabinet consideration of structure, salaries, and slotting in	September
Monitoring of Vacancies	October
Appointments Panels	November

6.3 Further tiers of management will be devised within cost limits and design guidelines by Directors and Chief Officers, and recruited to in the established way. Implementation will be in accordance with the recently revised policy and procedure documents in relation to redeployment, redundancy, and early retirement.

7.0 FINANCIAL IMPLICATIONS

7.1 This report focuses on the functional structures, and those posts reporting to Directors and the Chief Executive which will lead on delivery of those functions. The original expectation was that a saving of two posts would be possible at this level, but in April this was raised to four posts.

7.2 Currently we have 24 chief officers reporting at this level, plus one other officer. This report proposes 18 chief officers plus one other officer. It should be noted that a small number of other chief officers, either 3 or 4 depending upon the option selected by Cabinet, are to be considered as part of Tier 4 considerations.

7.3 The proposals in this report would deliver the reduction of five posts (three Chief Officers in addition to two Directors), with a net annual saving at the top of pay band of £496,000 including employer on-costs. The balance of the required savings from the Management Structures Business case (total expected savings of £2.5m giving a balance of £2.0m) will be delivered as part of the Management Structures business case and will be monitored and reported on to Cabinet. It was recognised that those posts at Tier 4 would need to be re-evaluated, and it was planned to cover any extra costs from the contingency for this workstream. The savings do not include any potential additional savings as a result of new proposals included in this report set out as option 2, estimated as an ongoing saving of £90,500 p.a.

7.4 Provision has been made for one-off severance costs arising from this workstream, and for any other minor implementation costs.

8.0 CONSULTATION

- 8.1 The Hartlepool Joint Trades Unions Committee (HJTUC) have been provided with a copy of this report and asked for written comments by 17th September 2009. Trade Unions representatives have also been invited to attend Cabinet and to present their comments. Any written comments from the HJTUC received before the Cabinet meeting will be circulated as soon as possible.
- 8.2 All Chief Officers have been provided with a copy of this report and the agreed consultation process has been followed. Comments and any revised recommendations arising from those comments will be presented at the Cabinet meeting.

9. CONCLUSION

- 9.1 The proposals which have been developed as part of this overall transformational programme have been based on a considered view of the current and likely requirements for service delivery and the shape of the Council most suited to delivering this. It should be noted, and was included in the original proposals to Cabinet, that there was an element of phasing to the proposals within Child & Adult Services and that as a result of this it will be necessary to re-evaluate the roles to which these functions are transferring when this post is removed from the structure. It should also be noted that there be a further need to review these functional groupings but that this would only be undertaken on the basis of real and identified need and to enable the Authority to both maintain service provision and maximise efficiency.

10. RECOMMENDATION

Cabinet are recommended to:

- 10.1 Agree the amendments to the functional structures of the three departments as stated in Paragraphs 3 subject to decisions in respect of the following which are included in the confidential appendix to this report (10.2 to 10.5 below).
- 10.2 Agree to implement the recommendations of the LGE regarding the grading of the third tier posts.
- 10.3 Agree the proposals regarding slotting in or ring-fencing of employees into third tier posts.
- 10.4 Determine the most appropriate option regarding the functional structures of the Chief Executive's Department.
- 10.5 Agree the proposals regarding the designated deputy roles.
- 10.6 Agree to receive any further reports regarding overall functional structures should it be required as part of the Business Transformation Programme.

6.1 Appendix A

Child & Adult Services Year 1 Structure

Performance & Achievement	Community Services	Integrated Commissioning (Joint Funded Post with PCT)	Operations – Adults (Joint Funded Post with Foundation Trust)	Safeguarding & Targeted Services	Resources and Support Services	Planning & Service Integration (transitional)
• Deputy Role		• Deputy Role				
Primary Strategy	Sports and Recreation inc. school swimming pools/ tuition and Youth facilities.	Supporting People	Integrated Adult locality teams	Children's social care teams	Financial management	Connexions
Secondary Strategy		Strategic commissioning for adults (inc Health)	Disability Adults	Children's safeguarding	Financial assessment & appointeeship	Youth Service
14-19 Strategy			Mental Health Adults		Performance Management / Management Information	Extended Schools,
Schools Transformation Strategy	Museum, Heritage, Strategic Arts and Events	Strategic commissioning for children (linked to Health)	Adults Safeguarding	Social care provision (children's): – Family resource bases – Exmoor Grove – Star Centre	Departmental ICT (ind Contact Point, ICS, Carefirst)	Children's Centres and Early Years
Social Inclusion/ Vulnerable Pupils	Libraries	14-19 commissioning	Adults Safeguarding Board	Disability team	Departmental administration	Play strategy
E-learning	Adult Education	Children's Trust / CYPP	Operational services inc primary care	Family Placement and Children Looked After	Schools Transformation Commissioning	Special educational Needs & Educational Psychology
National Strategies/ Curriculum	Tall Ships	Health and Wellbeing Partnership	Day opportunities and Domiciliary care	Local Safeguarding Children's Board	School admissions	
Governor Support	Grayfields/Summerhill		Public Health functions	Prevention services	Departmental issues e.g. complaints (ind social care), diversity, communications	
					Departmental workforce development and training inc multi-agency training	

Child & Adult Services Year 2 Structure

Performance & Achievement	Community Services	Integrated Commissioning (Joint Funded Post with PCT)	Operations - Adults (Joint Funded Post with Foundation Trust)	Safeguarding and Targeted Services	Resources and Support Services
• Deputy Role		• Deputy Role			
Primary Strategy Secondary Strategy 14-19 Strategy Schools Transformation Strategy Social Inclusion / Vulnerable Pupils E-Learning National Strategies / Curriculum Governor Support <i>Connexions</i> <i>Youth Service</i> <i>Special educational Needs & Educational Psychology</i> <i>Play strategy</i> <i>Extended Schools, Children's Centres and Early Years</i>	Sports and Recreation inc. school swimming pools/ Tuition and Youth Facilities Museum, Heritage, Strategic Arts and Events Libraries Adult Education Tall Ships Grayfields/ Summerhill	Supporting People Strategic commissioning for adults (inc Health) Strategic commissioning for children (linked to Health) 14-19 commissioning Children's Trust / CYPP Health and Wellbeing Partnership	Integrated Adult locality teams Disability Adults Mental Health Adults Adults Safeguarding ASCB Operational services inc primary care Day opps and Dom care Public Health Functions	Children's social care teams Children's safeguarding Social care provision (children's): – Family resource bases – Exmoor Grove – Star Centre Disability team Family Placement and Children Looked After Local Safeguarding Children's Board <i>Prevention Services</i>	Financial management Financial assessment & appointeeship Performance Management / Management Information ICT dept. function (incl Contact Point, ICS, Carefirst) Departmental administration Schools Transformation Commissioning School admissions Departmental issues e.g. complaints (incl social care), diversity, communications Departmental workforce development and training inc multi-agency training

