

CABINET

MINUTES AND DECISION RECORD

28 June 2010

The meeting commenced at 9.00 am in the Civic Centre, Hartlepool

Present:

The Mayor (Stuart Drummond) - In the Chair

Councillors: Jonathan Brash (Performance Portfolio Holder)
Gerard Hall (Adult & Public Health Services Portfolio Holder)
Cath Hill (Children's Services Portfolio Holder)
Peter Jackson (Transport and Neighbourhoods Portfolio Holder)
Hilary Thompson (Culture, Leisure and Tourism Portfolio Holder)

Officers: Paul Walker (Chief Executive)
Andrew Atkin (Assistant Chief Executive)
Peter Devlin (Chief Solicitor)
Chris Little (Chief Finance Officer)
Nicola Bailey (Director of Child and Adult Services)
Dave Stubbs (Director of Regeneration and Neighbourhoods)
Denise Ogden (Assistant Director, Neighbourhood Services)
Graham Frankland (Assistant Director, Resources)
Sue Johnson (Assistant Director, Planning and Service Integration)
Martyn Ingram (Business Transformation Team)
David Hart (Strategic Procurement Manager)
Linda Igoe (Principal Housing Advice Officer)
Alastair Rae (Public Relations Officer)
Angela Hunter (Principal Democratic Services Officer)

1. Apologies for Absence

Apologies for absence were received from Councillors Pamela Hargreaves (Portfolio Holder for Regeneration and Economic Development) and Robbie Payne (Portfolio Holder for Finance and Procurement).

2. Declarations of interest by Members

None.

3. Minutes of the meeting held on 7 June 2010

Received.

4. Youth Justice Strategic Plan 2010-2011 *(Director of Child and Adult Services)*

Type of decision

Budget and Policy Framework.

Purpose of report

To set out proposals for the development of the Youth Justice Strategic Plan 2010-2011.

Issue(s) for consideration by Cabinet

The Portfolio Holder for Children's Services presented the report which outlined the reason for the Youth Justice Strategic Plan, the required content and the process of consultation with users and partners.

A Member remarked that it would be beneficial if the partnership arrangements supporting the Plan could also include the provision of partnership funding. A request was made to ensure that specific reference to how the Plan would help tackle child poverty be included within the content of the Plan.

Decision

The process for the development of the Youth Justice Strategic Plan was approved and referred for consideration through the scrutiny process and that Members' views noted above be taken into account.

5. Business Transformation - Service Delivery Review Options Analysis Report For Facilities Management *(Director of Regeneration and Neighbourhoods)*

Type of decision

Key decision – test (i) applies – Forward Plan ref: RN 14/09.

Purpose of report

To inform on the findings of the Facilities Management service delivery options review and the options appraisal aspect of the review.

Issue(s) for consideration by Cabinet

The Portfolio Holder for Transport and Neighbourhoods presented a report that summarised the deliberations of the review team, outlined options that had been considered and identified preferred options for decision. Facilities Management (FM) is usually divided into Soft and Hard services although it should be noted that a number of activities can be considered to fall into either or both categories. For the purposes of this review the following definitions had been used.

- Hard FM is defined as the maintenance of buildings, engineering, landscaping and similar elements of an asset. Examples include mechanical and electrical systems maintenance, building fabric maintenance and repair of the management of hard landscaping.
- Soft FM is defined as the provision of services which relate to the maintenance of the environment within the facility. Examples include cleaning, catering, caretaking/attendants, soft landscaping and security

The majority of FM services operate as a trading account; we have reduced the number of trading accounts as far as practical to reduce the need for a client and contractor split. However, in some instances, such as capital works, school contracts, jobbing type contracts and external services, trading accounts still need to be maintained to account for costs and income. Operating as a trading arm of the council in a competitive environment there are other service pressures which Members need to be aware of the SDO review. The imminent challenge faced by FM services is the Building Schools for the Future programme. Central Government are eager to ensure that given 'one off' investment the schools estate once transformed does not deteriorate, but is properly maintained over the next 30 years. Their preference is for Local Authorities and Schools to enter into maintenance agreements either through the Local Authority or other providers to ensure the function is carried out properly.

Cabinet has previously agreed to the centralisation of budgets relating to property which includes building maintenance and cleaning, caretaking, security and grounds maintenance. It is intended that these elements of the centralisation of asset management will be transferred to the Facilities Management section to deliver in the most efficient and effective way on behalf of the Council for all Council buildings.

Where FM services are commissioned and/or carried out directly in other service areas e.g. caretaking in community buildings and vending machines across the Council and catering in leisure and recreational facilities consideration should be given to pool these services to enable maximum efficiencies to be realised. Where there are dual functions we need to look at the current way of working and the impact of any change

on the service and analyse the benefits.

Consideration has been given to alternate service provision i.e. market testing of these services. The Building Cleaning service has recently been subject to market testing (2009/10) in a competitive market and were successful in being awarded the Housing Hartlepool contract. Building Maintenance services constantly compete for works and have recently been awarded the Rossmere School and HCIL Improvement Projects based on the success of the Brierton school refurbishment scheme. Research undertaken by Child and Adult Services Department with respect to the school meals service provided an independent evaluation of this service. This information was presented to Head Teachers and positive feedback was received regarding the price and quality of the service provided. The APSE performance management information identifies Hartlepool's building cleaning as one of the best in the Country based on cost and quality.

Based on the performance management and benchmarking information the review team focused on three areas to identify the overall efficiencies required to achieve the £260k target for this SDO review.

a) Procurement and the negotiation of existing contracts

The Council security contract includes for the provision of static guarding at a range of establishments within Hartlepool, the locking and unlocking of parks, cemeteries, car parks, open spaces and provides response to alarm activations and other emergency situations. There are two areas for potential SDO savings to be achieved in this area, deterrent guarding and change to the security measure in the civic centre reception.

