

PERFORMANCE PORTFOLIO DECISION SCHEDULE



Wednesday 23 March 2011

At 3.00 pm

in Committee Room C, Civic Centre, Hartlepool

Councillor J Brash, Cabinet Member responsible for Performance will consider the following items.

1. KEY DECISIONS

No items.

2. OTHER ITEMS REQUIRING DECISION

- 2.1 Civic Centre Cash Office Operating Arrangements – *Chief Customer and Workforce Services Officer*
- 2.2 Politically Restricted Posts – *Chief Customer and Workforce Services Officer*
- 2.3 Single Status Agreement Appeals – *Chief Customer and Workforce Services Officer*
- 2.4 Proposed Risk Management Framework – *Assistant Chief Executive*

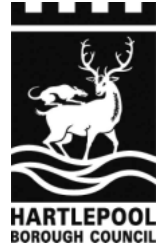
3. ITEMS FOR INFORMATION

- 3.1 Impact of Coalition Government Plans on Remit of Performance Portfolio Holder (Initial Report) – *Assistant Chief Executive*
- 3.2 Employee Attendance 2010/11 – 3rd Quarter – *Chief Customer and Workforce Services Officer*
- 3.3 Future Housing and Council Tax Benefit Changes and New Welfare Reform Bill – *Chief Customer and Workforce Services Officer*

PERFORMANCE PORTFOLIO

Report to Portfolio Holder

23 March 2011



Report of: Chief Customer and Workforce Services Officer

Subject: Civic Centre Cash Office Operating Arrangements

SUMMARY

1. PURPOSE OF REPORT

- 1.1 To seek Portfolio Holder's views on potential changes to the Civic Centre Cash Office operating arrangements.

2. SUMMARY OF CONTENTS

- 2.1 The report outlines the services provided to the public via the cash office, patterns of usage and potential savings from operational changes to the number of days and operating hours of the cash office. .

3. RELEVANCE TO PORTFOLIO MEMBER

- 3.1 The portfolio holder has responsibility for Revenues Administration issues.

4. TYPE OF DECISION

- 4.1 The decision is considered to be a non-key decision.

5. DECISION MAKING ROUTE

- 5.1 The Performance Portfolio Holder only.

6. DECISION(S) REQUIRED

- 6.1 The Portfolio Holder's views on possible revisions to the operational opening hours and days of the Civic Centre Cash Office.

Report of: Chief Customer and Workforce Services Officer

Subject: Civic Centre Cash Office Operating Arrangements

1. PURPOSE OF REPORT

- 1.1 To seek Portfolio Holder's views on potential changes to the Civic Centre Cash Office operating arrangements

2. BACKGROUND

- 2.1 The Cash Office facility at the Civic Centre has 4 cashiering tills and a PayPoint Terminal. The PayPoint facility allows the public to top up mobile phones and pay water, electricity, gas bills etc. The Council receives income for its administration in processing PayPoint transactions. A cashiering till is also situated at Hanson House and is used primarily to accept payment of planning fees. This till is managed remotely by the Civic Centre Cash Office supervisor.
- 2.2 The Council has since 2002/3 accepted electronic payments by debit and credit card and volumes of these types of transactions continue to grow each year. The Council now accepts electronic card payments over the internet, by phone and in person at a variety of locations. The Council operates Chip and Pin technology for card transactions which enables it to benefit from lower transaction costs and the latest web security for on line payments.
- 2.3 The Council has for a number of years been actively encouraging the public to embrace direct debit (DD) as a method of payment as this is the cheapest method of receiving / processing monies, being largely automated. The Council has achieved significant success in DD take up and currently about 61% of Council taxpayers and 51% of business rate payers pay by direct debit. Inevitably the growth in direct debit and electronic payments has reduced the volumes of transactions processed via the Civic Centre Cash Office. Reductions in volumes of transactions via the cash office and increases in volumes of internet and telephone payments is shown in **Appendices A and B**. There have also been increases in volumes of council transactions processed outside the Civic Centre via the Paypoint arrangement, (the council incurs a processing fee recharge for each payment processed).
- 2.4 In 2009/10, as part of the business transformation programme, the council invested in upgrading its cash receipting and income management systems. These changes have streamlined the process

of accepting card payments particularly over the phone and in person. The Council in early 2010 implemented in person card payment processing technology within Hartlepool Connect to enable a customer with a face to face service enquiry to also make a payment with the same Hartlepool Connect officer without needing to join another queue at the cash office.

- 2.5 As part of the Business Transformation Programme the Council is increasingly seeking payment “upfront” (by debit / credit card) at the time of receiving a service request from the public instead of the traditional route of raising a sundry debtor invoice and then attempting to collect the monies due. This change in practice will further reduce the future volumes of transactions processed by the cash office.

3. **CURRENT ANCILLARY SERVICES PROVIDED BY THE CIVIC CENTRE CASH OFFICE**

- 3.1 **Cheque Encashments** - The Cash Office provides a cheque encashment service for council cheques. This service was introduced to compensate for the absence of a Co-Operative Bank branch in the town following the award of the banking contract to the Co-op in 2003. In 2009/10, about 7,200 cheques were cashed at the Civic Centre mainly housing benefit cheques
- 3.2 **Adult and Childrens services vouchers for appointees** - The Civic Centre Cash Office receives and holds securely payment vouchers from social worker staff in respect of service users receiving care support. These vouchers are then processed and monies paid over to service users or their appointee on providing acceptable evidence. In 2009/10, about 9,000 vouchers were processed by the Cash Office.
- 3.3 **Market rents** – payments for market rents are processed by the Cash Office on Thursday's leaving the Market Superintendent free to supervise the operation of the market.
- 3.4 **Credit Union** – in support of the council's social and financial inclusion commitment, the Cash Office provides a deposit facility for Credit Union members at the Civic.
- 3.5 **Cash Imprest / Stamp Imprest** – the security arrangements within the Cash Office facilitates it acting as a location for the cash and stamp imprests. The cash imprest is maintained at a level of £75,000 to facilitate the cashing of cheques, payments to service users / appointees on behalf of Adult and Children's Services and reimbursement of ad hoc petty cash expenditure.
- 3.6 **Co-ordination of the Cash in Transit Contract** – the senior cashier is responsible for managing relationships with Security Plus on behalf of the schools, car parking, libraries and leisure centres to arrange

cash security collections. This activity forms part of the “buy back” arrangements with schools.

4. CURRENT CASH OFFICE OPERATING HOURS AND POTENTIAL ALTERNATIVE OPERATING ARRANGEMENTS / SAVINGS

- 4.1 The Cash Office is currently open to the public from 9am to 4.30pm Monday to Thursday and 9 am to 4pm on Fridays. Cash Office Staff are in attendance outside of these hours to ensure that systems and arrangements are set up before each day start of business and at the end of a day on balancing, reconciliation and data transfer routines.
- 4.2 To maximize operational flexibility and reduce operating costs associated with the current 5 days a week opening arrangements, use has been made of a casual staff pool (suitably trained, experienced and vetted staff) and by administration staff from within the council's Revenues, Benefits and Customer Services teams to cover peaks in demand during the week and over busy lunch time periods. However, a key constraint on cash office staffing arrangements and the ability to make operating staff savings is that whenever the cash office is open, given the nature of the workload and security issues at least two members of staff must always be present at any one time.
- 4.3 Analysis has been undertaken as to the patterns of customer usage for a typical month June 2010. A distinction has been made between those members of the public wishing to cash council cheques and those making a payment. The results are shown in **Appendix C** and indicate relatively low levels of activity particularly towards the end of each working day and also lower levels of activity generally on Tuesdays and Wednesdays.
- 4.4 By reducing the opening times of the cash office to offer a service on only the 3 busiest days of the week ie. Monday, Thursday and Friday and also to reduce opening hours to 9.30am to 3.30pm this would reduce opening hours from the current 37hours to 18hours. On the days the cash office would be closed, people turning up at the civic centre and wishing to make a payment to the council would still be able to make a payment by debit / credit card and obtain a receipt via Hartlepool Connect. Alternatively they could make payment via various Paypoint outlets across the Borough.
- 4.5 Most Housing Benefit Cheque encashments are processed on Monday, Thursday and Fridays (typically 85% by volume) therefore opening on only 3 days a week would have only marginal impacts on this customer group and publicity of any change in opening hours could be made in advance of any changeover date.
- 4.6 The Cash Office also currently makes pre approved cash advances to social care support users every day of the week on behalf of Child and Adult Services but particularly on Mondays, Wednesdays and

Thursdays. During a transitional phase, this customer group will be encouraged to adopt the new 3 day arrangements, however for exceptional one off payments these could be arranged via the Revenues Service. Consultation is ongoing with Adult and Children's Services staff on the operational impacts of the potential changes.

- 4.7 By moving to a 3 day and reduced hours working arrangement, Civic Centre staffing arrangements can be reconfigured and a saving of £20,000 can be generated to contribute towards the Business Transformation savings factored into the Medium Term Financial Strategy. It is not anticipated there will be any redundancy implications associated with these operational changes (a member of the Cash Office staff resigned in September 2010) however there will need to be consultation with staff as their working patterns would need to be amended.

5. RECOMMENDATION

- 5.1 Portfolio holder views are sought on possible reconfiguration of the Cash Office opening arrangements to a 3 day working week and reduced opening hours.

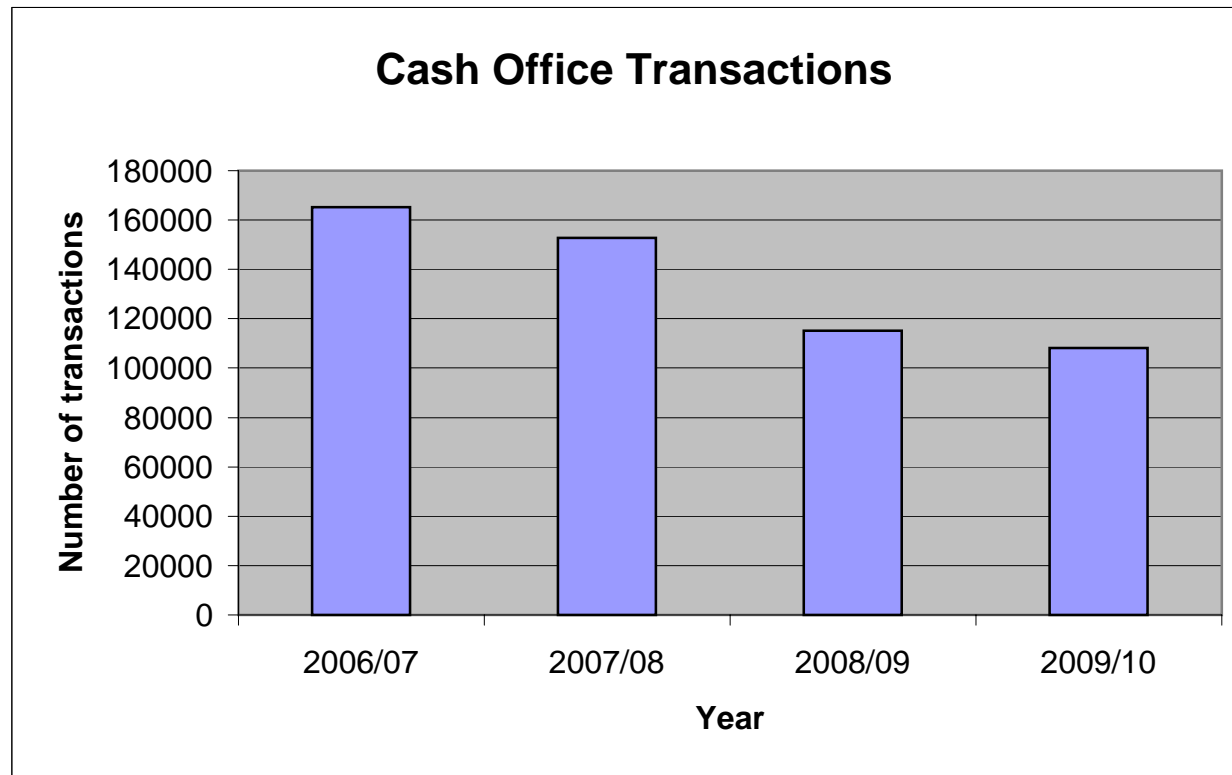
6. CONTACT OFFICER

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Assistant Chief Finance and Customer Services Officer
Chief Executive's Department
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Direct line 01429 523003