6.1 Appendix B

Regeneration & Neighbourhoods

Emergency Planning –
Cleveland Wide Function

Procurement Property & Assets	Support Services	Engineering Services	Neighbourhood Services	Community Safety & Protection	Planning & Economic Development	Housing & Regeneration
• Deputy Role			• Deputy Role			
Strategic Commissioning & Procurement Stores & Purchasing Business Transformation Delivery Strategic Asset Management (including Child & Adult Services Estate) Building Consultancy Programme & Project Management Corporate Property Management (including Child & Adult Services Estate) Energy Management Schools Transformation Procurement & Delivery (Building Schools for the Future & Primary Capital Programme) Printing & Reprographic Service	Administration Financial management & Resources Departmental ICT Workforce Dev, Human Resources & Diversity Service Development Performance Management and Management Information	Strategic Transport Design/Implementation Local Transport Plan Integrated Transport Unit <ul style="list-style-type: none"> Road Safety Service Sustainable Travel Camera Partnership Passenger Transport Service Fleet Service Traffic and Transport Planning Service Parking Highways Services Engineering Consultancy <ul style="list-style-type: none"> Contaminated Land Coastal Protection Land Drainage and Demolition Depot Management	Neighbourhood Management Neighbourhood Forums Environment Partnership Waste Management Street Cleaning/ Grounds Maintenance, Parks / Playing Fields, Allotments & Countryside Cemeteries & Crematorium Pride in Hartlepool Climate Change Delivery Environmental Education Environmental Enforcement Facilities Management (building cleaning, schools catering, building maintenance, school services) Public Conveniences Security	Safer Hartlepool Partnership (CDRP responsibilities) ASB Unit Youth Offending Service Criminal Justice Interventions Team (Drug Interventions Programme & Prolific & other Priority Offender scheme) SHP Planning & Commissioning for adult drug and alcohol services Public Protection: <ul style="list-style-type: none"> Licensing Trading Standards Food Hygiene Health & Safety Environmental protection, including pest control Animal Health Community Safety Policy Community Cohesion Policy Contest/Prevent	Spatial Planning (Local Development Framework and Integrated Regional Strategy) Strategic Transport Policy Framework Development Control Building Control & Access Landscape Planning & Building Control Economic Development Economic Forum Support WNF Management Sustainability & Climate Change policy development	Regional/Sub Regional Engagement Boards(Tees Valley Joint Strategy Unit etc) Multi Area Agreement (MAA) Regeneration Programmes e.g.Single Programme & Homes and Communities Agency Town wide Regeneration & Major Projects Housing Strategy & Partnership Housing Options (Advice & Support) Affordable housing Special Needs Private Housing (Grants/Loans & Enforcement) Housing Market Renewal Community Regeneration Voluntary Sector/ Compact

CABINET REPORT

21st September 2009



Report of: Director of Neighbourhood Services

Subject: ASSET MANAGEMENT CAPITAL INVESTMENT -
ESSENTIAL PROPERTY WORKS

SUMMARY

1. PURPOSE OF REPORT

To seek approval to a schedule of capital works to address essential works to property.

2. SUMMARY OF CONTENTS

The report outlines the background to the essential works and the funding arrangements recommended programme of works is proposed.

3. RELEVANCE TO CABINET

Council requirement for Cabinet to agree priority works required to address immediate operational requirements and specific issues within property portfolio.

4. TYPE OF DECISION

Non key.

5. DECISION MAKING ROUTE

Cabinet has delegated authority from Council to approve.

6. DECISION(S) REQUIRED

It is recommended that: -

- Cabinet endorses the work of the Strategic Capital and Resource Programme Team and approves the detailed proposals as set out in **Appendix 1** - Phase 1 for implementation including the Warren/Havelock, Maritime Experience and Mill House Diving Board schemes, subject to the identification of existing revenue spending which can be capitalised and funding vired between schemes and delegate authority to the Chief Financial Officer to implement this proposal.
- Cabinet receives a further report in due course which details the proposed expenditure of the remainder of the budget for approval.

Report of: Director of Neighbourhood Services

Subject: ASSET MANAGEMENT.CAPITAL INVESTMENT -
ESSENTIAL PROPERTY WORKS

1. PURPOSE OF REPORT

- 1.1 To seek approval to a schedule of capital programme of works to address essential works to property.

2. BACKGROUND

- 2.1 The Medium Term Financial Strategy considered in 2008 / 09 included the pressure relating to the condition of property and the need to have a plan to reduce the backlog of required works in order to deliver upon the Use of Resources Asset Management requirement within the Comprehensive Area Assessment (CAA).
- 2.2 The indications from condition surveys are that, at current levels of funding, there would be a shortfall in addressing works required to prevent deterioration of the fabric or services which if allowed to continue would lead to an increase in urgent works and risks of premises closure/risk to health and safety of occupants or to breaches of legislation. If allowed to continue, the trend will attract an increased risk of service failure.
- 2.3 Council, at its meeting held on 12 February 2009 approved Capital investment of £1.2m in 2009/10 to fund a range of essential works to property to address these issues and delegated authority to Cabinet to approve detailed proposals for the use of this funding.
- 2.4 The Strategic Capital and Resource Programme Team considered the extensive asset management information available on Council property holdings and the complex property rationalisation process that is ongoing in order to determine a programme of works. This should ensure that resources are targeted to provide a portfolio of fit for purpose, sustainable properties that have a long term role to play
- 2.5 Attached at **Appendix 1** is a schedule of the schemes which are proposed for implementation, thereby ensuring property is kept in good long term order and reducing the risk of unforeseen maintenance requirements and of building failure that can lead to expensive and un-planned repairs.
- 2.6 This Appendix is to be considered as Phase 1 of the implementation plan and a further report will be forthcoming with Phase 2 proposals. The Strategic Capital and Resource Programme Team considered that it would be prudent not to allocate all the available funding at this time and to consider the issue further later in the year as the property rationalisation process was more fully developed. This action would ensure that resources

were being spent on the right property. Of the £1.2m available only £1.025m is proposed to be committed at this stage.

