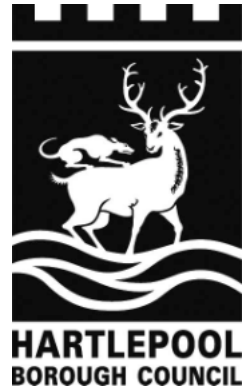


REPLACEMENT AGENDA

CABINET AGENDA



Monday 9 July 2012

at 9.30 am

in Committee Room B, Civic Centre, Hartlepool

MEMBERS: CABINET:

The Mayor, Stuart Drummond

Councillors Hill, Lauderdale and Thompson.

1. **APOLOGIES FOR ABSENCE**

2. **TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS**

3. **MINUTES**

To receive the Record of Decision in respect of the meeting held on 25 June 2012
(previously circulated)

4. **BUDGET AND POLICY FRAMEWORK**

No Items

5. **KEY DECISIONS**

- 5.1 Medium Term Financial Strategy – ICT Services – *Assistant Chief Executive / Chief Finance Officer / Assistant Director, Resources*
- 5.2 Models of Senior Management Officer Structure for the Authority – *Corporate Management Team*
- 5.3 Furniture Solutions Project – *Director of Regeneration and Neighbourhoods*
- 5.4 Renew al of Longhill & Sandgate Business Improvement District (BID) – *Director of Regeneration and Neighbourhoods*
- 5.5 Voluntary and Community Sector Strategy – Final for Endorsement – *Director of Regeneration and Neighbourhoods*
- 5.6 Development of a Children's Home: Business Case – *Director of Child and Adult Services and Chief Finance Officer*

REPLACEMENT AGENDA

6. OTHER ITEMS REQUIRING DECISION

- 6.1 Future Options for the Provision of a Strategic HR Function – *Chief Executive*
- 6.2 Business Rate Retention and Localising Support for Council Tax – Response to Government Consultation – *Chief Finance Officer*
- 6.3 Hartlepool Borough Council / Housing Hartlepool Partnership Agreement – *Director of Regeneration and Neighbourhoods*

7. ITEMS FOR DISCUSSION/INFORMATION

No Items

8. REPORTS FROM OVERVIEW OF SCRUTINY FORUMS

- 8.1 Referral Response – Medium Term Financial Strategy – ICT Services – Holding Report – *Scrutiny Co-ordinating Committee*
- 8.2 Final Report into 'Cancer Awareness and Early Diagnosis' – *Health Scrutiny Forum*
- 8.3 Scrutiny Investigation into 'Cancer Awareness and Early Diagnosis' - Action Plan – *Director of Public Health*
- 8.4 Call-In of Decision: Future Options for the Provision of a Strategic HR Function – *Scrutiny Co-ordinating Committee*

CABINET REPORT

9 July 2012



Report of: Assistant Chief Executive / Chief Finance Officer /
Assistant Director Resources

Subject: MEDIUM TERM FINANCIAL STRATEGY – ICT
SERVICES

1. TYPE OF DECISION/APPLICABLE CATEGORY

Key Decision (test (i)/(ii)) Forward Plan Reference No. CE 50/11

2. PURPOSE OF REPORT

2.1 The purpose of this report is to consider the options available to the Council and the associated timescales, costs and implications of implementing the decision of Council on 23rd February in respect of the Medium Term Financial Strategy (MTFS) and more specifically the provision of Information and Communications Technology (ICT) services for the authority.

2.2 This report was considered by Cabinet on 11th June 2012 and is being presented to Cabinet again in the light of the referral to Scrutiny and for this report to be reconsidered in the light of the comments from Scrutiny as a result of this referral.

3. BACKGROUND

3.1 The ICT service for the Council has been outsourced since 2001 when a 10 year agreement was established firstly with Sx3 and then subsequently with Northgate. The arrangement was extended for two years in 2009 with a number of benefits secured for the Council, including a reduction in the contract price for the period to 2013. The current arrangement for ICT services concludes at the end of September 2013.

3.2 Cabinet have received a number of reports over the last 18 months on the options and recommendations for the procurement of ICT and Revenues and Benefits Services and agreed to the procurement of these services using the Office for Government Commerce (OGC) Buying Solutions framework. The procurement was undertaken and a preferred bidder identified on the basis of the established evaluation framework with significant savings identified to form part of the MTFS over the next 7 years.

3.3 Both of the bids were robustly evaluated and assessed by Officers, utilising appropriate external expertise and it was the professional advice of officers that formed the basis of the report to Council both in terms of the solutions offered and the financial (and cost savings profiles). Both of the bids

proposed at this stage had one-off upfront costs to secure the significant savings over the lifetime of the proposed contract. Cabinet determined to proceed with the preferred bidder and the upfront costs for proceeding with the preferred bidder formed part of the MTFs for consideration and potential agreement by Council. This was not agreed and Council determined the following;

“This Council cannot agree to the budget proposal from Cabinet relating to the upfront costs from the ICT, Revenues and Benefits Contract. Our recommendation is to balance our 2012/13 budget by utilising £330K from the Job Evaluation Appeal Reserve. The remainder of the monies identified from this reserve should be transferred to the General Fund.

The purpose of our decision is because this Council resolves we do not and will not privatise the Revenues and Benefits Service but our decision will allow the Council the opportunity to explore all available options for a new ICT contract, including both privatisation and an in house option which may realise the maximum savings for the benefit of Hartlepool”

- 3.4 As a result of this decision the 2013/14 budget deficit increased by £0.536. It should also be noted that in addition to the above decision Council also determined, at the meeting on 23rd February that an additional £125K be taken from the Job Evaluation Appeal Reserve for the retention of denominational transport. After reflecting this decision, and the allocation of resources to offset the removal of the ICT / Revenues and Benefits proposed savings the uncommitted Job Evaluation Appeal Reserve of £0.545m has been transferred to the General Fund Reserve.
- 3.5 This report is designed to enable consideration of the options, timescales, associated costs and requirements to implement the decision of Council.
- 3.6 Previous reports to Cabinet, in respect of ICT and Revenues and Benefits, concluded that:-
 - preliminary research indicated that significant savings for the Council could be achieved
 - there are potential benefits to Hartlepool in economic regeneration
 - there is significant private sector experience in the delivery of these services on behalf of the public sector
 - proposed amendments to the national benefits system may result in significant changes to the scale and scope of the Revenues and Benefits services the Council currently provide
 - statutory protections for current staff would be maximised
- 3.7 The evaluation of the submissions identified that significant savings could be achieved through the provision of the services concerned by an external company, that there would be benefits to the local economy in terms of new jobs and that staff terms and conditions could be protected and that these elements would be contractually enforceable measures.

- 3.8 In addition the authority is investigating the options available and potential business cases in respect of collaboration on a range of services (in line with the programme Cabinet agreed). The options available through collaboration may impact upon the current ICT provision and systems and applications utilised and whilst an exercise such as this offers potentially significant financial benefits it should be noted that it may be that it affects the scope and scale of collaboration savings that may be achievable.
- 3.9 In relation to potential savings in Revenues and Benefits these will be considered in the context of the forecast budget deficits in the same way as other services and incorporating consideration of the recommendations from previous scrutiny investigations. A separate report considering these matters will be prepared for Cabinet.
- 3.10 It needs to be recognised that the approach the Council adopts in relation to examining the options for ICT will need to be managed carefully to ensure there is appropriate private sector interest, which will be critical to ensuring value for money is achieved from the final procurement solution, be this either an in-house bid, award to a private company or public/public provision. In relation to engagement of the private sector the authority will need to manage the impact of the previous Council decision not to award a contract for ICT / Revenues and Benefits. Additionally, the Council will potentially need to manage expectations around exploring both an in-house bid and public/public provision on the engagement of the private sector, as these initiatives may deter the private sector from bidding as they incur significant costs in bidding for work.
- 3.11 The Council will also need to manage the impact of not achieving savings from ICT until 2013/14 (which will only be a part year saving), either by making alternative permanent savings in other services, or by using the uncommitted Job Evaluation Appeal Reserve on a temporary basis until the full year savings flow through in 2014/15. This issue will need to be assessed as part of the 2013/14 budget process.

4. BASIS FOR PREVIOUS PROCUREMENT

- 4.1 The procurement process followed for ICT and Revenues and Benefits and particularly the contract documentation and evaluation methodology used was based on the key objectives identified by Cabinet i.e.:-

- A base in Hartlepool
- Retain and grow jobs
- Local Economic benefits

The Authority identified as a key requirement that any procurement exercise should offer a model of service delivery which includes, within the context of the services being procured, regeneration based in Hartlepool and aligns to the delivery of services at a sub regional and regional basis and included plans to both retain and develop jobs within the service areas being procured.

- Enhanced TUPE protection for staff

It was identified that an important part of any requirement was to protect the current employment and employment rights of staff.

- Maintain and improve services

It was identified that the solution was required to combine high quality service delivery, with guaranteed efficiencies in delivery and that particular consideration would be given to how the provider would review and improve provision over the course of the agreement.

- Achieve savings

In recognition of the changes and pressures which the Authority faces there was a requirement for providers to identify the guaranteed and contractually enforceable savings to be delivered against the current cost base, reflective of the budget reductions in the MTFS and anticipated Central Government Grant cuts, the approach to the risks in delivering these savings and the assumptions made in determining these.

- Scalability in terms of services and expansion to other Local Authorities

To identify how these arrangements will be beneficial to the Authority in service and financial terms through the potential for inclusions such as “gain share” (an arrangement which would provide a direct financial benefit to the Authority through any additional work delivered through such an arrangement).

- 4.2 It is important in the context of the Council decision to consider the extent to which these objectives are to be integral to any approach followed as the consideration of a number of the potential options are unlikely to be able to meet these requirements and therefore the basis for any evaluation has the potential to be inconsistent and liable to challenge.

5. THE OPTIONS AVAILABLE

- 5.1 The decision by Council calls for the investigation of all available options in respect of ICT but makes specific reference to the development of an in house option and continuing some form of outsourced provision.
- 5.2 As part of the plans and programme the authority needs to put in place for the 2013/14 budget and beyond, consideration also needs to be given, in line with those considerations corporately to the options for achieving the savings required, to the current Revenues and Benefits functions of the council.
- 5.3 In considering the potential to feasibly and practically undertake to deliver on the decision by Council in relation to ICT it is necessary to consider a number of factors and issues.

- 5.4 The current contractual arrangement for the provision of ICT services concludes at the end of September 2013. This arrangement was extended by 2 years from the original completion date of the end of September 2011 and the legal advice is that this should not be extended further without consideration of the options. Any new arrangement should be capable of being delivered, effectively, to commence in October 2013.
- 5.5 The consideration of the potential options bring with them a number of legal, logistical and transparency issues which would need to be robustly managed if there was to be no legal challenge (on the grounds of unfair advantage) over any potential in-house bid. These are covered in more detail elsewhere but include the need to physically and operationally separate a bid team for any in-house bid (should this be progressed) from any evaluation team. Given that any team to develop an in-house bid would require physical and system separation from any bid management team (and that any such bid development team would require ICT, finance, legal and HR expertise as a minimum) it would be impractical and unmanageable to achieve this from existing resources and ensure the authority was not liable to challenge.
- 5.6 The current HBC establishment includes a Corporate ICT team and it is important to understand the role which this team fulfils and how that fits with the managed service we are now looking to procure. The CICT team does not provide technical support for systems or infrastructure, that is provided through the outsourced ICT arrangements. The role of the Corporate ICT (CICT) Team is to manage and co-ordinate the use of ICT across the Authority in order to assist departments in improving service delivery whilst also delivering efficiency savings by promoting effective use of ICT. The CICT team provides support for end users in the use of systems through advice on how to use the systems, development of the approach to use these systems to meet new business needs, training of front line users and supporting the implementation of new systems etc. It also carries out a contract management role to ensure the private sector provider delivers the required service at the levels agreed in the contract, as well as developing the Council's overall ICT Strategy, liaising with 3rd party suppliers, and advising on Information Security. When it was established it was resourced at the level needed to fulfil these roles, and has subsequently, through budget reductions been reduced in size by 20%. It is not a technical team and does not have the skills required to either deliver a technical support service to the authority or in fact to develop an in-house bid. It is also of critical importance to note that whilst it will be necessary to release limited resource from this team that to ensure, in the light of reduced resources, that there is adequate support to service users and departments given the critical role of ICT now.
- 5.7 The authority does not have, as spare capacity and in house, the skills required to develop an in-house bid. It should be noted that to manage effectively an outsourced ICT provision requires a set of skills quite different from those to develop a bid for the provision of services. Developing a bid for services, given the nature of the likely specification, requires a fully costed model, with associated minimisation of potential risk, in conjunction with a business model, an assessment of the requirements in terms of technology and applications infrastructure. Such a model requires fully costing and in line

with requirements around technology refresh and application and infrastructure refresh to ensure services are capable of meeting the ongoing and future requirements of the authority.

- 5.8 For these reasons, any in-house bid would need to be developed by an external, professional bid-management team (working with selected staff from the CICT team) as part of a competitive dialogue process and alongside external competition to ensure the demonstration and achievement of value for money.
- 5.9 Additionally, the officers involved in evaluating the previous ICT / Revenues and Benefits tenders will need to be excluded from the development of an in-house bid given their in-depth knowledge of these bids to ensure the Council can clearly demonstrate separation between the client and delivery options (i.e. private sectors bids, in-house bid and public/public bid). This separation will be essential to avoid potentially expensive legal challenge and ensure the Council can robustly demonstrate the arrangements in place for achieving value for money for future ICT provision.
- 5.10 The decision of Council is to look at all available options for the provision of ICT services with particular reference to in-house and privatised options. The options and the potential costs associated with pursuing a number of options are included as part of this report and have been calculated based on a combination of previous experience and external advice.
- 5.11 The business model to be developed requires an approach to costing which, in the context of the scale and scope of the services involved, in conjunction with market and technology changes, is not within the current skills mix in place in the authority. The costing matrix for such services is, when dealing with the private sector based upon a combination of an assessment of the current technology base, allied to the costs of capital (to fund such changes) and incorporated into the base contract price.
- 5.12 A significant area to consider, and covered elsewhere in this report is the assigning of risk as part of any delivery arrangements. The mechanism through external arrangements is that risk, service levels, cost and other contractual matters are allocated as part of the contractual process and in a significant proportion of cases assigned to the deliverer. ICT is notoriously difficult to control in terms of costs incurred (there has been much press coverage of central government ICT cost overruns, particularly in relation to installation or upgrade of systems) as there are so many unknown variances involved and the allocation of the risk in these instances is an important consideration. In simple terms the allocation of risk is an integral part of any negotiated ICT arrangement. Risks in relation to the financial operation of any contractual arrangements (e.g. with an outside organisation) are part of a range of contractually enforceable clauses aligned with an agreed contract and service specification. It is, within the confines of this arrangement for an external supplier to determine the manner in which the services will be delivered and their costs to do this. It is then their responsibility to deliver this or there is the likelihood that contractual penalty clauses will apply. This is not the case in an internal arrangement and this therefore means the risk is with

the authority. It also means that the development of any in-house bid must be absolutely robust as the authority may ultimately be considering committing to the delivery model and costs included in this. For this reason with others, including the value of any potential arrangements it is strongly advised this should not be undertaken without the external support identified in this report.

6. BASIS FOR THE INVESTIGATION OF OPTIONS

6.1 The basis for the investigation of options available must be aligned to the overall aims of the exercise and be capable of effective and equitable evaluation. The previous section highlights the overarching principles which were established for the previous exercise. Given the disparate nature of the options to be investigated it is important, to ensure that the comparisons are valid and meaningful and that they are undertaken on a consistent basis to ensure that they are both robust and not liable to external legal challenge.

6.2 It is therefore fundamental that the basis for the investigation and ultimate evaluation of the potential options is clarified at the outset. On this basis, and taking the key objectives from the last exercise, an assessment of the ability of the potential options to deliver against these objectives has been assessed.

NB all of the objectives below were previously contractual requirements for any successful tenderers. Failure to deliver would be classed in most cases as breach of contract or as subject to penalty clauses (or both should certain circumstances apply).

	In house	Outsourced	Public / Public
A base in Hartlepool	A base in Hartlepool for an in house service would be defined as part of any comparative and costing exercise	A base in Hartlepool for an out sourced service can be defined as part of any comparative and costing exercise. Outsource arrangements and cost efficiencies can be significant if server estates / data centres are not located on site but part of a shared arrangement. This is normal in the industry.	A base in Hartlepool could be defined as part of any comparative and costing exercise. Any public / public arrangement would be unlikely to be able to meet these requirements fully as it is likely that any solution would be predicated on shared infrastructure and location arrangements, if this is on the basis of existing partnering arrangements the default is likely to be to current arrangements they have in place.
Retain and grow jobs	It is highly unlikely that any in house provision would be able to meet the requirements to grow jobs. In house provision and the resource to deliver it would be based on a core resource to deliver the service at best cost with no capacity to	In the same way as the previous procurement exercise it could be made a requirement for external bidders that they identify their plans for both the retention and growth of jobs to be based in the town.	It is unlikely that any public / public arrangement could be structured in such a manner as to provide for the retention and growth of jobs based in the town.

	embark on large scale tendering exercises. Additionally, it is unlikely that jobs can be grown as an in-house team would not have the track record and resilience to secure future work from other potential clients who would require a robust and resilient ICT services. It needs to be recognised that as the second smallest unitary council it is extremely unlikely that other councils would look to Hartlepool to provide ICT services.		
Local Economic benefits	It is unlikely that there are identifiable and tangible local economic benefits that can be tangibly identified from an in house bid unless the bid is significantly cheaper than any alternative (resulting in a reduced requirement in the level of potential savings from other council services)	In the same way as the previous procurement exercise it could be made a requirement for external bidders that they identify their plans for delivering local economic benefits both in terms of sustaining and increasing jobs and local suppliers and provision and investment in the local economy	Any local economic benefits would be contingent on the method of delivery and the locality for that delivery. If the staff to deliver the service were based in Hartlepool there is limited additional net benefit over the current outsourced arrangements, where the staff are located at the civic centre. If the staff were wholly or partially based outside the town the net impact would be potentially negative from the current position / an in house provision or an outsourced arrangement based in the town.
Enhanced TUPE protection for staff	Not necessary for the authority in this circumstance as supplier staff would transfer to the authority	It would not be in the best interests of the authority to mandate this as part of any external bidding regime as the transferring employees are not currently employed by the authority and there would be no related authority staff transfers	It would not be in the best interests of the authority to mandate this as part of any public / public arrangement as the transferring employees are not currently employed by the authority and it is unlikely that there would be related authority staff transfers
Maintain and improve services	It would be a requirement of any arrangement that the provider, whether in house or external to the authority would be tasked with a requirement to maintain and ideally improve services with clear performance measures.		
	The extent to which an internal provider would be able to source and utilise sufficient expertise to improve services on an ongoing basis would be questionable. In house	An outsourced arrangement would be the mechanism which would give greatest surety for the maintenance and improvement of services either through a robust and	A partnering arrangement with another public service provider mitigates against some of the potential risks in this areas in respect of expertise and capacity to improve.

	<p>resources, unless they are priced in to the service model are essentially for the maintenance and upkeep of system resources</p> <p>There would be no contractual ability to penalise financially an internal supplier for the failure to deliver services as this is essentially counterintuitive</p> <p>There would be no ability to introduce financial penalties for poor performance to an internal provider.</p>	<p>enforceable contractual framework aligned to penalties for under performance.</p> <p>It also mitigates against the potential small size of any in house provision to ensure there is both capacity and skills for the improvement of services.</p>	<p>Whilst it may be a requirement of the authority as part of any consideration of options a partnering arrangement with a public provider is most likely to bring aligned for the authority to their service provision and standards than any stand alone authority determined model based on need or priorities</p> <p>There would only be limited ability to introduce financial penalties for poor performance to an internal provider as the Council would partly 'own' any public/public arrangement.</p>
Achieve savings	<p>Any in house bid would be required to identify a cash limited budget to deliver the services.</p> <p>It is not possible to make this a "contractual" requirement and the risk in terms of the cash profile and the delivery of services, should this overspend would be entirely with the authority.</p>	<p>It would be a contractual requirement that services were delivered within an agreed cash limited budget.</p> <p>In the same way as the previous procurement exercise it could be made a requirement for external bidders that they identify the cash profile of costs on a reducing profile based on the currently projected MTFS and savings requirements.</p>	<p>It could be made a requirement of any arrangement that the delivery of services is cash limited to an agreed specification and in line with the requirements for an external contractor include the provision for penalties. Any public sector partner is unlikely to accept this as a risk model as it impacts on the financial stability of the model.</p>
Scalability in terms of services and expansion to other Local Authorities	<p>Scalability in terms of in house options (with the ability to generate income / profit) are largely limited by the willingness of other organisations to participate / put their faith in an in house option and or the ability of an in house team to bid and compete against the market.</p> <p>In the context of this highly competitive market there are no readily available examples of in house teams effectively competing for additional contracts and or opportunities</p>	<p>Dependant upon the model of delivery the potential solution through outsourcing would either be required to be based in Hartlepool and scalable, be added into an already scalable solution which is based elsewhere.</p> <p>The requirement for gain share build into the previous arrangements was essentially a profit share in new work to be based in Hartlepool</p>	<p>There has been limited success from partnering arrangements to make these scalable in terms of provision to other authorities.</p> <p>If the council were to enter into an already existing partnership arrangement it is unlikely we would enter as an equal partner and would be more likely to be as a contracted service to a partner or partners.</p>

6.3 The basis for the previous procurement was established to ensure that maximum benefit could be derived for the local authority and the local

economy. The criteria were sufficiently broad to enable potential bidders to identify solutions which aligned with their potential business strategies but to guarantee for the authority, through contractual means, a series of guarantees for the authority in respect of the cost of services, a reducing profile of cost, new job creation based in the town, services based in the town and a quality of service which maintained current levels of performance in conjunction with the potential to expand this service base from which the authority could benefit.