Cash Office Transactions

2006/07	165146
2007/08	152706
2008/09	115246
2009/10	108051

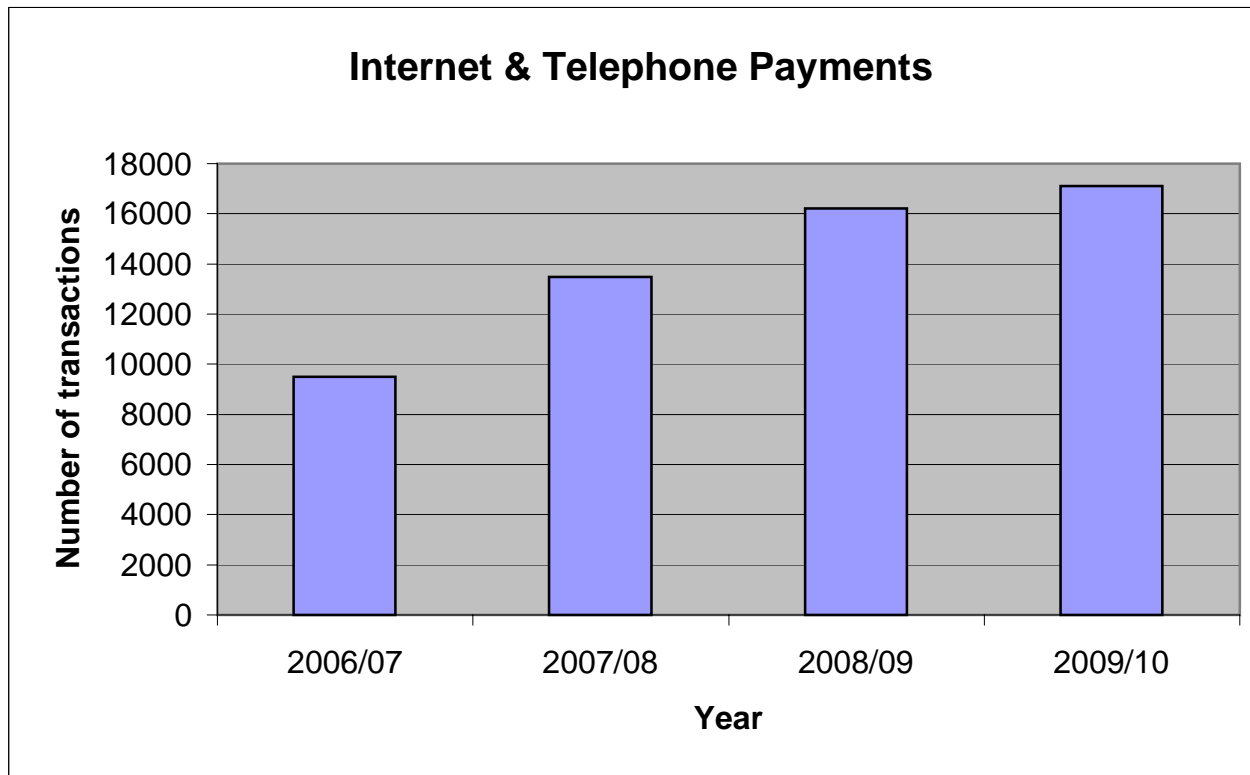
2.1 Appendix A



Internet and telephone payments

2006/07	9508
2007/08	13484
2008/09	16212
2009/10	17100

2.1 Appendix B



2.1 Appendix C

CASH OFFICE

HOURLY BREAKDOWN - 4 WEEK PERIOD JUNE 2010

PAYMENTS

Day	9am till 10am	10am till 11am	11am till 12noon	12noon till 1pm	1pm till 2pm	2pm till 3pm	3pm till 4pm	4pm till 5pm	Daily Total
Monday	217	243	202	130	151	167	133	39	1282
Tuesday	148	146	137	103	146	99	76	28	883
Wednesday	111	99	106	107	87	55	57	34	656
Thursday	154	162	179	148	142	134	111	33	1063
Friday	167	177	170	147	205	155	125	4	1150
Hourly total	797	827	794	635	731	610	502	138	5034

CHEQUE ENCASHMENTS

Day	9am till 10am	10am till 11am	11am till 12noon	12noon till 1pm	1pm till 2pm	2pm till 3pm	3pm till 4pm	4pm till 5pm	Daily Total
Monday	7	9	16	5	6	13	11	6	73
Tuesday	10	5	3	5	8	15	4	2	52
Wednesday	3	2	4	2	9	3	3	1	27
Thursday	1	5	19	35	41	47	40	14	202
Friday	31	25	29	27	27	17	20	0	176
Hourly total	52	46	71	74	91	95	78	23	530

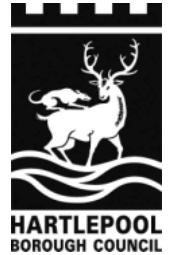
CASH ADVANCES TO SOCIAL CARE SERVICE USERS

Day	9am till 10am	10am till 11am	11am till 12noon	12noon till 1pm	1pm till 2pm	2pm till 3pm	3pm till 4pm	4pm till 5pm	Daily Total
Monday	66	27	20	20	13	3	6	1	156
Tuesday	28	20	3	3	13	10	4	1	82
Wednesday	47	26	26	12	16	15	5	0	147
Thursday	75	41	23	14	10	19	10	0	192
Friday	49	9	8	3	15	5	2	1	92
Hourly total	265	123	80	52	67	52	27	3	669

PERFORMANCE PORTFOLIO

Report to Portfolio Holder

23 March 2011



Report of: Chief Customer Services & Workforce Officer

Subject: POLITICALLY RESTRICTED POSTS

SUMMARY

1. PURPOSE OF REPORT

To advise the Portfolio Holder of changes to the law regarding politically restricted posts and obtain ratification of the criteria to be used when determining which posts are politically restricted.

2. SUMMARY OF CONTENTS

The report provides information about the law in respect of politically restricted posts and proposes criteria to be used when determining which posts are politically restricted.

3. RELEVANCE TO PORTFOLIO MEMBERS

Corporate issues.

4. TYPE OF DECISION

Non-key decision.

5. DECISION MAKING ROUTE

Portfolio Holder only.

6. DECISION(S) REQUIRED

Note the report and ratify the criteria to be used when determining which posts are politically restricted.

Report of: Chief Customer Services & Workforce Officer

Subject: POLITICALLY RESTRICTED POSTS

1. PURPOSE OF REPORT

To advise the Portfolio Holder of changes to the law regarding politically restricted posts and obtain ratification of the criteria to be used when determining which posts are politically restricted.

2. BACKGROUND

2.1 From 12 January 2010 the Local Democracy, Economic Development and Construction Act 2009 changed the approach to identifying posts which are politically restricted under Section 2 of the Local Government and Housing Act 1989 (LGHA).

2.2 Section 30 of this Act has now removed political restriction by salary level (SCP 44 and above), leaving only posts falling into one of the three remaining categories which apply to this Council:

a) specified posts in Section 2 of the LGHA i.e.

- the head of the authority's paid service (i.e. Chief Executive);
- statutory and non statutory chief officers (i.e. Directors and Chief Officers who report to the Chief Executive);
- deputy chief officers (i.e. those reporting to Directors and Chief Officers who report to the Chief Executive) or
- the monitoring officer (Chief Solicitor)

b) posts considered 'politically sensitive' by virtue of their duties i.e. one which meets one or both of the following duties-related criteria:

- giving advice on a regular basis to the authority itself, to any committee or sub-committee of the authority or to any joint committee on which the authority are represented; or where the authority are operating executive arrangements, to the executive of the authority; to any committee of that executive; or to any member of that executive who is also a member of the authority

- speaking on behalf of the authority on a regular basis to journalists or broadcasters.
- c) posts which have delegated powers under the Council's Constitution

3. PROPOSED INTERPRETATION OF THE LAW

3.1 Given the changes to structures agreed just before Christmas, the posts which are automatically politically restricted under 2.2 a) above include all Directors and Chief Officers plus non Chief Officers direct reports (excluding those solely secretarial or clerical or are otherwise in the nature of support services) to:

- the Assistant Chief Executive i.e. LSP Manager, Performance and Consultation Manager, Corporate ICT Manager, Public Relations Manager, Scrutiny Manager and Democratic Services Manager;
- the Chief Finance Officer i.e. Heads of Finance and Head of Audit and Governance;
- the Chief Customer and Workforce Services Officer i.e. Business Partners, Health Safety and Wellbeing Manager and Organisational Development Manager; and
- the Chief Solicitor i.e. Principal Registration & Members' Services Officer

3.2 In respect of 2.2 b) above, the Council have some flexibility regarding the interpretation of "Giving advice on a regular basis to the authority itself, to any committee or sub-committee of the authority or to any joint committee on which the authority are represented; or where the authority are operating executive arrangements, to the executive of the authority; to any committee of that executive; or to any member of that executive who is also a member of the authority". The Chief Solicitor has advised that when determining whether a post is politically restricted, consideration should be given to the degree of 'seniority or influence' of the post and whether the post holder is able to gain 'political capital' from exercising such a role. CMTSG recommend that only posts occupied by Officers who prepare & present reports in their own name be deemed to meet the above definition. At present no additional posts will be politically restricted for this reason.

3.3 There is a similar flexibility regarding the interpretation of "Speaking on behalf of the authority on a regular basis to journalists or broadcasters". As only Chief Officers and the dedicated Public Relations Team are authorised to speak to the media without prior approval, CMTSG recommend that only the Public Relations Manager

and Public Relations Officer posts, in addition to Chief Officer posts, meet this criteria.. At present no other posts will be politically restricted for this reason.

- 3.4 The revised list of delegations agreed by Council just before Christmas is limited to Director and Chief Officer posts only, although it does make provision for further delegation. At present, no additional posts will be politically restricted for this reason.

4. RECOMMENDATIONS

- 4.1 Note the report, posts identified as politically restricted and ratify the criteria to be used when determining which posts are politically restricted within the Council.
- 4.2 Authorise the Chief Customer & Workforce Services Officer in the future to determine any amendments to the list of politically restricted posts in conjunction with the relevant Director in accordance with the criteria identified in this report.

5. BACKGROUND PAPERS

Local Democracy, Economic Development and Construction Act 2009
Section 2 of the Local Government and Housing Act 1989 (LGHA).
Corporate Management Team Support Group Minutes

6. CONTACT OFFICER

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PERFORMANCE PORTFOLIO

Report to Portfolio Holder

23 March 2011



Report of: Chief Customer and Workforce Services Officer

Subject: SINGLE STATUS AGREEMENT APPEALS

SUMMARY

1. PURPOSE OF REPORT

To provide an update on progress on appeals received and obtain ratification of Appeals Panel outcomes in respect of High Priority Appeals and a revised Appeals Procedure.

2. SUMMARY OF CONTENTS

The report provides a background to the Appeals Procedure together with an update on the progress of appeals received and requests ratification of Appeals Panel outcomes in respect of High Priority Appeals. In addition it seeks ratification of a new Appeals Procedure.

3. RELEVANCE TO PORTFOLIO MEMBER

Corporate Issues.

4. TYPE OF DECISION

Non Key.

5. DECISION MAKING ROUTE

Portfolio meeting only.

6. DECISION(S) REQUIRED

To note progress on appeals received and ratify Appeals Panel outcomes in respect of High Priority Appeals and a new Appeals Procedure.

Report of: Chief Customer and Workforce Services Officer

Subject: SINGLE STATUS AGREEMENT APPEALS

1. PURPOSE OF REPORT

- 1.1 To provide an update on progress on appeals received and obtain ratification of Appeals Panel outcomes in respect of High Priority Appeals and a revised Appeals Procedure.

2. BACKGROUND

- 2.1 The Single Status Appeals Procedure was agreed at the Performance Portfolio Holder meeting on 27 June 2008. This has been reviewed in the light of experience of operating it for High Priority Appeals and a revised Appeals procedure has been agreed with the Trade Unions at the Single Table meetings, subject to Performance Portfolio ratification.

- 2.2 The current and revised procedure provides:

- “The Executive Member with responsibility for Workforce Services will be regularly advised of appeals received and progress made in dealing with them” and;
- “All Appeal Panel outcomes must be ratified by the Executive Member with responsibility for Workforce Services or Governors (Governing Body, Pay Review Committee or Appeals Committee), as appropriate, prior to any changes being implemented.”

- 2.3 Provision for the ongoing costs of appeal outcomes has been made in the Council’s base budget since 2007/08 to meet the cost of implementing any successful appeals from 1st April 2007. This provision was initially set at £400,000, inclusive of employers national insurance and pension costs, for 2007/08. This figure has been increased in the budget by the annual cost of living pay award and is currently £415,000. Schools have made separate provision in their own budgets for appeals by school staff.

- 2.4 Protection arising from the implementation of the new pay and grading structure expires on 31 March 2011. Letters are being sent to affected employees, including those with high priority appeals outstanding, to remind them about the loss of protection.