- 2.7 The Warren Road/Havelock Major Planned Maintenance and Maritime Experience Electrical Distribution System schemes were identified as part of the 2009/10 detailed budget preparation and because they are of a one-off nature were not included in the 2009/10 revenue base budget. It was anticipated that these schemes would be a first call on the 'health and safety and property improvement' capital budget of £1.2 million. Owing to the detailed nature of these schemes it has now been determined that they do not meet the strict definition of capital expenditure so cannot be funded directly from the 'health and safety and property improvement' capital budget. In order to enable these schemes to proceed it will be necessary to review existing revenue spending in other areas to identify schemes which can be capitalised. This will then enable funding to be vired (i.e. switched) between these schemes.
- 2.8 At the time this report was prepared this detailed review had not been completed. This review will be completed in the next few weeks. The same applies to the scheme to demolish the diving board structure at Mill House Leisure Centre.

3. RECOMMENDATIONS

3.1 It is recommended that: -

- Cabinet endorses the work of the Strategic Capital and Resource Programme Team and approves the detailed proposals as set out in **Appendix 1** - Phase 1 for implementation including the Warren/Havelock, Maritime Experience and Mill House Diving Board schemes, subject to the identification of existing revenue spending which can be capitalised and funding vired between schemes and delegate authority to the Chief Financial Officer to implement this proposal.
- Cabinet receives a further report in due course which details the proposed expenditure of the remainder of the budget for approval.

4. CONTACT OFFICER

- 4.1 Keith Lucas
Asset and Property Manager
Procurement, Property Services and Public Protection Division
Neighbourhood Services Department
Leadbitter Buildings

Tel: 01429 523237

E-mail: keith.lucas@hartlepool.gov.uk

Appendix 1

Neighbourhood Services Department – Property Services

Capital Programme 2009/10 – Schedule of Essential Works to Property – Phase 1

	Property	Project	Budget 000s
1	Mill House Leisure Centre	Installation of new enhanced Combined Heat and Power Plant to replace old and obsolete plant	95
2	Hartlepool Enterprise Centre.	Installation of new enhanced windows to replace old and decayed windows	90
3	Warren/Havelock	Major Planned Maintenance overhaul to extend service life incl. the development of Havelock as Centre for Independent Living along with additional £350,000 external grant funding.	80
4	Havelock Day Centre	Development of Havelock as Centre for Independent Living along with additional £350,000 external grant funding.	65
5	Education Development Centre	Re-Roof with enhanced roofing system	70
6	North Cemetery	Structural Repairs to retaining wall adj. to highway.	60
7	Lynn Street Depot	Installation of enhanced electrical distribution system	55
8	Wingfield Castle	Replacement of Vehicle Deck decayed flooring structure, improved and remodelled to make accessible.	105
9	Rossmere Youth Centre	Replacement of obsolete boiler with enhanced installation	55
10	Lynn Street Depot	Re-roof garage with enhanced roofing system	40
11	Owton Manor Community Centre	Replacement of obsolete boiler with enhanced installation.	35
12	Seaton Carew Community Centre	Complete replacement of flat felted roof with enhanced system	70
13	Education Development Centre	Installation of new enhanced windows to replace old and decayed windows	30
14	8/9 Church Street. Integrated Offender Management Unit	Basement - Major waterproofing and refurbishment works to bring into operational use	25
15	Sir William Gray House	Installation of enhanced emergency lighting.	25
16	Owton Manor Branch Library	Re-Roof with enhanced roofing system	25
17	Administration Buildings	Undertake enhancement works as recommended by Health and Safety to make building fit for purpose.	20
18	Civic Centre	Undertake enhancement works to facilitate trade union and well being recommendation of installation of staff welfare facilities	20
19	Maritime Experience	Installation of enhanced electrical distribution system.	20
20	Maritime Experience	Installation of Adult Changing Facility.	20
21	Mill House Diving Board	Structural demolition and removal	20

CABINET REPORT

21 September 2009



Report of: Director of Regeneration and Neighbourhoods

Subject: ANGLIAN/HARTLEPOOL WATER – BUSINESS PLANNING

SUMMARY

1. PURPOSE OF REPORT

This report advises the Cabinet of the progress made in the process by which Anglian Water (including Hartlepool Water) prepare their five year business plan and secure agreement from the Water Services Regulation Authority (Ofwat) on price limits for the period 2010 to 2015.

2. SUMMARY OF CONTENTS

The report outlines the process by which the water regulator, Ofwat, considers water companies' business plans and sets pricing structures and a budgetary framework. It then refers to Ofwat's draft determination insofar as it affects Hartlepool Water and sets out implications for Hartlepool Water and a potential response to Ofwat.

3. RELEVANCE TO CABINET

Hartlepool Water provides water supply for the Borough and the report related to potential future charges and the capability of Hartlepool Water to develop its services for customers and support future development in the town.

4. TYPE OF DECISION

Non Key

5. DECISION MAKING ROUTE

Cabinet 21 September 2009

6. DECISION(S) REQUIRED

That the Cabinet notes the report and endorses the suggested response to Ofwat.

Report of: Director of Regeneration and Neighbourhoods

Subject: ANGLIAN/HARTLEPOOL WATER – BUSINESS PLANNING

1. PURPOSE OF REPORT

- 1.1 This report advises the Cabinet of the progress made in the process by which Anglian Water (including Hartlepool Water) prepare their five year business plan and secure agreement from the Water Services Regulation Authority (Ofwat) on price limits for the period 2010 to 2015.