- 6.4 It is not feasible to maintain the comprehensive scope of the last procurement (beyond the provision of services and savings) if the options identified by Council are maintained.
- 6.5 The information below is an assessment against the originally established criteria for the last exercise. At a basic level these criteria form the basis for any bid, negotiation and terms for any arrangement.
- 6.6 In simple terms these criteria cannot apply across the consideration of all options and to assess and evaluate options on anything other than a clear and equitable basis would lead to legal challenge of the authority as a minimum.

	In house	Outsourced	Public / Public
A base in Hartlepool	Yes	Yes	Unlikely
Retain and grow jobs	No	Yes	Unlikely
Local Economic benefits	Unlikely	Yes	Unlikely
Enhanced TUPE protection for staff	N/A	N/A	N/A
Maintain and improve services	Yes	Yes	Yes
Achieve savings	Yes	Yes	Yes
Scalability in terms of services and expansion to other Local Authorities	No	Yes	Unlikely

- 6.7 Based on this assessment, which aligns contractual and service delivery alongside the delivery models and their potential on the basis for the assessment of options, if it is to be comparable and equitable there are a number of options for the procurement of the services:

- In house, outsourced arrangements and public/public with the objectives based upon
 - Maintain and improve services
 - Achieve savings
- In house and outsourced arrangements with the objectives based upon
 - A base in Hartlepool
 - Maintain and improve services
 - Achieve savings
- Outsourced arrangements with the objectives based upon
 - A base in Hartlepool
 - Retain and grow jobs
 - Local Economic benefits
 - Maintain and improve services

- Achieve savings
- Scalability in terms of services and expansion to other Local Authorities

6.8 On the basis of the considerations to date, and the primary requirement to safeguard the authority from legal challenge it is not considered feasible to undertake any such assessment / bid process on the same basis as the last exercise including retention and growth of jobs local economic benefits and scalability across all models. This means that a significant number of the benefits secured as part of the last tendering exercise will not be capable of delivery if this approach is undertaken.

7. DEVELOPMENT AND EVALUATION PROCESS

7.1 The process for ensuring that any arrangement is robust is dependant upon the route determined and the management of this process to ensure that risks are managed and mitigated and that any agreed delivery solution is robust, financially secure and delivers the agreed level of service. Based upon other information in this report a process and associated requirements will be developed to ensure this is the case.

8. RISK IMPLICATIONS

8.1 There are a number of areas of risk in undertaking such an approach that must be considered and assessed as part of any such development. The nature and scale of the risks identified are dependant upon the scope of options to be considered as part of the process but whichever route is determined the Authority needs to be satisfied that the following risks are mitigated.

- Procurement, Legal and Financial Risks
- Service Risks
- Risks around scope, specification and change
- Risks in achieving the Authority's key objectives

8.2 Procurement, Legal and Financial Risks

Risk	Issue and Potential Mitigation
Actual or perceived favouritism in availability and provision of information leading to legal complaints from tenderers and withdrawal of offers.	If an in house bid is pursued in conjunction with tenders from other providers the authority will need to effectively and completely separate the process and involvement of staff in the evaluation process and the internal bid development process. This will require the establishment and resourcing of a separate bid team.
Actual or perceived breach of confidentiality / separation of bid and evaluation processes to mitigate complaints and mistrust by tenderers.	All potential tenderers to receive initial and additional information in the same manner and to the same level of detail. All queries to be responded to in writing and provided copies to all potential tenderers. Ensure that all potential tenderers are provided with any addenda
Capacity of the Organisation	The authority has undertaken a number of changes and has significantly reduced staffing at a senior level reducing the capacity to undertake

	<p>multiple and complex additional activities without additional support. Undertaking the assessment (and development) of an in-house bid in addition to any private sector bid brings with it the need to separate the elements of bid and evaluation. In addition the authority must be able to place absolute confidence in the robustness of the in-house bid prior to decision making as any errors in scope or cost will have to be borne directly by the authority.</p> <p>On this basis the development of any in-house bid would need to be resourced effectively and this would need to be above current resource levels</p>
Achieving and demonstrating Value for money	<p>The demonstration and achievement of value for money can best be achieved and clearly understood through there being sufficient interest from the market, in conjunction with any internal bid, to drive competition within the context of the specified services.</p> <p>There is a risk that there will only be limited or no interest from the private sector in the procurement exercise due to perceived risks on their part that the authority may not proceed even if the private sector bid is the most economically advantageous. The authority will need to assure external suppliers that any investment they may make in such a bid will not be wasted</p>
Timely decision making	<p>The timescales and volume of work required to ensure that the authority has in place a robust and evaluated solution do not allow for any significant slippage at any stage of this process.</p> <p>The decision by Council has made provision for the savings identified from the previous exercise for 2012/13 but not for those anticipated in 2013/14 or the costs attributable to the course of action agreed. It will be necessary to determine both these and the approach to be taken and the key objectives to form the basis for the procurement.</p>
Current contractual arrangements	<p>The current contractual position requires the authority to be in a position to determine and nominate a preferred supplier or arrangement by 1st October 2012 to enable an effective transition period. The timescales which the authority is now working to as a result of the recently determined decision of Council does not enable this to be the case and officers will need to renegotiate this position.</p>
Risk of legal challenge from rejected bidder on the grounds of an incorrectly executed procurement process.	<p>A separate in house bid team would need to be established and full composite copies of all documentation related to dialogue meetings, conference calls and the evaluations retained for audit purposes.</p> <p>Legal advice to be secured.</p> <p>Internal bid team to be separately located and excluded from in house networks.</p>
Failure to adequately address enquiries from tenderers and claims of unfair practices.	<p>Implement standardised procedures for responding to enquiries and respond in a timely manner to enquiries.</p> <p>Allow adequate time for tenderers to respond. Clarity on bids and variants to be documented to avoid qualifications.</p>
Insufficient number of responses and poor value for money due to limited competition.	<p>The inclusion of an in house bid option may deter external bidders due to there being seen to be an unfair advantage. This will be unclear until the authority embarks on the process but will need to be clearly delineated.</p> <p>Used appropriate tender strategy to ensure competition including supplier engagement days.</p>
Failure to follow effective evaluation procedures and inconsistent evaluations.	<p>A robust and tested evaluation methodology will be utilised and the evaluation team will utilise an appropriate tender assessment and evaluation approach.</p> <p>The evaluation process will need to maintain effective separation between</p>

	the evaluation process and any internal bid development to avoid legal challenge by external bidders.
Decision made on subjective grounds, claims of unethical and unfair behaviour, complaints from tenderers.	<p>The inclusion of an in house bid option may lead to claims of subjectivity and unfair competition. This will be unclear until the authority embarks on the process but will need to be clearly delineated</p> <p>Ensure evaluation criteria contain the critical factors on which the assessment of tenders will be based and that they are clearly identifiable to tenderers in tender documents in conjunction with ensuring the evaluation criteria are appropriate and measurable and a robust and tested evaluation methodology utilised.</p>
Guaranteed savings levels	<p>Through contractual arrangements the costs of services can be fixed and contractually managed with an external provider.</p> <p>The costs can be established for an in house bid however variations from this would need to be managed within the normal financial procedures of the authority and bring with them greater risk to the authority.</p>
Financially costed bid and guaranteed savings	<p>The development of a costed bid, based over a likely "term" of 7 years (although this requires confirmation) has associated risks.</p> <p>Any external provider will cost the delivery of services based on the requirements of the authority utilising an established business and costing model. The associated costs and service performance metrics will be established based on this model and the cost base and be subject to contractual and legal controls and penalties for any failure to deliver. This model will have to take account of required technology, infrastructure and application updates to ensure the provision for the authority is maintained at an agreed level.</p> <p>The authority does not have any experience in this service area of developing such a costed bid over this time horizon and this issue will need to be addressed as part of the strategy going forward (and costed). In addition the contractual ability that the authority would have to penalise an external provider for non performance (and to cash limit the budget is not in line with the Councils current internal arrangements.</p>

8.3 Service Risks

Risk	Mitigation
Reduced service (to customers) overall.	<p>Clear contract performance specifications would be established. If the service is delivered by an external provider effective contract specification, contract monitoring and retained client functions will be established in conjunction with guaranteed outcomes and redress for non-compliance.</p> <p>Any potential internal arrangement would require internal Service Level Agreements and the development as part of the bid of associated delivery structures for the services including the consideration and costing of sufficient and suitable expertise for both the delivery and development of the services (including the provision for additional specialised support as required).</p>
ICT is a core service to the Authority and the provision of continuous service is critical to the delivery of services internally but more importantly externally.	<p>Any process of change brings with it risk. As part of the process potential bidders will be required to provide a transition plan which is required to provide reassurance of the proposed plans for the change from current to any new arrangements.</p> <p>The transition process is a critical part of any such process and particularly for the services being considered as part of this exercise.</p>
Reduced service during transition period.	An effective Implementation and Transition Plan would be a requirement of, and evaluated in, bids.

Poor contract documentation leading to claims/conflict/costs.	<p>To mitigate this risk the Authority will need to continue to draw on specialist advice in drafting any contract or arrangements for the delivery and management of the services.</p> <p>With any external provider the authority would build in appropriate non compliance and termination clauses to the contract and appropriate management and improvement arrangements for any internal bid arrangement.</p>
Failure to adequately monitor contract performance	<p>In any event the authority would have in place clear performance requirements.</p> <p>In any contract with external suppliers there would be in place a contract with guaranteed outcomes provided by the bidders. Non-compliance clauses within contract Specialist client side team to monitor contract.</p> <p>The options available to the authority in any externally provided service allow for termination arrangements and penalty clauses (financial) for non performance.</p>

8.4 Risks around scope, specification and change

8.5 The process for consideration of the exercise in hand must incorporate several aspects which will be designed to manage a number of risks in the actual process and in regard to the scope and specification of services.

Risk	Mitigation
The requirements of the authority are not clear.	External advisors for the project will be involved in critiquing and refining all documentation
Documentation will detail the expected outcomes for the authority but not necessarily the inputs or detailed method of delivery, other than where this is prescribed	<p>Such arrangements provide for a degree of flexibility in determining a potential solution for the delivery of services to the council. This ensures that the authority is not prescribing a method of delivery.</p> <p>The determinations of the cost model (and associated costs to the authority from this) are at the risk of the potential provider. If this provider is external these risks are then borne by the provider as part of the contractual framework, and transferred to the supplier through contracting.</p> <p>In any internal arrangement these risks and associated potential costs are at the risk of the authority.</p>
Due diligence process identifies additional unforeseen costs.	<p>Any documentation and the detailed information included in it will be designed to mitigate this risk but it should be noted that there is the potential that this risk may manifest itself.</p> <p>Information provided to external bidders as part of any procurement will be comprehensive and external bids will be predicated on the failure of an external provider to adequately reflect such matters will be at their financial risk.</p> <p>In terms of any in house bid this cannot be enforced and becomes a significant financial risk to the authority which essentially cannot "enforce" these arrangements on itself</p> <p>Any due diligence process in place will enable potential providers to ensure they have a clear understanding of the current provision (and, in the case of ICT, infrastructure and release versions of software) and to model these in the context of their solution and the requirements of the Authority.</p>
The assumptions upon which any bid is predicated, and the surety that the	There may be a situation where levels of risk and surety within any bids are not wholly comparable.

Authority places on these need to be taken into account in the consideration of the level of risk to which the Authority is exposed	The position of the authority in securing both high quality services and financial surety has to be protected and the arrangements to do this, and the associated risk in any such arrangements, quantified as part of both an initial decision on how to proceed but also in any future arrangements.
---	--

8.6 Risks in achieving the Authority's key objectives

- 8.7 A number of key objectives were identified at the outset of the exercise relating to ICT and Revenues and Benefits. The objectives identified aligned closely to the financial and service objectives of the authority and provided for broader benefits for the town in terms of job retention and creation. The bids received both delivered the required financial and service requirements (as previously reported) and significant (and contractually obligated) benefits for the town in terms of job creation and services being delivered from a base in the town (bringing with it significant local economic benefits).
- 8.8 The assessment in section 6.6 identifies that officer advice is that not all of the objectives established as part of the original process can be delivered and still meet the requirements of the decision of Council. It is therefore imperative that before any process commences, the objectives are clearly established and considered in the light of the potential routes and timescales that would be required from this.

9. SCOPE OF ICT SERVICE

- 9.1 It is important to understand the scope and complexity of the service under consideration as part of this exercise.
- 9.2 ICT supports and underpins every aspect of the authority's work and without a reliable and robust ICT support service there is a very real and significant risk to the authority's ability to deliver its services to the community. The existing contract has provided the Council a stable network and infrastructure which has allowed increased reliance to be placed upon it, to the extent that it is now the expected norm which was not the case in the past. This means that the necessity to continue this stability is crucial to the service delivery of the Council and this does not happen without ensuring the correct delivery and monitoring arrangements are put in place. Given the critical importance of this service to the Council and the amount of work needed to ensure a smooth transition, it is essential that it is properly planned and resourced to ensure that the service can continue to be provided, in whatever format is agreed, after the end of the current contract.
- 9.3 At the start of the current arrangements in 2001, support was provided for 1,245 desktop PC's and 149 laptops. The basic supported provision in the Council has increased by more than 60% since then and hardware supported at the current time consists of 2,219 devices as follows:
- 1,487 desktop PCs
 - 492 laptop and tablet PCs – to allow more flexible working arrangements

- 175 Citrix boxes (where all the applications and processing are carried out on the central server rather than on the PC). The desktop device simply acts as a dumb terminal
- 65 hand-held devices used for mobile access to systems

This increase in numbers can be attributed to an increasing reliance on, and greater use of, ICT across the authority, which reflects the greater use of ICT to improve efficiency by automating previous manual process and externally changes in the way the public expects services to be delivered. There has also been significant movement towards more flexible and mobile methods of working to allow staff to take the Council's services out into the community, and to support the Council's accommodation strategy of rationalising buildings to reduce accommodation costs, all of which further increases the authority's reliance on technology. This type of flexibility is likely to become even more important moving forward as technology develops at an ever increasing pace.

- 9.4 ICT equipment is now a standard tool for the vast majority of staff, with most staff inputting and retrieving information themselves where previously this had been an administrative task. It can also be explained by the fact that in 2001 the support was purely for core Council staff, whereas it is now much more Hartlepool-wide with ICT reaching out into the community. For example, in addition to Council staff and schools, support is also provided for 160 public access points in Libraries, Foster Carers and the Community Grid for Learning (adult education). This increase also hides the fact that the original contract covered the services now provided by Housing Hartlepool which accounted for approximately 10% of the base service. Housing Hartlepool now has a separate agreement with Northgate.
- 9.5 In addition to this, the contract also supports 89 servers on which 185 services/applications are hosted. A number of these systems enable major front line services to be delivered (e.g. i-world for Revenues and Benefits, ICS for Children's Social Care, i-Lap for Planning and Building Control, CareFirst for Adult Social Care, Onyx Customer Relationship Management System used in Hartlepool Connect etc.) Others are corporate solutions, without which the authority would not be able to function on a daily basis (e.g. Outlook for email and calendars, JADU for website and intranet, GovConnects for secure exchange of information, Integra for the Financial Management System etc.) These range from a large server hosting 72 applications down to smaller ones hosting only 2 or more applications. Whilst there are a number of standard applications used across the authority, there are also, by necessity, a variety of specific applications used by different service areas resulting in a complex mix of software combinations to be supported. There are, in fact, approximately 750 different combinations of software applications across the 2,219 devices.
- 9.6 The authority also has to consider its use of 64 separate sites across the town and the agreement includes support for 126 network devices connecting between these sites. Telephony systems are also included adding 1 core exchange and 11 satellite exchanges, with 1,800 active extensions across all sites with a potential capacity of 3,300.

- 9.7 In addition to the support of the above devices, systems etc. through the managed service agreement, the Council also works with Northgate on new developments to move the authority forward and further support the delivery of council services. This work is outside of the base contract and is negotiated on an ad hoc basis as required. The access that private sector ICT companies have to technology specialists plays a vital role in this area of the service as the authority strives to keep up with the fast paced developments in the industry and increasingly high expectations of both staff and customers.
- 9.8 The nature and scale of the ICT arrangements and the extent to which they are fundamental and integral to the operation of the authority is crucially important to understand in the context of the importance of ensuring that any delivery arrangements are robust, effective and can deliver the services required.

10. APPROACH, TIMESCALES AND DELIVERY

- 10.1 Given the complexity of the service requirements and its importance in ensuring that vital front line services continue to be delivered, it is imperative that a properly planned and timely approach is taken. Whichever procurement model is chosen, and regardless of the final delivery model adopted, the current contract arrangements with Northgate Public Services (NPS) terminate at the end of September 2013 and there is a great deal of work to be done prior to that date in order to ensure the best decision is taken. As the decision was made not to proceed with the previous procurement exercise undertaken for ICT and Revenues and Benefits it is appropriate to work to timescales that bring about whatever the determined delivery mechanisms are in line with the timescale for the conclusion of the current ICT contract.
- 10.2 Whilst it may be felt that the end of September 2013 is a considerable time away to effectively manage and deliver the process which will enable the authority to have any evaluated arrangements in place for this time, it is not and there is a very significant amount of work to do in this time to do this effectively.
- 10.3 The detailed information in section 9 shows the scope and complexity of the ICT estate and infrastructure and systems supported. Depending upon the outcome of any procurement exercise, this may require disentangling of existing infrastructure, negotiation of new agreements with 3rd party suppliers, purchase and installation of new equipment/infrastructure etc.
- 10.4 The current contractual arrangements with Northgate include the following extract in relation to re-procurement timescales:
- Preferred new supplier to be nominated by 1st October 2012
 - New contract awarded by 1st April 2013

- Any additional charge to be levied for the provision of the service during the Porting Period by the supplier to be notified and agreed by the Council by 30th September 2013
- Transfer of service to new supplier on 1st October 2013

10.5 It can be seen, therefore, that the authority should, in accordance with its contractual agreement, be in a position to nominate any new supplier by 1st October 2012. This is clearly not now achievable following the recent decision not to continue with the ICT/R & B procurement exercise. Further negotiations with Northgate are required to agree amendments to this timescale and the earlier a decision can be implemented the less likely the authority is to incur additional costs in relation to this. The Porting period is not an extension to the timescale, it is simply a period of up to 2 years after the signing of a new agreement whereby the authority could request Northgate to continue provision of all or part of the service (at an agreed cost) to allow for smooth transition to any new supplier. It does not enable the extension of the current contract without further competition or assessment of value for money.

10.6 POTENTIAL “PROCUREMENT” OPTIONS, ROUTES AND TIMESCALES

10.6.1 Research and advice from external sources in relation to the feasibility of all options in relation to ICT, has been undertaken. This includes advice on what the options would involve, what resources would be required to carry them out (and any associated costs) and what the risks/benefits of each would be.

10.6.2 There are a number of options for delivering ICT support to the authority, ranging from complete outsourcing to complete in-house provision and a range of variants on these. These could include the use of Cloud computing, software on demand, partnerships with private sector and/or other public sector bodies, purchasing support direct from 3rd party suppliers or other public sector organisation etc. There are risks, however, in paving the way with less tried and tested options and given the timescales we are working within, the size of HBC, the current budgetary restraints, resources available to investigate and/or deliver on these options, and the risks involved, the advice we have received has been that the most realistic 3 options are private sector provision, in-house provision and some form of public-public partnership/collaboration.

10.6.3 Regardless of which option is taken, there will be a requirement for some external advice, in relation to technical, legal and financial support. This is similar to the external advice procured for the Building Schools for the Future exercise, the advice received when the housing stock transfer was undertaken with the establishment of Housing Hartlepool, and the recent ICT/R&B procurement exercise. Whilst the majority of the work will be undertaken by HBC staff, additional skills and knowledge of specialist areas will be required from external sources. The procurement of this advice is expected to take approximately 4 to 6 weeks so it is important that this is built into any timescales identified for the various options.

10.7 OPTION 1 - IN-HOUSE PROVISION

10.7.1 Background

10.7.2 The Council Decision specifically requested that consideration be given to the option of transferring the ICT service back in-house, to be delivered by HBC staff, using equipment, infrastructure etc. owned by HBC.

10.7.3 There are considerable risks associated with this option and these cannot be underestimated. If the service is to be returned to in-house provision, these risks must be understood and addressed if the authority is to continue to benefit from a reliable, robust and secure ICT service which can support the provision of front line services. The transfer of ICT service is an extremely complex process involving recruiting skilled staff, establishing how existing hard and software operates, transferring software licences from the existing provider etc.

10.7.4 In-house provision means that the requirement to cover unforeseen events, peaks and troughs of workloads, cyclical operations etc. need to be catered for by the authority, although it can provide for more flexibility over the service (changes, additions and reductions are all within the control of the authority). It doesn't tie the authority into a fixed term contract but this also means that the costs moving forward are less certain.

10.7.5 ICT moves at an incredibly fast pace and keeping up with this requires investment in infrastructure, equipment and training and it would be a requirement for an in-house team to ensure that provisions are established to support these requirements (and that in any bid these costs are incorporated) or HBC could very quickly find itself behind the game and struggling to keep up or deliver services effectively.

10.7.6 It needs to be remembered that the authority has been without an in-house ICT service since 2001 and therefore owns none of the infrastructure, equipment etc. that is needed to deliver the service. It would be possible to buy-back the existing infrastructure etc. from our current providers although this would be expected to require updating as the bids received for the recent ICT/Revs & Bens procurement recommended the use of new technology which would provide more flexibility and robustness and cheaper running costs. For a separate, competitive, in-house bid it would be required that these costs would form part of that bid and the authority should not determine to bring back in-house any redefined ICT services without further competition as there would be no benchmark or clarity on the extent to which any such service delivers value for money.

10.7.7 Bringing the service back in-house also transfers all the risk back to the authority, including costs and delivery overruns, service failures, cost increases, system changes and failures, staff shortages, skills shortages, reliance on a small number of key individuals (sometimes a single post holder) for critical system support, redundancies etc. Private sector suppliers can be held accountable through penalty charges etc. which would not be available for use with an in-house team.