3. PROGRESS ON APPEALS

- 3.1 Outstanding appeals (including where the outcome has not yet been ratified) are shown in Table 1:

Table 1

Department	Posts Appealed (and number of appellants)/Priority				
	High (due to be considered by Appeals Panel before April 2011)	Medium	Low	Very Low	Total
Chief Executive's	2 (2)	18 (32)	3 (5)	1 (1)	24 (40)
Child and Adults	3 (6)	31 (56)	21 (49)	12 (12)	67 (123)
Regeneration and Neighbourhoods	0 (0)	36 (39)	43 (50)	6 (6)	85 (95)
Schools	2 (2)	3 (6)	1 (1)	0	6 (9)
Total	7 (10)	88 (133)	68 (105)	19 (19)	182 (267)

- 3.2 The Outcomes of High Priority Appeals ratified previously are detailed in Table 2 below.

Table 2

	Pay band increased on Appeal and Outcome Ratified (no of appellants)	Pay band stayed the same on Appeal and Outcome Ratified (no of appellants)	Pay band decreased on Appeal and Outcome Ratified (no of appellants)
Chief Executive's	3 (5)	12 (19)	1 (1)
Child and Adults	6 (7)	26 (57)	6 (7)
Regeneration and Neighbourhoods	9(9)	44(57)	6(10)
Schools	0 (0)	4 (4)	0 (0)
Total	18 (21)	86 (137)	13 (18)

- 3.3 Table 2 will be updated in future Job Evaluation outcome ratification reports to your Portfolio Holder meeting to reflect outcomes ratified at this and previous meetings to include the financial impact of applying the outcome to employees who do the same job as the appellants (where the pay band changes) but who did not appeal.

4. APPEAL PROCESS

- 4.1 Administrative arrangements are in place to process the appeals and ensure employing departments are engaged in the process and Job Evaluation analysts are able to comment on claims.
- 4.2 Appeals are prioritised in accordance with the Single Status Agreement as detailed in Table 3.

Table 3

Priority	Type of Appeal
High	Appeals received from current employees who are continuing to receive protection at 1 July 2008/Appeals which do not need an Appeals Panel to meet/ Appeals from employees who leave the Council from areas where job losses are needed/ Appeals from employees who retire from the Council due to ill health and the Teesside Pension Fund Doctor (for LGPS members) or the Council's Occupational Health Advisor (for non LGPS members) has determined that they meet the Local Government Pension Fund Tier 3 Ill Health criteria
Medium	Appeals received from current employees who were receiving protection prior to 1 July 2008/Appeals received from current employees who do not gain initially
Low	Appeals received from current employees who gained initially
Very Low	Former employees

- 4.3 A report was submitted to Cabinet on 21 February 2011 which indicated;
- that agreement has been reached, in principle, with the trade unions to amend the Appeals Procedure
 - a provisional timetable for processing all outstanding appeals by December 2011, although it may be necessary to extend this where a significant number of appeals have been received from employees who now report to the same Chief Officer.
- 4.4 The key features of the agreement, in principle, reported to Cabinet are as follows:

- Appellants to receive copies of the written case submitted by Chief Officers;
- Appellants have the right to submit a supplementary written case in respect of sore thumb factors;
- Attendance at Appeals Panels by Appellants and Chief Officers (or representative) to present cases and to respond to any queries;
- Strict timescales for Chief Officers and Appellants to submit their written cases and present cases to the Appeals Panel;
- Appellants to be provided with improved information about the outcome of appeals;
- Appellants whose appeals have been considered under the current process (including the appeals from employees leaving the Council as a result of 2011/12 budget decisions) to have the opportunity to have their appeal outcomes reconsidered (using a similar procedure to the above) once all other appeals arising from the implementation of the new Pay and Grading Structure have been considered
- Procedure compliance checking by the Performance Portfolio Holder when requested to do so by an appellant

4.5 Cabinet approved the 'in principle' agreement and a revised Appeals Procedure (**Appendix A**) for Job Evaluation appeals arising from the implementation of the new pay grading structure and reflecting the agreement, in principle, has been agreed with the Trade Unions at a Single Table meeting, subject to Performance Portfolio ratification. The procedure for appeals received after the implementation of the new pay and grading structure has been amended in a similar vein to incorporate the agreement, in principle (where appropriate). A detailed programme for considering the appeals is in the process of being developed with a target completion date of 31 December 2011.

4.6 Additional temporary resources have been allocated to assist with processing appeals. It should be noted that any increase in appeals as a result of proposed restructures etc. could impact upon the ability to meet this timetable.

4.7 Since the last report the Appeals Panel has met on 1 occasion and has agreed outcomes, subject to ratification, in respect of 6 appeals (relating to 6 appellants). All but one outstanding High Priority appeals from Council employees have now been considered and the outcomes ratified by Portfolio Holder.

- 4.8 In determining the appeal outcomes, the Appeal Panels have considered the submissions made by the appellant as well as ‘sore-thumbing’ the original evaluation. This is essential to ensure the robustness of individual evaluations and the job evaluation scheme as a whole. Whilst there are three possible overall outcomes (pay band increases, pay band remains the same or pay band decreases), this may mask changes to particular factor levels and/or ‘tidying up’ of evaluations.
- 4.9 A summary of the outcomes, of the Appeals Panels, subject to ratification, is set out in Table 4.

Table 4

	Pay band increased on Appeal and Outcome Ratified (no of appellants)	Pay band stayed the same on Appeal and Outcome Ratified (no of appellants)	Pay band decreased on Appeal and Outcome Ratified (no of appellants)
Chief Executive's	1(1)	1(1)	0 (0)
Child and Adults	0(0)	2(2)	0 (0)
Regeneration and Neighbourhoods	0(0)	0(0)	0 (0)
Schools	1(1)	1(1)	0 (0)
Total	2(2)	4(4)	0(0)

- 4.10 As indicated above, the Portfolio Holder is responsible for ratifying the outcomes in respect of Council employees whereas Governors are responsible for ratifying the outcomes in respect of school employees. Similarly, the Council is responsible for any changes in employee costs for Council employees whereas schools are responsible for any changes in employee costs for school employees (hence no ongoing costs are identified above in respect of school employees).
- 4.11 The ongoing and back pay costs of implementing appeal outcomes will be provided in the report for the next Portfolio Holder meeting.
- 4.12 Further details of the outcomes of individual appeals is included in the “Not for Publication” **Appendix B** attached to this report.

This item contains exempt information under Schedule 12A of the Local Government Act, (as amended by the Local Government (Access to Information) (Variation) order 2006) namely, information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with

any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority (paragraph 4).

- 4.13 The Portfolio Holder will continue to receive regular reports regarding the appeals programme and appeal outcomes for Council employees that require ratification before they can be implemented. Appeal decisions for school employees require Governor ratification before they can be implemented and, where appropriate, arrangements will be made to obtain such ratification in respect of appeals from school employees.
- 4.14 Trade unions will be updated regularly at the monthly Single Table Meeting with Hartlepool Joint Trade Unions Committee Representatives regarding the appeals programme and appeal decisions which have been ratified.

5. RECOMMENDATION

- 5.1 The Portfolio Holder notes the progress made and ratifies the Appeals Panel Outcomes in respect of Council employees (as detailed in the “Not for Publication” schedule attached to this report) and the new Appeals Procedure.

6. REASONS FOR RECOMMENDATIONS

- 6.1 The Appeals Procedure is an integral part of the Single Status agreement and requires that the Executive Member with responsibility for Workforce Services be regularly advised of progress made in dealing with appeals received and ratifies the outcomes of Appeals Panels in respect of Council employees.

7. BACKGROUND PAPERS

Cabinet report 23 December 2007.
 Cabinet report 27 May 2008.
 Performance Portfolio report 27 June 2008
 Performance Portfolio report 26 September 2008
 Performance Portfolio report 2 February 2009
 Performance Portfolio report 26 February 2009
 Performance Portfolio report 17 April 2009
 Finance and Performance Portfolio report 14 July 2009
 Finance and Performance Portfolio report 5 November 2009
 Finance and Performance Portfolio report 23 February 2010
 Finance and Performance Portfolio report 23 March 2010
 Finance and Performance Portfolio report 30 April 2010
 Finance and Performance Portfolio report 18 May 2010
 Cabinet report 16 August 2010
 Performance Portfolio report 26 October 2010
 Cabinet report 21 February 2011

Performance Portfolio report 22 February 2011

8. CONTACT OFFICER

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2.3 Appendix A

Part 3: TRANSITIONAL ARRANGEMENTS
Section 3: Job Evaluation Outcome Appeals in respect of the implementation of the new Pay and Grading Structure between 1 April 2007 and 31 December 2008 and the transfer of Red Book employees to Green Book conditions

3.1 General

3.1.1 The Job Evaluation Outcome Appeals procedure in respect of the implementation of the revised pay and grading structure between 1 April 2007 and 31 December 2008 and the transfer of Red Book employees to Green Book conditions is shown below. No regrading applications under Paragraph 80 of the “Purple Book” will be registered or processed after 31 March 2007. All Paragraph 80 applications registered prior to 1 April 2007 will be processed in accordance with the agreed procedure.

3.2 Scope

3.2.1 The Job Evaluation Outcome Appeals process applies to all employees, including those employed in schools or by schools with delegated budgets.

3.3 Introduction

3.3.1 Provided the timescales below are complied with, employees (including those employed in schools) have the right to submit an appeal in respect of a job profile or evaluation they have been matched to in respect of their substantive job where the effective date is between 1 April 2007 and 31 December 2008 or as a consequence of the transfer of Red Book employees to Green Book conditions. A separate Part 2, Section 4 procedure applies where the effective date of any change is from 1 January 2009 onwards.

3.4 Advice and Support

3.4.1 A dedicated e-mail address (jobevaluation@hartlepool.gov.uk) and help line (01429 523332) is available to receive details of queries from employees and forward them to Managers, Headteachers, Workforce Services or Trade Unions, as appropriate.

3.4.2 Workforce Services will be available to provide advice and support to all employees.

2.3 Appendix A

3.4.3 Employees appealing against the grading of his/her job have a right to be supported by a Trade Union representative or a colleague from work.

3.4.4 The trade unions will provide advice and support to Trade Union members, if requested.

3.4.5 The following will be available via the Council's intranet

- Help text for all factors
- Factor Scores and Levels
- General Factor Guidance (including Factor Level Definitions)
- Job Overviews
- Progress on Appeals
- Appeals Procedure

3.5 Grounds for Appeal

3.5.1 Grounds for Appeals will be limited to a belief that one or more of the following applies:

- The employee has been allocated to an incorrect pay band (based on the points score notified)
- The employee has been matched to the correct job but the evaluation/job profile is not fully reflective of the job undertaken
- The job has significantly changed since the job was last evaluated
- The employee has been matched to the wrong job

3.5.2 The appellant will be required to specify which of the above grounds for appeal he/she is relying upon and whether the appeal is in respect of the situation as at 1 April 2007 or later (for example because the appellants job role changed between 1 April 2007 and 31 December 2008 or because of the transfer of Red Book employees to Green Book conditions). Appellants should consider the factor level definitions when considering the grounds for any appeal.

3.6 Intentions to submit an Appeal

3.6.1 All "intentions to submit an appeal" arising from the implementation of the Single Status Agreement for existing Green Book employees must be registered, in writing, with the Chief Customer and Workforce Services Officer

- by 30 September 2008 where non school employees are formally notified of their points score by letter dated prior to 1 July 2008 or
- by 31 March 2009 where school employees are formally notified of their points score by letter dated prior to 1 January 2009 or
- within 3 months of being formally notified of their points score and new pay band by letter (providing the change takes effect before 1 January 2009)

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3.6.2 All "intentions to submit an appeal" arising from the transfer of Red Book employees to Red Book conditions must be registered, in writing, with the Chief Customer and Workforce Services Officer

- by 30 June 2010 where employees are formally notified of their points score by letter dated prior to 1 April 2010 or
- within 3 months of being formally notified of their points score and new pay band by letter

3.6.3 The timescales in 3.6.1 and 3.6.2 above may be extended where the Chief Customer and Workforce Services Officer agrees there are exceptional circumstances, which include serious illness or maternity leave which prevents participation in the process etc.

3.6.4 Confirmation of receipt of the "intention to submit an appeal" will be provided to the appellant within 10 working days of receipt by the Chief Customer and Workforce Services Officer. The Hartlepool Joint Trade Union Committee and departments/schools will be notified, as appropriate, of all "intentions to submit an appeal" registered on a weekly basis. Where there is a written "intention to submit an appeal" which may potentially affect one or more colleagues in the same job, those potentially affected will be notified that a written "intention to submit an appeal" has been submitted.

3.7 Job Evaluation Appeals Process

3.7.1 All appeals using the "Job Evaluation Outcome Appeal" form (Annex 18) must be registered by the Chief Customer and Workforce Services Officer in accordance with the timescales in Paragraph 3.7.2 below. The appellant must complete **ALL** sections of the "Job Evaluation Outcome Appeal" form (Annex 18).