2. BACKGROUND

- 2.1 Water and sewerage companies (and water only companies) are required to submit to Ofwat 25 year Strategic Direction Statements and 5 year Business Plans to enable Ofwat to issue formal “Determinations” which effectively set future water and sewerage charges. Ofwat has recently issued draft Determinations for 2010-2015 which, for Hartlepool, propose an average annual household bill for water supply in 2014-15 of £125 (at 2009-10 prices) compared with the 2009-10 average of £127. In their business plan, Anglian had proposed an increase of £18 in the average bill over the five years. (For sewerage services provided by Northumbrian Water, the proposed 2014-15 figure of £162 again reflects a slight reduction on the current year’s average bill of £167). Ofwat also comment on companies’ capital investment and operational expenditure plans.
- 2.2 The water companies have until 10 September, 2009 and other stakeholders until 2 October, 2009 to make any comments on these draft Ofwat proposals, with Ofwat then issuing final Determinations on 26 November 2009 to take effect from 1 April, 2010.

3. IMPLICATIONS FOR HARTLEPOOL WATER CONSUMERS AND FOR HARTLEPOOL WATER

- 3.1 Anglian/Hartlepool Water have been discussing this process with an informal stakeholder panel including private sector, consumer organisation, local strategic partnership and local authority representation covering the Hartlepool Water catchment area. During this process, the following issues were agreed as the panel’s priorities for Anglian/Hartlepool Water to consider:

- reducing risk of interruptions to supply
- maintaining high water quality standards
- reducing the impact on the environment
- accommodating growth
- responding to climate change
- keeping customer bills low

(these are not in any particular order of priority)

3.2 The implications of the draft Ofwat Determination for water supply for Hartlepool have been discussed by the stakeholder panel with Anglian/Hartlepool Water representatives. The proposed reduction in average household bills obviously helps in meeting the priority of keeping customer bills low, but there are some other aspects of Ofwat's comments which prompt some reservations, e.g.

- a) challenging efficiency targets have been set in relation to the capital programme and capital maintenance expenditure addressing water quality standards. These targets will also limit the flexibility to manage risks, especially those with higher uncertainty, such as climate change.
- b) biodiversity objectives have not been recognised in relation to the environmental impact priority, but the company will seek to achieve its biodiversity objectives, within the financial efficiency targets..
- c) contributions from developers towards capital expenditure are expected to increase (regardless of the economic climate and its effects on the viability of development proposals).
- d) in this financial context, the water company's capability to pursue such measures as educational and community support initiatives, biodiversity studies and land management work and servicing unexpected new development opportunities may be constrained.

3.3 A copy of the draft response from the stakeholder panel to Ofwat is included as **Appendix 1**. (If a finalised version is received before the meeting it will be circulated). In discussion within the panel and with Anglian/Hartlepool Water, it was agreed that it would be helpful if the Council could formally express its views on these matters, at the appropriate level, to add weight to the panel's comments. A similar report is also being submitted to the Hartlepool Partnership to enable a formal view to be established there also.

4. RECOMMENDATION

4.1 That the Cabinet notes the report and endorses the comments of the stakeholder panel at Appendix 1 as a response to Ofwat.

APPENDIX 1

Dear Sir/Madam,

Hartlepool Water's Expert Opinion Panel's response to Ofwat's draft determination "Future water and sewerage charges 2010-15".

The Hartlepool Expert Opinion Panel is formed from representatives of a range of sectors within the Hartlepool area. The Panel is working with Hartlepool Water to take into account the local priorities identified in our independent report (May 2008)([insert a link to the webpage?](#)).

The Panel welcomes the opportunity to respond to Ofwat's draft determination and wishes to raise the following points.

1. We are pleased to see positive elements included within the draft determination. For example, we welcome the inclusion of funding for the water company to service strategically important hospital and other development at Wynyard, and Ofwat's commitment to maintaining high water quality standards. We also welcome the obvious efforts by Ofwat to keep costs to consumers low (one of our priorities), whilst acknowledging that we qualify that point in some of our comments below (e.g. point 4).
2. We feel, however, that the views of the stakeholder panels should be more clearly reflected in the determination. We believe that the importance of the stakeholder panels, bringing local and sectoral expertise, into the water company business planning process should not be overlooked.
3. We are disappointed that Ofwat's decisions regarding smaller companies, such as Hartlepool Water, are largely hidden within the larger parent company of Anglian Water.
4. We stress the need for Ofwat to be realistic. In determining our priorities, we recognised that there is a need to keep the cost of water low, but there are also some elements that need to be done. For example, there must be adequate investment in operating and maintenance aspects of the water company's work. Ofwat must appreciate this in their determination.

5. Ofwat requires efficiency savings from the water companies. We challenge whether the target levels of these efficiency savings are realistic and can be achieved in the current financial climate. For example, we note that Ofwat expects water companies to recover more contributions from developers, but are mindful that this is at a time when local planning authorities are tempering their requirements of developers within legal agreements (section 106 agreements) in line with Communities and Local Government recognition of the impact of the recession on development rates.
6. There is a crucial need to maintain growth in the Hartlepool area; it is an area of multiple deprivation with high rates of unemployment. We want to improve on our current position and would not want to see Ofwat's determination restrict the water company's capability to support new investment and development.
7. We are concerned that there is no provision for managing the impacts of climate change, for example sewer flooding. This is contradictory to other Government messages on climate change.
8. We seek reassurance over the impact of deflation upon the draft determination, although we understand that there is a "substantial effects" clause to cover such circumstance.
9. We feel that Ofwat should giving more consideration to risks to the delivery of water company plans. These include negative RPI (referred to previously), metering penetration rates and reliability of returns on capital.

Yours....

Stacey Roe
Panel Chair

Hartlepool Water Expert Opinion Panel Membership:

Judith Masthiter, Member, Consumer Council for Water (North)

Stacey Roe (Chair), Principal Officer (Water Resources), Environment Agency

Stuart Green, Assistant Director (Planning and Economic Development), Hartlepool Borough Council

John Megson, Co-ordinator, Hartlepool Business Forum

Malcolm Mitchell, Operations Services Group Head, Hartlepool Power Station, British Energy

Paul Hards, Special Projects Manager, Huntsman Tioxide

Joanne Smithson, Head of Community Strategy, Local Strategic Partnership

Peter Olsen, Economic Forum, Local Strategic Partnership

Richard Hall, Regional Policy Senior Specialist, Natural England

Mike Chicken, Environmental Strategy Manager, Stockton-on-Tees Borough Council

CABINET REPORT

21st September 2009



Report of: Assistant Chief Executive

Subject: ANALYSIS OF PERFORMANCE INDICATORS
2008/09

SUMMARY

1. PURPOSE OF REPORT

To inform Cabinet of the Council's outturn figures for all Performance indicators that are included in the 2009/10 Corporate Plan

2. SUMMARY OF CONTENTS

The attached report contains analysis of the Council's performance against the prescribed National Indicators and local Indicators that are exclusive to Hartlepool Borough Council and have been chosen to be measured within the Corporate Plan.