10.7.8 The challenges of bringing ICT back in-house cannot be under-estimated and are significantly more challenging than awarding a contract to a new contractor. Transition of ICT services between providers is extremely challenging for both the Council and the new provider. A new private sector provider would manage this arrangement using specialist staff, trained and experienced in managing ICT changes and by allocating additional staff resources during the transition period. The ICT provider would effectively fund these costs over the lifetime of the contract. More importantly a successful transition would be a contractually enforceable requirement and a reputational issue for the new provider.

10.7.9 Transferring the ICT service to an in-house team would require the same issues to be managed, without the benefit of a contractual remedy if the transition was not successful i.e. the whole risk of transition would fall on the Council. The Council would also need to fund one-off costs of supporting the transition. More importantly the Council would need to not only recruit skilled and experienced IT staff (there is no guarantee existing staff will want to transfer to the Council, or will be the staff identified for TUPE transfer) to operate and manage the new in-house service, it would also have to recruit on a temporary basis staff with specialist skills in successfully managing IT transition projects, who would be more difficult to recruit.

10.7.10 Procurement Route

10.7.11 When considering in-house provision of ICT, there are a number of options, ranging from a full Competitive Dialogue process, combined with the development of an in-house bid to be evaluated against any private sector bids through to simply making the decision to return the service in-house without any further competition although the latter route is not recommended and will provide no basis for assessing value for money. There needs to be an awareness of the risks involved in which ever route is chosen.

10.7.12 Taking a decision to return the service in-house without any form of market comparison is not recommended as it allows for no consideration as to whether value for money is being achieved or that the most appropriate and effective service was being obtained as there would be no external bids for comparison. It also runs the risk of transferring a service back to the authority which no longer employs the necessary skills. The skills required to effectively manage an outsourced contract are very different to those required to deliver an in-house ICT service as outlined in sections 4.6 to 4.12. Delivery of an ICT Managed Service requires high levels of technical skills, covering a wide range of systems, infrastructure and desktop environments and including specialists in particular programming languages, ICT Development, specific types of platforms and a knowledge of the wider industry context. These skills and knowledge must be constantly updated as the technology landscape changes. Management of an outsourced contract, however, requires skills in procurement, contract management, monitoring, strategy development and negotiation.

10.7.13 Similarly, developing an in-house bid requires specific skills that are not available within the authority and gives an added risk that if the costed bid is

not robust, either in service or cost terms, then it is the authority that bears this, not inconsiderable, risk moving forward.

- 10.7.14 Considering an in-house bid alongside external bids could potentially reduce the number of external bids attracted (and hence reduce the competition) as it is expensive and time-consuming for potential suppliers to develop their bids and take part in the Competitive Dialogue process and there may be a reluctance to put in the time and effort if it is felt that an in-house bid is likely to be taken instead. Additionally, the decision not to proceed with the ICT / Revenues and Benefits outsourcing when considered along the development of an in-house bid could potentially reduce the number of external bids.

10.7.15 Key Steps/Timescales

- 10.7.16 The advice obtained and recommendation of officers is that any in-house bid development should be carried out as part of the Competitive Dialogue process outlined in Option 2 so the key tasks and timescales would be the same. In addition, however, there would be an earlier task of identifying the resources (internal and external) to develop the in-house bid and agreeing the protocols to be followed. It is expected that this would add a further month to the beginning of the process.

10.7.17 Resource Requirements

- 10.7.18 In order to maintain independence of any in-house bid development, there needs to be complete separation from the procurement / specification / evaluation team. There would be a requirement for a Bid Management and Evaluation Team to run the procurement, evaluate the bids and recommend the preferred bidder, which would need to be kept separate from the team (likely to be a mixture of internal and external resources) that actually develops and submits the in-house bid. This second team would have to be treated exactly the same as any external bidder, with the same level of access to the Bid Management and Evaluation Team and information as all other bidders. This is expected to require the engagement of a specialist Bid Team and advisors with support from the in house team as was the case with the transfer of the housing stock and establishment of Housing Hartlepool.

- 10.7.19 Whilst the authority has a number of officers with experience in running a procurement exercise, bid evaluation and contract management, it does not have the specialist skills required to develop and cost a robust ICT managed service bid. This would require someone with bid expertise, working alongside some HBC resource, and there would be a requirement for external assistance for both teams. Whilst the intention is that, wherever possible, the work will be carried out by HBC staff, there are specific skills and knowledge required to pull together a realistic and supportable bid that are not available within current HBC resources.

- 10.7.20 External advice obtained is that there would be a requirement for a Bid Lead and a Technical lead from within HBC as well as an External Bid Team including technical, legal, financial and bid management resources. It is

estimated that the cost of the internal resources would be absorbed within existing HBC staffing and the external resources are estimated at:

	£
Bid Management & Project Support	65,000
Technical	35,000
Legal	20,000
Financial	15,000
TOTAL	135,000

10.7.21 In addition to this external support, there will be a requirement for internal resources to be made available. It has been advised that, although the bid will be developed externally, there will be a requirement for a small internal in-house bid team to work with the external team, and the establishment of complete separation of this team from the bid evaluation team – usually referred to as “Chinese Walls” to ensure it is, and is seen to be, a completely separate entity and is treated the same way as any external bidders. This internal resource requirement is likely to include two roles - a Bid Manager and a Technical lead. These are not full time roles for the entire period but would be expected to take up a significant amount of time at different stages of the process. It is intended that these roles are undertaken by senior staff from the Corporate ICT team in addition to their normal workload and through reallocation of current work, re-prioritisation of activities etc. Whilst it is anticipated that this will be absorbed within existing resources, the extent of the work involved cannot be underestimated, and will rely to a large extent on the goodwill and commitment of the staff involved.

10.8 OPTION 2 - PRIVATE SECTOR PROVISION

10.8.1 Background

10.8.2 The current ICT support is provided through an outsourcing arrangement with a private sector supplier. This has been running since 2001 and has brought a number of benefits which would be expected to continue under any further outsourcing arrangement.

10.8.3 The outsourcing arrangement has improved the service that the authority receives (evidenced by year on year improvements to the customer survey results, the regular service level reports, the significant reductions in down time etc.).

10.8.4 Private sector provision helps to reduce the risk carried by the authority as this is transferred to the provider. The costs are known and more easily controlled as it is the provider that needs to cover unexpected events and resource to deal with peaks and troughs in workloads where they are encompassed by the contractual arrangements. It also provides the authority with access to wider expertise and procurement resources which would not be available within the authority.

10.8.5 On the other hand, it is important that the disadvantages to outsourcing are also understood, to enable an informed decision to be taken. Handing over the responsibility for ICT support to a private sector supplier can reduce flexibility in terms of both services received and the cost base. An agreed contract (and price) for an agreed term mean that changes to our requirements and/or budget are more difficult to negotiate but there is general surety of the base contract value. It also removes some of the control from the local authority.

10.8.6 In addition, it needs to be understood that the supplier will be required to make a profit from the arrangement which will be fed into the costs agreed with the authority (although the buying power of the supplier may offset these costs).

10.8.7 Managing the contractual arrangement requires resources within the authority to ensure the arrangement continues to deliver what the authority needs and that the supplier meets their obligations under the arrangement. On balance and based on experience of the existing contract and contracts in other authorities the advantages of outsourcing ICT outweigh the disadvantages.

10.8.8 Procurement Route

10.8.9 Internal and external advice has been sought in relation to the recommended procurement route to take if the authority were to consider private sector provision of the service. There are two primary routes to take, the Office of Government Commerce (OGC) Buying Solutions Framework or the Competitive Dialogue process.

10.8.10 The OGC Buying Solutions Framework was the route that was used for the recent ICT/Revs & Bens process because it was the only possible route given the extremely tight timescales if we were to realise savings for the 2012/13 Budget round. The main advantage to using the Framework is that it can be done more quickly as bids are only allowed from companies already pre-vetted and registered with the OGC. The disadvantages are that it precludes any other potential suppliers, outside of the framework, from bidding and restricts the process significantly in that the authority needs to issue a very clear, detailed specification for bidders to submit bids against at the beginning of the process. There is no room for discussion with suppliers, negotiation during the process or joint development of requirements with potential suppliers.

10.8.11 The Competitive Dialogue process is lengthier and starts with a very broad based statement of requirements which are then developed in conjunction with potential suppliers through a series of dialogue phases. The main advantage of this process is that it allows the authority to use the expertise of potential suppliers who will have a much wider knowledge of the technical possibilities and potential problems so that the final specification will be more likely to provide effectively for the authority's needs moving forward. It allows the authority to define what our output requirements are without specifying how these will be delivered, giving potential suppliers the flexibility to identify alternative technical solutions to deliver our requirements. This is the process

that was successfully used during the Building Schools for the Future ICT Procurement. It is, however, a more lengthy and resource intensive process than the Framework Agreement, although there is still sufficient time available to carry out this process in line with the current contract expiry deadline of September 2013. There are, therefore, still tight timescales but these are now based on contractual requirements rather than the Budget timescales associated with the earlier ICT/Revs & Bens exercise.

- 10.8.12 Given the timeframe available and after consideration of the alternative options, the best advice is that the procurement should be through the Competitive Dialogue process. It is a process that was successfully used by the authority in the past (for the Building Schools for the Future ICT project), will allow for joint development of the specification and requirements, has built in flexibility and will provide the best chance of getting the service the authority requires. Using this process, the starting point is a broad based advert in the Official Journal of the European Union (OJEU) which invites suppliers to express an interest. Then, through a series of steps, a shortlist of potential suppliers is selected which the authority will then work with to develop a detailed specification or specifications which shortlisted suppliers then provide a bid price(s) for. The recommendation is that this process should always be used for a procurement of this size and complexity unless time restraints dictate otherwise (as was the case in the recent ICT/Revs & Bens procurement exercise).

10.8.13 Key Steps/Timescales

- 10.8.14 Based on advice from external and internal sources, **Appendix A** shows, in diagrammatical format, the high level stages and tasks with estimated timescales required for this process to be effectively carried out. It is currently showing an expected contract award date in September 2013 but it needs to be understood that this timescale is extremely tight, given the various stages and legal timescales so it is essential therefore that a decision on whether to proceed down this route would be required by July 2012 if we are to have any chance of meeting the contract expiry date of September 2013.

10.8.15 Resource Requirements

- 10.8.16 The Competitive Dialogue process is a detailed, time-consuming procedure, periods of which are very intensive, and it is essential that it is carried out properly as the authority will be relying on the outcome of this exercise to support the ICT infrastructure and critical ICT systems (and therefore crucial front line services) for a number of years.
- 10.8.17 Advice received, both internally and externally, indicates that there would be a requirement for in-house resources to be available for developing the specification, running the procurement process and evaluating the bids received, and that this would need to be complemented by external support, particularly in relation to legal, financial and technical issues. Procurement of this external support would be expected to take around 4 to 6 weeks to complete, although some of the preparation work for the Competitive Dialogue

process can be done by the in-house team whilst this external advice is being procured.

10.8.18 External advice is that the costs of the external support for the bid management and evaluation team would be likely to be in the region of:

	£
Technical and Bid Support	85,000
Legal advice	30,000
Financial advice	15,000
TOTAL	130,000

The Technical and Bid support is required to cover supporting the authority and the identified internal resources with the following tasks:

- Review/update of current requirements
- Design of procurement route, roles and responsibilities
- Working with legal advisors to develop baseline contract
- Review of the Project Information Notice (PIN), OJEU Notice, Pre-Qualifying Questionnaire (PQQ) and Project Information Memorandum (PIM); documents, management of evaluation and development of evaluation report
- Review of submissions, interviews with bidders, management of evaluation and development of evaluation report
- Dialogue meetings with bidders, agreement of substantive contract with bidders, management of evaluation and development of evaluation report
- Dialogue with preferred bidder and associated contract development to financial close

The level of legal advice is based around the assumptions that some of the work would be carried out by our internal legal team but that external support would be required as there are specific legal steps at various stages in relation to the Competitive Dialogue process that would require specific knowledge, not available in-house.

Again, the level of Financial advice is based on the assumption that internal Finance resources would be used wherever possible but specific areas of expertise and knowledge would also be required to be sourced externally.

All of these costs are estimates, based on the best advice available and working on the assumption that, wherever possible, the work would be done by HBC resources and supported externally as required.

10.8.19 To put these costs into perspective, they are lower as a percentage of the total potential contract value for this exercise than for the similar exercise completed as part of the Building Schools for the future programme.

10.8.20 In addition to this external support, there will be a requirement for internal resources to be made available. This internal work will be undertaken by a

number of senior staff in addition to their normal workload and through reallocation of current work, re-prioritisation of activities etc. Whilst it is anticipated that this will be absorbed within existing resources, the extent of the work involved cannot be underestimated, and will rely on the goodwill and commitment of the staff involved. It has been assessed that to ensure the procurement is effective the following roles will be required, and although the full extent of the involvement is difficult to quantify, it is expected to take up considerable time during the various phases of the project.

- Corporate Lead
- Project Manager
- Strategic ICT Lead
- Technical Lead
- Financial Support
- Legal Support
- HR Support
- Procurement Support

10.8.21 In addition, there will be costs associated with holding Industry Days, Dialogue Days, site visits and secure electronic storage facilities. These costs will be met from existing budgets

10.9 OPTION 3 - PUBLIC-PUBLIC PARTNERSHIP/COLLABORATION

10.9.1 Background

10.9.2 The third option under consideration is the development of a public-public partnership/collaboration. The idea behind this option is that Hartlepool would look at the possibility of sharing the ICT support with one or more local authorities. This could potentially reduce costs by sharing overheads but would increase the complexity of the requirements as different infrastructures, systems, organisations, political and environmental factors would all need to be taken into account.

10.9.3 There is also the possibility that no local authorities are either in a position to join with Hartlepool at this stage due to current contractual arrangements, or in fact, have no desire to work in partnership in this way or not be in a position to deliver a value for money solution in comparison with other options.

10.9.4 It is the basic stance of the Department for Communities and Local Government (DCLG) and the UK Government that value for money should be sought in all public procurement and that this is to be achieved through competition unless there are compelling grounds to the contrary. Local Authorities must therefore consider how far such a compelling case can be made in respect of collaboration and how, if they decide to adopt a collaboration strategy, whether they are obliged to follow a formal procurement route.

10.9.5 The EU procurement rules make no distinction between the bodies that may be providing services to another. It is irrelevant whether the best provider might be a private or a public sector provider. There is still, however, the issue

of ensuring value for money as discussed in relation to the in-house option. Following this option, without any competitive element will not provide the authority with any reassurance that we are obtaining the best solution for the best price that we can. Collaboration between authorities has commonly not been regarded as procurement but this cannot be assumed and it is advised to seek legal advice, especially where in other circumstances the authority would be preparing for a procurement exercise (as is the case here).

10.9.6 It may be possible to set up some kind of shared service arrangement which may be exempt from the EU procurement rules if the arrangement passed the 'Teckal' test, which relates to control over the body delivering the work and the body providing its services. The main issues which decide whether the Teckal exemptions apply are:

- the company set up to deliver the service must carry out the principal part of its activities with the Council(s);
- the Council(s) exercises the same kind of control over the service provider as it does over its own departments; and
- there is no private sector ownership of the service provider nor any intention that there should be any.

If the Teckal test was passed and the result was to agree to some form of merging of existing local authority services then the major issues would be around configuring the services and reaching managerial and political agreement around who does what and is accountable to whom.

10.9.7 There could be, with a public-public collaboration a potential conflict of priorities between the authorities, and possible difficulties caused by the use of different platforms, systems, infrastructure etc. There would be a requirement to disentangle any existing arrangements that might be in place and a range of transition issues, and associated costs, arising from this. On a positive note, however, it may enable the local authorities to share resources with organisations who have a shared understanding and ethos, rather than the private sector commercial considerations and it could also allow for flexibility of service provision as the authorities involved could jointly agree changes without consideration of the commercial impact it would have had in a private sector arrangement.

10.9.8 One of the big risks with this option is that the time taken to consider this could eat very significantly into the time available for the whole project given that the current arrangements are due to end in September 2013 if the approach were taken to explore this option and then undertake the further assessments sequentially. In this scenario, if the decision is taken to go down the public-public route without any competition (assuming the Teckal test is passed), then it may be possible to approach other local authorities to identify any potential interest in a joint service provision, followed by a period of pre-collaboration discussions and a feasibility study. It is estimated that this initial phase (up to the completion of the feasibility study) would take approximately 12 months. This would then leave insufficient time to carry out a Competitive Dialogue process should the feasibility study produce a negative outcome.

10.9.9 As discussed earlier, if the Teckal test is not passed, or the decision is taken to run this alongside a Competitive Dialogue process (either with or without an in-house bid), then there is a big risk that it could potentially deter many (if not all) of the potential bidders who would be disinclined to put in the time and resources needed to develop their bids when there is the likelihood that the authority will eventually decide to take the public-public collaboration option instead. They are likely to be very wary of the authority simply taking their ideas and using them in a public-public collaboration exercise.

10.9.10 There would also be the need to share current service levels, costs, systems, etc. with potential partners, which could be considered as a breach of contract with current suppliers where existing commercial arrangements are in place.

10.9.11 Key Tasks/Timescales

10.9.12 In order to expedite what is essentially an almost unmanageable timescale and without delaying overall timescales, an alternative, informal soft test exercise has been undertaken to provide some information in advance of any decision. As part of this exercise another local authority has been approached to provide a without prejudice assessment of the potential costs of delivering the ICT provision for the authority. This was undertaken utilising the specifications for ICT which previous bidders has submitted costs against. This was to ensure that there was a reasonable assessment of value for money and for procurement benchmarking processes only. The information provided is commercial in confidence and not for disclosure but does provide HBC with an indication of the likely level of costs and/or potential savings that could be expected and therefore provide an answer to the value for money concern.

10.9.13 The results of this exercise have shown that the submission from the other local authority for the provision of ICT services is approximately 15% more than the submissions received for ICT through the previous procurement exercise which appears to be mainly through the increased buying power of the private sector bidders.

11. FINANCIAL CONSIDERATIONS

11.1 The previous procurement exercise had identified significant savings over the life of the contract to the benefit of the Medium Term Financial Strategy. These saving would have provided a significant contribution towards the 2012/13 budget and increased ongoing savings in the remaining two years of the MTFS (i.e. 2013/14 and 2014/15). The savings would also have significantly exceeded the one-off costs associated with the proposed ICT / Revenues and Benefits Contract. One-off funding had been identified to fund these one-off costs, which would have maximised the annual savings which could have been taken towards the MTFS. An element of the available one-off funding has been allocated to offset the loss of the saving from the proposed ICT / Revenues and Benefits contract and also to fund the removal

of the denominational transport saving in 2012/13. The uncommitted one off funding of £0.545m has been transferred to the General Fund Reserve.

11.2 The exercise to be undertaken as a result of any decision taken from this report will not deliver savings until October 2013 at the earliest.

11.3 The report identifies the potential costs for the potential routes that may be considered following the decision by Council. In determining these, account has been taken of where internal resources can be utilised to minimise cost.

11.4 In summary the costs of the various procurement options are identified below:

Option 1 – Private Sector Competition plus In-House Bid	£265,000
Option 2 – Private Sector Competition Only	£130,000

11.5 The costs of undertaking this procurement (in the form that is ultimately determined) are not part of the budget and policy framework and will require agreement by Council. It is recommended that these costs are funded from the uncommitted resources of £0.545m transferred to the General Fund Reserves after taking into account £50K Managed Revenue Underspend which has been earmarked to contribute to this).

11.6 In addition, as indicated in the previous paragraphs a potential saving from just looking at ICT will not be achieved until October 2013 at the earliest. Members will need to determine if the impact of the delay in achieving this saving is managed by making additional cuts in other services, which in the medium term is the most financially sustainable approach given the scale of ongoing budget shortfalls in 2013/14 and beyond.

11.7 Alternatively, Members may determine to utilise all, or part of the net uncommitted resources transferred to the General Fund reserves (and not needed for unbudgeted procurement costs detailed in paragraph 10.4) to provide temporary support to the budget in 2013/14 pending the full year ICT saving being achieved in 2014/15. In practice it is anticipated that the full value of uncommitted one-off resources not needed for one of procurement costs of £0.280m will be needed to offset a partial year saving from ICT, as this amount is a prudent estimate of the likely part year ICT saving which should be achievable.

11.8 At this stage it would be prudent to seek full Council approval to allocate the £0.545m transferred into the General Fund to cover one-off procurement costs of up to £0.215m and also full Council in principle approval that the residual balance of £0.330m be earmarked as temporary support for the budget in 2013/14 pending the full year ICT saving being achieved in 2014/15. The 'in principle' decision will then be ratified as part of the formal budget setting report in February 2013 to enable full Council to consider this issue in the context of the Councils overall financial position and the budget cuts which will need to be made in 2013/14.

11.9 If these proposals are adopted then these and the previous decisions made by full Council will fully commit the whole of the one-off resources previously

identified of £1 million for one-off costs of awarding an ICT / Revenues and Benefits contract. At this stage it is hoped that the new arrangements for ICT will provide an ongoing saving towards the MTFS budgets deficits, although the value of these savings is not yet known.

12. LEGAL CONSIDERATIONS

- 12.1 It is vitally important that in embarking on the planned exercise which is encompassed by this report, that the approach which is taken is designed to ensure that the objectives of the authority, however they are defined, are maximised; that the process is clear, unambiguous and transparent; that the basis for the evaluation of any bids is fair and equitable and in doing each of these things that any risk to the authority of legal challenge is minimised and mitigated as far as is practicably possible.
- 12.2 The recommendations and information included in this report are the professional advice of a range of senior officers, take account of external expertise in the procurement of large scale, complex ICT contracts and reflect the views of the Section 151 officer as to the issues, costs and implications of the matters being considered and in dealing with these issues, the practical arrangements that will need to be put in place to undertake them in an effective manner and the costs of doing this.

13. STAFF ISSUES

- 13.1 This report does not identify any of the potential staffing and or TUPE issues that may be applicable to the various options that are available to the authority at this stage. Any staffing implications or issues will be managed in line with either legislative requirements and or the policies of the council in respect of these matters.