Since January 2010 the catering service has taken part in the NEPO (North East Purchasing Organisation) contract for the purchase of groceries, frozen foods, meat, fruit & vegetables, and milk which has generated savings that will contribute towards achieving the overall efficiency target.

b) Change to current service arrangements

We have introduced the management structures tiers and spans of control principles as part of the overall Business Transformation programme and are working towards the standardisation of management structures promoting generic management in all tiers. This will also result in the rationalisation of operational hours across the FM service, specifically in school catering, building maintenance, civic attendants and building cleaning the details of which are included within the body of the report.

c) Growth and income generation

A business case is being developed for the future operation of function catering. Previously, function catering has operated on an ad hoc basis to its business, and aspects of the service now need

formalising and establishing on a firm economic base. Overall plans would be to consider rebranding the service and detailing the scope of its activity. At the moment activities are confined to developing the internal market, the external market will be developed in a cautious manner to determine if prospects for catering are sustainable. Similarly, the income and provision of vending is again being given consideration, and researched as part of the business plan.

There may be other opportunities to generate income which are in the process of being worked up. e.g. 29 of our school kitchens have achieved the 5 star hygiene rating, the remaining have achieved a 4 star rating. We need to take advantage of this and sell our skills and services to local restaurants, cafes and takeaway outlets on hygiene, this will generate income for the Authority. The potential exists for additional income to be generated, by the provision of a deep cleaning service, provided to food businesses and other businesses within Hartlepool. Consideration is to be given to the marketing of the service, and the likely number of businesses who would take up the service.

Further to the above the potential exists for additional income to be generated by the Building Maintenance section. The approach introduced during 2009/10 in respect of building maintenance is one of selection rather than take on all jobs, this approach has resulted in a significant improvement in customer satisfaction and the quality of the service provided.

The SDO review has provided an opportunity to review our approach towards the delivery of FM services, our intention is to provide a range of services which meet customer expectations and become the “service provider of choice”.

Discussions regarding the regionalisation of services are being held around the Country and Facilities Management services are traditionally seen as being a prime candidate for outsourcing. Pragmatism rather than protectionism is now the approach that should determine how FM services are delivered. However the decision making process must be driven by accurate performance data, benchmarked where possible with APSE and the private sector and used to produce stretching but achievable business targets. Facilities Management services have significant potential to deliver surpluses to the Council and there is no strategic value in outsourcing them as a principle but rather developing their potential through an informed and robust business planning process.

Hartlepool FM services have sought to consolidate and further develop our business base within schools and Council owned buildings whilst recognising the opportunities for growth that exist within the legislative changes arising from the Local Government Act 2003 regarding trading powers. Although the consolidation process has been largely successful, there has been limited activity in developing new business opportunities through the use of trading powers, or proactively seeking out new

business opportunities. The good will and generally strong relationships enjoyed with schools has also created the risk that their continued support may be taken for granted without the need to re-assess our competitive standing against other service providers. Schools are increasingly looking for evidence of value that services provide and we must respond to this growing need to avoid the risk of losing their future and business.

The efficiency target of £278,000 is very challenging, and due to the nature of the services included within the scope of this review i.e. trading accounts, how the savings will manifest themselves is not as simple as reducing a budget. It is suggested that efficiency savings achieved on the trading accounts are retained by the trading account and that these amounts are reflected as a profit budget in the Council's overall General Fund Budget. This arrangement will ensure that efficiencies are reflected in the costs of providing the service and thereby ensure that value for money can be demonstrated and can be reflected in the General Fund budget.

A discussion ensued on the school catering service and basic food hygiene training proposed to be provided in-house. It was acknowledged that the in-house basic food hygiene training was an excellent idea with the possibility of further income generation through marketing to other internal and external customers. Clarification was sought on the changes to the school catering service. The Assistant Director (Neighbourhood Services) confirmed that under the current arrangements, the majority of cooks and kitchen staff started work at the same time whether this was needed or not. The rationalisation of hours proposed would ensure staff coverage at critical core times, ie preparation and serving. The Director of Child and Adult Services commented that the efficiencies identified from the provision of school catering were important as the school meal price was already being subsidised by departmental budgets. In response to a question from a Member, the Director of Regeneration and Neighbourhoods commented that the provision of the school catering service would not be sustainable should a number of schools cease to buy-in to this provision.

The importance of maintaining a trading account was discussed as this enabled services to be offered to external bodies and generate income.

Members were asked to note that the Trade Union had approached the Mayor and requested that further consultation be undertaken in relation to the change in operating hours of the Civic Attendants. It was confirmed that this would be undertaken and reported back to Cabinet in July.

Decision

- 1) The efficiencies already achieved in Management structures in Building Maintenance producing £80,000 (para 7.6) and catering contracts (para 7.3) generating £15,000 of savings were noted.

- 2) The efficiencies identified below were approved:
 - The proposed operating changes in building cleaning (para 7.4), Stores (para 7.7) and school catering (para 7.10).
 - To reduce the hours of the current deterrent security arrangements and in respect of Hartlepool connect (para 7.2 of the report).
 - To recognise the opportunities for growth that exist within the legislation regarding trading powers and expand and develop the Facilities Management service to deliver surpluses to the Council (paras 7.13 – 7.20).
- 3) The efficiencies identified in relation to the civic attendants (para 7.5), be subject to additional consultation, as requested by the Trades Unions with a further report submitted to Cabinet in July.
- 4) The reconsideration over the next 12 to 18 months of the transformation options for services included in this SDO review was agreed.

6. Business Transformation – Service Delivery Review Options Analysis Report For Waste Management (Director of Regeneration and Neighbourhoods)

Type of decision

Key decision – Test (i) and (ii) apply – Forward plan ref: RN 15/09.

Purpose of report

To inform on the findings of the Waste Management service delivery options review and the options appraisal aspect of the review.

Issue(s) for consideration by Cabinet

The Portfolio Holder for Transport and Neighbourhoods presented a report which summarised the deliberations of the review team, outlined options that had been considered and identified preferred options for decision. Areas focused upon to drive out efficiencies included the collection of household waste (residual and recyclable), the Household Waste Recycling Centre at Burn Road and its associated operations e.g. bring sites and the bulky household waste collections.

The implementation of the Tees Valley Joint Waste Management Strategy, the introduction of an improved kerbside recycling service and the investment in the Household Waste Recycling Centre has enabled a

significant element of the SDO efficiency target to be found. Where efficiencies have been identified and surveys commissioned as part of the SDO review, the Portfolio Holder for Transport and Neighbourhoods has been notified through discussion and / or formal reports.