Generally the analysis is positive, and a brief summary is shown below: -

- 63% of PI's achieved their target in 2008/09, this is an increase from 53% in 2007/08
- 68% of PI have improved or their performance has remained the same over the last 12 months

3. RELEVANCE TO CABINET

Cabinet has overall responsibility for the monitoring of the Council's Corporate Plan and Performance.

4. TYPE OF DECISION

None

5. DECISION MAKING ROUTE

Cabinet 21st September 2009

6. DECISION(S) REQUIRED

Cabinet is asked to:

- Note the information contained within the report
- Provide any further comments as deemed appropriate

Report of: Assistant Chief Executive

Subject: Analysis of Performance Indicators 2008/09

PURPOSE OF REPORT

- 1.1 To inform Cabinet of the Council's outturn figures for all Performance indicators that are included in the 2009/10 Corporate Plan

INTRODUCTION

- 2.1 This report looks at the 2008/09 year end outturn figures for all of the Performance Indicators included in the 2009/10 Corporate Plan. This means that this is a forward looking report which includes only the PI's that have been included in the 2009/10 Corporate Plan. For comparative purposes the report makes reference to historical performance where this is considered to be relevant.
- 2.2 The report includes all of the National Indicators that we are required to collect and report on, plus a small number of key Local PIs that we have chosen to measure within the Corporate Plan.
- 2.3 As 2008/09 was the first year that the new National Indicators were collected there is a reduction in the amount of analysis that can be done when comparing this report with previous years. For example there is may be no historical data for new NI's so trend analysis can not be produced.
- 2.4 This report has been produced using the information input into Covalent, the Performance Management System, by Departmental PI Coordinators and Responsible Officers. The information provided is split by department and demonstrates: -
- Whether target was achieved
 - When comparable data is available there is some analysis as to whether the indicator has improved in last year
 - Area of concern were also highlighted

OVERALL PERFORMANCE SUMMARY

- 3.1 The following summaries the council's performance over the last 12 months:
- A total of 94 PI's covering both NI's and LPI's have been analysed
 - 63% of these achieving target in 2008/09 (58 PI's), an increase from 53% in 2007/08.
 - Just under a third of PI's did not achieve target (30 PI's)

- 5 PI's (5%) just narrowly missing target by less than 5%, a reduction from 10% in 2007/08.
- A comparison of short term trend could be made with 29 of the 94 PI's due to NI's only being introduced during 2008/09. Results show that the performance of 48% of PI's have improved over the last 12 months which is down on last years performance of 53%.
- However a further 21% of PI's staying the same with regards to their performance.
- Therefore overall 69% of PI's have either improved their performance or stayed the same over the past 12 months with the remaining 31% declining, which is a slight improvement from 67% in 2007/08.

KEY FINDINGS BY PORTFOLIO

4.1 The following highlights the key findings of the analysis by individual portfolios.

4.2 Adult and Public Health Portfolio

- A total of 14 PI's came under this portfolio.
- A total of 54% of all PI's achieved their targets in 2008/09.
- 8 PIs (33%) of PI's failed to achieved target by more than 5% set for 2008/09
- 3 PI's (13%) narrowly missed achieving the target (by less than 5%) set for 2008/09
- Of the 9 PI's which did have some historical short term historical data, 4 have improved over the past 12 months with the remaining 5 PI's (55.6%) having declined in performance.

4.3 Culture, Leisure and Tourism Portfolio

- A total of 10 PI's came under this.
- A total of 54% of all PI's achieved their targets in 2008/09.
- 8 PIs (33%) of PI's failed to achieved target by more than 5% set for 2008/09
- 3 PI's (13%) narrowly missed achieving the target (by less than 5%) set for 2008/09
- Of the 9 PI's which did have some historical short term historical data, 4 have improved over the past 12 months with the remaining 5 PI's (55.6%) having declined in performance.

Comments on Performance

- All of the PI's that had declined were the satisfaction PI's from the 2008 Place Survey. It should be noted however that two of these PI's only narrowly missed the target set.

4.3 Children's Portfolio

- A total of 31 PI's came under the responsibility of this portfolio.
- Within this portfolio 62% of their PI's reached target. This is close to the Council's average figure of 63%.
- 11 PI's (35.5%) failed to achieve their target by more than 5% - around the same (36%) proportion as in 2007/08.
- With regards to short term trends no PI's performance has declined this year.

Comments on Performance

- The majority of PI's that did not achieve target were National Indicators (10 out of the 11 that did not achieve target and the majority of these were attainment targets which are set by national government)
- 1 PI narrowly missed it's target
- Where there is comparable data two thirds of the PI's (66%) have improved over the last 12 months with the remaining 4 PI's staying the same.
- With regards to NI 92 although the target has been missed there was still a slight improvement in performance
- NI 59 target is set at a high level and has not been attained for the past 4 years. Over the past year casework pressures has impacted upon the performance with vacant posts also adding to the problem. The restructure will separate out the initial assessment function from longer term work which should lead to an improvement in this indicator as initial assessments will be the responsibility of one manager with a dedicated team to undertake the task. The restructure should also lead to an increased consistency in practice and minimise the risk of a differential response.
- NI 60 target is set at a very high and over ambitious level. Previous performance in this indicator has not truly measured the level of activity and the move to an electronic social care record has highlighted significant practice issues in relation to the timeliness of completion of core assessments. Performance has been reviewed and a number have been identified with a number of systems being put in place to address these. Monthly performance monitoring is now done against this indicator and when restructure is complete the target needs to be reviewed and set at a high but more realistic level.
- Obesity targets missed this year – however the process of collecting individualise data has just been completed and the data is beginning to be feed back to parents on an individual basis as well as informing them of the opportunities to access services in the future. This should help future targets to be met.