3.7.2 All appeals must be registered with the Chief Customer and Workforce Services Officer as follows

- a) Appeals in respect of the implementation of the new Pay and Grading Structure between 1 April 2007 and 31 December 2008
 - by 31 December 2008 where non school employees are formally notified of their points score by letter dated prior to 1 July 2008 or
 - by 30 June 2009 where school employees are formally notified of their points score by letter dated 1 January 2009 or before or
 - within 6 months of being formally notified of their points score and new pay band by letter (providing the change takes effect before 1 January 2009) and
- b) Appeals in respect of the transfer of Red Book employees to Green Book conditions

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- by 31 September 2010 where employees are formally notified of their points score by letter dated prior to 1 April 2010 or
- within 6 months of being formally notified of their points score and new pay band by letter.

3.7.3 Confirmation of receipt of the “Job Evaluation Outcome Appeals” form (Annex 18) will be provided to the employee within 10 working days. The Hartlepool Joint Trade Union Committee and departments/schools will be notified, as appropriate, of all “Job Evaluation Outcome Appeals” forms received on a weekly basis. Where an appeal is submitted by an employee which may potentially affect one or more colleagues in the same job, those potentially affected will be notified that an appeal has been submitted.

3.7.4 Only appeals which are registered will be processed.

3.7.5 Appeals will not be registered if

- the timescales detailed in 3.7.2 above are not adhered to
- all sections of the “Job Evaluation Outcome Appeal” form (Annex 18) are not completed when the form is received by the Chief Customer and Workforce Services Officer.

3.7.6 Employees will be notified when appeals are not registered.

3.7.7 Job Analysts and/or Trade Union Mentors not involved in supporting the appellant shall ‘sore thumb’ all factors and identify any concerns (the ‘sore thumbed’ factors).

3.7.8 Chief Officers must make comments on the appeals paperwork within one month of it being sent by the Chief Customer and Workforce Services Officer. This timescale may be extended where the Chief Customer and Workforce Services Officer agrees there are exceptional circumstances, which include serious illness or maternity leave which prevents participation in the process or an excessive number of appeals to comment on etc. Failure to meet the agreed timescales will result in no information from the Chief Officer being submitted to the Appeals Panel.

3.7.9 If appellants wish to make any comments on the appeals paperwork sent to Chief Officers and their response, they must do so within one month of it being sent to them. This timescale may be extended where the Chief Customer and Workforce Services Officer agrees there are exceptional circumstances, which include serious illness or maternity leave which prevents participation in the process. Appellants may challenge, clarify or expand upon information provided by the Chief Officer and/or themselves but must not introduce new information in

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respect of factors appealed by them. Appellants may introduce new information in respect of 'sore thumb' factors. Failure to meet the agreed timescales will result in no additional information from the appellant being submitted to the Appeals Panel.

3.7.10 The Chief Customer and Workforce Services Officer will sift all appeals and will make, in conjunction with the trade unions, alternative arrangements to address and moderate appeals capable of resolution without the involvement of the Appeals Panel i.e. where all aspects of the appeal (including any 'sore thumb' factors of concern identified by a Job Analyst and/or Trade Union Mentor not involved in supporting the Appellant) are clear cut.

3.7.11 The Appeals Panel will consider all aspects of appeals not considered or resolved by the alternative arrangements outlined in 3.7.10 above. The Chief Customer and Workforce Services Officer will ensure that all appeal documentation is made available to the Appeals Panel.

3.7.12 All Appeal Panel outcomes must be ratified by the Executive Member with responsibility for Workforce Services or Governors (Governing Body, Pay Review Committee or Appeals Committee), as appropriate, prior to any changes being implemented.

3.7.13 Members of the Appeals Panel (comprising 1 management representative, 1 trade union official and an independent chair) will

- not have been involved in the evaluation meeting for the job
- have been trained in the use of the scheme and in the avoidance of bias
- be as balanced as possible in terms of gender
- be supported by one management and one trade union representative of the Moderation Group
- not adjudicate on appeals where they have a personal or other interest in the outcome of the appeal (may be waived where large groups of employees are involved)
- not adjudicate on appeals from employees who report to them and/or from local trade union officials (the Chief Customer and Workforce Services and Secretary/Chair of the Hartlepool Joint Trade Union Committee are exempt from this requirement where there is no viable alternative)

3.7.14 At the meeting of the Appeals Panel, only information provided by the appellant the relevant Chief Officer or a Job Analyst and/or Trade Union Mentor not involved in supporting the appellant (in relation to the overall robustness of the evaluation) and any advice and guidance provided by Moderation Group members will be considered. Appellants have the right to attend the meeting of the Appeals Panel to

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present their case, although they are not required to do so and the Appeals Panel will give their appeal the same consideration regardless of whether they do or do not attend and present their case. If appellants choose to exercise their right to attend and present their case, they will have the right to be accompanied by one trade union representative or work colleague. The relevant Chief Officer and/or one management representative will also attend to present management's case and the procedure detailed in Annex 47 will be strictly followed. The Appeals Panel may require the attendees to attend a future Appeals Panel meeting to clarify or supplement the information provided (no new information may be provided). Where an appeal has been jointly submitted by a number of appellants, a maximum of three appellants may attend Appeal Panel meetings and be accompanied by a single trade union official or work colleague. The information provided to the Appeals Panel will be used to review all relevant factors, not just the factors identified by the appellant.

3.7.15 Appeals received in respect of changes which take effect prior to 1 January 2009 will be prioritized in accordance with Table 3.4:

Table 3.4 – Priority arrangements for processing appeals in respect of changes which take effect prior to 1 January 2009

Priority	Type of Appeal
High	<ul style="list-style-type: none"> a) Appeals received from current employees who receive pay protection at 1 July 2008 b) Appeals from employees who leave the Council from areas where a reduction in jobs is needed and implemented c) Appeals from employees who retire from the Council due to ill health where the Teesside Pension Fund Doctor (for LGPS members) or the Council's Occupational Health Advisor (for non LGPS members) has determined that they meet the Local Government Pension Fund Ill Health criteria (Tiers 1,2 or 3)
Medium	<ul style="list-style-type: none"> a) Appeals received from current employees who receive pay protection prior to 1 July 2008 b) Appeals received from current employees whose basic pay does not increase initially
Low	<ul style="list-style-type: none"> a) Appeals received from current employees whose basic pay increases initially

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Very Low	a) Former employees
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Note: This table does not apply to Part 2 appeals

3.8 Withdrawing Appeals

3.8.1 Appellants may withdraw any aspect of their appeal in writing at any stage prior to any decision being made under 3.7.10 and 3.7.11 above

3.9 Outcomes of Appeals

3.9.1 Legitimate decisions of the Appeals Panel are detailed in Table 3.5.

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Table 3.5 - Legitimate decisions of the Appeals Panel

Grounds for appeal (either at 1 April 2007 or later)	Legitimate decisions
The employee has been allocated to an incorrect pay band based on the points score notified	<p>a) Appeal upheld, in which case the employee is matched to the correct pay band and the revised pay band applies. This may result in an increase or decrease in pay.</p> <p>b) Appeal dismissed, in which case the previously notified pay band applies</p>
The employee has been matched to the correct evaluation/job profile but it is not fully reflective of the job undertaken	<p>a) Appeal upheld (in part or in full) in respect of an evaluated job, in which case</p> <ul style="list-style-type: none"> • either the post is re-evaluated, and moderated, and the employee is matched to this evaluation • or the employee is matched to an alternative (moderated) evaluation, that reflects the duties of the post. • or the employee is matched to a moderated job profile that reflects the duties of the post. <p>The above may result in an increase in pay band, no change in pay band or a decrease in pay band.</p> <p>b) Appeal upheld (in part or in full) in respect of a job profile, in which case either</p> <ul style="list-style-type: none"> • the post is evaluated in its own right, and moderated, and the employee is matched to this evaluation • or the employee is matched to an alternative (moderated) evaluation, that reflects the duties of the post. • or the employee is matched to an alternative moderated job profile that reflects the duties of the post <p>In each case no change will be made to the job profile to which the appellant was originally matched. The above may result in an increase in pay band, no change in pay band or a decrease in pay band.</p>

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Grounds for appeal (either at 1 April 2007 or later)	Legitimate decisions
	c) Appeal dismissed, in which case the existing match to the evaluation/job profile and pay band applies.

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Grounds for appeal (either at 1 April 2007 or later)	Legitimate decisions
<p>The evaluation/job profile is no longer fully reflective of the job undertaken</p>	<p>a) Appeal upheld (in part or in full) in respect of an evaluated job, in which case</p> <ul style="list-style-type: none"> • either the post is re-evaluated, and moderated, and the employee is matched to this evaluation • or the employee is matched to an alternative (moderated) evaluation, that reflects the duties of the post. • or the employee is matched to a moderated job profile that reflects the duties of the post <p>The above may result in an increase in pay band, no change in pay band or a decrease in pay band.</p> <p>b) Appeal upheld (in part or in full) in respect of a job profile, in which case</p> <ul style="list-style-type: none"> • either the post is evaluated in its own right, and moderated, and the employee is matched to this evaluation • or the employee is matched to an alternative (moderated) evaluation, that reflects the duties of the post. • or the employee is matched to an alternative moderated job profile that reflects the duties of the post <p>In each case no change will be made to the job profile to which the appellant was originally matched.</p> <p>This may result in an increase in pay band, no change in pay band or a decrease in pay band.</p> <p>b) Appeal dismissed, in which case the existing match to evaluation/job profile and pay band applies.</p>

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Grounds for appeal (either at 1 April 2007 or later)	Legitimate decisions
The employee has been matched to the wrong evaluation/job profile	<p>a) Appeal upheld, in which case</p> <ul style="list-style-type: none">• The employee is matched to an alternative (moderated) evaluation that reflects the duties of the post.• or the employee is matched to a moderated job profile that reflects the duties of the post. <p>The above may result in an increase in pay band, no change in pay band or a decrease in pay band.</p> <p>b) Appeal dismissed, in which case the existing match to evaluation/job profile and pay band applies.</p>

2.3 Appendix A

3.9.2 Employees affected by the outcome of an appeal shall be notified in writing of the outcome within 10 working days of ratification of any decision made and shall be provided with the following information

- Pre and post appeal pay bands
- Pre and post appeal factor levels
- Pre and post appeal factor scores
- Latest Question Trace
- Latest Job Overview
- Date Appeals Panel outcome ratified by Portfolio Holder/Governors
- Appeal Panel Decision Record

3.9.3 The Hartlepool Joint Trade Union Committee and departments/schools will be notified, as appropriate, of the outcomes of all appeals on a weekly basis

3.9.4 Where the outcome of the appeal results in a change in pay band because the JE points score has increased/decreased this will be backdated to the date of change as identified on the “Job Evaluation Outcome Appeals” form (if the date is confirmed by the relevant Chief Officer) or a date determined by the Appeals Panel (if the date is NOT confirmed by the relevant Chief Officer). Where the evaluation/job profile applies to more than one employee in a group the revised pay band and backdating arrangements will apply to all employees in the group. Where the revised pay band does not apply to all employees in the group as there are two or more distinct jobs undertaken within it, the revised pay band will apply only to those employees in the same group as the appellants.

3.9.5 Appellants and other employees affected by the outcome of the appeal will be assimilated to their revised pay band, if necessary, in accordance with Part 3, Section 5.

3.9.6 The Appeals Panel has no jurisdiction regarding the appropriateness of the evaluation or evaluation score of any comparator posts included in appeals.

3.10 Further Rights of Appeal

3.10.1 The determination of the Appeals Panel, once ratified by the Executive Member with responsibility for Workforce Services or Governors (Governing Body, Pay Review Committee or Appeals Committee (as appropriate), is FINAL and the appellant has no further rights to appeal.

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3.10.2 Where employees not involved in the original appeal have their pay band revised, they have a further right of appeal in accordance with Paragraph 3.3 above.

3.11 Job Evaluation Outcome Appeals in respect of the implementation of the new Pay and Grading Structure between 1 April 2007 and 31 December 2008 which were considered under the Part 3 Appeals Procedure operating between 1 April 2007 and 31 March 2011

3.11.1 Appellants whose Job Evaluation Outcome Appeals in respect of the implementation of the new Pay and Grading Structure between 1 April 2007 and 31 December 2008 were considered under the Part 3 Appeals Procedure operating between 1 April 2007 and 31 March 2011 (Annex 48) will be given the opportunity, once all other appeals arising from the implementation of the new Pay and Grading Structure have been considered, to

- retrospectively apply to view and comment on the Chief Officers response to the appeal. Appellants may challenge, clarify or expand upon information already provided by the Chief Officer and/or themselves but must not introduce new information in respect of factors appealed by them. However they may introduce new evidence in respect of 'sore thumb' factors.
- have their comments considered by the Appeals Panel and, if they wish, present the comments in accordance with 3.7.14 above

3.12 Monitoring of the Process

3.12.1 The Single Table Group is responsible for monitoring progress regarding "Job Evaluation Outcome Appeals" in respect of the implementation of the pay and grading structure between 1 April 2007 and 31 December 2008 and will receive regular reports. The Single Table Group will determine the appropriate action where areas of concern are raised or clarification of the process is needed.