Household Waste Collections: The implementation of the Tees Valley joint waste management strategy in 2008 has seen a change in how waste collection services are provided in Hartlepool. The continued drive for re-use and recycling of household waste has added to the reduction in the amount of waste disposed through energy recovery and landfill, enabling efficiencies to be identified from within the existing budgets. It is felt that with improved communication and re-directed officer resource, further efficiencies can be achieved through raising awareness, education and where that fails, enforcement.

Efficiencies have also been driven out in the collection of household waste from vehicle procurement and through investment, funded by NEREIP in route optimisation equipment which will result in changes to the refuse and recycling routes.

The cost of the provision and delivery of waste containers is significant (see section 7.8). Careful consideration should be given to increasing the charge to residents for replacement bins. We do not charge for replacement recycling containers.

Commercial Waste Collections: Due to the competitive market it is difficult to make efficiencies in this service area without reducing service standards or increasing prices which in turn would make us less competitive and reduce our customer base. The recommendation for the provision of Commercial Waste collections is to improve the marketing of the service and work more closely with the Enforcement section to ensure all local businesses dispose of their waste in a responsible manner and assist them in this process, which in turn should generate additional income.

Household Waste Recycling Centre & bring centres: The HWRC has been redeveloped, funded through the Landfill Allowance Trading Scheme (LATS), enabling the site to expand and increase the amount of containers available to the public to recycle household waste. This investment has brought about a change in the operation, resulting in a reduction in the number of vehicles required to service the site, thus reducing operational costs.

As the Council provides residents with a comprehensive kerbside recycling service there is no longer a need for the numbers of recycling bring centres located across the town. A rationalisation programme of recycling bring centres has commenced as part of the scrutiny investigation action plan as agreed previously by Cabinet.

Bulky Household Waste Collections: As part of the SDO review an

application was submitted to the Waste Action Resources Programme (WRAP) to consider the feasibility of a furniture re-use shop and examine the options for reusing material from the bulky waste collection service and the Household Waste Recycling Centre, as well as offer suggestions for improvement of the service with respect to quality of service and value for money. The outcome of the study was reported to the Transport & Neighbourhoods Portfolio holder in December 2009 who requested the findings be considered as part of the SDO review.

In 2006, Cabinet approved the introduction of an improved kerbside recycling service providing residents with a comprehensive recycling service at the doorstep. As part of this new approach to waste collections the charge for bulky household waste ceased.

Charging for the collection of bulky household waste is now very common across local authorities in the UK. Furniture Research Network research demonstrates less than 10% of local authorities still provide a free bulky waste collection service. If we are to achieve the efficiency target set against this SDO review consideration must be given to the introduction of a charge for the collection of household waste.

If Cabinet decide not to introduce a charge for bulky household waste collections the household waste collection service of residual waste and recyclable materials would have to be revisited in order to achieve the efficiency target. Alternative options and their implications are covered in section 8.4 which focus on the existing collection operations

The consideration of the major transformation of these services in the light of the limited time available will need to be revisited over the next 12 – 18 months as part of further considerations which will be required across the authority for all areas of the organisation in the light of external pressures which the authority will be facing.

A Member referred to the suggestion that the charge for bulky waste would be means tested and sought clarification on whether the introduction of this resulted in additional administrative costs. The Director of Regeneration and Neighbourhoods confirmed that any means testing would be undertaken using the benefit entitlement information the Council already had with no additional administrative cost.

The issue of cost to replace wheelie bins was discussed and it was noted that comparisons with other local authorities had been undertaken with charges ranging from £25-£75 per replacement bin. The Assistant Director (Neighbourhood Services) indicated that the bins were currently manufactured in Germany and officers were exploring on a regional basis whether the bins could be manufactured within the region from recyclable plastics which would hopefully result in more efficient and cost effective production. Although Members were reticent about increasing the charge for replacement wheelie bins, it was acknowledged that this area was currently costing £42,500 with only £8,000 projected income for 2009/10

for replacement bins.

Decision

- 1) The following efficiencies already identified were noted:-
 - The investment in the Household Waste Recycling Centre resulting in operational changes producing £65,000 of savings.
 - The reduction in waste volumes experienced to date and the increase in the amount of waste recycled producing efficiencies of £65,000.
- 2) The introduction, as outlined in section 7.27, of a charge of £15 for 3 items for bulky household waste collections with a concessionary rate of £7:50 from April 2011 to enable the full £240k efficiency target to be achieved was approved.
- 3) That the charge to residents for replacement bins be increased and a further report submitted to Portfolio Holder to progress this increase.
- 4) The reconsideration over the next 12 to 18 months of the transformation options for services included in this SDO review was agreed.

7. Connexions/Youth Service – Service Delivery Options Review *(Director of Child and Adult Services)*

Type of decision

Key decision – Test (i) applies – Forward Plan ref: ED65/09

Purpose of report

To seek Cabinet approval for the recommended savings options that have been identified in the service delivery review of the Connexions and Youth Services.

Issue(s) for consideration by Cabinet

The Portfolio Holder for Children's Services presented a report which contained the Options Report for the Connexions and Youth Services Service Delivery Option Review. This service delivery review has an efficiency target of £133,800.

In considering the options presented for service delivery review for Connexions and the Youth Service it must be recognised that these take

place against a background of significant change that has already been embarked on in creating an integrated youth support service for Hartlepool. This brings together Connexions and the Youth Service into one integrated team. Significant management savings have already been identified with the appointment of a single head of service with effect from 1st April 2010.

The model for an integrated youth support service for Hartlepool identifies 4 main service areas. The four areas which have been identified as key for integrated youth support services are as follows:-

- Youth work (and positive activities)
- Information, advice and guidance
- Volunteering, citizenship and participation
- Targeted youth support.