4.4 Transport and Neighbourhood Portfolio

- A total of 21 PI's came under the Transport and Neighbourhood Portfolio.
- 66% of PI's achieved their target, which is above the Council average of 62%.
- This is the same proportion of PI's that achieved target in 2007/08 (although the group of PI's are not directly comparable)
- 43% of LPI's did not achieve target, missing by more than 5%

Comments on Performance

- Only 2 PI's in the Transport and Neighbourhood Portfolio had historical data available with 1 PI improving in performance and the other declining in performance over the past 12 months.

4.5 Regeneration and Economic Development Portfolio

- A total of 7 PI's came under this portfolio.
- 5 out of 7 PI's achieved their target which equates to 71%, well above the Council average of 63%.
- 2 PI's did not achieve their target (29%), both of which were local PI's

Comments on Performance

- 3 LPI's had historical data available but all 3 had declined in performance over the past 12 months.
- Although all PI's achieved their targets within this portfolio the targets had been set through a rigorous LAA target setting process and targets were challenged as part of the negotiations with Government Office and signed off by the Secretary of State.

4.5 Community Safety and Housing Portfolio

- A total of 8 PI's came under this portfolio
- 7 out of 8 PI's achieved their target which equates to 88%, well above the Council average of 63%.
- 1 local PI did not achieve their target.

Comments on Performance

- Only one PI had historical data available and it had declined in its performance over the past 12 months.
- All NI achieved their targets and some by a considerable amount however as previously stated the targets were set through the rigorous LAA target setting process and although performance on PI's such as

NI 171 have been excellent they still remain very challenging in the present economic climate.

- LPI RPD P002 missed its target by a significant amount however this was mainly due to issues involving the Middle Warren Development and especially the Hartfield JRF Extra Care village. Hartfield was a one off development completed in a single financial year and has distorted the 2008/09 figures. JRF scheme has been a massive achievement for the Borough but it has unintentionally given the PI a negative slant. A brownfield site was considered for the development but the constraints and timing meant that Middle Warren site, although greenfield, was much preferred. In 2009/10 there are a number of regeneration schemes which will push up the proportion of new houses built on brownfield land.

4.6 Finance and Performance Portfolio

- A total of 3 PI's came under the Finance and Performance Portfolio
- Only 3 PI's are included in the 2009/10 Corporate Plan for the Finance and Performance Portfolio that were also in the 2008/09 Corporate Plan
- 2 of the 3 PI's achieved their target
- The final remaining PI narrowly missed its target by less than 5%

Comments on Performance

- All three PI's have historical data with 2 PI's staying the same over the last 12 months and the remaining PI improving over the last 12 months

Further Information

The tables included in Appendix A, B and C provides more detailed information:

- **Appendix A** – Performance against target by portfolio
- **Appendix B** – Short Term Trend by portfolio
- **Appendix C** – Detailed List of PI's by portfolio

FOR CONSIDERATION

5.1 Cabinet is asked to: -

- Note the information contained with the report
- Provide any further comments as deemed appropriate

Appendix A

Performance against Target by Portfolio

ADULT AND PUBLIC HEALTH PORTFOLIO				
	Not Achieved	Narrowly Missed	Achieved	Total
NI's	3 (60%)	1 (20%)	1 (20%)	5
LPI's	3 (33.3%)	0	6 (66.6%)	9
Total	6 (42.9%)	1 (7.1%)	7 (50%)	14

CULTURE, LEISURE AND TOURISM PORTFOLIO				
	Not Achieved	Narrowly Missed	Achieved	Total
NI's	0	0	2 (100%)	2
LPI's	3 (37.5%)	2 (25%)	3 (37.5%)	8
Total	3 (50%)	2 (20%)	5 (50%)	10

CHILDREN'S PORTFOLIO				
	Not Achieved	Narrowly Missed	Achieved	Total
NP's	10 (40.0%)	0	15 (60.0%)	25
LPI's	1 (16.7)	1 (16.7%)	4 (66.6%)	6
Total	11 (35.5%)	1 (3.2%)	19 (61.3%)	31

TRANSPORT AND NEIGHBOURHOOD PORTFOLIO				
	Not Achieved	Narrowly Missed	Achieved	Total
NP's	4 (30.7%)	0	9 (69.2%)	13
LPI's	3 (37.5%)	0	5 (62.5%)	8
Total	7 (33.3%)	0	14 (66.4%)	21

REGENERATION AND ECONOMIC DEVELOPMENT PORTFOLIO

	Not Achieved	Narrowly Missed	Achieved	Total
NP's	0	0	5 (100%)	5
LPI's	2 (100%)	0	0	2
Total	2 (28.6%)	0	5 (71.4%)	7

COMMUNITY SAFETY AND HOUSING PORTFOLIO

	Not Achieved	Narrowly Missed	Achieved	Total
NP's	0	0	5 (100%)	5
LPI's	1 (33.3%)	0	2 (66.6%)	3
Total	1 (12.5%)	0	7 (87.5%)	8

FINANCE AND PERFORMANCE PORTFOLIO

	Not Achieved	Narrowly Missed	Achieved	Total
NP's	0	0	0	0
LPI's	0	1 (33.3%)	2 (66.6%)	3
Total	0	1 (33.3%)	2 (66.6%)	3

TOTAL				
	Not Achieved	Narrowly Missed	Achieved	Total
NI's	17 (31.5%)	1 (1.9%)	37 (67.2%)	55
LPI's	13 (33.3%)	4 (10.3%)	22 (56.4%)	39
Total	30 (32.2%)	5 (5.3%)	59 (62.8%)	94

Appendix B

Short Term Trend by Portfolio

	Adult and Public Health	Culture, Leisure & Tourism	Children's	Transport and Neighbourhood	Regeneration and Economic Development	Community Safety and Housing	Finance and Performance	Totals
Improved	2	2	8	1	0	0	1	14
Stayed the same	0	0	4	0	0	0	2	6
Declined	0	5	0	1	1	1	0	8 (31.0%)
Total	2	7	12	2	1	1	3	28