14. SUMMARY

- 14.1 The decision of Council in respect of ICT and Revenues and Benefits requires the consideration of a range of issues and decisions in respect of the appropriate route and to provide officers with a clear decision upon which to proceed in a timely manner to ensure that suitable arrangements can be put in place.
- 14.2 The objectives set at the outset of the previous procurement exercise require reconsideration as not all of the originally determined objectives are valid for all of the potential options and instil unnecessary and impractical risk into the process and the evaluation of any subsequent bids.
- 14.3 The need to ensure that the process undertaken is fair, equitable and demonstrably open and balanced is key in determining any way forward as any potential lack of objectivity on the part of the Council will increase either the risk of a lack of engagement of the private sector and / or legal challenge on their part of the process undertaken by the authority.

- 14.4 There are a range of options which may be pursued which bring with them a range of different benefits, risks and costs. These can be managed as part of a procurement process but they are included in this report to ensure that members have a clear view of the advice of officers and that received from external advisors.
- 14.5 The procurement timescales, especially if allied to exploring and managing this in respect of a number of options, are tight and whilst these can be managed they do require clear and early decisions on the overall objectives, the options and procurement route and the funding to deliver these.
- 14.6 As with any such exercise following more than one route will bring with it increasing complexity and in the case of the procurement of the services that are being considered as part of this report in some cases increased costs. The value of the services being considered as part of this report are considerable and their potential impact on the authority if not procured and then delivered effectively is significant. It is on this basis that the information included in this report is considerable and detailed.

15. CONCLUSIONS

- 15.1 After consideration of the detailed information provided in the previous sections of this report, Members need to determine a concise set of objectives for this exercise in the light of the fact that to ensure equality and equity in evaluation that these should be capable of delivery across the model of delivery determined. Members also need to appreciate and accept the risks attached to the various options and agree on the route to be followed, taking into account the risks, timescales and costs associated with any decision taken.
- 15.2 The position is that the authority is now in a situation where to do nothing is not an option. The current ICT support arrangement ends on 30th September 2013 so it is essential that any new arrangements are in place from that date. It is essential, therefore, that a decision is made in June 2012 to allow sufficient time for this decision to be implemented effectively, whilst minimising any risks and being in a position to maintain an effective ICT service which provides a managed and cost effective solution delivering savings to the Councils core budget.
- 15.3 It is also important to note that whatever decision is taken, there are constraints in terms of timescales, resources and costs. Each of the options will require a great deal of time and resources (both internal and external to the authority), and there will be some up-front costs that will need to be budgeted for.
- 15.4 The options covered earlier give detail in relation to the 3 main options open to the authority, namely in-house provision, further private sector provision, and collaboration with another public body/bodies. In order to expedite the situation an informal soft testing / cost benchmarking exercise has been undertaken to determine what the potential cost options and benefits could be for a public/public delivery model.

- 15.5 If the decision is taken to only follow the private sector option, then it is recommended that a Competitive Dialogue process is undertaken, as this will attract the widest possible number of bidders and enable the requirements to be developed in conjunction with the bidders during the process. It is less restrictive than other processes and will put the authority in the best possible position to get the service it requires at the most competitive price.

15.6 OBJECTIVES

- 15.6.1 The decision by Council calls for the investigation of all available options in respect of ICT but makes specific reference to the development of an in house option and continuing some form of outsourced provision.

- 15.6.2 As part of the plans and programme the authority needs to put in place for the 2013/14 budget and beyond, the Revenues and Benefits functions will be considered in line with the corporate arrangements applying to other services for achieving savings. Any proposal will therefore be reported as part of the normal budget process.

- 15.6.3 The objectives within the previous procurement were established to ensure that maximum benefit could be derived for the local authority and the local economy. They covered:

- Base in Hartlepool
- Retain and Grow Jobs
- Local Economic Benefits
- Enhanced TUPE protection for staff
- Maintain and improve services
- Achieve savings
- Scalability in terms of services and expansion to other local authorities

- 15.6.4 It is not feasible to maintain the comprehensive scope of the last procurement (beyond the provision of services and savings) if the options identified by Council are maintained.

- 15.6.5 Assessment, aligning contractual and service delivery alongside the delivery models and their potential has identified that there are a number of options for the procurement of the services.

- In-house, outsourced arrangements and public/public with the objectives based upon
 - Maintain and improve services
 - Achieve savings
- In-house and outsourced arrangements with the objectives based upon
 - A base in Hartlepool
 - Maintain and improve services
 - Achieve savings
- Outsourced arrangements with the objectives based upon

- A base in Hartlepool
- Retain and grow jobs
- Local Economic benefits
- Maintain and improve services
- Achieve savings
- Scalability in terms of services and expansion to other Local Authorities

15.6.6 On the basis of the considerations to date, and the primary requirement to safeguard the authority from legal challenge it is not considered feasible to undertake any such assessment / bid process on the same basis as the last exercise including retention and growth of jobs local economic benefits and scalability across all models. This means that a significant number of the benefits secured as part of the last tendering exercise will not be capable of delivery if this approach is undertaken.

15.6.7 The first decision required, therefore is to agree that the objectives of the exercise are either:

- Maintaining and improving services and achieving savings (only possible through in-house, outsourced or public-public options); or
- Maintaining and improving services, achieving savings and maintaining a base in Hartlepool (only possible through in-house or outsourced options).

15.7 “PROCUREMENT” OPTIONS / RISKS

15.7.1 As detailed earlier in the report, there are a number of options for procurement of these services, each of which carries different risks, costs and timescales.

15.7.2 Option 1 would be to develop an in-house bid to be submitted alongside private sector bids using the Competitive Dialogue process. This is estimated to cost £135,000 to develop the bid plus £130,000 as for Option 2 (below) giving a total of £265,000 plus internal resources, with estimated timescales of 16 months. One of the main risks with this option is that potential bidders would be even less likely to submit bids were they to view the in-house option as the likely outcome. A further major risk is that any in-house bid would have to be largely developed by external advisors (supported by in house staff) but would then become the responsibility of the authority to deliver were it to be successful during the Competitive Dialogue process. These risks could be mitigated against by being completely open about the requirements and evaluation process, reassuring potential bidders that the in-house bid team is separate from the evaluation team and ensuring a robust evaluation to ensure that the in-house bid is capable of being delivered against should it be successful.

15.7.2 Option 2 would be to carry out a Private sector competition using a Competitive Dialogue process, with estimated costs of £130,000 plus internal resources and estimated timescales of 15 months. The most significant risks associated with this route are that potential suppliers will not be willing to put

in the time and resources needed to bid for the contract, and that there could be insufficient time to carry out the exercise before the current arrangements expire in September 2013. These risks can be mitigated against by making a decision as early as possible to allow sufficient time, ensuring resources are made available to focus on the exercise and being clear about HBC plans to convince potential bidders that this is a serious competitive process which will be properly and openly managed.

15.7.3 Option 3 encompasses considering the potential for a Public Public Partnership for the provision of ICT services. In considering this, and as outlined previously a cost benchmarking exercise utilising the previously developed ICT specifications has been undertaken on a without Prejudice basis. This was to understand the potential costs of another public sector / local authority body providing the services to the authority. This has demonstrated that the costs provided against the specification utilised previously (to enable a test of value for money to be determined) are approximately 15% more than those received by external bidders through the last procurement exercise which appears to be mainly due to the increased buying power of the private sector bidders.

15.8 TIMESCALES AND COSTS

15.8.1 Options 1 (estimated to cost £265,000 plus internal resources) or 2 (estimated to cost £130,000 plus internal resources) above would be expected to take a 15 to 16 months to reach a successful conclusion.

15.8.2 It is not recommended that Option 3 be progressed as a result of the cost benchmarking exercise which has been undertaken.

15.9 OFFICER ADVICE

15.9.1 It is important in an exercise of this scale, complexity and importance to the authority that the advice of officers is considered in taking any decision. The report is the summary of significant work which has been undertaken since the Council decision. It is the best advice of officers that:

- based on the decision of Council members required officers to explore, as part of a procurement exercise for ICT services, an in house option and private sector provision. This report has been prepared on that basis and to meet these requirements.
- If a private sector only route is undertaken then it is possible to use the same objectives (or a variation upon them) as the last procurement. This would mean that it would be possible to incorporate, as was the case last time, the requirements for job creation, local economic benefits or a scalable base for the delivery of services and the benefits that may be derived from these.
- If it was determined to follow an in-house and private sector route then this will mean that it is not possible utilise the same objectives as the last procurement and it will not be possible to incorporate, as was the case last time, the requirements for job creation, local economic benefits or a

scalable base for the delivery of services and the benefits that may be derived from these.

- The timescales available for undertaking this exercise are very limited and therefore a clear decision to proceed and the basis upon which to proceed is required before the end of July to enable the programme of work to be completed by September 2013.
- There will be no clear demonstration of either value for money or service provision if the current arrangements are essentially allowed to wind down to contract completion. The critical importance of these services and their cost to the authority requires clear demonstration of value for money and effective ongoing provision.
- The ultimate delivery model and the evaluation of any options must incorporate not just the initial costs of the delivery of any service but requirements around capital and infrastructure upkeep and the refreshing of technology on an ongoing basis. Dependant upon the model this cost may fall directly to the authority.
- There will be no clear demonstration or test of value for money if the decision is taken to only develop an in house bid and this is not recommended.
- If a private sector only route is taken and there is competition within this then this can provide a demonstration of value for money.
- If an in house bid is to be pursued this cannot be undertaken without there being a private sector bidding process and bid comparators to determine and demonstrate value for money.
- If an in house bid is to be pursued then external resources as identified in the report are required to ensure the bid is suitably robust given the risk to the authority.
- To explore all available options is not entirely feasible and the report has focussed on the three main available options in the light of the decision by Council.
- To continue to aim to explore all available options as part of this exercise is adding a significant degree of complexity to the programme due to procurement and transparency requirements and the need for officers to protect the legal position of the Council. The arrangements included in this report do however manage to do this.
- A competitive exercise should be undertaken to ensure value for money.
- The Competitive Dialogue process should be followed – either with or without in-house bid as part of the process as in the timescales available this offers the most robust options for the services.
- The exercise cannot be undertaken effectively without additional resources as identified in the report.
- If an in house bid is delivered it must be developed by a team, as outlined in the report, which is kept entirely separate from the evaluation team, any failure to do this will leave the authority open to legal challenge and will deter the market from bidding with there therefore being no clear test of value for money.
- The current contract requirements in place with the incumbent supplier in respect of notification of change for the end of the contract will need to be renegotiated.

- Based on the informal exercise undertaken in respect of the public-public collaboration it is not recommended to pursue this route on value for money grounds.

15.9.2 As indicated in the previous sections of the report and summarised above there are significant complexities and risks around exploring multiple options for ICT at the same time. These issues could impact on the ability to deliver an effective ICT service when the existing contract ends and the opportunity to achieve savings at least equal to those which would have been delivered from the previously proposed ICT / Revenues and Benefits procurement. There are also significant one-off costs of exploring multiple options for ICT.

15.9.3 Based on an assessment of these risks, work undertaken to date and costs it is officers best professional advice that the Council should only pursue the option of a new private sector contract for the provision of ICT, as this option provides the safest and most robust route for the continued delivery ICT, maximises the opportunity for future technology benefits and secures contractually enforceable savings. This report includes the initial exploration of the available options and the professional advice of officers in pursuing these.

15.9.4 If Members accept this advice they then need to determine the scope of the contract as this will impact on the level of savings achievable. This issue is a policy decision, although officers would advise Members excluding certain aspects from the scope of the contract would increase the savings which can be achieved.

15.9.5 The timescales attached to this exercise are complex and will be difficult to achieve. On this basis a decision is required by Cabinet no later than the end of July and then Council (in respect of the funding required) if the procurement exercise is to be effectively delivered, the position of the authority not compromised and any potential transition arrangements effectively managed.

16. DECISIONS REQUIRED

16.1 Cabinet are recommended to:

- Consider the views of Scrutiny as a result of the referral from the Cabinet meeting on 11th June 2012
- Note the investigations and information which has been undertaken in respect of the decision of council on 23rd February 2012.
- Note the results of the informal assessment of the potential for a Public / Public arrangement and the implications of this identified in the report.
- Determine whether the scope of the competitive dialogue should be
 - In house and Private Sector
 - Private sector only
 - In house, private sector and Public / public
- Determine the objectives of the procurement – either:
 - Objective Scope 1 - Maintaining and improving services and achieving savings (only possible through in-house, outsourced or public-public options); or

- Objective Scope 2 - Maintaining and improving services, achieving savings and maintaining a base in Hartlepool (only possible through in-house or outsourced options).
- Notwithstanding the objectives of the procurement identified above agree to the implementation of a competitive dialogue process.
- Agree to seek full Council approval to allocate up to £0.215m from the uncommitted backed-dated Job Evaluation Appeal reserves (i.e. the resources not needed to replace the loss of the ICT / Revenues and Benefits and the removal of the Denominational Transport savings in 2012/13 and net of the £50K managed revenue underspend which has been earmarked to contribute to this) of £0.545m transferred to the General Fund Reserves to fund the up-front costs associated with this
 - £265,000 if a competitive dialogue process is undertaken for the private sector with an associated in house bid
 - £130,000 if a competitive dialogue process is undertaken for the private sector only
- Agree to seek full Council approval to allocate the remaining balance of the resources transferred to the General Fund Reserves from the uncommitted backed-dated Job Evaluation Appeal reserves of £0.330 on an 'in principle' basis to provide temporary support for the budget in 2013/14 pending the full year ICT saving being achieved in 2014/15. The 'in principle' decision will then be ratified as part of the formal budget setting report in February 2013 to enable full Council to consider this issue in the context of the Council's overall financial position and the budget cuts which will need to be made in 2013/14.
- Agree that the Assistant Chief Executive be authorised to conduct negotiations with the current supplier in relation to the revision of timescales for re-tendering in relation to the current contractually agreed dates.
- Agree to receive the results of the exercise once completed.

17. BACKGROUND PAPERS

Cabinet reports of:

24th January 2011, Strategy for bridging the budget deficit 2012/13.

7th February 2011, Strategy for bridging the budget deficit 2012/13

8th April 2011, Strategy for bridging the budget deficit 2012/13 – ICT and Revenues and Benefits

23rd May 2011, Strategy for bridging the budget deficit 2012/13 – ICT and Revenues and Benefits

20th June 2011, Call in of Decision, Strategy for bridging the budget deficit 2012/13 – ICT and Revenues and Benefits

19th December 2011, Strategy for Bridging the Budget Deficit 2012/13 ICT, Revenues & Benefits Services

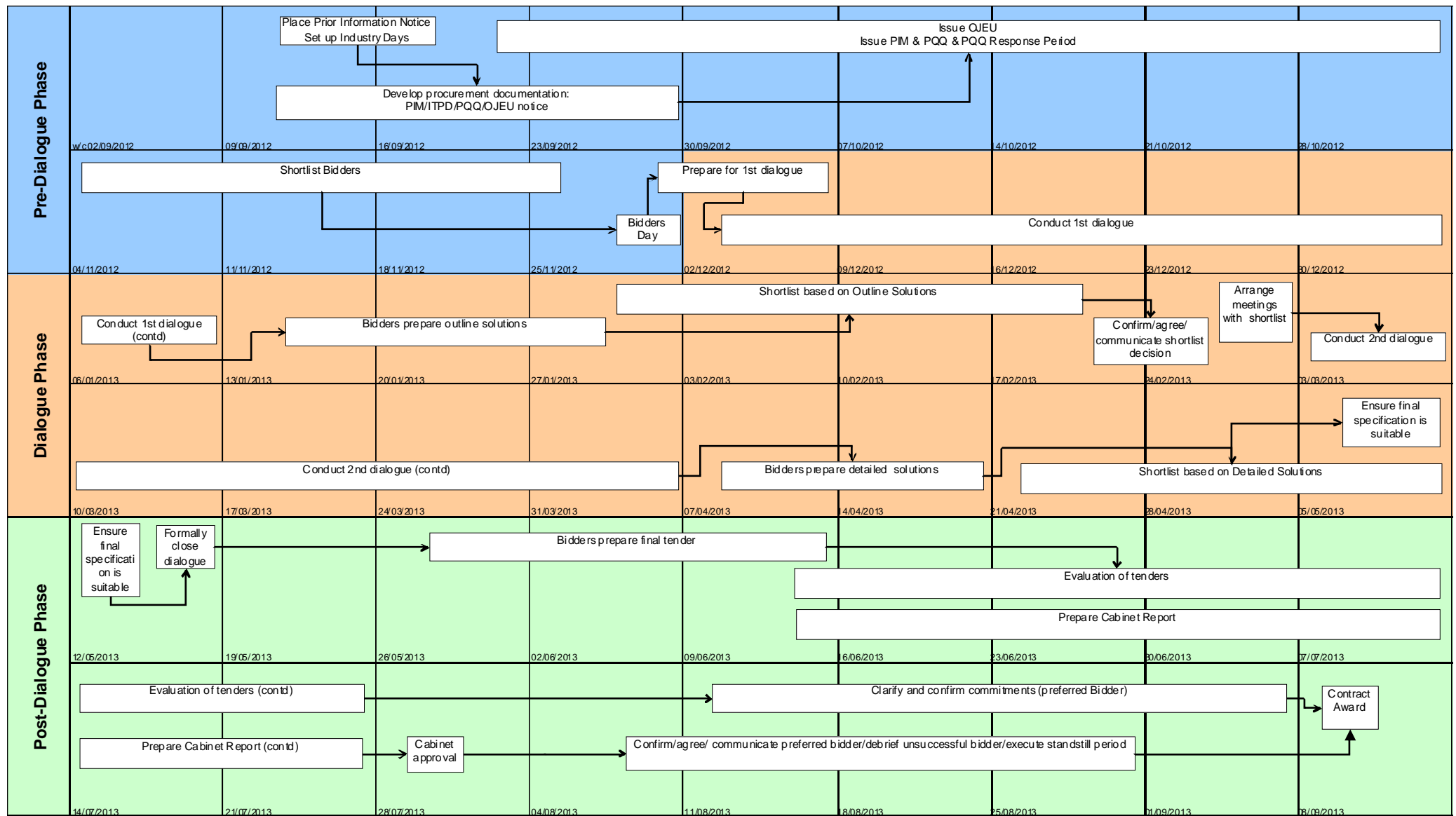
11th June 2012, Medium Term Financial Strategy – ICT Services

18. CONTACT OFFICERS

Andrew Atkin, Assistant Chief Executive

Chris Little, Chief Finance Officer

Graham Frankland, Assistant Director (Resources)



CABINET REPORT

9th July 2012



Report of: Corporate Management Team

Subject: MODELS OF SENIOR MANAGEMENT OFFICER
STRUCTURE FOR THE AUTHORITY

1.0 TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Key Decision Test (i) and (ii) apply. Forward Plan Reference No. CE52/12

2.0 PURPOSE OF REPORT

2.1 The purpose of this report is to set out the options available for members consideration in respect of the future Tier 1 management of the authority

3.0 BACKGROUND

3.1 The post of Chief Executive became vacant in August 2011 and Members subsequently agreed to make a temporary appointment so that full consideration could be given to the options available to the Council.

3.2 The Director of Child & Adult Services was appointed as the Acting Chief Executive. The temporary appointment was offered on the basis of it lasting until a permanent appointment of Chief Executive was made or alternative implemented and was expected to last until 31 March 2012. The arrangements were extended until the end of August 2012 with the agreement of Cabinet on 25th June 2012.

3.3 Backfill arrangements were also agreed with the Child & Adult Services Department to provide necessary cover statutory responsibilities in the absence of the Director and provide sufficient capacity to ensure service delivery.

3.4 Cabinet previously agreed that the Mayor should discuss an appropriate way forward with other Elected Members in the new municipal year. A report was requested by General Purposes Committee setting out three options for consideration relating to the future senior structure of the council. This options report and a supporting report from Corporate Management Team (which are attached to this covering report) were considered by General Purposes Committee on 25th June 2012. Cabinet may wish to consider the information and views from the General Purposes Committee as part of their

deliberations prior to making any recommendations to council regarding the future council senior structure.

4. PROPOSALS

- 4.1 It is proposed that Cabinet consider the attached reports and determine their recommendations to Council

5. RECOMMENDATIONS

- 5.1 Cabinet are recommended to consider the attached reports and determine their recommendations for consideration by Council.

6 APPENDICES AVAILABLE ON REQUEST, IN THE MEMBERS LIBRARY AND ON-LINE

Attached

7. BACKGROUND PAPERS

No background papers have been used in the compilation of this report

8 CONTACT OFFICER

Corporate Management Team

GENERAL PURPOSES COMMITTEE

25th June 2012



Report of: Corporate Management Team

Subject: MODELS OF SENIOR MANAGEMENT OFFICER
STRUCTURE – OPTIONS FOR ASSESSMENT

1. PURPOSE OF REPORT

- 1.1 To set out options for Members consideration in respect of the future Tier 1 management of the Authority.

2. BACKGROUND

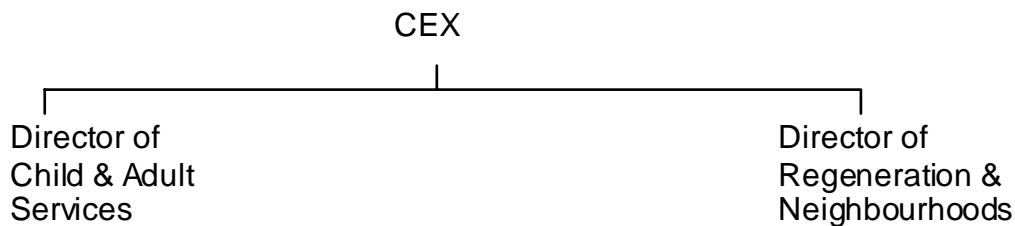
- 2.1 The post of Chief Executive became vacant in August 2011 as a result of the postholder retiring. Members subsequently agreed to make a temporary appointment so that full consideration could be given to the options available to the Council.
- 2.2 The Director of Child & Adult Services was appointed as the Acting Chief Executive. The temporary appointment was offered on the basis of it lasting until a permanent appointment of Chief Executive was made or alternative implemented and was expected to last until 31 March 2012. The arrangements were extended until 30 June 2012 as reported to Council on 12th April 2012 and a further extension, until full consideration of the options available are completed and a permanent appointment or alternative implemented, has been proposed to Cabinet at its meeting earlier today. Cabinet Members have also been briefed on this report.
- 2.3 Backfill arrangements were also agreed within the Child & Adult Services Department to provide necessary cover of statutory responsibilities in the absence of the Director and provide sufficient capacity to ensure service delivery. For clarity no increments are to be paid. The payments are also not pensionable. These arrangements are a departure from the Council's normal employment arrangements and reflect the specific arrangements of these temporary arrangements.
- 2.4 As reported to Council in October these arrangements delivered a saving in 2011/12 of £76,848 which has gone to part-fund Member's Ward budgets. There is an ongoing monthly saving from April of this year of £10,483. Council has agreed that they will determine how this saving will be spent.