Within each of the four areas, specific savings have been identified which can be achieved with minimal impact on front line delivery. These are identified below.

i) Youth work and positive activities

- Re-negotiate service delivery in Greatham, where the Youth Service budget is paying disproportionately for buildings, effectively subsidising other community use (£11,700 - £23,700 depending on final options in relation to rent and caretaking which are now being negotiated following Cabinet approval not to renew the lease).
- Do not proceed with a proposed development at St Hild's (£1,500).

ii) Information, advice and guidance

- It is expected that all Connexions personal advisors should be in the process of qualifying or fully qualified. The service currently has one unqualified post the scope of which by reason of the worker being unqualified is very restricted in terms of service delivery. This post could be deleted with no anticipated reduction in frontline service delivery (£25,000).

iii) Volunteering, citizenship and participation

- A modest training budget exists in this area so that young people receive training to assist them in making decisions in their roles as Grant Givers. This could be reduced by £1,000.

iv) Targeted youth support

- The Connexions service has in the past provided funding for the intermediate labour market. Other sources of funding such as Future Jobs Fund did have the potential to replace this, producing savings in the Connexions budget of £40,000. The Connexions team had the

capacity to dedicate staff time to liaise with the Future Jobs Fund so that there was no detriment to young people. However, the withdrawal of the Future Jobs Fund as part of the recent Government announcement now brings this saving into question and will be subject to further reports to Cabinet.

- A number of areas of work are commissioned by the Youth Service and Connexions from Barnado's at their B76 project. Bringing together the Youth Service and Connexions has highlighted the fact that this work may not be being commissioned in the most efficient or cost effective way from the third sector.

A range of work is commissioned from voluntary and community sector partners by Connexions, the School Improvement Team and the Youth Service to assist in reengaging young people at risk of disaffection.

Funding comes in via a number of strands. As new government initiatives have been rolled out, additional projects have been commissioned to meet the requirements of the attached grants.

- £200,000 is split between four providers as part of the Aims funding for re-engagement (this uses a mix of Positive Activities for Young People and Neighbourhood Support Fund funding).
- A further £10,000 is allocated by Connexions to the HOT (Hartlepool on Track) project, for work with young people identified as NEET (not in education, employment or training).
- In addition, the Youth Service commissions £65,000 of activity from Barnardo's to support work around issues such as sexual health, homelessness, addictions, advocacy, lifeskills, engagement through the arts and the HOT project. The current agreement runs from April 2008 to March 2011. This Youth Service funding comes from the service's base budget, not grant funding and, whilst these areas of work are important, the Youth Service and Connexions would be able to identify other agencies to which young people could be directed for support in specific areas, if their needs could not be met by their own staff.

Given the expectation that existing grant funding will cease, or at best be reduced from April 2011, there will be a need to re-examine all these commissioned services during the 2010/2011 financial year.

Alternative/additional areas for savings have also been identified as part of the review. These are considered to have a more direct impact on front line service delivery and are as follows:

- Ceasing to run the Connexions Choices event.
- Reducing the number of evenings that the full time youth centres run their mainstream youth programmes by one night per week from each of the 3 main centres.
- Reducing paper based careers advice/information.

The possible savings figures are detailed in section 5 of the main report.

The costs of achieving the target savings are estimated to be approximately £20K. These costs are primarily redundancy / early retirement costs and are at this stage an estimate.

Alternative options for making savings were considered for each of the four key areas for service delivery and are included in section 6 of the main report.

The costs of achieving the alternative options to meet the target savings vary from £28K to a maximum of £38K. These costs are an estimate at this stage.

The main risk associated with the preferred option is that preventative services delivered jointly with the third sector are significantly reduced and there are fewer options open to staff in the integrated youth services when they wish to refer young people on for a more intensive support package. It is hoped, however that the further development of the Team Around the School Model will mitigate against any adverse effect of this as all agencies work together in the most efficient way possible.

The Service Delivery Options (SDO) programme has been designed to review all council activity over a three year programme and is planned to contribute over £3.5m in savings to the Business Transformation (BT) savings of £6m over this period. Each review has a target for savings set at the outset as part of this overall programme and these are assigned to specific financial years in the Medium Term Financial Strategy. For 2011/12 the MTFs forecasts are based on the achievement of £1.3m of Business Transformation SDO savings from 1st April 2011.

The proposals in this report deliver £133,800 of savings; the target for this review was £133,800. If Cabinet determines to not take the decisions required to deliver these savings this amount will have to be found from other, unplanned cuts.

The preferred option has sought to identify savings that will have the least impact on the existing provision and support for young people across the town.

The preferred option has implications for a small number of council staff who will be put at risk of redundancy.

The Director of Child and Adult Services added that the report had been prepared before the Government's budget announcement and it was noted that this review formed the first stage. It was noted that the removal of the Future Jobs Fund would impact on young people but details of this impact were as yet unknown and would be revisited as part of reconsideration of this SDO in the next 12-18 months.

Members questioned whether this review should go ahead in view of

further cuts yet to be announced. The Chief Executive confirmed that both short term, in year budget reductions needed to be identified as well as longer term savings to ensure services were provided as efficiently and effectively as possible. Where area based grants were removed, Members may wish, in the future to give consideration to stopping another service in order to keep area based grants services running from departmental budgets due to the ring-fencing of those services being removed.

In relation to the deletion of an unqualified post of personal advisor, clarification was sought on whether the person occupying this post had been given the opportunity to undertake the qualification. The Assistant Director (Planning and Service Integration) confirmed that this post holder had the opportunity to undertake the qualification but had chosen not to do so.

Decision

- 1) The recommended option as shown in section 4 and equating to the target saving and costs in section 5, as indicated below was approved:-

	Budget *	Target
Greatham project	B	**15,000
St Hild's project	B	1,500
Connexions unqual'd post	A	25,000
Grant givers training	B	1,000
Intermediate labour market	A	40,000
Services from Barnardo's	B	**51,300
Choices event	A	0
Reduce youth centre opening	B	0
Paper based resources	A	0
Total		£133,800

* The different areas of savings either come from base budget marked 'B' or area based grant, 'A'.

** The preferred option is to achieve the total target figure, assuming some flexibility in achieving a total saving of £76,300 from the Greatham and Barnardo's projects combined, depending on the final amount realised from the relinquishing the lease at Greatham.