Appendix C

Detailed of PI's by Portfolio

Adult and Public Health Portfolio

Met Target? Yes/No	Improved or Declined	PI Code	Short Name	2007/08		2008/09	
				Value	Target	Value	Target
No		NI 135	Carers receiving needs assessment or review and a specific carer's service, or advice and information	No data for this range		17.10%	19.00%
Yes		NI 141	Percentage of vulnerable people achieving independent living	No data for this range		79.65%	72.00%
No (<5%)		NI 142	Percentage of vulnerable people who are supported to maintain independent living	No data for this range		98.51%	99.15%
No		NI 55(iv)	Obesity in primary school age children in Reception: Line 4	No data for this range		13.00%	9.00%
No		NI 56(ix)	Obesity in primary school age children in Year 6: Line 9	No data for this range		25.60%	24.00%
Yes	Improved	ACS P027	Increase the number of adaptations carried out to enable vulnerable people to remain living independently in their own home (LAA H5)	887		4,049	3,000
Yes		ACS P037	Prescribing of high level antidepressants (ADQ/PU) (Hartlepool) (LAA HC26)	No data for this range		2,083.92	1,729
Yes	Improved	ACS P038	Number of emergency psychiatric re-admissions as a percentage of discharges (LAA HC27)	6.80%		4%	6%
No		ACS P051	Access to equipment and telecare: users with telecare equipment (LAA HC37b)	No data for this range		293	600
No		LAA HW P001	Smoking during pregnancy	No data for this range		23.9	26
Yes		LAA HW P006	Percentage of GP practices offering extended hours to their patients (Vital Sign)	No data for this range		96%	50%
No		LAA HW P007	Contracts for new GP practices and health centre to be awarded. (Vital Sign)	No data for this range		2	3
Yes		LAA LLS P004	Number of Apprentice Framework Completions	No data for this range		342	277
Yes		LAA LLS P006	Train to Gain (Number of Employees)	No data for this range		657	552

Culture, Leisure and Tourism Portfolio

Met Target? Yes/No	Improved or Declined	PI Code	Short Name	2007/08		2008/09	
				Value	Target	Value	Target
Yes		NI 8	Adult participation in sport and active recreation	No data for this range		22.10%	21.10%
Yes		NI 9	Use of public libraries	No data for this range		48.10%	48.10%
Yes	Improved	ACS P016	Engagement in museum outreach activity by under-represented groups (LAA CL1)	1,124		1,157	350
Yes		LAA CL P003	Increase annual leisure centre attendances (including NRA)	No data for this range		411,737	365,000
No (<5%)	Declined	ACS P019	Increase proportion of residents satisfied with museums/arts (Hartlepool) (LAA CL6)	86	64	76	77
No	Declined	ACS P020	Increase proportion of residents satisfied with museums/arts (Neighbourhood Renewal narrowing the gap) (LAA CL7)	3%	8%	6%	2%
Yes	Improved	ACS P021	Increase residents satisfaction with public parks and open spaces (Hartlepool) (LAA CL8)	73%	74%	75%	74%
No	Declined	ACS P022	Increase residents satisfaction with public parks and open spaces (Neighbourhood Renewal narrowing the gap) (LAA CL9)	8%	2%	11%	7%
No (<5%)	Declined	ACS P023	Increase residents satisfaction with libraries (Hartlepool) (LAA CL10)	91%	78%	89%	91%
No	Declined	ACS P024	Increase residents satisfaction with libraries (Neighbourhood Renewal narrowing the gap) (LAA CL11)	1%		3%	1%

Children's Portfolio

Met Target? Yes/No	Improved or Declined	PI Code	Short Name	2007/08		2008/09	
				Value	Target	Value	Target
Yes	Same	NI 100	Looked after children reaching level 4 in mathematics at Key Stage 2	50.00%	30.00%	50.00%	30.00%
No	Same	NI 101	Looked after children achieving 5 A*-C GCSEs (or equivalent) at Key Stage 4 (including English and mathematics)	9.00%	17.00%	9.00%	14.00%
No		NI 102a	Achievement gap between pupils eligible for free school meals and their peers achieving the expected level at Key Stages 2 and 4 - Part 1 Key Stage 2	No data for this range		21.80%	18.00%
Yes		NI 110	Young people's participation in positive activities	No data for this range		70.20%	30.00%
Yes		NI 115	Substance misuse by young people	No data for this range		16.40%	16.40%
Yes	Improved	NI 117	16 to 18 year olds who are not in education, employment or training (NEET)	8.50%		7.90%	8.40%
Yes		NI 50	Emotional health of children	No data for this range		65.60%	65.60%
No		NI 59	Percentage of initial assessments for children's social care carried out within 7 working days of referral	No data for this range		73.50%	80.00%
No		NI 60	Percentage of core assessments for children's social care that were carried out within 35 working days of their commencement	No data for this range		61.30%	90.00%
Yes	Improved	NI 62	Stability of placements of looked after children: number of moves (BVPI 49)	13.10%	10.00%	8.40%	10.00%
Yes		NI 64	Child Protection Plans lasting 2 years or more (PAF-CF/C21)	No data for this range		3.80%	8.00%
Yes		NI 65	Percentage of children becoming the subject of Child Protection Plan for a second or subsequent time (PAF-CF/A3)	No data for this range		8.80%	15.00%
Yes	Same	NI 67	Percentage of child protection cases which were reviewed within required timescales (BVPI 162)	100%	100%	100%	100%
Yes		NI 68	Percentage of referrals to children's social care going on to initial assessment	No data for this range		93.40%	60.00%
Yes		NI 69	Children who have experienced bullying	No data for this range		47.00%	47.00%
No	Improved	NI 72	Achievement of at least 78 points across the Early Years Foundation Stage with at least 6 in each of the scales in Personal Social and Emotional Development and Communication, Language and Literacy	38.40%		40.40%	45.70%
Yes		NI 73	Achievement at level 4 or above in both English and Maths at Key Stage 2	No data for this range		79.00%	78.00%
No		NI 75	Achievement of 5 or more A*- C grades at GCSE or equivalent including English and Maths	No data for this range		39.20%	44.00%
Yes		NI 87	Secondary school persistent absence rate	No data for this range		5.80%	5.80%