- 2.5 A report was requested by the General Purposes Committee focusing on three options for the Chief Executive replacement. Members requested that the options were to be presented and described in a purely factual and balanced way by the Corporate Management Team. The options members of the General Purposes Committee identified that they would want to consider in detail are outlined below:

- Appointment of permanent Chief Executive
- Directorship model
- Sharing a Chief Executive

3. CURRENT SENIOR OFFICER STRUCTURE

- 3.1 The current officer structure consisting of three departments with two Directors was implemented in September 2009 and functional responsibility has remained broadly the same since then. There are currently sixteen posts on JNC terms and conditions for Chief Officers and one on JNC terms and conditions for Chief Executives.



- 3.2 There are six statutory roles to which the Council must appoint which are outlined in the following paragraphs.

4. HEAD OF PAID SERVICE

- 4.1 The Council has a statutory duty under Section 4 of the Local Government and Housing Act 1989 to designate one of its officers as the Head of Paid Service. The Council's Constitution currently designates the Chief Executive as the Head of Paid Service. It can, however be discharged by an appropriate officer, other than the Monitoring Officer.
- 4.2 The main statutory provisions are that the Local Authority shall provide the Head of Paid Service with such staff, accommodation and other resources as he/she believes is sufficient to allow his/her duties to be performed. This is done by reports to the Authority setting out proposals with regard to the way in which the Council's different functions will be discharged and co-ordinated, the number and grades of staff required by the Authority for the discharge of functions, the organisation of the Authority's staff; and the appointment and proper management of the Authority's staff.

5. MONITORING OFFICER

- 5.1 The Local Government and Housing Act 1989 requires Local Authorities to appoint an officer to provide advice and guidance on the scope of the powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all Councillors and the Elected Mayor. The Monitoring Officer maintains the Constitution, ensures lawfulness and fairness of decision-making, supports the Standards Committee, receives reports and conducts investigations regarding ethical standards and ensure proper access to information.

6. SECTION 151 OFFICER

- 6.1 Section 151 of the Local Government Act 1972 requires Local Authorities to make arrangements for the proper administration of their financial affairs and appoint a Chief Financial Officer to have responsibility for those arrangements. In broad terms the responsibilities of the CFO are to provide financial information and advice to the Authority and officers to enable robust decisions to be made and to ensure financial plans are robust and sustainable. The detailed roles and responsibilities of a Local Authority CFO are set out in legislation
- 6.2 The CFO should be a professionally qualified accountant, and be a member of the leadership team, with a status at least equivalent to other members of this leadership team.

7. DIRECTOR OF CHILDREN'S SERVICES

- 7.1 Government guidance, to which the Council must have due regard, states that this post should report directly to the Chief Executive, who in turn reports to the Council on the performance of its officers. If the decision is to go to a Director model then accountability and responsibility of the DCS to assure the Head of Paid Service for instance and through him/her, the Members of the Authority that he/she is fulfilling their statutory safeguarding responsibilities, would require a change in the contract of employment of the DCS.
- 7.2 Section 18 of the Children Act 2004 requires every top tier Local Authority to appoint a Director of Children's Services. The DCS has professional responsibility for the leadership, strategy and effectiveness of Local Authority children's services and, as such, this post should be at first tier officer level. The DCS is responsible for securing the provision of services which address the needs of all children and young people, including the most disadvantaged and vulnerable, and their families and carers. In discharging these responsibilities, the DCS will work closely with other local partners to improve the outcome and well-being of children and young people..

8. DIRECTOR OF ADULT SOCIAL CARE

- 8.1 Government guidance, to which the Council must have due regard, suggests that this posts should report directly to the Chief Executive, who in turn reports to the Council on the performance of its officers. If the decision is to go to a Director model than the accountability and responsibility of the DASS to assure the Head of Paid Service for instance and, through him/her, the Members of the Authority, that he/she is fulfilling their statutory safeguarding responsibilities, would require a change in the contract of employment of the DASS. The local authority has to ensure that the Director of Adult Social Services is made accountable for the delivery of local authority social services functions listed in Schedule 1 of the Local Authority Social Services Act 1970 (as amended), other than those for which the Director of Children's services is responsible, in respect of adults.
- 8.2 Local Authorities shall ensure that the DASS is directly accountable to the Chief Executive of the Local Authority and comparable, in terms of seniority, with the Director of Children's Services.

9. DIRECTOR OF PUBLIC HEALTH

- 9.1 As Members are aware the Council recently appointed to the statutory position of Director of Public Health. The post-holder will have responsibility for the Council's new public health functions from April 2013.
- 9.2 This is a statutory function and the legislation governing the creation of the post also refers to the post reporting directly to the Chief Executive and having equal status as other Directors.

10. THE ROLE OF THE CHIEF EXECUTIVE

- 10.1 Chief Executives in local government have traditionally provided a leadership role and carried management responsibilities for the Council's workforce and the statutory function of Head of Paid Service. The current role of the Chief Executive in Hartlepool Borough Council is set out in the job description attached as **Appendix 1**. The Council's constitution sets out the delegated authority's to the Chief Executive.
- 10.2 Additionally the Chief Executive undertakes other duties and responsibilities not explicitly covered in written documents. Such duties and responsibilities include senior policy advisor to the Council and:
- civic responsibilities representing HBC at events and ceremonies
 - campaigning and lobbying at regional, national and international level to protect interests or influence decisions and outcomes which may impact on the Council and the town of Hartlepool;
 - participating in external groups and bodies to enhance the profile of the Council and Hartlepool town and increase the understanding of anything which might impact on the Council or the town.
 - line management of senior officers to ensure effective planning and performance,

- responsibility for the effective interchange and working relationships between elected members and officers, especially joint working between Cabinet, CMT, Scrutiny etc.
- leadership and responsibility for the broader staff group e.g. management style and culture, protect and enhance the health, safety and wellbeing of employees, etc.

10.3 The Chief Executive role in Hartlepool also has departmental management responsibilities. The department has four separate divisions of

- Corporate strategy
- Finance
- Customer and workforce service
- Legal.

11. CONSIDERATION OF OPTIONS

- 11.1 This report has been prepared by CMT members in their professional capacity to provide three options. Members are requested to consider the information provided in the report and determine how they might wish undertake some form of evaluation.
- 11.2 CMT members are employees and potentially may be impacted if any of the options in this report, or other options subsequently considered, are progressed and therefore reserve the right to make personal comments during any consultation exercise which may be undertaken.
- 11.3 It is suggested that Elected Members consider obtaining independent HR advice before making final decisions with regard to implementing changes which impact on the employment contracts of CMT members.

OPTION 1

APPOINTMENT OF PERMANENT CHIEF EXECUTIVE

12. DEFINITION OF THE MODEL

- 12.1 The Council has a job description, person specification and grading structure for the post of Chief Executive. The Council's constitution also sets out in more detail the role and delegated responsibilities of the Chief Executive.
- 12.2 The Council's constitution sets out how the Chief Executive should be appointed

13. STRUCTURE CHART

- 13.1 There would be no requirement to amend the remainder of the chief officer structure or to undertake any staff consultation in order to implement this option unless the post was varied in such a way that impacted upon other chief officer posts.

14. FINANCIAL IMPLICATIONS

- 14.1 The staffing costs associated with this option are based upon the current grading for the Chief Executive post which is a three point grade of £158,000, £163,000 and £168,000 p.a. plus employers on-costs which is included in base budgets.

15. TIMESCALES

- 15.1 The timescales for implementing this option would be subject to any Council decision to appoint internally or go to external recruitment.
- 15.2 An internal appointment would require the Council to select an appointments panel, interview and appoint to the post. If this route is followed then this process will take approximately two to four weeks from the next Council meeting which is scheduled for 2nd August 2012. If it was decided to go to external recruitment then it is estimated that the recruitment and appointment process will take three to four months with a successful external candidate having to work three months notice from appointment. This will mean a new Chief Executive in post in February / March 2013.

OPTION 2

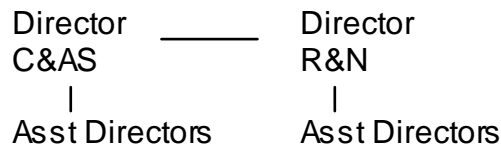
DIRECTORSHIP MODELS

16. DEFINITION OF THE MODEL

- 16.1 There are at least three possible variations within this arrangement.
- A) The role of Chief Executive is removed from the establishment. The salary is shown as a saving. Chief Executive duties and responsibilities are allocated to current Director posts in addition to their current duties and responsibilities.
 - B) The role of Chief Executive is removed from the establishment. The salary is shown as a saving. Chief Executive duties and responsibilities are allocated to current Director posts including the Director of Public Health in addition to their current duties and responsibilities.
 - C) A new post of Director of Resources is established to take line management responsibility for all services currently within the Chief Executive's Department.

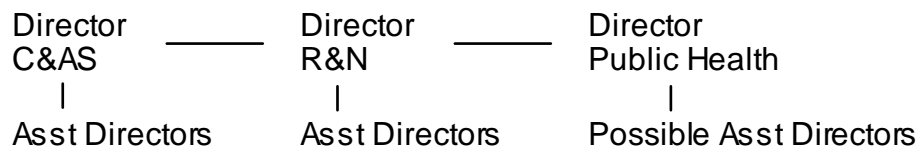
17. STRUCTURE CHARTS AND HOW THE DIRECTOR MODEL MIGHT FUNCTION

A)



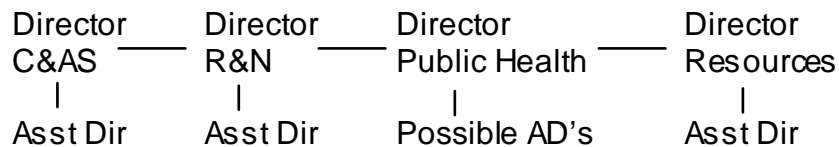
- 17.1 This option requires decisions to be made as to how the corporate services currently with the Chief Executive's Department would be reallocated. Consideration would need to be given to the location and reporting lines for the statutory officer roles. Consideration would need to be given to how the statutory function of the Head of Paid Service would be carried out.

B)



- 17.2 This option also requires decisions to be made as to how the corporate services currently with the Chief Executive's Department would be reallocated with the additional option of allocating responsibilities across three Director posts. Consideration would need to be given to how the statutory function of the Head of Paid Service would be carried out. Consideration would need to be given to the location and reporting lines for the statutory officer roles.

C)



- 17.3 This option would resolve the issue of line management responsibility for corporate services without adding to the responsibilities of current Director roles. However the reporting lines for the statutory officer roles would still need to be determined.

18. FINANCIAL IMPLICATIONS

- 18.1 **A & B)** The maximum savings achievable from deleting the post of Chief Executive would be £168,000 p.a. plus employer on-costs. There may potentially be costs associated with allocating additional responsibilities to Directors and a need to review the grading of Directors.
- 18.2 **C)** The savings accruing from the deletion of the Chief Executive post would be off-set by the establishment of a new Director post at an

assumed maximum cost of £130,000 per annum plus employer on-costs.

- 18.3 This additional cost could be offset by the deletion of a current Chief Officer post depending upon any proposed structure which might sit below the new Director post and any implementation arrangements. This is estimated to be in the region of £82,000 p.a. plus employer on-costs.
- 18.4 It can be seen that each option outlined will achieve approximately the same saving.
- 18.5 There may be additional implementation costs arising from commissioning independent advice which could range from £500 - £1200 per day depending on the scope of the work commissioned

19. STATUTORY POSITION

- 19.1 There is no legal requirement for the Council to retain a Chief Executive post provided that it ensures that the legal duties and governance obligations that were previously designated to the Chief Executive are properly assigned and undertaken elsewhere. This includes the Head of Paid Service role and duties.
- 19.2 The various statutory and non-statutory duties outlined in the Chief Executive's job description would need to be reallocated to members of CMT. Such reallocation would need to be undertaken in advance of any decision so that necessary re-evaluations can be undertaken and postholders effectively consulted.

20. TIMESCALES

- 20.1 The timescales for implementing this option would be subject to any Member decision to consider the deletion of the post of the Chief Executive and proposals to amend the structure of posts at Director level and below, as appropriate. Such proposals would be subject to consultation with staff and their Trade Unions representatives and also the commissioning of external advice on the proposed structure and relevant grading. The outcome of staff consultations would require formal consideration and decision-making by Cabinet under the constitution and to make final decisions which are implementable.
- 20.2 A period of implementation would be required together with consideration of any appeals.

21. STAFFING IMPLICATIONS

- 21.1 All postholders at Director level would need to be consulted on proposals together with any other chief officers potential impacted upon e.g. because of a change in reporting lines i.e. Chief Officers currently in the Chief Executive's Department, because their line manager has new responsibilities i.e. Assistant Directors in service department, etc.
- 21.2 The actual implications would depend upon the response of substantive postholders to the consultation exercise. For example if welcomed and supported, implementation could be achieved relatively quickly and smoothly. If resisted/objected to, consultations would need to be well managed to achieve a satisfactory outcome. External support may be required for this depending upon whether sufficiently senior and experienced HR resources were available in-house.

22. POSSIBLE IMPLICATIONS

- 22.1 Removing the Chief Executive post from the structure and reallocating duties and responsibilities to Directors could limit the Council's ability to:
- enter into any collaborative arrangement with another local authority
 - be seen as an equal in terms of external partners and arrangements
 - establish the role of Chief Executive in the future as the removal of duties and responsibilities may impact:

OPTION 3

SHARING A CHIEF EXECUTIVE

23. DEFINITION OF THE MODEL

- 23.1 There are again at least three variations on this model.
- A) A Chief Executive employed by another organisation would be identified and approved by the Council as the Council's shared Chief Executive and undertake the required role. Costs would be shared and arrangements agreed under contract.
 - B) The Council and another organisation would jointly advertise and appoint to a joint Chief Executive with one organisation taking host employer responsibilities for the postholder.
 - C) The Council would appoint a Chief Executive with a view to subsequently sharing the postholder with another local authority if a suitable partnering organisation was identified.

24. STRUCTURE CHART

- 24.1 The structure chart would be as set out under Option 1 although the post would in effect be 0.5 full-time equivalent (FTE).

25. FINANCIAL IMPLICATIONS

- 25.1 Savings would accrue from sharing a Chief Executive with another organisation. The amount of savings would depend upon the current terms and conditions of the shared postholder under their current or any revised terms and conditions with their current employer. Assuming a 50% share of a postholder on equivalent terms and conditions as the current Chief Executive post this would result in savings of approximately £84,000 p.a. at the maximum of the grade plus employer on-costs.
- 25.2 There would be no significant changes required to the constitution / delegations.

26. TIMESCALES

- 26.1 Time would be required to identify potential organisations and their Chief Executives which might be considered suitable for and willing to share posts or organisations that might consider jointly recruiting a chief executive if their post was also vacant.
- 26.2 Informal approaches and formal discussions / negotiations would need to be undertaken. The experiences of other organisations would suggest that this needs to be detailed and extensive and has no guarantee of success.

27. POSSIBLE IMPLICATIONS

- 27.1 A joint chief executive would enhance the potential for further partnering between the two organisations and potentially with others subject to agreement being reached with another Authority and another Chief Executive.
- 27.2 There is a risk that if the postholder is absent from work or leaves the post both organisations will be unstable for a period of time. This would provide an opportunity for both organisations to reconsider their on-going commitment to the shared arrangements.

28. CONCLUSIONS

- 28.1 If a Director model is chosen CMT will develop further proposals as to how the work of the Chief Executive post could be shared and reallocated across Director posts for Member consideration together with a proposed consultation process for those Officers who would be impacted.

- 28.2 If the choice is a shared Chief Executive, Members would need to identify a suitable organisation to approach with a view to entering into an agreement to share.

29. PROPOSALS

- 29.1 There are three options outlined and Members views are sought.

30. CONCLUSION

- 30.1 Whilst the vast majority of Local Authorities favour the sole Chief Executive model there are examples of a shared Chief Executive and of the Director model.
- 30.2 In respect of a shared Chief Executive then Kensington and Chelsea and Hammersmith and Fulham and Westminster is the often quoted example where three Boroughs share two Chief Executives. This is a fairly new arrangement and is helped by geographical and political proximity.
- 30.3 In respect of a Director model then there are several examples which are all District Councils without responsibility for Child and Adult Services although two County Councils, Wiltshire and Kent have removed the Chief Executive role with shared management responsibility allocated to three Corporate Directors and a joint Director of Public Health in Wiltshire and shared management responsibility allocated to a range of Corporate and non Corporate Directors in Kent.
- 30.4 It is fair to say that how Local Authorities are managed is an ever changing landscape. Some structures are driven by political ideology, conforming to the Government's "view" of the role of Chief Executive, whilst others are genuinely looking to save money by either sharing a Chief Executive or by removing the post altogether.
- 30.5 It is also fair to say that where a post is shared or it has been removed then the evidence of the success of such a decision has yet to be proven and several Authorities have gone back to appointing their own Chief Executive, such as Rochdale / Oldham and Great Yarmouth / South Norfolk Council.
- 30.6 However there is also little evidence to say that any of the "shared" arrangements won't work.
- 30.7 If the Council decide to appoint their own Chief Executive then apart from the appointment process there will be little initial change, although the current economic situation will necessitate a review of senior management in the near future.

- 30.8 If a Director model is chosen CMT will develop further proposals as to how the work of the Chief Executive post could be shared and reallocated across Director posts for Member consideration together with a proposed consultation process for those Officers who would be impacted.
- 30.9 If the choice is a shared Chief Executive, Members would need to identify a suitable organisation to approach with a view to entering into an agreement to share.

31. RECOMMENDATION

- 31.1 Members are requested to consider the three options presented within this report and indicate how they wish to proceed.

32. REASONS FOR RECOMMENDATIONS

- 32.1 It is a Member decision.

33. BACKGROUND PAPERS

- 33.1 List of Authorities who have different models.

34. CONTACT OFFICER

Corporate Management Team



Hartlepool Borough Council Job Description & Person Specification

Job Title: Acting Chief Executive
Reports to: Elected Mayor

Role and Remit

- 1.1 Develop and maintain open and effective relationships with the Elected Mayor and Council Members to ensure the provision of modern and effective democratic arrangements that meet the requirements of government and the people of Hartlepool.
- 1.2 Lead the Corporate Management Team to deliver and monitor the vision, strategic direction and core values of the Council and provide a clear sense of direction, optimism and purpose.
- 1.3 Lead on critical corporate areas of activity, organisation development and council wide issues for the Council linking with whole organisation initiatives which are positive, forward thinking, results orientated, risk aware and customer focused.
- 1.4 Establish and foster working partnerships to promote collaborative working nationally and locally that enhance current and future service delivery and actively promote success and achievements.
- 1.5 Ensure the Council is central to local, sub regional, regional and national initiatives and partnerships, influencing decision making which has an impact on Hartlepool.
- 1.6 Ensure employees feel valued and understand their role in achieving the Council's vision and objectives in a supportive and learning environment which protects and enhances their personal well-being.
- 1.7 Through personal example, open commitment and clear action, value and celebrate the diversity of communities and the organisation and ensure that equalities policies are implemented in both service delivery and employment practices.
- 1.8 Ensure services comply with statutory regulations and the Council's standards of customer care.
- 1.9 Responsible for ensuring the appropriate risk, financial and management arrangements for the authority are in place.

General Purposes Committee – 25.6.12

Undertake the statutory responsibilities of Head of Paid Service under Section 4 of the Local Government and Housing Act 1989.

The work of local government changes and develops continuously, the above functions should not therefore be regarded as immutable.

2. Person Specification

Experience

- 2.1 A proven track record of consistent and demonstrable achievement at a senior management level within an organisation of comparable scope and complexity and with a developed understanding of the issues facing local government.
- 2.2 Experience of successful strategic and corporate management and a proven track record of leading in the formulation and delivery of strategic objectives and policies within a large, multi-disciplined organisation.
- 2.3 A demonstrable track record of leading, motivating and managing multi-disciplinary teams to achieve high performing and significant, sustainable service improvements and outstanding results, through internal and external partnerships.
- 2.4 Experience of developing and sustaining a culture that meets the needs of and engages with customers and staff within a safe, open and high performing working environment.
- 2.5 Evidence of establishing a performance management culture to drive continuous improvement, including service planning, target setting, performance appraisal and the management of diverse staff groups.
- 2.6 Extensive experience and demonstrable success in the generation and management of major organisational and cultural change.
- 2.7 Evidence of success in building and enhancing the reputation of an organisation with external bodies and the media.
- 2.8 A track record of working in and forging successful partnerships with a wide range of internal and external bodies including governmental and non governmental organisations, the private and voluntary sectors to successfully deliver cross sector projects.
- 2.9 A proven track record of working effectively within a political environment, providing clear, balanced advice and guidance on strategic issues that achieve the corporate and service objectives of the organisation.
- 2.10 A proven track record of working effectively at both regional and sub-regional levels.

Knowledge, Skills & Abilities:

- 2.11 High degree of political awareness and capable of working effectively with the political dimension; working at the boundary of politics and management, building strategy in relation to members and maintaining effective relationships with members.