- 2) The reconsideration over the next 12 to 18 months of the transformation options for services included in this SDO review was agreed.

8. Homelessness Strategy – 2010-2015 *(Director of Regeneration and Neighbourhoods)*

Type of decision

Key decision – Test (ii) applies – Forward Plan ref: RN19/10.

Purpose of report

To seek Members approval and support of the draft Homelessness Strategy and Action Plan for 2010-2015.

Issue(s) for consideration by Cabinet

The Mayor presented a report which provided the context within which the Homelessness Strategy had been developed and highlighted some of the main achievements since the previous strategy. The report identified the key strategic aims and objectives for the new strategy. The draft Strategy and Action Plan were attached by way of appendix.

The Mayor added that the perception of homelessness was people sleeping in cardboard boxes in the street but this strategy clearly identified that this is not the case. However, there was still the issue of lack of accommodation, especially for younger vulnerable people and it was encouraging that charities, such as Centre Point were looking to set up in Hartlepool if appropriate accommodation could be identified. Further information was sought on how the strategy helped support the Council's aim to tackle child poverty and how young people aged 16-17 were supported when leaving local authority care and the housing issues they faced when they turn 18.

The Principal Housing Advice Officer confirmed that as part of the Strategy, an action plan to tackle child poverty was continually being developed and focussed around mentoring and supporting families to enable their children to stay at home. Members were informed that there were emergency accommodation arrangements in place and it was hoped that this would increase should the Centre Point project be successful. In addition to this, as part of the Strategy, a review of protocol with Children's Services and the Youth Services was to be undertaken looking at children leaving care and the importance of monitoring work across both teams was recognised. The Director Child and Adult Services confirmed that it was now the duty of the local authority that all 16-17 year old homeless young people were treated as children that need to be looked after by the authority. The Principal Housing Advice Officer added that there was now a legal requirement that no-one is placed in a bed and breakfast for longer than 6 weeks and this was continually monitored by the authority.

It was noted that the hidden homelessness was still a big issue with people sleeping on friends and relatives sofas with a waiting list operating for affordable rented social housing. An update was requested on the supported tenancy arrangements for people aged 18-25 years old. The Principal Housing Advice Officer confirmed that in the last couple of weeks, 2-3 people had been approved as hosts for supported tenancies and this was progressing well.

In response to a Members request for clarification, the Principal Housing Advice Officer confirmed that the Teesside nightstop initiative involved host families providing an emergency bed placement for an individual. However, this particular service was not utilised fully due to the need for risk assessments being required before placing a young person with a family and the fact that a lot of young people did not feel comfortable going into another family's home and preferred to stay in bed and breakfast accommodation in the short term. However, the supported lodging scheme was proving very successful for longer term situations.

Decision

- 1) The draft Homelessness Strategy for 2010 – 2015 and its subsequent publication was approved.
- 2) The supporting draft action plan that outlined delivery of the Strategy objectives was approved.
- 3) The Director of Regeneration and Neighbourhoods, in consultation with the Portfolio Holder for Community Safety and Housing was authorised to amend the final detail of the Strategy and Action Plan, if necessary, prior to its publication.

9. Shape of the Council – Next Steps *(Chief Executive)*

Type of decision

Non-key.

Purpose of report

To provide Cabinet with an update in respect of the potential impact of likely changes in the grant settlement post election which were currently being unveiled and to give initial considerations to the strategy for addressing the likely consequences.

Issue(s) for consideration by Cabinet

The Chief Executive presented the report which highlighted the likely impact of reductions in the grant settlement which makes it necessary to consider

the nature and role of the authority in conjunction with considerations around the possible operating model and scale and scope of activity. Our assessment of the financial outlook anticipates the authority having to deliver additional savings of £4m per year for the next three years the question must be posed about how to do this and the form and feel of the authority. These reductions are additional to the planned Business Transformation efficiencies of £6m, potential Council Tax increases and other measures proposed to manage the budget deficit.

Whilst it is anticipated that the BT Programme will deliver its expected savings, the financial and political environment has changed and this is likely to continue

The Policy and Financial considerations

Local Authorities do not operate in a vacuum and change is part of the process of local government but the pace and scale of this change is likely to need significant consideration to reflect the upcoming challenges.

There are a range of factors which affect the operation of a local public sector body, some of these are identified below;

- The current economic position of the country form a depressing backdrop to any future potential courses of action.
- The demographic base of the country is changing, with an increase in the older population, this trend set to continue and with it an increase on the associated services
- The drive for increased partnership working, joint commissioning of services by agencies and the joint delivery of services has been part of the agenda from central government at a locality level for a number of years now.
- There is an expectation, through issues and policy drives such as Total Place, that there are significant efficiencies to be derived from taking a more holistic approach in an area.
- The authority since 2004/05 has been required to deliver efficiency savings and since 2007/08 these have been set at 3% per annum (rising to 4% per annum from 2010/11).

The Budget has been balanced and agreed for 2010/11 at Council on 11th February 2011 with significant contributions to this from the Business Transformation programme and in total efficiencies of £4m have been made.

At this stage if all savings planned from BT are agreed and implemented, indicative council tax rises implemented, other planned efficiencies realised, pressures restrained to within the headroom incorporated in the 2011/12

budget and temporary funding utilised in the manner identified in the MTFS the authority is left with a budget gap of £4m per annum, cumulative over the period from 2011/12 to 2013/14. A £12m gap equivalent to a reduction of 12% of expenditure over the 8% that is already planned and still to achieve (a 20% reduction in the budget over 3 years).

In previous years the Council has benefitted from one-off factors and this has enabled us to spend more than our ongoing resources allow. These factors won't be repeated and existing commitments will see the Councils reserves fall to the minimum level by 31st March 2013.

Current Shape of the Authority

The authority is going through a major programme of change as a result of the Business Transformation programme although in reality this is another change rather than being something completely new.

A completely traditional view of a local authority will see the authority commissioning and delivering all services itself in isolation from other providers, with a traditional base of large scale in-house provision. Such a model is not applicable to Hartlepool as the authority has evolved and made decisions over the last 10 – 15 years to ensure that it can deliver the changing base of responsibilities.