3.12.2 Council and school employees may request that the Executive Member responsible for Workforce Services check that this procedure has been adhered to.

3.12.3 The Executive Member responsible for Workforce Services will, in consultation with the Chief Customer and Workforce Services Officer and the Secretary of the Hartlepool Joint Trade Union Committee, check that this procedure has been adhered to when requested to do so under Paragraph 3.12.2 above.

3.12.4 Where the Chief Customer and Workforce Services Officer and/or the Secretary of the Hartlepool Joint Trade Union Committee have been

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members of the Appeals Panel which considered the appeal, Portfolio Holder consultation under 3.12.3 above will take place with the Organisational Development Manager and/or the Chair of the Hartlepool Joint Trade Union Committee provided they have not been involved in the Appeals Panel.

- 3.12.5 The Executive Member responsible for Workforce Services will be regularly advised of appeals received and progress made in dealing with them.

PERFORMANCE PORTFOLIO REPORT



Report of: Assistant Chief Executive

Subject: PROPOSED RISK MANAGEMENT
FRAMEWORK

SUMMARY

1. PURPOSE OF REPORT

To seek Portfolio approval of a new Risk Management Framework.

2. SUMMARY OF CONTENTS

Risk management is the process of assessing and managing risks which could prevent the Council from achieving its objectives. The Risk Management Framework describes how risk management is undertaken in Hartlepool Borough Council.

3. RELEVANCE TO PORTFOLIO MEMBER

The Portfolio Holder is the Risk Management Champion for the Council.

4. TYPE OF DECISION

Non-key.

5. DECISION MAKING ROUTE

Portfolio Holder only.

6. DECISION(S) REQUIRED

Subject to any amendments the Portfolio Holder wishes to propose, Performance Portfolio Holder is requested to approve the draft Risk Management Framework.

Report of: Assistant Chief Executive

Subject: PROPOSED RISK MANAGEMENT FRAMEWORK

1. PURPOSE OF REPORT

- 1.1 To seek Portfolio approval of a new Risk Management Framework.

2. BACKGROUND

- 2.1 The Council has a responsibility to put in place arrangements for managing risks and maintaining a sound system of internal control. While in theory the existing risk management arrangement as set out in the current Risk Management Strategy does meet this duty it is believed the new framework will improve this process. The improvements will allow the risk management process to help drive service delivery and improvement.
- 2.2 Although the inspection regime has, at a superficial level reduced, there is still a requirement, and an important one to have in place a risk management framework and as part of the requirements placed on the authority in respect of good governance internal audit still need to be reassured that the risk framework is sufficient to meet these Corporate Governance requirements.

3 RISK MANAGEMENT FRAMEWORK PROPOSALS

- 3.1 In order to improve the process we are proposing to change the structure of the risk registers, introduce a specific risk tolerance level to help prioritise risk activity and so help clarify the decisions to be taken about risks that are both above and below the tolerance line.
- 3.2 In practice this will mean that the majority of risks will be monitored although reported less frequently to members – these would be the risks on the **accepted risk register** and will be reported to elected members on an annual basis. This is not to say that departmental management teams and officers wouldn't monitor these risks within the department or within supervision as the department/ responsible officers would still be responsible for the risk throughout the year.
- 3.3 A small number of risks will be **actively managed** and these are risks that the department/responsible officer plan to take further actions/increase control measures (and more than likely allocate resources) to help reduce

the likelihood or impact. These will be reported to elected members on a more regular basis.

- 3.4 The aim is that by restructuring the risk registers it will switch the focus from reporting on risks to more actively doing something about the risks that are of most concern. The new system requires less monitoring and reporting than the existing Risk Management Strategy – once every 12 months during the service planning process for most risks rather than quarterly as the current arrangement expects now.
- 3.5 When a revised framework is agreed then transition arrangements will need to be negotiated.
- 3.6 The Performance and Risk Management Group discussed the framework at the meeting on 22nd February 2011 and all comments have been taken into account. The framework was then presented to Corporate Management Team Support Group who also approved the new framework and agreed on a Tolerance line on the risk matrix

4. RECOMMENDATIONS

- 4.1 The Portfolio Holder is asked to approve the new Risk Management Framework subject to any amendments they may wish to make.

Appendix 1

Risk Management Framework February 2011

The Council has a responsibility to put in place proper arrangements to:

- secure economy, efficiency and effectiveness in their use of resources;
- ensure proper stewardship and governance; and
- review regularly the adequacy and effectiveness of these arrangements.

Proper arrangements include corporate performance management and financial management arrangements that form a key part of the system of internal control. These comprise the arrangements for:

- planning finances effectively to deliver strategic priorities and secure sound financial health;
- having a sound understanding of costs and performance and achieving efficiencies in activities;
- reliable and timely financial reporting that meets the needs of internal users, stakeholders and local people;
- commissioning and procuring quality services and supplies that are tailored to local needs and deliver sustainable outcomes and value for money;
- producing relevant and reliable data and information to support decision making and manage performance;
- promoting and demonstrating the principles and values of good governance;
- **managing risks and maintaining a sound system of internal control;**
- making effective use of natural resources;
- managing assets effectively to help deliver strategic priorities and service needs; and
- planning, organising and developing the workforce effectively to support the achievement of strategic priorities.

The purpose of risk management is NOT to eliminate all risk. It is about gaining a better understanding of nature and scale of risks that could impact on service delivery and outcomes and then taking actions to reduce any negative results of risks or maximise any positives that may arise from an activity.

Effective risk management requires that a balance be struck between two extremes:

- Too little control or ignorance of risk resulting in the organisation being exposed to a damaging level of loss, unnecessary waste and being ill-prepared for events that may take it by surprise

- Too much control or obsession with risk stifles innovation and creativity, will result in lost opportunities and over-investing in control measures that bring no additional cost benefit.

The Risk Management Process

Currently there are a number of risk registers held across the council that are at a strategic, departmental and service level and across all departments. Each of these is reported separately to various groups and meetings and it was decided to review how risks are held and reported.

It is proposed that we move from Strategic and Departmental Risk Registers to an Acceptable and Actively Managed Risk Register within which each department will detail the risk they are responsible for. The proposed framework is described below.

Proposed Risk Management Framework

To meet this requirement Hartlepool has adopted a risk process to ensure the systematic identification, analysis and control of significant risks arising out of activities relating to the desired outcomes set out in Council plans. The Council maintains two risk registers: an Accepted Risk Register and an Actively Managed Risk Register within in which each department will detail the risk they are responsible for. Further details of this can be found below. The Council recognises that the purpose is not to remove all risks (this is neither possible nor, in many cases, desirable), rather it is to ensure that potential losses are prevented or minimised and that 'benefits' are maximised.

Council's Risk Tolerance

Any organisation has neither the resources nor the capacity to eliminate all risks nor would any organisation want to. The proposed framework includes setting a tolerance level which would allow the Council to focus on those risks which are addressed either by reducing the impact or the likelihood.

Therefore the Council's Risk Tolerance is an indication of the level of risk that the council is prepared to accept i.e. the maximum risk that can be taken before formally considering whether further action to control the risk is required.

For example if a risk is within the Council's risk tolerance (i.e. below risk rating 6) we may decide only to undertake minimum monitoring of the risk for any change. However if the risk exceeds the Council's risk tolerance we may decide to take further action and allocate resources to help reduce the likelihood or impact. Finally if the risk is well within the council's risk tolerance we may decide we have a greater appetite for risk and relax some controls thus saving on resources.

Diagram A – Risk Matrix with Tolerance Line

		IMPACT			
LIKELIHOOD		1 Low	2 Medium	3 High	4 Extreme
Almost certain	4	AMBER 4	RED 8	RED 12	RED 16
Likely	3	GREEN 3	AMBER 6	RED 9	RED 12
Possible	2	GREEN 2	AMBER 4	AMBER 6	RED 8
Unlikely	1	GREEN 1	GREEN 2	GREEN 3	AMBER 4

Accepted Risk Register

Risks included in this register will have been identified and evaluated with and without control measures (see Diagram A 'Risk Matrix with Tolerance Line').

There are a number of different types of risks that may feature in the accepted risk register:

- Risks that are below the tolerance line and therefore accepted
- Risks that are above the line and a decision has been taken that the risk is beyond further control by the Council and introducing further controls would not significantly change either the impact of the risk or the likelihood of the risk occurring
- Risks that are above the tolerance line and a decision has been taken that introducing further controls, even if they would change the impact of the risk or the likelihood of the risk occurring, is not appropriate

Therefore these risks do not require close/formal monitoring throughout the year. These risks need highlighting as a risk to the council and delivering services but do not require the full monitoring throughout the year.

Nevertheless, throughout the year managers responsible should:

- ensure that existing control measures are operating effectively as part of their day to day management arrangements
- be alert to opportunities for introducing effective control measures
- be alert to changes in the impact or likelihood of the risk occurring and therefore the need to reevaluate the risk

Departments will formally review the evaluation of the risks on the Accepted Risk Register on an annual basis (at least once every 12 months during the annual service planning process) and review the adequacy of control measures currently in place. The results of this review will be reported to CMT SG and Cabinet.

At any point through the year risks can be amended, added to or removed from the Accepted Risk Register by the department as required. Risks can move between the Accepted and Actively Managed registers at anytime and not just at times of review.

Actively Managed Risk Register

The current risk register identifies risks that have a high impact and likelihood (red risks) and these are accepted informally and reported on through quarterly reporting. Through the new risk framework an actively managed risk register will use the same matrix and value guide detailed in Diagram A above 'Risk Matrix with Tolerance Line'.

Again there are a number of different types of risks that could be included in this register:

- a) Risks that are above the tolerance line where additional control measures could be effective and economical reducing either the impact of the risk or the likelihood of the risk occurring.
- b) Risks that are below the tolerance line and a decision has been taken that it is necessary to highlight and monitor the risk through senior managers and elected members via this register.

The risks within this register will have to be of a significant nature whether that be due to the impact and likelihood of the risk (Diagram A Risk Matrix with Tolerance line). It is expected that there would be a relatively small number of risks within this register that will be monitored on a quarterly basis. This monitoring will include reporting progress on the implementation of additional control measures.

Risks can be amended, added to or deescalated to the Accepted Risk Register as required through out the year in order to ensure that all significant risks that may impact on the Council's overall defined outcomes and service areas are monitored regularly.

Risk Monitoring and Reporting.

Risk would be monitored within the Performance Management framework through the Corporate, Departmental and Portfolio reports that are currently produced but are also currently under review.

Embedding risk management within the service planning process of the Council will help make it become part of the everyday achievement of objectives and service delivery.

Developing arrangements to assess the performance and delivery of risk management will be done on an ongoing basis through the Performance and Risk Management Group.

Risk Management across the Council

Other functions and activities of the Council also contribute to the Council's approach for managing risks and have a role within the Risk Management Framework. These are detailed below with a short description of their contribution to the framework.

Internal Audit

Internal Audit's role in risk management will be to provide independent assurance that:

- The risk management processes that management has put in place within the authority (covering all risk management processes at corporate, divisional, business unit, business process level, etc) are operating as intended.
- These risk management processes are of sound design.
- A sound framework of controls is in place to sufficiently mitigate those risks to an acceptable level.

Once Internal Audit have gained an understanding of the environment in which it operates it then uses its own audit risk matrix to assess all the elements of operation undertaken in order to determine where assurance needs to be given.

The Audit Committee

The role of the committee has evolved since its inception and in relation to risk plays the following role:

- Consider the effectiveness of the authority's risk management arrangements and seeks assurances that action is being taken on risk related issues identified by auditors and inspectors.

Financial Risk Management

Identification and management of risk is a key part of the Council's budget monitoring process. It highlights areas that need to be closely monitored and ensures that departments manage budgets and service delivery within the overall resource allocation. The Council's Financial Management framework enables

departments to establish reserves for significant risks and to carry forward under and over spends between financial years.

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

Health and Safety

Hartlepool Borough Council recognises and accepts the financial and legal responsibilities and duties which it has for the health, safety and welfare of its employees and others affected by the activities of the Council. In order to fulfil these responsibilities the Council aims to continually improve health and safety performance by promoting healthy working and minimising where practicable the risk to people's health and welfare which may be affected by the activities of the Council.

As part of this commitment managers are expected to undertake suitable and appropriate risk assessments in relation to their areas of responsibility and ensure that suitable control measures are put in place where necessary to reduce risks to the health, safety and welfare of people who work on behalf of, or are affected by the activities, of the Council

The purpose of this policy is to describe the Council's approach to minimising where practicable the risk to people's health, safety and welfare which may be affected by the activities of the Council and the arrangements for dealing with such matters.

Business Continuity (including ICT Disaster Recovery)

Business Continuity is an important constituent of 'Risk Management' – the overall process by which risks are identified, evaluated and controlled, but more importantly should be recognised as an integral and fundamental aspect of the governance arrangements of the Council.