No	Improved	NI 92	Narrowing the gap between the lowest achieving 20% in the Early Years Foundation Stage Profile and the rest	45.70%		44.00%	39.30%
No		NI 93	Progression by 2 levels in English between Key Stage 1 and Key Stage 2	No data for this range		84.60%	95.00%
No		NI 94	Progression by 2 levels in Maths between Key Stage 1 and Key Stage 2	No data for this range		83.00%	93.40%
Yes	Improved	NI 99	Looked after children reaching level 4 in English at Key Stage 2	33.00%	50.00%	40.00%	20.00%
No		NI 102b	Achievement gap between pupils eligible for free school meals and their peers achieving the expected level at Key Stages 2 and 4 - Part 2 Key Stage 4	No data for this range		20.30%	19.00%
Yes		NI 53a	Prevalence of breast-feeding at 6-8 wks from birth - Percentage of infants being breastfed at 6-8 weeks	No data for this range		18.10%	16.30%
Yes	Improved	CSD P006	All key stage 4 pupils undertake work related learning and useful work experience (LAA JE14)	98		99	99
Yes	Same	CSD P007	Careers education & guidance is provided to all young people aged 13-19 (LAA JE15)	100	99	100	99.5
Yes	Improved	CSD P012	Number of schools achieving the new Healthy Schools Status (Performance with reward) (LAA HC21)	25	31	34	35
No (<5%)		CSD P036	The percentage of S47 enquiries which led to initial case conference and were held within 15 working days			95.40%	96%
No		LAA LLS P003	Increase the percentage of pupils in self governing mainstream secondary schools	51.6		87.89	73
No		LAA SC P005	Improve the participation of young people with learning disabilities in their Section 140 assessments	No data for this range		93	100

Transport and Neighbourhood Portfolio

Met Target? Yes/No	Improved or Declined	PI Code	Short Name	2007/08		2008/09	
				Value	Target	Value	Target
Yes		NI 52b	Take up of school lunches - Secondary Schools	No data for this range		55.30%	52.00%
Yes		NI 52a	Take up of school lunches - Primary Schools	No data for this range		64.00%	62.00%
No		NI 184	Percentage of food establishments in the area which are broadly compliant with food hygiene law	No data for this range		86	93
Yes		NI 191	Residual household waste per household	No data for this range		708	720
Yes		NI 186	Per capita reduction in CO2 emissions in the LA area	No data for this range		7.1	3.8
No	Declined	NI 175	Access to services and facilities by public transport, walking and cycling	44.00%		42.00%	50.00%
Yes		NI 192	Percentage of household waste sent for reuse, recycling and composting	No data for this range		37.30%	35.00%
Yes		NI 195a	Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Litter	No data for this range		8%	15%
No		NI 188	Planning to Adapt to Climate Change	No data for this range		0	1
Yes	Improved	NI 177	Local bus and light rail passenger journeys originating in the authority area (BVPI 102)	5677032	5931140	5698909	5869350
No		NI 47	People killed or seriously injured in road traffic accidents	No data for this range		8.10%	9.20%
Yes		NI 48	Children killed or seriously injured in road traffic accidents	No data for this range		6.70%	6.70%
Yes		NI 195 (NRA)	Improved street and environmental cleanliness -Litter (Neighbourhood Renewal Area)	No data for this range		11.20%	18%
No		NSD P080	Percentage of people who think litter and rubbish is a problem in their area (Hartlepool)	No data for this range		53	42
No		NSD P081	Percentage of people who think litter and rubbish in the streets is a problem in their area (Neighbourhood Renewal Narrowing the gap)	No data for this range		62	48
Yes		NSD P085	Number of retail establishments offering Fairtrade as an alternative	No data for this range		29	21
Yes		NSD P086	Number of catering establishments offering Fairtrade as an alternative	No data for this range		16	13
No		NSD P239	Number of businesses signed up to the green tourism business scheme	No data for this range		0	2
Yes		NSD P245	Number of community groups involved in improving the local environment	No data for this range		82	14
Yes		NSD P246	To reduce energy and water usage in schools involved in SEAL initiative	No data for this range		-25%	-2%
Yes		LAA Env P004	The percentage of state schools that are covered by approved travel plans	No data for this range		95	90

Community Safety and Housing Portfolio

Met Target? Yes/No	Improved or Declined	PI Code	Short Name	2007/08		2008/09	
				Value	Target	Value	Target
Yes		NI 111	First time entrants to the Youth Justice System aged 10-17	No data for this range		2050	2290
Yes		NI 155	Number of affordable homes delivered (gross)	No data for this range		172	20
Yes		NI 19	Rate of proven re-offending by young offenders	No data for this range		1.31	1.56
Yes		NI 20	Assault with injury crime rate	No data for this range		7.77	9.03
Yes		NI 40	Number of drug users recorded as being in effective treatment	No data for this range		745	690
No	Declined	RPD P002	New homes built on previously developed land (BVPI 106) [A]	64.44%	60.00%	36.00%	52.00%
Yes		RPD P043	The percentage of new tenants receiving support from HBC sustaining their tenancies for 6 months (LAA H7)	No data for this range		100%	80%
Yes		RPD P047	Number of houses cleared in HMR intervention area (LAA H12) [A]	569		40	40

Regeneration and Economic Portfolio

Met Target? Yes/No	Improved or Declined	PI Code	Short Name	2007/08		2008/09	
				Value	Target	Value	Target
Yes		NI 151	Overall Employment rate (working-age)	No data for this range		67.50%	66.80%
Yes		NI 152	Working age people on out of work benefits	No data for this range		20.70%	20.70%
Yes		NI 153	Working age people claiming out of work benefits in the worst performing	No data for this range		28.50%	31.00%
Yes		NI 166	Median earnings of employees in the area	No data for this range		£461.71	£460.00
Yes		NI 171	New business registration rate	No data for this range		48	24
No	Declined	RPD P045	Employment Rate (16-24) (LAA H9)	51.6	53.8	45	53.8
No		RPD P076	The gap between Hartlepool unemployment rate and the Great Britain rate (LPI RP 10)	2.3	1.45	2.6	1.9

Finance and Performance Portfolio

Met Target? Yes/No	Improved or Declined	PI Code	Short Name	2007/08		2008/09	
				Value	Target	Value	Target
Yes	Same	CEDCS P008	CPA Use of Resources - Overall Score (CPA 2)	3	3	3	3
Yes	Same	CEDCS P023	PI's qualified following external audit	0	0	0	0
No (<5%)	Improved	HR PI 5A All	Average working days per employee (full time equivalent) per year lost through sickness absence - All Actual (BVPI 12)	10.43	11.05	10.03	9.8