We have in place a broad range of measures which have developed to meet service requirements and balance these with the harsh realities of the MTFS Examples of these are provided in section 3 of the main report.

The pattern of planning and delivery of services is a necessary balance of pragmatism, effective arrangements to deliver outcomes and fiscal considerations. It is not traditional but by the same token it is not a radical approach to the provision of services.

What are the suggested “Opportunities”?

Whilst the need to change is clear, the mechanism for achieving this is much less well defined with some of the suggested mechanisms and current ideas included below (and in section 4 of the main report):

- Shared back office
- Joint Commissioning
- Partnering
- Redefine the nature of the relationship between the public sector and the individual

Within these questions are a number of options which include the services which are provided free at the point of entry, a “core and options” approach to provision (with options likely to be chargeable) with not all public services necessarily forming part of a core option.

- Delaying of the public sector – reducing the number national agencies which currently have a role in oversight, guidance, inspection and performance reporting and transferring responsibilities to a local level (LA, PCT, Police).
- Maximising economies by more effective collaboration – this has many similarities to the options outlined above but is predicated on the potential which may be offered through the “Total Place” initiative.

At a very practical level and taking one of the examples from above, the total cost of the back office services for this council equates to approximately £10m per year (before BT savings are factored in which in some areas equate to 15% from management structure and SDO savings) which also includes ICT provision. Even by stopping all of this activity (which would probably be both illegal and ill advised) the Council would not be able to make the savings required. Deloitte predict that savings of 10% can be made on back office but do not include the client function in this. Savings targeted through the current BT programme (which could be classed as back office) total somewhere in the region of £1.5m.

Operational Efficiency Programme

A report from HM Treasury – “Operational Efficiency Programme: Back Office Operations and IT” has identified the potential for significant savings from public sector expenditure on back office operations and IT.

Measurement

The Operational Efficiency programme included all organisations within the public sector, including central government and its agencies, non-departmental public bodies (NDPBs), local government, the NHS, police and education sector.

The programme has analysed the UK public sector spend on back office operations but many of them are based on assumptions on expenditure and with limited information to provide reassurance that the conclusions are robust and applicable on the scale suggested.

From their analysis, the methodologies used indicate that the public sector should be able to achieve a reduction in annual back office costs of around 20 to 25 per cent by the end of the next three years.

The three-year timescale for achieving this reduction is at the upper end of private sector experience for the delivery of cost saving programmes of this kind.

The approach suggested has three main suggested drivers which cover management information, benchmarking and that the government should take the estimated savings into account in determining departmental settlements (taking note of savings already made where appropriate). The

programme estimated that across the public sector (both central and local government) annual savings of £4 billion in the cost of back office operations are achievable after three years (from an estimated expenditure on back office operations of £18 billion per year, excluding IT).

The five audit agencies' have developed value for money indicators in HR, finance, procurement and estates management (attached as Appendix A) and the suggestion is that these should be used by all public sector organisations employing more than 250 people.

Review and Shared Services

The report also recommends that all public sector organisations with more than 1000 employees conduct a systematic review of their functions, systems and processes to reduce complexity and cost through simplification and standardisation by the end of 2010-11. The Authority has put in place programmes to deliver this through the Business Transformation Programme, including the centralisation of some key services (with associated efficiency targets).

Other parts of the public sector, including local government, the health sector and the police, should accelerate the use of shared services both between similar bodies and across services in a geographical area. Greater use should be made of the NHS shared business service, using financial incentives as necessary. The target is to deliver upper quartile performance for all those using shared service and drive out cost savings of at least 25 per cent within three years.

Practical Considerations

Underpinning all of the areas outlined above are a range of fundamental (and as yet unresolved) considerations which will affect the scale, nature and ability to implement such solutions.

These considerations (covered in more detail in section 8 of the main report) include Choice Governance and Accountability and Drive and support.

Strategic Decisions on Delivery

An issue which is being increasingly important to be clear upon in respect of the future delivery of services, relates to the delivery model for those services which it may not be either economical or justifiable in terms of operational considerations to deliver with an internal only model.

This is not an issue that relates to a particular area of service, it is a generic consideration but one which is informed, and potentially to expand on current arrangements but offers a more radical solution.

It is important to consider the potential models under which services may

operate, these are not necessarily new but are areas which require clear direction from Cabinet to pursue as large scale unproductive / abandoned work in this area will be counterproductive in trying to address the significant issues faced.

In simplistic terms the models are:

- Share - the collaboration between bodies for the better delivery of services eg the collaboration between authorities on strategic approaches, local authorities providing direct support to one another
- Sell - providing service or aspects of a service to another body such as Cleveland Fire & Rescue
- Buy – getting services or aspects of services from another body such as another local authority

A further consideration, and one which is being increasingly “offered” as a solution which will deliver significant efficiencies is that of strategic partnering. There are a broad range and type of services which could be incorporated and the various types of partnerships which exist currently within the region and nationally and some examples of these are included in section 9 of the main report.

What Questions does this pose?

The key question to pose, is can the authority continue to operate in its current manner. Underpinning this fundamental question are a range of others, including;

- Can services be maintained at their current level?
- Can we continue to deliver services ourselves or should we investigate other models of delivery?
- Can we identify plans that will deliver the degree of savings needed?
- Can we balance a desire to deliver high quality services with the savings needed?
- Can/should we continue to deliver all the services we currently deliver or do we need to prioritise services?
- Can we charge for some services which are currently provided free, or increase existing charges?

Conclusions

The pressures and expectations which will be placed on the council are significant and increasing. Economic and demographic pressures, allied with the drive for increased partnership working and the financial expectations which are placed upon such arrangements and the ongoing need to deliver efficiency savings combine to provide for an austere financial outlook. Through the measures which have been put in place over the last two years and the Business Transformation programme, the authority has aimed to address the known issues in respect of the likely financial outlook. This combined with other policy drives in relation to joint

commissioning and partnership arrangements have ensured that the arrangements in the authority have evolved to meet need.

There is a significant and growing drive for local authorities to engage in shared back office services, a greater impetus for joint commissioning and partnering.