Business Continuity is a planned process aimed at managing and mitigating the varied operational risks inherent in the day-to-day activities involved in delivering services. The main purpose is to ensure the restoration and maintenance of priority services and activities following an unexpected disruption to normal working arrangements.

The Business Continuity Plan provides a management framework for dealing with events that lead to unexpected disruption. It provides a clear organisational response – combined with pro-active measures, to reduce interruption and avoid losses. Such measures will include systems for activating the response and recovery to the interruption of operations and coordinating the actions of staff. It is the continuity plan and staff who provide the primary defence in ensuring an organised and effective return to normality with minimal impacts on the community.

Kerry Trenchard
February 2011

PERFORMANCE PORTFOLIO

Report to Portfolio Holder

23 March 2011



Report of: Assistant Chief Executive

Subject: IMPACT OF COALITION GOVERNMENT PLANS ON
REMIT OF PERFORMANCE PORTFOLIO HOLDER
(INITIAL REPORT)

SUMMARY

1. PURPOSE OF REPORT

The purpose of the report is to summarise a range of Coalition Government initiatives and highlight their relationship to and impact on the remit of the Performance Portfolio Holder.

2. SUMMARY OF CONTENTS

The Government is implementing a wide range of policy initiatives against the background of significant reductions in Council expenditure over the next four years. In this context it is important that the Council retains a focus on ensuring that the arrangements in place to satisfy its broad governance responsibilities remain sound, although there is scope to review these as part of an ongoing process of improvement.

The report summarises the Council's corporate governance requirements (section 2), the Coalition Government's proposals (section 3) and the Local Government Group's proposals for sector self-led regulation and improvement (section 3).

Over the next few years there will be a need to balance the Coalition Government's plan for further spending reductions and the need to ensure that Council business is conducted in accordance with the law and proper standards. Achieving this balance will require seeking more economical and efficient means of meeting the requirements placed on local authorities as budgets reduce further after 2011/12. The report identifies the actions from the Chief Executive's Department Plan for 2011/12 that will contribute to establishing the new ways of working required (section 4).

3. RELEVANCE TO PORTFOLIO MEMBER

The report describes Coalition Government proposals that affect the remit of the Portfolio Holder.

4. TYPE OF DECISION

The report is for information.

5. DECISION MAKING ROUTE

Portfolio Holder only.

6. DECISION(S) REQUIRED

The Performance Portfolio Holder is recommended to note the report and the implications of the Coalition Government's current plans and impact on the remit of the Performance Portfolio Holder.

Report of: Assistant Chief Executive

Subject: IMPACT OF COALITION GOVERNMENT PLANS ON
REMIT OF PERFORMANCE PORTFOLIO HOLDER
(INITIAL REPORT)

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to summarise a range of Coalition Government initiatives and highlight their relationship to and impact on the remit of the Performance Portfolio Holder.

2. BACKGROUND

- 2.1 The Government is implementing a wide range of policy initiatives against the background of significant reductions in Council expenditure over the next four years. In this context it is important that the Council retains a focus on ensuring that the arrangements in place to satisfy its broad governance responsibilities remain sound, although there is scope to review these as part of an ongoing process of improvement.
- 2.2 The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. Ensuring that such arrangements are in place is as, if not more, important during a process of significant change whether this has been determined internally or is being driven by external factors.
- 2.3 Chapter 3 of the Code of Audit Practice 2010 describes audited bodies' responsibilities to put in place proper arrangements to:
- secure economy, efficiency and effectiveness in their use of resources;
 - ensure proper stewardship and governance; and
 - review regularly the adequacy and effectiveness of these arrangements.

Notwithstanding the requirements of the Code of Audit Practice there is a fiduciary responsibility to ensure that there are effective arrangements in place to ensure that public resources are being effectively managed and a policy imperative to ensure that there is clarity regarding the overall objectives of the council and that strategies and plans are in place to deliver these and that inherent within them is explicit accountability and responsibility

- 2.4 The Code defines proper arrangements as corporate performance management and financial management arrangements that form a key part of the system of internal control. These comprise the arrangements for:
1. planning finances effectively to deliver strategic priorities and secure sound financial health;
 2. having a sound understanding of costs and performance and achieving efficiencies in activities;
 3. reliable and timely financial reporting that meets the needs of internal users, stakeholders and local people;
 4. commissioning and procuring quality services and supplies that are tailored to local needs and deliver sustainable outcomes and value for money;
 5. producing relevant and reliable data and information to support decision making and manage performance;
 6. promoting and demonstrating the principles and values of good governance;
 7. managing risks and maintaining a sound system of internal control;
 8. making effective use of natural resources;
 9. managing assets effectively to help deliver strategic priorities and service needs; and
 10. planning, organising and developing the workforce effectively to support the achievement of strategic priorities.
- 2.5 These arrangements are relevant to all Executive members and the Cabinet as a whole. However the specific remit of the Performance Portfolio holder (see **Appendix 1**) makes several of them particularly relevant. Responsibility and overview for several of the arrangements outlined in the Code falls within the remit of the Performance Portfolio.
- 2.6 Four themes relevant to the Performance Portfolio holder are clear. A key theme of these arrangements is ensuring the Council has clarity about its strategic priorities and how it intends to achieve them. A second key theme is the effective management and use of information to aid decision making. The third and fourth themes are the management of risks and finally ensuring an effective workforce.

3. PROPOSALS

- 3.1 The section below describes Government Policy initiatives. In addition the Local Government sector (LGA and other central bodies) are also developing proposals and these are also described.
- 3.2 The Coalition Government have taken a number of steps to remove requirements introduced by the previous Government:
- Abolition of Comprehensive Assessment and Use of Resources inspections by the Audit Commission and other inspectorates

- Abolition of the National Indicator set, Hub and collection arrangement
- Abolition of Local Area Agreements and performance related financial incentive, the Reward Grant

3.3 However several requirements remain including:

- Value for money assessments by the Audit Commission in 2010/11 and in future years by alternative auditors following the Audit Commission's replacement with an alternative provider
- Inspection arrangements of Ofsted and the Care Quality Commission remain although they are subject to change. A new children's services inspection regime is to be in place by May 2012. There is likely to be a move to more unannounced inspections.
- A wide range of data continues to be required by Central Government. The Government is currently consulting on a single list of the data requirements placed on local government by central departments. (NB it should be noted that whilst this is offered as a single data list that there are a range of additional requirements being placed on local authorities outside this core framework – see 3.14 below).
- Production of an Annual Governance Statement remains a requirement in order to comply with Regulation 4 of the Accounts and Audit Regulations (2003) which requires audited bodies to conduct a review at least once a year of the effectiveness of its system of internal control and publish a Annual Governance Statement (AGS) each year with the authority's financial statements.
- The Equality Act, passed under the previous Government, is to be largely implemented and this introduces additional duties and information reporting requirements.

3.4 In addition the Coalition Government is introducing alternative approaches to meet its objectives.

- Responsibility for improving public health is being transferred to local government and Government have produced the White Paper Healthy Lives, Healthy People. This includes elements not dissimilar to the previous Government's arrangements such as a set of common national indicators (several of which were in the previous National Indicator dataset) and a performance related financial incentive, the Health Premium.
- The Coalition Government have produced a Vision for Adult Social Care. This includes an outcomes framework and set of national performance measures (some of which were in the previous National Indicator dataset)
- Creating new requirements to publish data, including expenditure more than £500 and senior officer salaries, as part of the Coalition Government's transparency agenda. Consultation on a statutory Code of Practice is currently underway

- Developing and implementing a new local audit regime where all such audits will be regulated within a statutory framework, with oversight by the profession and the National Audit Office
- Make local authorities accountable for health and safety decisions and offering citizens a route for redress where events have been cancelled by a local authority.

3.5 The Coalition Government have already implemented significant changes and more are planned. In order to address the Government's objectives and address local priorities the Council will need to maintain effective corporate arrangements to identify strategic priorities and maintain effective performance, consultation and risk management arrangements to maximise the possibility of success in achieving the outcomes the Council has set itself in Corporate Plan, department plans and other plans and strategies.

3.6 In addition the Local Government sector, the Local Government Group (the LGA and central bodies) in February 2011 published "Taking the lead: self regulation and improvement in local government."

3.7 The Local Government Association's (LGAs) proposals are based on two key principles:

1. Local Authorities are responsible for their own performance and for leading the delivery of improved outcomes for local people in their area.
2. Local authorities are accountable to their local communities. Stronger accountability through greater transparency helps local people drive further improvement.

3.8 The proposals include:

- Development of a local assessment tool that helps councils work with local people partners and communities to get a shared assessment of current performance
- Free or subsidised support from the Centre for Public Scrutiny
- A free of charge peer challenge between April 2011 and March 2014
- Peer support for council undergoing a change of control
- Launch of a Knowledge Hub by April 2011 for sharing knowledge and information and promoting collaboration
- Subsidised places for development support for political and managerial leaders
- Support for learning and support networks

3.9 The proposals come into effect from April 2011. The Council will need to consider its response to the LGA proposals.

4. COUNCIL RESPONSE

- 4.1 Over the next few years there will be a need to balance the requirement for the Coalition Government's planned further spending reductions and the need to ensure that Council business is conducted in accordance with the law and proper standards. Achieving this balance will require seeking more economical and efficient means of meeting the requirements placed on local authorities as budgets reduce further after 2011/12.
- 4.2 The Chief Executive's Departmental Plan includes a number of actions relating to the Performance Portfolio Holder's remit to work towards that new balance. Actions include:
- Determine and implement a revised efficiency programme through the review of the Business Transformation programme and associated efficiency programmes in light of MTFS and budget settlement for 2011/12 and 2012/13
 - Ensure that the Council has arrangements in place to comply with its equality duties
 - Ensure appropriate governance and partnership arrangements are in place for the Local Strategic Partnership and Theme Partnerships
 - Develop and agree revised Performance and Risk Management Framework for the Council taking account of Coalition Government policy
 - Develop and agree the Performance and Risk Management Framework for the Local Strategic Partnership for 2011-12
- 4.3 Progress on these will be reported to Portfolio Holder and Cabinet throughout 2011/12.

5. RECOMMENDATIONS

- 5.1 The Performance Portfolio Holder is recommended to note the report and the implications of the Coalition Government's current plans and impact on the remit of the Performance Portfolio Holder.

6. REASONS FOR RECOMMENDATIONS

- 6.1 To keep the Portfolio holder informed of developments affecting his decision making remit.

7. BACKGROUND PAPERS

None

8. CONTACT OFFICER

Andrew Atkin, Assistant Chief Executive

Appendix 1

Remit of Performance portfolio holder taken from HBC Constitution

Key areas highlighted in bold

Policy Framework

- **Corporate Plan**

- Other Plans & Strategies
- Anti Fraud and Corruption Strategy
- Corporate Equality and Diversity Plan
- Customer Care Strategy
- Equality and Diversity Scheme

- **HR Strategy**

- ICT Strategy

- **People Framework (incl HR & Workforce Development Strategies)**

- **Risk Management Strategy**

- Workforce Development Strategy

• Service Areas & Functions

- Business Transformation
- Benefits
- Child Poverty **

- **Comprehensive Area Assessment**

- Corporate Strategy
- Council Profile
- Customer Services (CRM, Contact Centre)
- Democratic Services
- E-Champion

- **Equality and Diversity**

- **Equality and Diversity Champion**

- General Office Services

- **Health & Safety**

- Human Resources
- ICT

- **Performance Management including consultation and data quality**

- Public Relations
- Registrars
- Revenues

- **Risk Management Champion**

- Shared Services

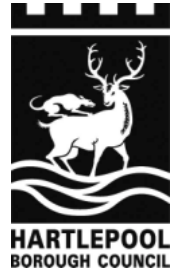
- **Staff and Member Development** (incl council apprenticeships)

Constitution

PERFORMANCE PORTFOLIO

Report to Portfolio Holder

23 March 2011



Report of: Chief Customer & Workforce Services Officer

Subject: EMPLOYEE ATTENDANCE 2010/11 –
3rd QUARTER

SUMMARY

1. PURPOSE OF REPORT

To update the Portfolio Holder on sickness absence management performance up to the third quarter of 2010/11, and actions taken across the Council.

2. SUMMARY OF CONTENTS

The report provides details of employee sickness absence for the third quarter of 2010/11 and actions taken across the Council.

3. RELEVANCE TO PORTFOLIO MEMBER

Corporate issues.

4. TYPE OF DECISION

Non-key decision.

5. DECISION MAKING ROUTE

Portfolio Holder only.

6. DECISION(S) REQUIRED

Note the report.

Report of: Chief Customer & Workforce Services Officer

Subject: EMPLOYEE ATTENDANCE 2010/11 – 3rd QUARTER

1. PURPOSE OF REPORT

- 1.1 To update the Portfolio Holder on performance up to the third quarter of 2010/11 and actions taken in relation to employee absence.