- 2.12 Ability to lead, change & develop the organisation whilst, maintaining consistency with corporate values and ethics, working with uncertainty, ambiguity and change and developing appropriate relationships with staff and managers.
- 2.13 Maintain personal perspective and self-knowledge by maintaining continuous professional development and developing personal resilience and skills.
- 2.14 Ability to develop effective external relationships including being a champion for the local authority and working with communities and other agencies.
- 2.15 Maintain focus on strategic and long term issues by developing and holding a vision/strategic view and an awareness of the organisations strategic capacity.
- 2.16 Create a supportive learning and self development environment where a culture of learning is promoted, constructive feedback on him/herself and the service provided is encouraged.
- 2.17 Clarifies individual and team direction, priorities and purpose by clarifying objectives and boundaries and being team orientated to problem solving, decision making and to identifying values.
- 2.18 An inspirational communicator, networker and achiever; capable of communicating the vision of the organisation and service to a wide network of internal and external stakeholders; gaining the confidence and support of various groups through sensitivity to needs; and achieving organisational goals.

Personal Style & Behaviour

- 2.19 A corporate leader and effective manager who is energetic, determined, positive, robust and resilient enough to cope with the demands of the role.
- 2.20 An enthusiastic and effective ambassador for the Council with a strong commitment to improving its performance and its ability to meet the needs of the communities it serves.
- 2.21 An excellent role model, promoting high standards of ethical behaviour, probity, integrity and honesty, with credibility across a wide range of audiences and respect for all.
- 2.22 An innovator and motivator, who can promote new and creative thinking and a corporate focus to achieving the Council's objectives and continuous improvement, best value, service excellence and equal opportunities.
- 2.23 A persuasive and effective influencer who can foster partnerships, work collaboratively across boundaries and achieve performance and results through others.
- 2.24 A shrewd, intellectual, creative, strategic and lateral thinker.

August 2011

GENERAL PURPOSES COMMITTEE**25 June 2012**

Report of: Corporate Management Team

Subject: MODELS OF SENIOR OFFICER STRUCTURE

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide the professional views of Corporate Management Team in respect of models of senior officer structure report being considered at this meeting.

2. BACKGROUND

- 2.1 The post of Chief Executive became vacant in August 2011 as a result of the postholder retiring. Members subsequently agreed to make a temporary appointment so that full consideration could be given to the options available to the Council.
- 2.2 A report has been submitted to General Purposes Committee today elsewhere on the agenda which details previous considerations and deliberations in respects of the post of Chief Executive and other related matters.
- 2.3 The report considers three models and this report provides the professional views of the Corporate Management Team, in order to support Members in their deliberations.

3. RATIONALE FOR THIS REPORT

- 3.1 The Corporate Management Team believe that in order to give Members a broader strategic context within which to deliberate a second report was also required that could be considered alongside the options paper. This report is intended to provide Members with our best professional advice as a CMT and has been written by the full Corporate Management Team to address issues not covered in the purely factual report. The report is intended to outline the current context the Council is working within, the significant challenges facing the Council over the next 2 to 3 years, to ensure the wider implications of the

options being considered are highlighted and to ensure Members have the professional views and advice of the Council's statutory officers and the full Corporate Management Team.

- 3.2 As a CMT we are acutely aware of the professional and personal roles we all have in this respect and have ensured the advice we give is twofold i.e. based on our professional views as a team of strategic managers and coming from a professional discipline point of view. We have done this notwithstanding the personal implications for CMT Members of the various options being considered.

4. RATIONALE FOR CHANGE

- 4.1 In preparing this report CMT believed that it would be useful to consider what the rationale for change to the Chief Executive and Corporate structures was and how the options being considered support or not those objectives alongside the consideration of the options being considered for structural change.
- 4.2 As a CMT we are very clear on the demands, financial and otherwise that are placed upon a Council like Hartlepool. We therefore recognise fully the need to work and plan how we deliver services in a very different way now and in the future to that of the past.
- 4.3 It is important to be clear on the rationale for change. This will help the Council and its officers to be clear on how this agenda can be met and enable us to offer our best advice on how to achieve this. There can be many reasons for wanting to consider a structural change and some of those are outlined below:
- Requirement to make significant financial savings
 - Dissatisfaction with how a particular post has been carried out previously
 - Need to increase or decrease capacity to manage change
 - Considering the ageing workforce, succession planning and skill mix
 - Likely to deliver better outcomes for people or services
 - Feel the model does not achieve the ambitions of the Authority
 - Does not provide the required level or type of leadership and management
 - Need to change direction or change the culture of the organisation
 - As a result of a major failing in performance
- 4.4 If we are clear about what are the objectives to be achieved it will help define the direction we need to go in as a Council and therefore how the Corporate Management Team will work in the future.

5. CONTEXT WE ARE WORKING WITHIN

- 5.1 As Members consider the options for the future there are a number of things that CMT believe need to be considered, not just the Corporate Structure, but for the Authority as a whole.
- 5.2 We do not intend to go into significant detail on many of these areas as Members are conversant with these issues already but the impact these may have on the ability of the corporate structure to manage within them is the issue to be considered.

6. FINANCIAL POSITION

- 6.1 As with other Local Authorities the poor financial position within Hartlepool is well documented and there is a requirement to save in the region of £9 million over the next two years with the likelihood for more to be saved in the next Comprehensive Spending Review. In total we will have removed £15.7 million from the Council's budget over the last 2 years and much of this reduction has been achieved by measures which cannot be repeated. The forthcoming savings requirement will have a major impact on how the Authority looks and feels in the future and will need to be managed very carefully to ensure the Authority remains able to meet its statutory duties as an upper tier Council. Hartlepool is the second smallest unitary Authority but has the exact same statutory responsibilities as other upper tier local authorities, despite the differentials in size. In relation to the Corporate Management Team we would fully endorse the Council's objectives and aspirations to preserve front line services if possible however this is unlikely to be achievable over the next few years. Therefore, a reprioritisation of what we provide and how we provide is essential if we are to set legally balanced and sustainable budgets which recognises the financial position facing the public sector in the coming years. The impact of such a huge change programme on an Authority is significant for Members and officers alike and the task of implementing Member decisions and managing this change lies with CMT.

7. WORKFORCE ISSUES

- 7.1 Any potential changes to the Chief Executives role will have an inevitable impact on both the organisation and CMT as a whole. CMT feels that any changes to roles within the Council's senior structure must be seen in the context of a wider corporate restructure and not in isolation from each other. This consideration needs to reflect the reductions in the senior structure from reducing from 2 to 3 departments and other changes to reduce the number of Chief Officer posts. If the main objective is efficiency savings then this needs to be quantified and considered in light of the need for statutory functions to be carried out and ongoing personal capacity of senior managers to continue to manage ever widening service areas and the inherent risk to which this exposes both the individual and the Council.
- 7.2 It is also important that the Council considers the need to think about succession planning, this is not an issue solely in relation to the Corporate

Management Team but also for the Authority as a whole. A significant proportion of our workforce is over 50 and this number is increasing rapidly. We have significantly reduced recruitment as the Authority has downsized with a consequent reduction in the capacity of the organisation to take on some of the complex and varied roles the Council has developed over time. As more roles broaden and we cut down the number of managers at all levels, the less likely we are to have people who can just step up to fill the roles necessary to deliver services. This dilution of specialist skills and expertise in some niche areas will begin to expose the Council to ever increasing levels of risk which need to be managed. There is also a human cost to significant change, the numbers of staff who are off work due to stress related issues is increasing, this in some cases may be exacerbated by continuing to double and treble the size of jobs as other staff leave who are not then replaced. This issue is common right across the Council from Chief Officers through to front line staff. As a very small Authority we do not recruit many specialist posts and we are continually diluting the skills and ability to use internal succession planning to fulfil some of the statutory roles. We need to be wary of staffing an upper tier Authority with all of its statutory functions with the staffing structure of a district Council. The Council needs to be mindful that reputational issues, as an employer who wants to recruit and retain innovative and ambitious staff, is not to be underestimated.

- 7.3 It is important to ascertain how the options being considered by Members fit with the statutory roles inherent within the Corporate Management Team. There are six statutory roles the Council has to have in place, they are Director of Adult Social Services, Section 151 Officer, Monitoring Officer, Director of Children's Services, Head of Paid Service and from April 2013 Director of Public Health (joint accountability with Public Health England). A number of these posts have statutory guidance attached which outlines the roles, responsibilities and accountability required to the most senior Officer in the Council, normally the Chief Executive. If the option of a Directorship is pursued careful consideration will need to be given to ensuring these posts are able to continue to meet their statutory functions, to demonstrate to external organisations this is being achieved and the Council will need to provide clarity as to whom they would become accountable.
- 7.4 The decision on any future structure for the CMT also needs to be taken at a time when all of the options are being fully considered in relation to efficiency savings. This includes the work underway to develop options for collaboration with other local authorities. If Members made a decision to fundamentally alter the senior structure prior to considering the options for collaboration, it may have the effect of limiting the collaboration options open to Hartlepool, and as a result our ability to preserve more front line services by sharing some services and making significant savings in managerial level posts.

8. ROLE OF CHIEF EXECUTIVE

- 8.1 In Hartlepool as with most other Local Authorities the statutory role of Head of Paid Service is vested within the Chief Executives role. From a reputational

point of view this is something that the vast majority of other Local Authorities see as an essential part of their leadership arrangements as a Council. The statutory posts are accountable to this role and it provides a focus for internal and external leadership. If Hartlepool is to go down a Directorship or shared Chief Executive approach it is essential that:

- Staff and partners are clear about who and how the organisation is being led particularly through such a challenging time.
- The Authority has a continued positive internal and external standing as an organisation and enables Hartlepool to be at the table with an equal standing to fight for and advocate for the town.
- Hartlepool is seen to be a key player nationally, regionally and sub regionally.
- As a small Authority we are able to punch above our weight in all external arrangements or partnerships and are seen to be an Authority that is a good partner and one that always delivers.

- 8.2 Whatever corporate arrangements we have in place for managing the Authority are seen by others external to the Council (but including both current and staff of the future) as continuing to strengthen and promote confidence in Hartlepool's reputation as this is critical to the future at a time of diminishing resources and competition.

9. POLITICAL ARRANGEMENTS

- 9.1 In December 2011 members considered a report regarding the future governance arrangements of the Council. At this meeting full Council agreed to receive another report in June 2012 on the options inherent within the Localism Bill regarding potential models of governance Councils can consider. As a Mayoral Authority any changes to governance arrangements that the Council may wish to consider can only be brought about via a referendum from that previously chosen by the public i.e. Mayor and Executive system. If the Council passes a resolution to alter the system of governance a significant amount of time and coordination is going to be required to ensure the Council has best professional advice from its senior officers and is able to plan and implement whatever form of governance the public sees fit. A change in governance is likely to put the Council into uncharted territory and mean a period of considerable uncertainty and potential instability, not just politically but for staff and for partners alike. It will require significant senior level capacity and leadership to support and enable any changes to governance as a result of a referendum to be implemented effectively within the Council. All of this will be taking place when the Council is having to make its most significant changes as a result of other policy initiatives e.g. welfare reform and make unprecedented cuts to its budget which will inevitably mean service and staffing reductions. Very careful consideration will need to be given, as to how this is managed and led politically and from a non political stand point, the role of Head of Paid Service is critical to this process.

10. TIMING OF CHANGES

- 10.1 CMT have given much consideration to the timing of any potential changes in light of the major change agenda and wider issues that have been presented briefly within this report. It would be sensible for the Council to act very quickly to give some stability to the organisation prior to a period of significant change. However, if Members felt that more work was required then CMT would be happy to do further work on timescale options.

11. MODELS BEING CONSIDERED

- 11.1 CMT have worked through the models being considered by Members and have some clear views as Members of CMT, as professionals with statutory roles and duties and as individuals affected by the decisions and options themselves.
- 11.2 This report will not go through a CMT pros and cons of each option being considered by Members. The information we have presented within this report has enabled CMT to give serious consideration to all of the potential models in respect of which model we feel would fit best for Hartlepool.

12. SHARING A CHIEF EXECUTIVE

- 12.1 As a CMT we do not feel that sharing a Chief Executive at this point is likely to be in the best interest of the Authority itself. Whilst this does produce significant savings we do not feel that the benefits of this financial saving outweigh the disadvantages of a shared role. We feel that it is critical that Hartlepool is represented equally and in its own right in any leadership or decision making forums particularly, regionally, nationally or sub regionally where funding, policy changes or initiatives that may impact on Hartlepool are being considered.

13. DIRECTORSHIP MODEL

- 13.1 As a CMT we function well together and each has our own strengths and areas of expertise that complement each other well. We can see this approach may be attractive in principle but do not feel that this option offers the leadership, visibility, consistency and presence Hartlepool is going to require going forward.
- 13.2 At this point in time there are only two Corporate Directors i.e. Director of Regeneration and Neighbourhoods and Director of Child and Adult Services. Each of these posts was created from the merger of two previous Director posts and in both departments the senior officer capacity has been greatly reduced in most areas by nearly 50%. This means capacity is very stretched and the prospect of being asked to undertake another half of a role each may mean the roles become unmanageable. An alternative option would see a

new Director post being created to pick up part of the Chief Executives role and a decision made about where the Head of Paid Service role sits. This approach this would require an internal restructure and a Chief Officer being promoted to a Director post. This option would need to be considered as part of a wider corporate restructure. For the Statutory posts there would need to be absolute clarity on accountabilities and where they would lie to ensure the Council acts lawfully, meets its statutory responsibilities and demonstrates this to external agencies.

14. CHIEF EXECUTIVE OPTION

- 14.1 We do feel this role offers the Council the leadership, visibility, credibility outside the Authority and internal and external leadership that is consistent, equal in status to others and seen to be clearly an advocate for Hartlepool . This does give internal clarity on responsibilities and accountabilities for all staff, Members, partners and statutory roles.
- 14.2 We also recognise the financial issues related to having a Chief Executive and Corporate Management Team. In Hartlepool Directors and Assistant Directors already have broader jobs than their counterparts in other Councils, with wider service areas to manage and do a lot of service based work that managers in other areas do not undertake. We are not saying CMT should remain protected but that we ensure we have effective leadership whilst we plan how we need to be managed in the future and consider how we can downsize whilst preserving front line services. We need to do this in the context of huge efficiency savings that require delivering, options to consider regarding collaboration opportunities and any other new ways of working. The information presented in this report that CMT have worked through has led us to believe this is something that we feel will advantage the Authority not disadvantage it. We do feel however, that if this option is taken by Members it should not take place in isolation from the decisions relating to any collaboration options and a wider corporate restructure to ensure we have the right skills in the right areas to take us forward.

15. CONCLUSION

- 15.1 As stated previously in this report Members had asked for a balanced and factual report on the basis of wanting to consider three options for the future management of the Council. As a CMT however we did feel it was incumbent upon us to ensure that as Members you were able to consider those options with the benefit of a wider perspective and to present the wider issues in a way that would compliment the factual report and give Members the contextual information that would also be helpful in the deliberations.
- 15.2 As your most senior officers CMT have tried to present through this report our thoughts and ideas in a professional way that supports your decision making and ensures you have information on the wider implications of the options you may be considering. We hope that the two reports that have been presented

to you offer the best professional advice we can give. As already stated in this report whatever option this Council takes in relation to the future management of this Council, CMT will endeavour to work within it and make it work to the best of our abilities. We are all equally committed to this Council and wish to see it continue to provide high quality services to people who live in Hartlepool.

- 15.3 It is the view of Corporate Management Team that of the options being considered the most appropriate solution for the authority is a Chief Executive post for Hartlepool Borough Council

16. BACKGROUND PAPERS

- 16.1 There are no background papers for this report.

17. CONTACT OFFICER

- 17.1 Nicola Bailey

Acting Chief Executive

01429 523001

Nicola.bailey@hartlepool.gov.uk

Dave Stubbs

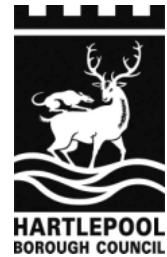
Director of Regeneration and Neighbourhoods

01429 523301

Dave.stubbs@hartlepool.gov.uk

CABINET REPORT

9th July 2012



Report of: General Purposes Committee

Subject: MODELS OF SENIOR OFFICER STRUCTURE

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is for Cabinet to consider the discussions and recommendations from the Council's General Purposes Committee from their meeting held on 2nd July, 2012. This meeting followed earlier reports from the Council's Corporate Management Team to Cabinet and to the General Purposes Committee on 25th June, 2012.

2. BACKGROUND

- 2.1 The post of Chief Executive became vacant in August 2011 through the retirement of the then postholder and subsequently temporary arrangements have been agreed whilst the option on the most appropriate model of a senior officer structure is determined. The earlier report from the Corporate Management Team covered the "rationale" for change, and that theme is incorporated within the confines of this particular report. Suffice to say, the General Purposes Committee on reviewing the available models under consideration, have expressed a preference for the "Chief Executive option", which option is elaborated under paragraph 14 of the earlier report to General Purposes Committee and Cabinet.

3. CHIEF EXECUTIVE OPTION

- 3.1 The Council have a "Remuneration Strategy" which specifically relates to the determination of "rewards" (including remuneration) for officers at Chief Officer level. It is particularly noted within that strategy document that *"it is expected and intended that Members will make final decisions bearing in mind the views of their electorate and local economic conditions. All Committee matters relating to Chief Officer remuneration will generally be dealt with in private session"*. This statement is now largely repeated within the guidance issued by the Secretary of State under Section 40 of the Localism Act, 2011 "Openness and Accountability in Local Pay" which mentions (paragraph 6 refers);

“Each local authority is an individual employer in its own right and has the autonomy to make decisions upon pay that are appropriate to the local circumstances and which deliver value for money for local taxpayers”.

3.2 Employers and employees are free to negotiate and agree upon terms relating to remuneration, subject to certain statutory employment rights, such as that relating to equal pay, in order to prevent less favourable treatment within the workplace. The remuneration strategy therefore outlines certain principles which had resonance to the discussions of the Committee and its recommendations. Those considerations are further itemised below;

- The authority will have complete discretion on how it remunerates its Officers, but will have due regard to remuneration packages within local government generally.
- Regular external benchmarking will take place (commissioned either externally or internally) and not less than every three years to ensure that reward packages are appropriate in the employment market.
- The level of total remuneration packages will be in line with those awarded generally to Officers in similar unitary authorities elsewhere in the United Kingdom.
- Job descriptions accurately represent the work required of Senior Officers.

3.3 The Council's Pay Policy Statement as adopted under Section 38 of the Localism Act, 2011, designates a “Chief Officer” as follows;

- Head of Paid Service designated under Section 4(1) of the Local Government and Housing Act, 1989;
- Monitoring Officer designated under Section 5(1) of that Act;
- Any statutory Chief Officer mentioned in Section 2(6) of that Act;
- Any non-statutory Chief Officer mentioned in Section 2(7) of that Act;
- Any Deputy Chief Officer mentioned in Section 2(8) of that Act.

The Pay Policy Statement outlines the levels and elements of remuneration for Chief Officers and indicates (para 3.3 refers) the salaries attributable to Chief Officer posts are subject to job evaluation and based on;

- clear salary differentials which reflect the level of responsibility attached to any particular role; and
- rates which are reasonably sufficient to recruit and retain Senior Officers taking into account market conditions.

The Pay Policy Statement also describes the “relationship between Chief Officer and non-Chief Officer remuneration” by a pay multiplier which compares the hourly pay for the highest paid employee against that of a mean basic hourly pay for the organisation as a whole. As required under Section 39(5) of the Localism Act, 2011, any amendments to a Pay Policy Statement during the course of a financial year, which is intended to reflect changes or development in the authority's Pay Policy, can only be made by resolution of full Council and any amended statement must be published as soon as is reasonably practicable.

4. SALARY COMPARISONS

- 4.1 The Committee considered the salaries of Chief Executive's within the North East region and in particular the authority comparisons within the Tees Valley area, being as follows;

Redcar and Cleveland Borough Council – £145,239* (*contractual entitlement to annual salary review by the Chief Executive Officer)

Hartlepool BC - £158,000 - £168,000

Stockton BC - £169,044 - £175,191 (agreed £10,000 reduction on these figures)

Middlesbrough BC – £142,000 (to be reviewed after 12 months and within the confines of 24 months)

Darlington BC - £156,720

- 4.2 It was noted in the report to the Corporate Management Team as dated 25th June, 2012, that most local authorities combined the statutory role of Head of Paid Service with that of Chief Executive Officer. Furthermore, it was duly noted “the statutory posts are accountable to this role and they provide focus for internal and external leadership”. Given the significant challenges facing public authorities it was accepted that there should be a continuation of the statutory role of Head of Paid Service being combined with that of a Chief Executive Officer and the same should be reflected in the job description and person specification of the Chief Executive Officer. Having regard to a comparative analysis of the remuneration of Chief Executive Officers within other unitary based authorities, particularly within the Tees Valley area, it was felt that a salary banding of £140,000 - £150,000 was appropriate. Further, this salary band should be based upon five increments and it should be measured against defined performance targets including reference to the Council's annual governance requirements and to other specific and measurable criteria to be developed between Council and the successful applicant. It was also indicated that although there was a clear differential being maintained between the Chief Executive Officer and those Officers at

Director level, that some element of communication should be undertaken with those officers, as part of the authority's proper workforce arrangements.

5. RECOMMENDATIONS

- 5.1
1. The statutory role of Head of Paid Service of Hartlepool Borough Council should be combined with the duties of a Chief Executive Officer.
 2. A Chief Executive Officer should be remunerated through a salary banding of £140,000 - £150,000.
 3. The above salary banding, should be based upon five annual increments and performance should be based against measurable criteria including the Council's Annual Governance Statement.
 4. That amendment to the Chief Executive's remuneration and relationship between Chief Officer and non-Chief Officer remuneration should be reflected through amendments to the Council's Pay Policy Statement and will require the consent of Council.
 5. That an Appointment Panel should be convened in line with the Council's Officer Employment Procedure Rules to make appropriate recommendations to Council.

CABINET REPORT

9th July 2012



Report of: Director of Regeneration and Neighbourhoods

Subject: FURNITURE SOLUTIONS PROJECT

1. TYPE OF DECISION/APPLICABLE CATEGORY

- 1.1 Key decision (test ii applies).
Forward Plan Reference No. RN 14/12.