The national Operational Efficiency Programme will, it is thought, mandate common and comparable measures for back office services to drive out efficiencies and provide the basis for the increased savings and sharing of back office services. The framework gives limited scope for flexibility and does not address issues in respect of savings delivered to date.

The authority will need to make a number of strategic decisions in respect of the services which are delivered to the area, or those central services which support this. In simplistic terms these encompass the questions of share? sell? or buy? but inherent in this are models of partnering or contracting with others parts of the public sector or the private sector.

Early consideration to the development of a strategy and action plan to address the issues outlined in the report will be beneficial to enable the potential solutions to be developed and implemented. Cabinet will need to provide a clear steer to officers on the considerations in the report and the areas that they wish officers to pursue.

The Chief Executive added that a report would be submitted to a future Cabinet meeting on the implications of the decision taken at Council on 24 June 2010 in relation to budget cuts. There was concern expressed by Members that cutting back office functions further would seriously threaten the front line services provided.

A Member sought clarification on whether approaches were being made to other public sector organisations, including other local authorities, and the private sector to identify ways of working in partnership to enable efficiencies to be made. The Chief Executive responded that the approach to other public sector organisations etc would need to be undertaken on a political level first to ensure collaborative working was achievable.

The Chief Executive added that the timescales to address the impact of the changes in grant settlement were incredibly tight with efficiencies having to be identified prior to the Comprehensive Spending Review (CSR) which would be announced around October 2010. However, Members were reassured that consultation would be undertaken with everyone affected including the Trades Unions.

Members were mindful that whilst in an ideal world the protection of the local authority service provision was at the forefront, everyone including other public sector organisations were looking to make savings in view of the recent Government budget announcement. Members were aware that there would be some difficult decisions ahead in relation to future service

provision.

Decision

That Members' views noted above be taken into account in addressing the impact of the changes in grant settlement and that a further report be submitted to Cabinet in respect of the options available for addressing the issues.

10. The Way Forward – Business Transformation Programme *(Assistant Chief Executive)*

Type of decision

Non key.

Purpose of report

To revisit the report on the Governance arrangements for The Way Forward – Business Transformation Programme submitted to Cabinet on 7 June 2010.

Issue(s) for consideration by Cabinet

The Portfolio Holder for Performance presented a report which summarised the discussions of Cabinet in respect of the make up of the programme board. Attached by way of appendix was the report which was submitted to Cabinet on 7 June 2010. In addition, the Portfolio Holder suggested that Members may wish to consider whether an unacceptable level of work was being put on officers to continue with the Board, in view of the decision at Council on 24 June 2010 to create a 48 Member Working Group to look at the savings required in view of the budget cuts recently announced by the Coalition Government. It was noted by Members that it was vital that all Members were involved and contribute to the overall process and the Mayor's request for any ideas or suggestions was indicative of this.

It was suggested that the Board membership as identified in the report be agreed and re-examined once a report on the proposed Council Working Group was submitted to Cabinet.

Decision

- 1) That the Business Transformation Programme Board comprise:
 - Portfolio Holder for Performance (Chair)
 - Portfolio Holder for Finance and Procurement
 - AN other Portfolio Holder (Adults and Public Health)
 - Leaders of the Political Groups (or a substitute where the leader of the group is also a Cabinet Member or already on the Board) (x4)
 - Chair of Scrutiny Co-ordinating Committee
 - Trade Union Representatives (x2)

 - Chief Executive
 - Assistant Chief Executive
 - Director (this varies according to the agenda items)
 - Programme Manager

In addition to the above, when the Programme Board was considering an SDO report, the relevant Portfolio Holder and the Chair of the relevant Scrutiny Forum be invited to the meeting.

- 2) That the composition of the membership of the Board be re-examined upon Cabinet's receipt of a report on the proposed Council Working Group.

11. **Business Transformation – Reprographics Service Delivery Options Review Analysis Report** *(Director of Regeneration and Neighbourhoods)*

Type of decision

Non-key.

Purpose of report

To inform of the findings of the Reprographics Service Delivery Options Review and the Options Appraisal aspect of the review.

Issue(s) for consideration by Cabinet

The Portfolio Holder for Transport and Neighbourhoods presented a report which summarised the deliberations of the review team, outlined options that had been considered and identified preferred options for decision. Areas focused upon to drive out efficiencies included print management,

print design and print production. The identified saving for this Service Delivery Option (SDO) was £30,400.

Print Management: consists of the provision of advice and guidance to customers and managing the production of print through either internal resources or external providers.

By managing this aspect of the service the Print Unit ensures that the in-house delivery is controlled and the process of procuring printed materials and services related to print from external sources is carried out in accordance with the Council's Contract Procedure Rules. The criteria for deciding to outsource printing work is based upon internal capacity to meet demand and/or on the complexity of work which maybe such that it cannot be provided by the in-house team.

It was concluded that print management was a key service to be retained to co-ordinate the Council's requirements. It is essential that requests for printing are centralised to ensure best use of resources and value for money.

Print Design: consists of the provision of desk top publishing and graphic design services. Many of these services can now be produced using the skills and tools within departments' Support Services teams in line with corporate branding. In some areas there is a definite customer preference to utilise third party providers for specialist work (which may also be a design and print combination), to secure value for money, quality and responsiveness. The in-house services are under utilised and do not cover their costs. The report considered the potential to generate in-house graphic design income, the risks involved and the required guarantee to deliver savings for the SDO. (Options 6.2.3a and 6.2.3b in the report).

The preferred option (6.2.3a in the report) to achieve the savings required by this SDO is to cease to provide the specialist design function in-house and utilise in-house support services teams with third party providers. This would guarantee delivery of savings required by the SDO.

Print Production: consists of high volume offset litho printing (traditional "wet" printing press work), high volume colour and black and white photocopying, production of variable data documents and document finishing. This includes all Committee papers.

Core copy print production by the in-house services was valued by customers, in consultation, as a responsive and quality service. Confidentiality issues were also highlighted as a risk if this service was externalised. The cost of this element of the service was competitive when benchmarked against external providers. Offset litho printing was found to be more expensive than external providers, and it is proposed that this element of service provision is sourced through a printing framework which includes local companies. The core production work with improved machinery (to be provided under replacement strategy at no additional

costs) could develop and become more efficient and has potential to undertake work for other organisations and generate income.