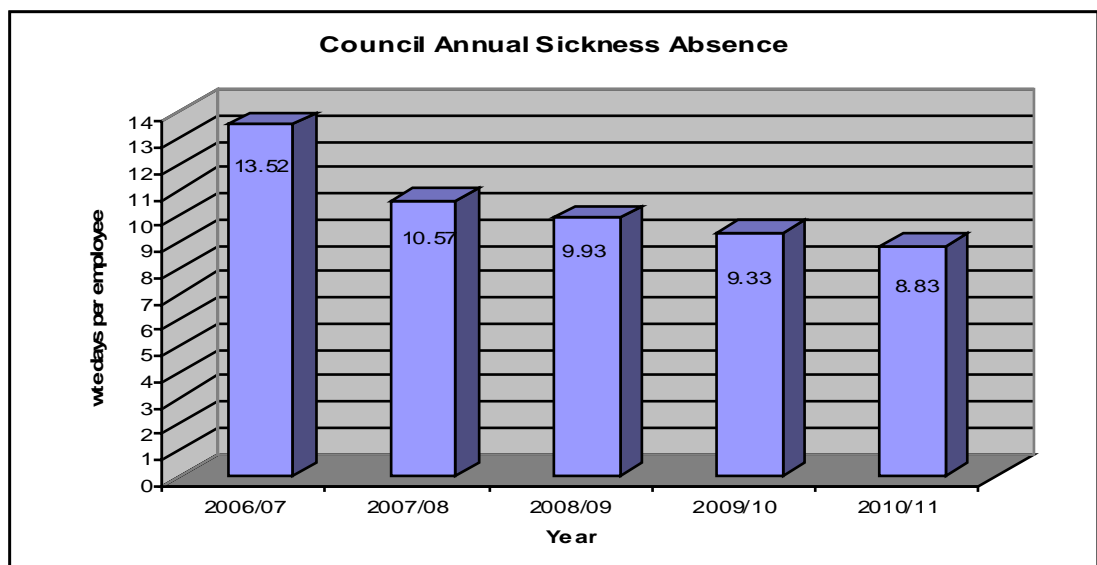
2. BACKGROUND

- 2.1 The extent to which employees are absent from work due to illness has a direct impact on the quality, level and cost of the provision of services. As such the Council have included this as a Local Performance Indicator (HRPI 5A) – The number of working days/shifts lost due to sickness absence in its group of Corporate Health Performance Indicators.

3. THE COUNCIL'S PERFORMANCE FOR THE 3rd QUARTER OF 2007/8

- 3.1 The target figure for 2010/11 for the Council is 9.30 days absence per wte employee (whole time equivalent). The end of year prediction at the end of the 3rd quarter shows we are below target at 8.83 days per wte per employee per annum as illustrated in Figure 1 below. This shows a continuous cycle of improvement since 2006. The Council continues to focus on sickness absence management to ensure the Council achieves its target of 9.30 wte average sickness per employee for the 2010/11 year.

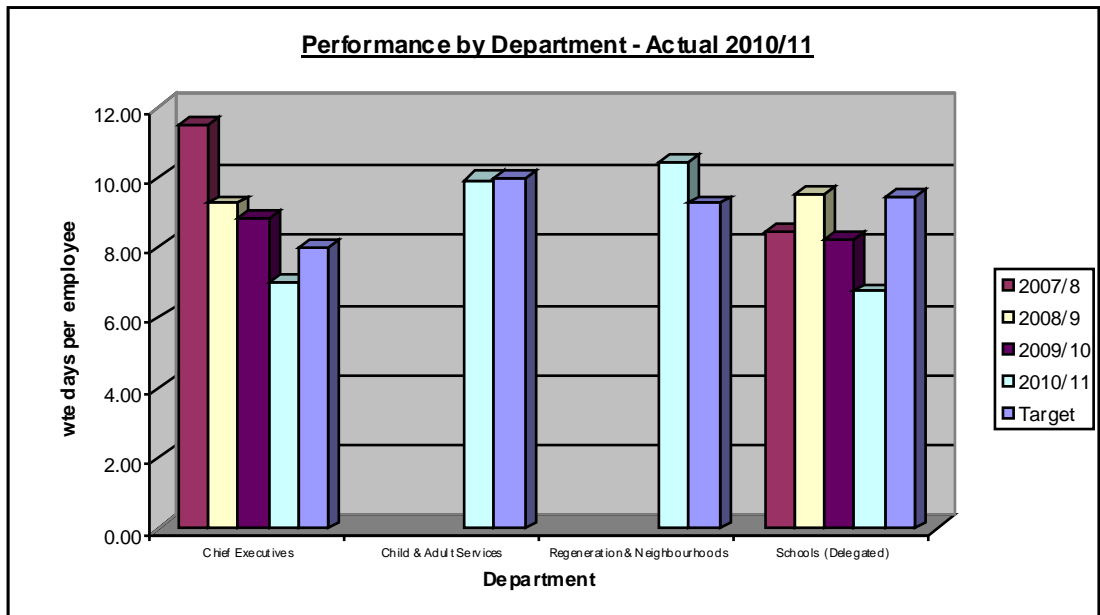
Figure 1



3.2 Figure 2 below illustrates the actual performance for each Department and Schools as at 31 December 2010. This can be compared to performance over the last three years for Chief Executives and Schools. The data for Child & Adult Services and Regeneration & Neighbourhoods shows just the 2010/11 data due to the recent restructuring and therefore the lack of comparable data. The final column shows the 2010/11 annual target set by each Department and Schools.

The figure identifies that there is an overall downward trend in sickness absence rates across all but one area compared with the last three years. Although the target for Regeneration & Neighbourhoods has not been met to date, the performance in the other areas mean the Council should meet its overall sickness absence target for the year.

Figure 2

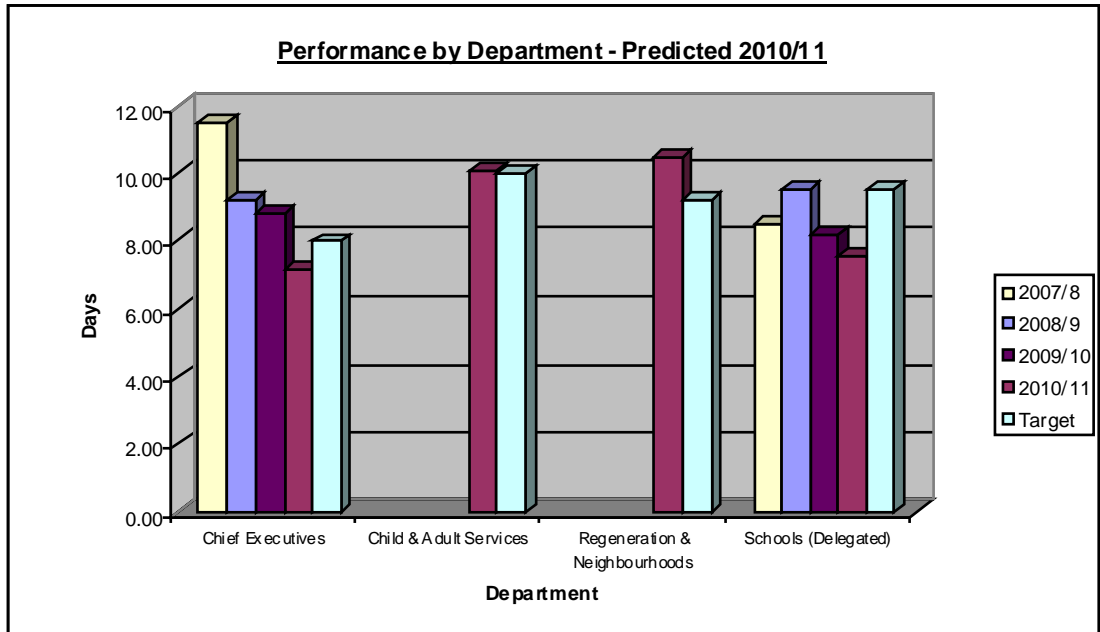


3.3 Figure 3 (overleaf) identifies the end of year prediction figures for each Department and Schools as at 31 December 2010 and forecasts the performance as at 31 March 2011. This can be compared to the actual performance over the last three years. The final column shows the 2010/11 annual target set by each Department and Schools.

These figures illustrate an overall improvement in sickness absence rates across the Council. Chief Executives and Schools are on track to meet their targets. Child & Adult are forecasting slightly over target and Regeneration & Neighbourhoods slightly further over target. This reflects the redirection of priorities within HR to the redundancy programme which meant a delay in sickness absence support to departments particularly for the management of long term cases. A

focus on long term cases this during the final quarter may help to reduce figures closer to the overall targets within the two large departments.

Figure 3

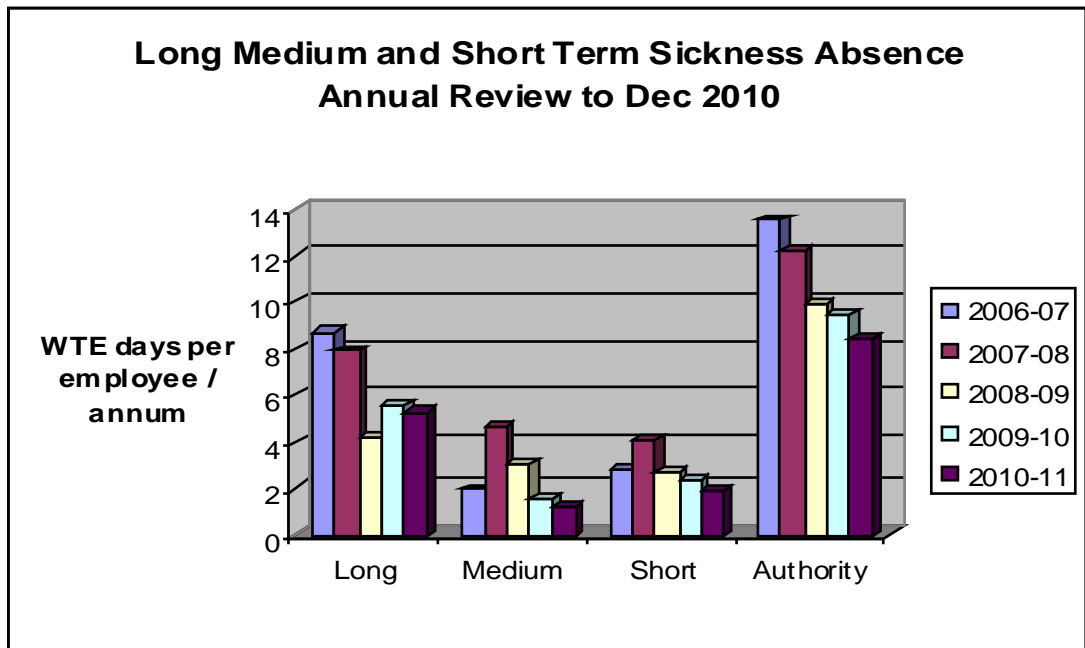


3.4 Long, Medium and Short Term Sickness Absence Analysis

Figure 4 (overleaf) shows a breakdown of long, medium or short term sickness absence in the Council for the past 4 years and up to December 2010 for the 2009/10 year. The final column shows the impact this had on the overall Council sickness absence figure.

We can identify that the biggest impact has been the reduction of long and medium term sickness absence cases. This mirrors where the focus of Managers and HR Officers working together to manage cases resulting in employees returning as early as possible back to work or managing the employee leaving the Council.

Figure 4



3.6 Support for Sickness Absence Management

The following actions identify the continuing focus for development in order to support sickness absence management across the Council.

- Support the promotion of the Occupational Health Service to proactively promote and market employee support initiatives to positively increase the options for employees who become ill and in turn, impact on the sickness absence rates.
- Wellbeing Group to strategically review key reasons for absence and implement practical measures to reduce impact on employee sickness absence
- A Wellbeing Strategy to promote the health, safety and general wellbeing of the Council's employees.
- Continuous review of sickness absence management arrangements in light of the Single Status Agreement.
- Mandatory attendance for new managers on Sickness Absence Management course to focus managers on key areas of sickness absence management including raising awareness of mental health issues.
- Implementation of a Stress Risk Assessments action plan across the Council.
- A closer partnership with trade unions to work together to manage sickness absence in the Council as part of the Single Status programme.
- Continued review of flexible working measures, including home working, may impact on the rates in the future.

- Review of statistics and monitoring information as a result of the plans for the implementation of an integrated HR/Payroll computerised system.

4. RECOMMENDATIONS

That employee absence in the third quarter of 2010/11 and actions taken, or planned, is noted.

5. BACKGROUND PAPERS

None.