2. PURPOSE OF REPORT

- 2.1 To outline to Cabinet members the proposal for the delivery of a Furniture Solutions Project, and to seek Cabinet approval to progress with this preferred option in terms of the delivery model.

3. BACKGROUND

- 3.1 As part of the Scrutiny Co-ordinating Committee's investigation into Child Poverty and Financial Inclusion, reference was made to the potential benefits of a scheme, which facilitates the provision of white household goods and furniture to families, particularly those in receipt of benefits.
- 3.2 The principles for establishing a scheme included:
- Reducing stress and anxiety from having to find furniture (often of low quality);
 - Managing associated debts, to address poverty issues and reduce the debt spiral that can trap people. People on low incomes are often unable to purchase white household goods/furniture with often their only solution being to take on unsecured loans from lenders, who are potentially unlicensed, or through signing up to schemes in weekly payment stores/catalogues, all charging exorbitant interest rates;
 - Increasing length of tenancies, creating sustainable communities;
 - Improving satisfaction rates in relation to accommodation; and
 - Enhancing the attraction of low demand properties.
- 3.3 A report was presented to the Scrutiny Co-ordinating Committee in April 2011. This provided information on the substantial amount of research that has been undertaken on existing schemes, and outlined the options for, and

feasibility of, the introduction of a scheme for the provision of essential household items in Hartlepool, for which the Council could provide seed funding to kick start a new venture.

- 3.4 At the meeting in April 2011, the Committee recommended that an outline Business Case be brought back to a future meeting of the Scrutiny Co-ordinating Committee in relation to the development of a scheme, with a community/voluntary sector organisation and partners.
- 3.5 Subsequently, the details of the proposal for a Furniture Solutions Project were considered by the Scrutiny Co-ordinating Committee in August 2011. At the meeting members requested that a further report be brought back to the Scrutiny Co-ordinating Committee following consideration of the proposed scheme by Cabinet.
- 3.6 A comprehensive report was then presented for consideration by Cabinet members in October 2011. At this meeting, Cabinet members agreed that the commencement of the scheme could not be supported and that the £50,000 contribution to kick start the scheme should be part of the budget consultation process. At the same time, Cabinet also requested that opportunities to link to other organisations already delivering this type of scheme should be explored further. As a result of previous Cabinet deliberations, the focus of the initial project proposal has been revisited, although the principles of the project remain the same.
- 3.7 Following the budget consultation process the funding of £50,000 was approved by full Council on the 23 February 2012, as part of the Medium Term Financial Strategy (MTFS) 2012/13 to 2014/15.
- 3.8 This report now makes recommendations as to how this funding may be best spent to implement this project.

4. OUTLINE PROJECT PROPOSAL AND PURPOSE

- 4.1 Research shows that people are more likely to succeed in their tenancies when they have well-furnished and equipped accommodation that helps to create a comfortable and secure setting.
- 4.2 Due to the challenging economic climate there has been a significant reduction in mainstream credit funding for vulnerable households who are increasingly being denied access to credit, and pushed into the sub-prime finance sector and paying punitive rates. The £50,000 allocated to the scheme will, therefore, be used to spearhead an expansion in the provision of fair, affordable credit to protect the interests of financially excluded consumers through increasing access to low cost loans for the purpose of meeting the cost of new or good quality re-used essential white goods and furniture. These would be movable articles in a property that make it fit for living, which individuals can afford to pay for weekly.

- 4.3 In summary, the project will have two key strands:
(i) Credit at reasonable rates of interest to buy household items required;
and
(ii) New or good quality re-used essential white goods, furniture and furnishings at affordable prices.
- 4.4 Although a scheme “for the provision of household white goods/furniture to families” was the initial focus for exploration, following the Scrutiny Co-ordinating Committee’s investigation into Child Poverty and Financial Inclusion, it is proposed that the target audience for the scheme, would initially be all those who are more likely to be affected by financial exclusion primarily in private rented accommodation, as well as owner occupiers.
- 4.5 The scheme will strengthen the approach to tackling financial inclusion that is underway in Hartlepool to help more individuals and families out of the spiral of debt and deprivation. To complement the scheme, and contribute to the overall objective of tackling financial inclusion, opportunities will need to be built into the scheme to provide access to free advice on money and debt management, including support and advice on opening basic current and savings accounts, benefit checks and how to claim benefits, budgeting skills, advice on grants and loans, saving on fuel costs/energy saving, housing and welfare advice and/or ability to signpost residents to appropriate specialist partner agencies if it is unable to help directly.
- 4.6 The scheme will complement ongoing projects and initiatives to assist with addressing Council priorities through a referral process. It will be responsive and prioritise referrals from recognised referral agencies affiliated to the scheme, to ensure the resources reach the people requiring the most help. For example, the referral of those identified by the Housing Advice Team as vulnerable and having greatest housing need, clients being supported through the FamilyWise service could be referred by the Family Caseworker; contributing to Progress Measure 12 and 13 ‘Enhancing Housing Environment and Stability’. Referrals might also come from practitioners, as part of the Team Around the Household approach, the Flexible Support Fund programme, as part of the bespoke package of support for individual customers, to unlock barriers or complex needs that prevent them from successfully entering into employment plus referrals from organisations and agencies across the town. The scheme will also need to prioritise low income families, in need, from service providers such as the Council’s Social Care Teams and Children’s Centres.
- 4.7 The scheme could also support the delivery of the Council’s empty homes agenda. New tenants of empty properties being brought back into use through each of the pilot projects would be eligible for a referral to the scheme, which would be an additional incentive to assist with the re-letting of the empty properties.

5. PROJECT DELIVERY

- 5.1 The introduction of the Furniture Solutions Project is not intended to duplicate or compete against services being offered by local organisations and agencies. Moreover it is designed to add value, strengthen and potentially expand on any existing provision. Each service area has common goals, and by joining together can achieve impressive and mutually beneficial outcomes.
- 5.2 **Strand (i): Credit at reasonable rates of interest to buy household items required.**
- 5.3 Promoting financial inclusion is central to the scheme. For individuals and families on a tight budget, it is often the large unforeseen/unplanned expenses which drive them into debt for example, buying or replacing essential items of furniture. For those unable to get mainstream credit, the options for borrowing can be limited and extremely expensive.
- 5.4 In order to implement a successful scheme, it is essential that a regulated provider who can issue low cost personal loans is engaged, to administer the finance to assist those being referred with the purchase of furniture. The provider will be responsible for administering direct finance, ensuring the customer has access to affordable credit, bank and savings accounts and other financial services that meet their needs, as well as collecting repayments. The level of finance available, per customer, will be determined by the provider using existing protocols and procedures and assessed on financial capability; to ensure a customer is not offered a loan that they are unable to repay. It is anticipated that any payments from the financial services organisation would be transferred direct to the chosen furniture provider(s) so that the customer would not be involved in handling the finance themselves; eliminating the risk of the funds being used to purchase/pay for goods or services not covered in the loan agreement or in the spirit of the overall scheme.
- 5.5 **Strand (ii): New or good quality re-used essential white goods, furniture and furnishings at affordable prices.**
- 5.6 The scheme will provide customers with the option of purchasing new or good quality re-used/pre-loved household items from an existing provider(s) working in close partnership with the loan administrator as detailed in section 5.4.
- 5.7 The furniture provider(s) will need to arrange the supply, delivery and installation (where applicable) of household items whether new or re-used. This needs to be a flexible service, tailored to meet individual needs. The choice and selection of furniture should be comprehensive, attractive, durable and economically priced to provide good value for money. The service will operate within an agreed set of standards between all partners involved, to ensure recipients are aware of what can be expected from the service. These will be determined by the provider, but will include reference

to relevant and current safety regulations, particularly in relation to the installation and connection of cookers and electrical equipment.

- 5.8 It is anticipated items will be moveable articles within the home. This may include, but not be limited to: 2 and 3 seater sofas and arm chairs, coffee tables, TV stand, dining table and chairs, single, double and bunk beds with mattress, wardrobe, chest of drawers, bedside cabinet, white goods (cooker, fridge, freezer (or fridge freezer) and washing machine), small domestic appliances (microwave, kettle, toaster, vacuum cleaner, iron and ironing board), carpets and curtains plus starter packs for bedroom (bedding), bathroom (towels) and kitchen (crocery, cutlery etc.).
- 5.9 This list is not exhaustive and can be built on as the scheme progresses to ensure it is responsive to customer feedback.

6. PROJECT BENEFITS

- 6.1 It is envisaged that the project will deliver a number of positive outcomes across the town. These are highlighted in paragraphs 6.2 to 6.4 below.

6.2 *For People*

- Access to good quality affordable furniture they would not otherwise be able to access;
- Reduce stress, anxiety and worry from having ill-furnished accommodation;
- Increase in choice from a range of white household goods and furniture items that suit individuals' needs;
- Reduce the risk of debt by directly addressing poverty issues (in particular child poverty) and reducing the debt spiral that can trap people to a point where they find it hard to escape. People on low incomes are often unable to purchase household white goods/furniture and often take on unsecured loans from lenders, potentially unlicensed, or sign up to schemes in weekly payment stores/catalogues, all charging high interest rates. This project will seek to reduce reliance on such practice and increase access to affordable credit, particularly at a time when unlicensed moneylenders are taking advantage of the current economic climate to prey on vulnerable people;
- Provide vulnerable individuals with a more affordable alternative to applying for 'payday' loans;
- Improve quality of life of those who need it most; and
- Better position the Council to achieve improved social and financial inclusion.

6.3 *For Hartlepool*

- Improve satisfaction rates in relation to accommodation;
- Enhance the attraction of low demand properties and reduce turnover of empty properties;
- Increase length of tenancies thus creating sustainable tenancies and communities, by addressing high turnover and poverty issues, as there is

less chance of a tenancy failing if people have furniture, carpets, decoration in place – tenants have a stake in where they live;

- Encourage investment, as any income and profits are retained and invested in the scheme and ultimately the local economy;
- Help support and sustain local organisations; and
- Provide links to the pilot schemes aimed at bringing empty properties back into use e.g. Baden Street Improvement Scheme plus the Empty Homes Pilot Scheme being delivered in partnership with Housing Hartlepool.

6.4 More specifically, with an element of the scheme focused on the re-use of essential white goods, furniture and furnishings it will:

- Help the environment by saving unnecessary landfill and assist the Council with meeting household waste recycling targets;
- Reduce incidents of fly tipping;
- Reduce CO² emissions; and
- Provide social benefits for local people including work, volunteering and training/apprenticeship opportunities.

7. FUNDING AND FINANCIAL CONSIDERATIONS

7.1 As noted in paragraph 3.7, £50,000 has been approved by full Council to kick start the pilot scheme, as part of the Medium Term Financial Strategy 2012/13 to 2014/15 to, as described, “implement the findings of the scrutiny review into reduction of child poverty and increase access to affordable credit”.

7.2 The ring fenced sum of £50,000 will be a one off investment. This will be paid to the host organisation in installments, to provide the seed funding required to resource, primarily, a revolving loan fund with the recycled funds being reinvested; creating a sustainable scheme.

7.3 The scheme will run as a pilot. The funding will be available over two years from the start of the scheme, with the intention of the operator working to sustain the scheme beyond this time.

8. OUTPUTS

8.1 Table 1: Output Breakdown* (over 2 years)

Output Details	Number
Organisations supported	2
Individuals accessing the service each year	40
Volunteering and training/apprenticeship opportunities provided each year	3

*the figures outlined in table 1 are a minimum requirement and will be added to once the operator of the service has been determined.

9. RISKS (for the Council)

- 9.1 As the service is to be run independently, there is a need to ensure that the operator of the scheme will undertake the delivery of the project in a professional and efficient manner and will have appropriate quality control measures in place. To minimise this risk, the Council will undertake a comprehensive selection process, in full compliance with the Council's Contract Procedure Rules. There will be a payments schedule in place, split across two financial years, to further reduce the risk associated with the delivery of the Furniture Solutions Project.
- 9.2 Risks linked specifically to the project delivery for example, debt recovery, will lie with the organisation. There is an expectation that the organisation will outline in its submission the safeguards that will be in place to mitigate any risks.

10. PROCUREMENT

- 10.1 The scheme will be developed in compliance with the Codes of good practice within the Hartlepool Compact in terms of engagement. In particular, the procurement process will comply with the principles of the Funding and Consultation and Policy Codes.
- 10.2 The anticipated cost of the service is under the threshold for tendering services; instead at least three formal quotations will be obtained using the North East Purchasing Organisations (NEPO) web portal. This competitive procurement process will adhere to the Contract Procedure Rules, particularly in relation to advertising the opportunity. Although there is no requirement to submit quotations to the Audit Sub Committee, the Scrutiny Co-ordinating Committee has asked that the Committee be consulted on the proposals informally.
- 10.3 The submissions will be assessed against a set of criteria for example, track record of organisation in terms of project delivery, interest rate etc., to ensure the most cost effective model for the Council is considered. The submission will need to demonstrate effective processes and include a robust Business Plan, which validates the sustainability of the scheme in the long-term, through financial forecasting. Details in relation to prospective partners and suppliers will also need to be included, with the role of each clearly identified, plus information about how the scheme will be marketed to the public.
- 10.4 It will be procured as one contract to a host/lead organisation who could either deliver both strands of the scheme, as outlined in sections 5.2 to 5.7 of this report, or deliver one strand with the other through a partnership arrangement with one or multiple existing organisations.

11. TIMETABLE

11.1	Milestone	Date
	Cabinet Meeting (to seek approval)	July 2012
	Scrutiny Co-ordinating Committee Meeting (to update on project progress following Cabinet decision)	July 2012
	Procurement Process Commences	Sep 2012
	Selection of Partner	Nov/Dec 2012
	Project Commences	Jan 2013
	Interim Monitoring Visit*	Jan 2014
	Final Monitoring and Evaluation Visit*	Feb 2015
	Report to Regeneration and Neighbourhoods Portfolio Holder/Cabinet (or equivalent)	April 2015

*see 'Monitoring and Evaluation' section below for details

12. MONITORING AND EVALUATION

- 12.1 It is envisaged the £50,000 funding will be released, in installments, following the receipt of quarterly financial monitoring returns. The scheme will be subject to an interim performance related monitoring visit, as well as a final monitoring and evaluation visit towards the end of the two year period, to ensure the funding has been expended in line with the original aims of the scheme and to determine the success of the scheme. The findings will be used to improve and develop the scheme, where applicable, and will also be reported to Cabinet and/or the Regeneration and Neighbourhoods Portfolio Holder.

13. RECOMMENDATION

- 13.1 Cabinet is requested to:
- (i) Consider and approve the report on the Furniture Solutions Project in the approach to be taken and note that the £50,000 contribution will be funded from the Departmental Reserve previously allocated to a Furniture Project, and approved as part of the MTFs 2012/13 to 2014/15.
 - (ii) Refer the report to the Scrutiny Co-ordinating Committee following the Cabinet decision.

14. REASONS FOR RECOMMENDATIONS

- 14.1 Introducing a Furniture Solutions Project has been identified as a priority, as part of the Scrutiny Co-ordinating Committee's investigation into Child Poverty and Financial Inclusion to assist families, particularly those in receipt of benefits when they need to replace or purchase essential household items. Members of the Committee are supportive of introducing the scheme

to assist with reducing child poverty in Hartlepool, as the implications of not achieving associated targets are demonstrated below.

- i) Children exposed to child poverty, hardship and deprivation will suffer. Their own childhood experiences have a significant impact on their ability to operate as an adult in later life. Children born and raised in persistent poverty are likely to have poor children of their own – thus creating a perpetual cycle of deprivation;
- ii) Low educational achievement has a knock on effect on an adult's ability to take up skilled work in the marketplace. This in turn limits the potential productivity of the country as a whole. A lack of skilled workers makes it increasingly difficult for the country to compete in the global economy;
- iii) Some people, but not all, who live in persistent poverty are in danger of turning to crime in order to 'supplement' their income. Crime affects everyone within a community and puts a drain on local resources;
- iv) Children who experience poverty are more likely to develop long term health issues which in turn puts a strain on public resources. In addition, as adults with a long term debilitating health issue they are more likely to remain out of work. Low birth weights, respiratory illnesses, including asthma, mental health issues and obesity have clear links to poverty and cannot be ignored;
- v) Family background is one of the most important predictors of academic success. Children from low income households are more likely to require remedial help or special educational needs assistance than their better off peers;
- vi) Growing up in poverty is associated with a substantially higher risk of teenage pregnancy;
- vii) A relationship has also been identified between childhood poverty and living in social housing, demonstrating a strong link between these two factors;
- viii) Difficulties of access and expense limit participation in pre-school education amongst lower income families. Young people from low income households end up leaving school earlier and are around six times more likely to leave without qualifications than those from higher income households; and
- ix) Deprived communities with poor environments and a lack of local resources leads to reduced citizenship, a lack of neighbourliness and trust. Community members are less likely to volunteer or to engage in civic participation.

15. BACKGROUND PAPERS

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

- (i) Minutes from the Scrutiny Co-ordinating Committee meetings (23 July and 15 October 2010, 07 April and 19 August 2011);
- (ii) Initial Furniture Solutions Project Business Case;

- (iii) Report of the Scrutiny Co-ordinating Committee entitled 'Interim Report - Child Poverty and Financial Inclusion in Hartlepool' (presented to Cabinet on 07 June 2010); and
- (iv) Cabinet Decision Record (10 October 2011).

16. CONTACT OFFICER

Dave Stubbs
Director of Regeneration and Neighbourhoods
Regeneration and Neighbourhoods
Hartlepool Borough Council
Level 3
Civic Centre
Hartlepool
TS24 8AY

Tel: (01429) 523301
E-mail: dave.stubbs@hartlepool.gov.uk

CABINET REPORT

9th July 2012



Report of: Director of Regeneration and Neighbourhoods

Subject: RENEWAL OF LONGHILL & SANDGATE BUSINESS IMPROVEMENT DISTRICT (BID)

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Key Decision (test (ii) applies). Forward Plan Reference No.RN21/12

2. PURPOSE OF REPORT

2.1 To provide background information on the Longhill & Sandgate Business Improvement District (BID) and to seek authorisation to engage in pursuing a re-ballot for the renewal of the current BID.

3. BACKGROUND

3.1 A Business Improvement District (BID) is a partnership arrangement through which Local Authorities and the local business community can take forward schemes which will benefit the local community, subject to the agreement of non-domestic ratepayers within the detailed BID area, who will then finance the scheme through a levy on their rates.

3.2 The Longhill & Sandgate BID was originally proposed in 2007 via the BID Partnership consisting of the Longhill Business Association, Hartlepool Borough Council and Hartlepool Police.

3.3 As part of the Longhill Improvement Strategy the installation of a CCTV system for the two estates was funded by Hartlepool NDC, HBC Community Safety and a Section 106 planning agreement with Tesco for the expansion to their store at that time in 2008.

3.4 It was proposed by the BID Partnership that the Longhill & Sandgate BID would fund the revenue costs of monitoring and maintaining the 14 camera CCTV system installed throughout the Longhill & Sandgate Industrial Estates.

- 3.5 As per the BID regulations covered by Part four of the Local Government Act 2003, (2003 C.26), the proposals for the BID was put to a postal ballot to all businesses on the Longhill & Sandgate Industrial Estates in November 2007. The ballot had to meet two tests to be accepted:

1. A simple majority of those voting in the ballot must vote in favour.
2. Those voting in favour must represent a majority by rateable value of the hereditaments (rateable properties) of those voting.

This 'dual key' mechanism is intended to ensure that a small number of large businesses cannot force through a measure that small businesses do not support and vice versa.

- 3.6 A yes vote was achieved on both tests for the Longhill & Sandgate BID and the BID came into force on 1st April 2008 and will run for 5 years until 31st March 2013.
- 3.7 It was agreed that the BID levy would be 2% of the rateable value of all hereditaments in the BID area. There were also two thresholds set to this levy, a minimum payment threshold of £100 and a maximum payment threshold of £1,500.
- 3.8 Hartlepool Borough Council is the accountable body for the BID and has the role of collecting the levy from businesses, holding the money collected, arranging payments of invoices on expenditure as approved in accordance with the overall BID purpose and agreement and the BID Partnership.

4. PROPOSALS

- 4.1 As this is the final financial year of the current BID the Longhill & Sandgate BID Partnership Board agreed at their recent AGM to pursue a renewal ballot to hopefully extend the current BID for a further 5 years. They have subsequently asked the Council to engage in the process of undertaking a BID renewal ballot on behalf of the businesses.
- 4.2 The Longhill & Sandgate Business Association has conducted a formal survey in October 2011 asking all businesses what they considered as priorities for the estates. A 27% response rate was achieved and the results reflected that security was deemed the highest priority for residents followed by the general maintenance, cleanliness and environment of the area.
- 4.3 Hartlepool Police has reported a steady decline in business crime across the estates since the installation of the CCTV cameras from 87 recorded crimes in Nov 2008 to 71 in 2011. Furthermore the Police have benefitted from the CCTV system in its various operations targeting metal thefts.
- 4.4 The next steps for the renewal ballot are to undertake an extensive consultation exercise with all stakeholders to determine what the renewal BID will fund before being put to vote by the businesses.

- 4.5 All businesses that will be directly affected by the renewal of the BID will need to be contacted to gain their views on what they see as their priority for the next BID.
- 4.6 Council sections such as Finance will also need to be consulted in terms of any resource implications for collection of BID levies.
- 4.7 Approval is being sought for HBC to continue as a Partner in the BID, including the development of the new proposals.
- 4.8 The process for renewing the BID involves a number of steps that have to be taken as identified in the proposed timetable below.