Options for Savings:

The overriding requirements of this review are to align the service to future needs and ensure that the requisite level of savings are identified and most critically, removed from the Council's cost base. On this basis it is important to recognise that whilst the option detailed in 6.2.3b (which considers doing more work in-house but is dependent on client preference and type of service) provides the possibility of a contribution towards the required savings target it does not offer the certainty of savings available through actual reductions in the Council's cost base by the reduction of workforce numbers. Option 6.2.3a outlined above does guarantee the savings. On that basis option 6.2.3a is the preferred option.

Whilst it is proposed that print management and production will still be provided by in-house services, supplemented by third party provision, where applicable, to achieve the savings required, certain elements of the design service are under-utilised. This situation creates an opportunity to cease parts of the in-house design service and as a result to realise savings which will achieve the Business Transformation target.

Ceasing to provide currently under-utilised in-house design services would provide a saving in the region of £31000 in support of the SDO target.

Part of the in-house design service resources have been re-directed to the Admin section of the Chief Executives Department on a long-term secondment and it is envisaged that this will continue until that service is reviewed later in 2010/11. At which time there may be potential for a redeployment opportunity.

In terms of the continued provision of the reduced requirement for design services to in-house customers, a framework agreement could be set up working in a similar way to the printing framework agreement where a number of design firms are included or a combined framework could be procured.

In summary, ceasing to provide in-house complex design and publishing services and transferring any basic design work to support service teams would leave 2 employees at risk of redundancy, although the opportunity for redeployment will be pursued wherever possible.

Future Review: in the medium to longer term this service could be the subject of a public/public partnership, possibly via a sub regional/regional collaboration as a combination of "back office" services.

The Assistant Director (Resources) added that whilst there may be some options to undertake work outside the local authority there were a number of questions on the type of work and volume of work that would need to be taken into account. The options proposed would see some services being

provided in-house with an option to increase income generation through services which were provided well and at competitive rates. In response to a Member question, the Assistant Director (Resources) indicated that with a change in machinery and technology, the potential for income generation was increased. However, the Chief Executive asked Members to be mindful that competing with local companies could possibly affect their employees and have other knock on consequences.

An issue was raised that related to the confidential appendix attached (**This item contained exempt information under Schedule 12A of the Local Government Act 1972, (as amended by the Local Government (Access to Information) (Variation) Order 2006 namely, information relating to the financial or business affairs of any particular person (including the authority holding that information) – para 3**, and it was noted that this would be discussed in confidential session at the end of the meeting, minute 13 refers.

A Member sought clarification on whether the changes noted above would give small local companies the opportunity of applying to be on the tender list for this particular service area. The Assistant Director (Resources) confirmed that there were lots of suppliers for low value supplies and there was a centralised list of a group of suppliers and that this could be done on a similar basis.

Decision

Cabinet approved:

- a) The retention of an in-house centralised print management function to manage all Council requirements was approved.
- b) The retention of the in-house copy-shop print production function and market these services to generate additional income wherever possible was approved.
- c) The delivery of complex design and publishing services, off-set litho printing and other print related elements of production work via the procurement of a framework of printing and design companies was approved.
- d) The retention of basic design provision through in-house administrative support services was approved.
- e) That a further review be undertaken as the potential for collaboration and shared service provision developed.

12. Rift House Recreational Ground *(Director of Regeneration and Neighbourhoods)*

Type of decision

Non-key.

Purpose of report

To seek in principal Cabinet approval to the grant of a 25 year lease to Hartlepool College of Further Education of Rift House Recreation Ground (as edged in black on the plan attached by way of Appendix) subject to the college improving the changing facilities and making the Recreation Ground available for public use primarily on weekends.

Issue(s) for consideration by Cabinet

The Portfolio Holder for Culture, Leisure and Tourism presented a report which informed Members of partnership proposals to maximise the use of Rift House Recreational Ground, enable the development of a football academy by Hartlepool College of Further Education and secure continued access by the general public.

The proposal will reduce the current running costs incurred by the Council, facilitate improved facilities and promote a strategic partnership with the College.

A Member sought clarification on whether local football teams and schools would still be able to access the pitches for recreational purposes. The Assistant Director (Neighbourhood Services) confirmed that access to the recreation ground for local football teams and schools would still be available. In response to a Member's question, the Assistant Director (Neighbourhood Services) confirmed that arrangements would be in place for the maintenance of the area.

Members were pleased to work with Hartlepool College of Further Education to support their vision for sports provision within the town and looked forward to the long term investment this agreement provided as well as the continuing recreational provision for local teams and schools.

Decision

- i) The approach from Hartlepool College of Further Education was acknowledged.
- ii) The granting of a 25 year lease to the HCFE of the Rift House Recreation Ground was approved in principle.
- iii) It was agreed to undertake further negotiations and stakeholder consultation to finalise lease terms in accordance with draft Heads of Terms.

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

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

Minute 14 – Business Transformation – Reprographics Service Delivery Options Review Analysis Report – *Director of Regeneration and Neighbourhoods* - Appendix 2 (This item contained exempt information under Schedule 12A of the Local Government Act 1972, (as amended by the Local Government (Access to Information) (Variation) Order 2006 namely, information relating to the financial or business affairs of any particular person (including the authority holding that information) – para 3)

14. Business Transformation – Reprographics Service Delivery Options Review Analysis Report (*Director of Regeneration and Neighbourhoods*)

During the discussions under minute 11 above, a Member wished to raise a question in relation to the confidential appendix (This item contained exempt information under Schedule 12A of the Local Government Act 1972, (as amended by the Local Government (Access to Information) (Variation) Order 2006 namely, information relating to the financial or business affairs of any particular person (including the authority holding that information) – para 3). This issue was discussed in the confidential section of the meeting and further details can be found in the confidential section of the minutes.

Decision

Details of the decision as in minute 11.

The meeting concluded at 11.10 am.

P J DEVLIN

CHIEF SOLICITOR

PUBLICATION DATE: 2 July 2010