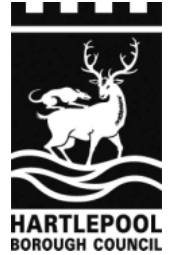
6. CONTACT OFFICER

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PERFORMANCE PORTFOLIO

Report to Performance Holder

23 March 2011



Report of: Chief Customer and Workforce Services Officer

Subject: Future Housing and Council Tax Benefit Changes and New Welfare Reform Bill

SUMMARY

1. PURPOSE OF REPORT

- 1.1 To inform the Portfolio Holder of future regulatory changes to Housing and Council Tax Benefit and proposals within the new Welfare Reform Bill.

2. SUMMARY OF CONTENTS

- 2.1 The report focuses on the short term impacts of changes associated with the 2010 comprehensive spending review announcements in respect of housing and council tax benefit administration. The report also considers the operational and strategic responses the council is implementing including engaging with claimants, landlords and other stakeholders on how the changes may impact on them. The report also considers other issues contained within the Welfare Reform Bill.

3. RELEVANCE TO PORTFOLIO MEMBER

- 3.1 The portfolio holder has responsibility for Benefits Administration issues.

4. TYPE OF DECISION

- 4.1 The decision is considered to be a non-key decision.

5. DECISION MAKING ROUTE

- 5.1 The Performance Portfolio Holder only.

6. DECISION(S) REQUIRED

- 6.1 That the Portfolio Holder notes the potential changes and the proposed responses.

Report of: Chief Customer and Workforce Services Officer

Subject: Future Housing and Council Tax Benefit Changes and New Welfare Reform Bill

1. PURPOSE OF REPORT

- 1.1 To inform the Portfolio Holder of future regulatory changes to Housing and Council Tax Benefit and proposals within the new Welfare Reform Bill

2. BACKGROUND

- 2.1 The Council currently administers Housing and Council Tax Benefit as an agent of the Department for Work and Pensions. Despite regeneration progress there remains relatively high levels of deprivation within the borough and a strong dependency on benefits support. Each year over £50m of housing and council tax benefit is processed and awarded by the council to its residents, with about 1 in 3 dwellings in Hartlepool receiving means tested help with their council tax liability and housing benefit being paid regularly to 11,200 properties within the Borough. Housing and Council Tax benefit and their administration are fundamentally important to the financial health of the borough, the Council, Housing Hartlepool and other registered social landlords together with private sector landlord stakeholders.
- 2.2 Nationally housing benefit is costing the taxpayer about £21 billion per year and the cost of such benefit has grown rapidly in recent years in particular since the introduction of a new system of Local Housing Allowance (LHA) in April 2008. The new coalition government is committed to reforms to reduce the cost of LHA and changes have been laid down that are to be implemented by local authorities from 1st April 2011.
- 2.3 In addition a Welfare Reform Bill (WRB) was published in Feb 2011 which introduces Universal Credit, to replace a number of existing benefits including housing benefit. This will lead to the abolition of housing benefit. The WRB will also lead to changes in counter benefit fraud investigation work including creating a new single Fraud Investigation Service. The WRB will have significant implications for the future of the benefits services currently delivered by local authorities and also for the role of councils within a reformed benefit system.

3. HOUSING BENEFIT, LOCAL HOUSING ALLOWANCE (LHA) REFORMS 2011

- 3.1 Housing Benefit particularly that in the private rented sector is seen by the government as being overly generous creating unfairness and work disincentives. A principle underpinning the government's reforms is that those on benefits should not be better off than those with modest incomes in paid employment.
- 3.2 A number of changes to the LHA system will be introduced from April 2011. A system of national maximum rent caps for different types of property will be established £250 for one bedded, £290 for two bedded, £340 for 3 bedded and £400 per week for four bedded accommodation. The four bedroom rate will also be the maxima rate irrespective of the number of bedrooms a family unit may require. April 2011 will also mark the end of the £15 excess arrangement whereby LHA benefit claimants who elect to live in a cheaper property than the current local LHA rates are entitled to keep up to £15 per week of the rental / housing benefit saving to the taxpayer.
- 3.3 Unlike other parts of the country, in particular London, initial modeling suggests that very few if any benefit claimants in Hartlepool will be affected by the benefit caps. However, locally claimants will be more affected by the removal of the £15 excess, the restriction to 4 bedded LHA rates and by other changes notably the substantial increases in non dependent deductions (used as part of the calculation of benefit awards in respect of non claimant other occupiers of a property) which will reduce the amount of housing benefit entitlement.
- 3.4 Non dependent deductions have been frozen since 2001 and there will be staged increases in the rates of non dependent deductions over 3 years. By April 2014 these increases will bring the rates up to the level they would have been had they been fully uprated since 2001
- 3.5 As part of the future changes, the Discretionary Housing Payment (DHP) budget allocated to each local authority by the Dept for Work and Pensions will be increased (an extra £10m will be made available nationally). The DHP budget is available to local authorities to top up awards of housing and council tax benefit in appropriate circumstances. Hartlepool's allocation for 2011/12 has been confirmed as £54,136 (the allocation was £38,182 in 2010/11). Whilst the increase is welcomed it is unlikely to be sufficient to deal with the impacts of the LHA changes.
- 3.6 The government is planning in 2012/13 to double the size of the national Discretionary Housing Payment budget by £30m to £60m, to provide resources to enable councils to help benefit claimants maintain their tenancies however it is unclear at this stage how this extra funding will be distributed between local authorities. The

consensus amongst benefits practitioners is that it will still be insufficient to meet the impact of national changes which are designed to cut the cost of LHA by at least £2bn pa.

- 3.7 Currently rents in the private rented sector are set for LHA purposes by taking the median rent within the local broad rental market area. Hartlepool is in the Teesside local broad rental market area which includes properties in Middlesbrough, Stockton and Redcar and Cleveland. In future, LHA rents will be based on the 30th percentile point in the local broad rental market area instead of the median point. This will have the effect that two thirds of rent levels in the area will exceed the maximum housing benefit rate.
- 3.8 Broad based modeling of data by the Department for Work and Pensions suggests that in Hartlepool a significant number of claimants will potentially be affected by the 30th percentile rents changes. About 2,000 claimants could be affected with the average loss of housing benefit ranging from £7 to £10 per week. This will have potentially a significant impact on both claimants, private sector landlords and also local property values.
- 3.9 In response to criticisms of some of the proposed changes to the LHA scheme the government whilst pushing ahead with the overall direction has made some concessions. Whilst the non dependent deductions changes will apply from April 2011, the £15 excess removal will only apply from the anniversary review of an existing claim after April 2011. For existing claimants the 30th percentile changes to LHA will only apply 9 months after the first anniversary of their LHA claim after April this year. However, for new housing benefit claims the 30th percentile all the changes will apply from April 2011.
- 3.10 Other future changes are that from April 2013 LHA rates for different property types will be increased annually by Consumer Price Index (CPI) rates irrespective of local rental values ie. local rents within broad rental market areas will no longer be used to set LHA rates. This will simplify administration of LHA and will make it easier to be absorbed within Universal Credit. From April 2013 the total amount of welfare benefits a single claimant or a couple receives will be capped so that no household can receive more in benefits than the average (after tax) earnings of working households. The cap is expected to be £350 for a single person and £500 per week for a couple based on current average earnings. People receiving Working Tax credit, Disability Living Allowance and Constant Attendance Allowance, together with war widows will be exempt from capping.
- 3.11 Unless there is a market readjustment by private sector landlords in their asking rents, then the Citizens Advice and other support agencies have indicated that the effect of the changes could lead to increased rent arrears, evictions and consequent impacts on council homelessness and housing advice services.

4. WELFARE REFORM BILL CHANGES

- 4.1 The WRB sets out that a new Universal Credit will be introduced for working age claimants which will cover all out of work benefits (including Housing Benefit). The plan is for the new benefit to be available from 2013 for some new claimants. Existing claimants will be transferred across to the new arrangements as their circumstances change and this is currently expected to be completed by April 2017.
- 4.2 The intention of the Universal Credit Scheme is to simplify the claiming process for working age individuals and incentivise and encourage households and families to move into work. This incentivisation will be achieved by introducing a single clear and fairer taper. The taper is the rate at which benefits financial help is reduced as income from paid employment increases. Working age housing benefit accounts for about 80% of benefits administration activity by Hartlepool BC. Therefore the simplification and streamlining of claiming financial support under Universal Credit and the abolition of housing benefit will have significant consequences for the council.
- 4.3 The WRB also outlines a stronger approach to tackling welfare benefits fraud through tougher sanctions, improved investigation and speedier recovery of fraudulent overpayments. The current benefit fraud investigation arrangements involve DWP investigators covering DWP administered benefits, local authority investigators covering Housing and Council tax benefit fraud and Her Majesty's Revenue and Customs (HMRC) investigators being responsible for investigating tax credits fraud. To maximize the impact and effectiveness of counter benefit fraud activity, in 2013 a new Single Fraud Investigation Service (SFIS) for all welfare fraud is to be created under the operational control of the DWP.
- 4.4 The new SFIS will involve bringing together all fraud investigators working in DWP, local authorities and HMRC on benefit and tax credit fraud. In addition another 200 investigators are to be recruited to increase the overall strength of the new service. The detailed operational delivery model has not yet been defined but the DWP have indicated that they still expect there to be geographically based dispersed teams as part of the SFIS.
- 4.5 The new system of fraud sanctions will include a new minimum administrative penalty of £350 for benefit fraud or 50% of the amount overpaid, whichever is the greater, up to a maximum of £2,000, an extension to the loss of benefit sanctions for one, two and three strikes which will mean a loss of 13 weeks, 26 weeks and 3 years respectively, an immediate 3 year loss of benefit for serious organized benefit fraud cases and the introduction of a £50 civil penalty for those who fail, without a good excuse, to report changes to personal circumstances.

- 4.6 The WRB proposes changes to the arrangements for recovery of overpaid benefits allowing the recovery of overpayments of Universal Credit, Job Seekers Allowance, Employment and Support Allowance and the housing element of Pension Credit irrespective of the reason for the overpayment.
- 4.7 The WRB provisions include proposals for reforms to Disability Living Allowance by the introduction of a new Personal Independence Payment for those that are disabled.
- 4.8 The WRB makes reference to reforms to Employment and Support Allowance. A DWP programme commenced in February 2011 involving the review and reassessment of all claimants in receipt of Incapacity Benefit, Severe Disablement Allowance or Income Support (on the grounds of incapacity) to determine whether they are entitled to the new Employment and Support Allowance. There are estimated to be about 3,000 individuals in Hartlepool in receipt of these benefits who will be reassessed for entitlement to Employment and Support Allowance. This activity will necessitate linked changes to housing and council tax benefit entitlement which the council will process.

5. COUNCIL TAX REBATE

- 5.1 Council Tax Benefit which is currently administered by local authorities will not be included in the Universal Credit scheme. It will however be abolished in 2013 and it is proposed will be replaced in April 2013 with a new and cheaper local council tax “rebate scheme”.
- 5.2 The Comprehensive Spending Review confirmed that at a national level the government plans to reduce the cost of the current Council Tax Benefit scheme by 10% from 2013/14 which it is anticipated will save about £0.5 billion a year. Indications are that local authorities will be able to set up a local council tax rebate scheme to suit local needs (subject to some limitations) and will be issued by central government with an annual cash limited sum to cover the costs of local rebate awards.
- 5.3 In Hartlepool in 2011/12 council tax benefit totaling £xm will be awarded. However, under a new Council Tax Rebate scheme the council would only be given funding of £xm leaving a shortfall of £xm. The extent of local authority freedoms and responsibilities under a new council tax rebate scheme are not yet clear. It could be that a rebate is restricted to a particular council tax banding or that those with capital over a certain figure are excluded.
- 5.4 In addition, there has been a suggestion that councils may be entitled to retain for general fund expenditure a portion or all of the difference between their rebate cash allocation from central government and the actual cost of their local rebate scheme. Further details are awaited however what is clear is that the council will need to financially model

the cost and impacts of a range of different rebate schemes before determining its local framework.

6. HARTLEPOOL RESPONSE

- 6.1 On the basis of the future changes information that is currently available, detailed analysis of the council's benefits database has been undertaken ? to establish those individuals who's benefit may be affected. The Council will be then contacting affected individuals.
- 6.2 The Council in January 2011 participated in a Tees Valley Landlord Forum on the known LHA changes effective from April 2011 to 2013. The WRB has now been published and further engagement with Landlords is planned for the future. The Benefits Service has already established a dialogue with the Council's Homeless Unit which will need to develop further as the national framework arrangements are confirmed and clarified.
- 6.3 A Publicity Strategy covering the changes generally is being developed which will encompass council website information and awareness training for both back office and Hartlepool Connect Customer Services staff.
- 6.4 A review of the council's Discretionary Housing Payment arrangements is included within the Benefits Service Plan for 2011/12. This review will provide a new framework for applying the enhanced future DHP allocations from the DWP.

7. RECOMMENDATION

- 7.1 The Portfolio holder is requested to note the contents of the report, endorse the financial modeling process, engagement plans and the planned review of the council's DHP scheme.

8. CONTACT OFFICER

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 Chief Executive's Department
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 Direct line: 01429 523003