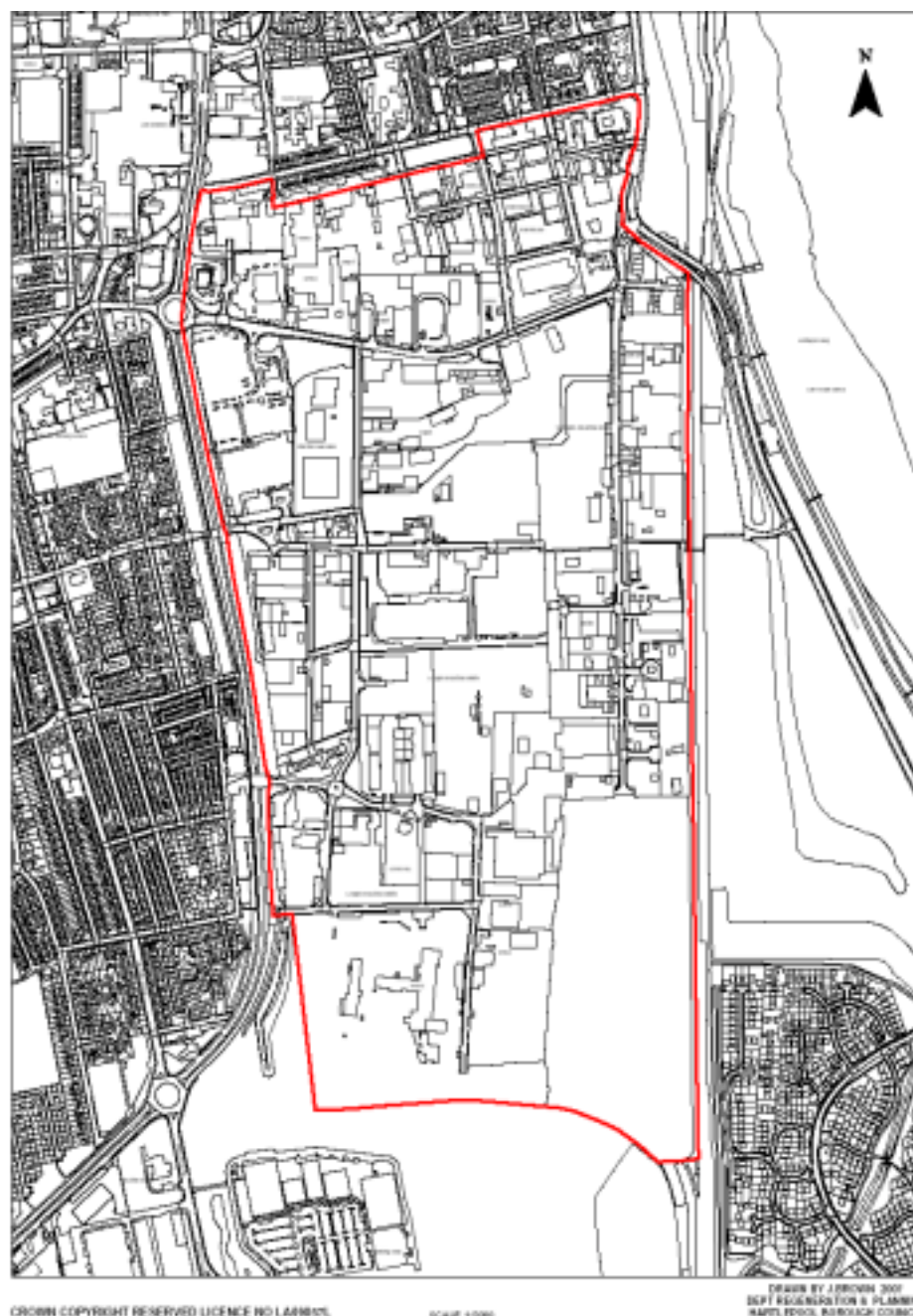
29/05/12	Formal letter sent to HBC as a pre-proposal notification to pursue a renewal ballot. At the same time the Secretary of State will be notified in writing.
31/07/12	Business Plan finalised detailing what the renewal BID aims to undertake, and how it will be achieved
August to November	There will a period of comprehensive communication to the businesses of Longhill and Sandgate informing them of the detail of the business plan and an opportunity to provide formal feedback.
03/09/12	After 84 clear days another report will be presented to Cabinet (including the completed business plan proposal) that will serve as the formal proposal notification to HBC and the Secretary of State informing of the intention to undertake a renewal BID and the necessary ballot.
17/09/12	Formal notice to ballot published in the local press and in direct mail to the businesses.
01/10/12	Ballot papers sent out to businesses
12/11/12	Actual ballot day

5. GEOGRAPHICAL AREA OF THE BID

5.1 The area of the Longhill and Sandgate BID encompasses:

- to the north - Burbank St/Moreland St
- to the east - Middlesbrough/Newcastle railway line
- to the south - the boundary of the industrial estate
- to the west - the A689 Belle Vue Way

The actual area is shown in the map below.



6. FINANCIAL CONSIDERATIONS

- 6.1 The income generated from the current BID levy is about £40,000 p.a. This covers all revenue costs i.e. monitoring, maintenance, electricity and transmission charges. There is a small surplus left that is for contingencies and also to be used to upgrade the CCTV system as required.
- 6.2 All support provided by HBC for the current BID scheme is being provided on an 'in-kind' paid for by the Council. This support model is not sustainable for a new BID owing to the impact of Government grant cuts on the Council's budget. The BID workload has proved greater than initially anticipated in particular annually the Finance Division issues over 700 pieces of BID billing

and recovery correspondence and processes over 900 individual BID payments. Furthermore, the BID scheme must be administered using a separate IT system module as it is distinct from mainstream business rates and the Council is incurring an annual support and maintenance charge from the IT supplier. In total these costs amount to £5,000 per year

- 6.3 In developing the business plan for the new BID, these costs will need to be reflected as either a commitment against the existing funding generated from the BID, or an increase the BID levy paid by businesses.

7. LEGAL CONSIDERATIONS

- 7.1 The Council would continue to be a partner in the BID Partnership and act as the accountable body. The BID Partnership is as such an unincorporated entity with no legal status although it does have its own agreed constitution.
- 7.2 As part of the consultation period identified above, discussions will take place to ascertain if this is still the most appropriate means of operating and also ensure that any legal exposure for the Council is mitigated against.

8. RECOMMENDATIONS

- 8.1 Cabinet is asked to agree and authorise continuing discussions with businesses and internal Council sections with a view to completing the business plan and undertaking the renewal ballot with Hartlepool Borough Council as a Partner on the BID Board.

9. REASONS FOR RECOMMENDATIONS

- 9.1 The current BID has successfully operated with a collection rate of approximately 95% per annum. This has funded the day to day operation of the CCTV system together with improvements to the system where required.
- 9.2 Whilst the CCTV system is clearly for the benefit of the businesses based on the Longhill and Sandgate Industrial areas, the proximity of these estates to the Town Centre and its surrounding residential areas means that the system also benefits wider Community Safety issues.
- 9.3 The renewal of the BID means that all businesses paying non domestic rates on the estate pay an equal proportion of the costs of the upkeep of the system
- 9.4 Without a formal BID arrangement the ongoing funding of the system would most likely have to be met from voluntary contributions by the businesses located on the estate. This provides a number of potential issues:

- The full operating costs may not be met leading to the ultimate demise of the system.
- Experience of these types of systems previously is that voluntary contributions are difficult to collect and tend to 'dry up' over a period of time, again leading to the demise of the system.
- The Business Association is currently an unincorporated body and therefore responsibility for the finances of the BID, and as a consequence, for the maintenance of the CCTV system, lie with the Council's Economic Regeneration Team. Should alternative arrangements be required this will mean a complete change to the governance procedures of the Business Association.

10. BACKGROUND PAPERS

10.1 None.

11. CONTACT OFFICER

Dave Stubbs,
Director of Regeneration and Neighbourhoods,
Civic Centre,
Victoria Road,
Hartlepool,
TS24 8AY.
Tel: 01429 523301
Email: dave.stubbs@hartlepool.gov.uk

CABINET REPORT

9th July 2012



Report of: Director Regeneration and Neighbourhoods

Subject: VOLUNTARY AND COMMUNITY SECTOR
STRATEGY – FINAL FOR ENDORSEMENT

1. TYPE OF DECISION/APPLICABLE CATEGORY

Key Decision (test i) Forward Plan Reference Number 96/11.

2. PURPOSE OF REPORT

- 2.1 To present the final Voluntary and Community Sector Strategy for endorsement and report the governance arrangements to take the strategy forward for consideration by Cabinet.

3. BACKGROUND

- 3.1 It was agreed at Cabinet on 21st November 2011 that there should be a fundamental review of the Voluntary Sector Strategy (VSS) and Compact, which would bring the Strategy and Compact together into one document. The aim is that the development of one document will ensure clarity at the local level and set out the clear undertakings for the Local Authority and its public sector partners and the Voluntary and Community Sector (VCS) to improve and strengthen working relationships.
- 3.2 A first draft of the VCS Strategy was prepared; these initial stages of strategy development were overseen by a development group, chaired by the Portfolio Holder for Housing and Transition. This involved pulling together the two existing documents and building upon the objectives of the VSS and codes of the Hartlepool Compact. The draft strategy and proposed governance arrangements were approved for consultation on 20th February 2012.

4. CONSULTATION

- 4.1 There has been a comprehensive consultation process undertaken on the VCS strategy which commenced in March 2012. For the initial 8 week

consultation on the first draft, all VCS groups within Hartlepool were written to detailing the consultation and given options on how to comment on the first draft. Correspondence was also sent to public sector partners, ward members, parish councils and all council staff to ensure that officers working with the VCS were able to comment on the strategy.

- 4.2 50 responses were received through the online consultation system at this stage, although it should be noted that there were varying levels of completion of the questionnaire.
- 4.3 There was a consultation event on the draft strategy held on 20th April 2012; this was attended by over 40 delegates from across Council departments, VCS and public sector organisations. The event was an opportunity to discuss the content of the strategy in focus groups and put forward suggested actions for the action plan to be developed by the VCS Strategy Steering Group.
- 4.4 In addition to this, press releases were sent out on the draft strategy and the event; these were picked up and reported in local and regional media.
- 4.5 **Consultation feedback on first draft** - Overall the feedback on the first draft was positive and constructive. The key themes in relation to challenges that came out of the event were:
 - Funding for the sector
 - Communication
 - Capacity
 - Engagement
- 4.6 In addition to this, other key themes that were highlighted through the consultation process were:
 - Reflect different sizes and capacity of VCS organisations.
 - Commissioning and procurement; in relation to feedback, opportunities and VCS organisations having the capacity and skills to be involved in these processes.
 - To have a uniform level of commitment to the undertakings from all sectors.
 - Recognise that VCS groups employ staff.
 - Reflect volunteering in the aims of the strategy.
 - Performance management and monitoring.
 - Ensure procurement processes are open and transparent and VCS organisations have notice of forthcoming opportunities.
- 4.7 All comments received through the consultation process were considered in producing a revised second version of the draft VCS Strategy.
- 4.8 The revised strategy was consulted upon for a further final two week period. Notification of the consultation was circulated to the same groups as previously and everyone that has commented throughout the consultation process. All VCS groups were contacted and a reminder was sent to all

those VCS groups with email contact. The strategy was available online and comments were invited via an online facility. A further press release was also issued which was picked up in the local press on at least two occasions.

- 4.9 **Feedback on 2nd draft** - There have been a handful of comments received on the final draft, all of which have been positive and the majority of which clearly state that they support the Strategy. Minor amendments have been made and the final strategy for endorsement is attached as **Appendix 1**.
- 4.10 The consultation process that was undertaken in developing this strategy was in line with the Consultation Code of the Hartlepool Compact, which following the endorsement of this strategy will be superseded by the undertakings under Objective 1 'Have a Say'.
- 4.11 Public sector partners have been involved in the consultation process to develop the strategy through the Public Sector Partners group, via written correspondence and were also invited to the event. Work will continue with partner organisations with the aim of all partner organisations signing up to the undertakings of the strategy in order to continue the commitment that was previously made to the Hartlepool Compact.

5. GOVERNANCE

- 5.1 It is proposed that a VCS Steering Group will be established to oversee the implementation of the strategy, the key responsibilities of the group will be: This group will oversee the implementation of the strategy and the key responsibilities of the group are:
- Communication and awareness raising of the strategy.
 - Review and monitor the Action Plan.
 - Report to Strategic Partners Group.
 - Ensure that the undertakings are embedded.
 - Oversee the Dispute Resolution Procedure.
 - Ensure that there are linkages across the authority to other strategic aims.
 - Ensure that there is a consistent approach across all departments within the Council towards the VCS e.g. contract management, commissioning and procurement.
- 5.2 The proposed membership of the VCS Steering Group would be:
- Representation from the VCS Infrastructure organisation
 - Elected representation from the Voluntary and Community Sector (x4), incorporating:
 - representation from smaller VCS organisations (2)
 - representation from VCS service provider (2)
 - Representation from 3 Hartlepool Borough Council Departments
 - Representation from each of the Theme Partnerships (nominated by the Theme Partnership).

- 5.3 Through consultation on the strategy, attendees were keen to ensure that there was elected representation on the VCS Steering Group, in addition to the VCS Infrastructure organisation and that there should be equal weighting of membership between VCS and Public Sector organisations. The proposed membership reflects this. The proposed governance arrangements are attached as **Appendix 2**.
- 5.4 There are different options on the chairing arrangements for the VCS Steering group to be considered by Cabinet;
- Option 1 – The VCS Steering Group is Chaired by Portfolio Holder for Regeneration & Planning, as the VCS Strategy is within their remit.
 - Option 2 – The VCS Steering Group is Chaired by a member of the group as elected by the group.
- 5.5 Elections for the VCS representation to the Steering Group will be coordinated by Hartlepool Voluntary Development Agency as part of the Community Pool contract. It is expected that this will take place at the end of July 2012 along with the election of Theme Partnerships VCS representatives. VCS organisations have been notified of the forthcoming elections.
- 5.6 It is anticipated that the first VCS Steering group will take place in August / September 2012.
- 5.7 This group will be responsible for developing, coordinating and monitoring the associated VCS Strategy action plan. This process will consider all suggested actions fed in through the consultation on the development of the VCS Strategy. This will include work that has already commenced in relation to some of the issues raised through the consultation process. For example, capacity support for VCS organisations is being tailored to meet the needs of the sector, with training sessions being provided on Competing for Council Contracts.

6. RECOMMENDATIONS

- 6.1 Cabinet is requested to:
- (1) Note the consultation process undertaken to develop the Voluntary and Community Sector Strategy.
 - (2) Endorse the Voluntary and Community Sector Strategy (**Appendix 1**).
 - (3) Agree the governance arrangements for the Voluntary and Community Sector Strategy Steering Group (**Appendix 2**).
 - (4) Agree the chairing arrangements for the Voluntary and Community Sector Strategy Steering Group.

7. REASONS FOR RECOMMENDATIONS

- 7.1 The Voluntary and Community Sector Strategy has been developed following agreement of the first draft by Cabinet on the 20th February 2012.

The draft VCS Strategy was widely consulted upon and revisions made to reflect feedback received through the consultation process.

8. APPENDICES AVAILABLE ON REQUEST, IN THE MEMBERS LIBRARY AND ON-LINE

8.1 **Appendix 1** - Voluntary and Community Sector Strategy - Final for Endorsement

8.2 **Appendix 2** – Proposed Governance Arrangements.

9. BACKGROUND PAPERS

9.1 Item 5.1 from Cabinet on 21st November 2011.
Minutes from Cabinet on 21st November 2011.
Item 6.1 from Cabinet on 6th February 2012.
Minutes from Cabinet on 6th February 2012.
Item 5.1 from Cabinet on 20th February 2012.
Minutes from Cabinet on 20th February 2012.
Scrutiny Co-ordinating Committee on 9th March 2012
Minutes from Scrutiny Co-ordinating Committee on 9th March 2012

10. CONTACT OFFICER

Dave Stubbs, Director of Regeneration and Neighbourhoods, Civic Centre, Level 3, Victoria Road, Hartlepool, TS24 8AY. Tel: 523301 Email: dave.stubbs@hartlepool.gov.uk

Hartlepool Voluntary and Community Sector Strategy

FINAL FOR ENDORSEMENT



2012 - 2017



Foreword

In Hartlepool, there is a strong tradition of the public, private and community and voluntary sectors working in partnership to improve the environment and economic and social wellbeing of the borough. It is our ambition and our duty to build on these existing strong traditions despite the difficulties facing both the voluntary and the public sector.

The Voluntary & Community Sector (VCS) Strategy is a key document that has been developed in partnership with public sector partners and the VCS, outlining how organisations will work together to aid the development and success of the Voluntary and Community Sector in Hartlepool over the next five years.

The overall aim of the strategy will be to improve service delivery for the residents of the borough by creating and developing strong partnership working across both the VCS and public sector.

This document can be viewed online with other supporting information at:
www.hartlepool.gov.uk/vcs



Introduction

Our Shared Vision

There will continue to be a strong and prosperous Voluntary & Community Sector in Hartlepool that will contribute towards the strategic direction of the borough, playing an important role in shaping and delivering good public services and strengthening communities and neighbourhoods by promoting inclusion and involvement.

Hartlepool has a large and vibrant Voluntary and Community Sector (VCS), with a wide breadth of knowledge, specialisms and understanding enabling the delivery and provision of a range of services to residents, contributing towards improving quality of life and creating cohesive communities.

Whilst Hartlepool Borough Council has had a Voluntary Sector Strategy as well as a Compact (in partnership with public sector partners) servicing the borough for a number of years, it is recognised that in light of governmental changes and revisions to the National Compact it is now the right time to bring these two documents together to create a Voluntary and Community Sector Strategy that supports a strong and prosperous VCS that is recognised by everybody.

Changes recently introduced by central Government and the global economic downturn, have and will continue to have, significant implications for both the public and the voluntary sector. Substantial cuts across all public sector services and reductions in funding to voluntary sector organisations will challenge the way we deliver services in the future.

Other emerging factors which have resulted in the need to review the way we work, are the Localism Act and the Government's Big Society concept. *'The Localism Act outlines the Government's priority to refocus power to communities by breaking down barriers that have prevented local councils and VCS organisations from getting things done'* (Department for Communities and Local Government 2011). The Coalition Government indicates that it is crucial that the VCS have an effective role in taking the Big Society concept forward at a local level.

It is important therefore that this strategy provides a clear guide to how the Council, its partners and the VCS will work together to aid the development, success and sustainability of the VCS's work in the borough.

The strategy and the actions we take forward will provide a robust framework, which incorporates the principles of the Compact providing support and clear guidance on areas such as commissioning and procurement arrangements. This will enable all partners to respond to the current challenges in order to deliver and develop services that are a direct response to local needs.

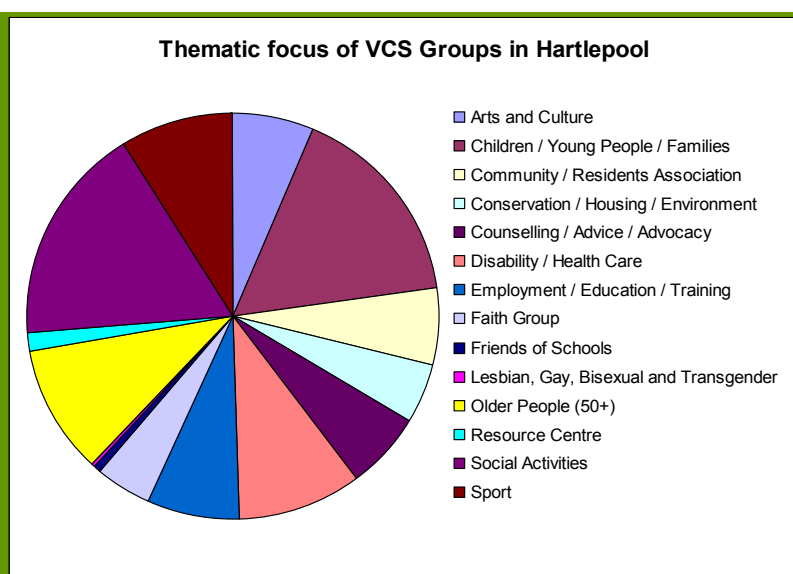
In Hartlepool it is widely recognised that there is a local desire for people to work together within and across the sectors and this strategy will work to promote and encourage collaborative working to enable good communication between all partners. Build on and develop the capacity, skills and knowledge within the sectors to ensure that services are delivered effectively with enhanced work prospects for individual volunteers, and sets the conditions to encourage all partners to have an equal voice.

This strategy is intrinsically linked to a number of other Council strategies, these should be considered when dealing with specific groups, for example the Hartlepool Participation Strategy in relation to children, young people and families. Links to these strategies can be found at www.hartlepool.gov.uk/vcs.



The Voluntary Community Sector (VCS) in Hartlepool

There are over 500 VCS organisations and groups operating in Hartlepool, who provide a variety of different services to local people. The VCS groups are diverse in nature, ranging from larger organisations providing a multitude of services for example Credit Unions and benefits advice, to smaller volunteer led groups such as support groups and residents associations and also including support and guidance to individual volunteers. These groups have different focuses as outlined in the diagram below:



Source: Hartlepool Voluntary Development Agency Voluntary Group Database

The VCS organisations in Hartlepool employs a number of people as well as offering volunteer and training opportunities. In 2009 HVDA carried out a major survey of the VCS in Hartlepool, 190 organisations from across the town responded. Information received revealed that over 500 people were employed by the sector and over 2000 volunteers worked with 111 groups. Across the whole sector in Hartlepool it was expected that this level was higher.

Whilst the current financial climate has affected the VCS and paid roles within the sector, the national trend is that interest in volunteering is growing and demand for short term volunteering opportunities is increasing.

Other areas of VCS work that is recognised by and complementary to statutory provision in Hartlepool include:

- *Community engagement and participation, increasing social capital and community cohesion, helping to build stronger communities through volunteer activity.*
- *Providing a range of voluntary opportunities for local residents to get involved in their neighbourhood,*
- *Develop skills as well as social expertise of volunteers.*
- *Securing external funding to bring additional services to the borough.*
- *Providing additional services at the local level, which are designed to the specialist requirements of the service user.*
- *Tackling inequalities.*
- *Shaping service provision in the borough.*

In the past the VCS in Hartlepool were supported, and represented by Hartlepool Community Network. Their primary role included building strong links between the VCS, residents and other sectors and ensured good public involvement and levels of engagement in local decision-making structures. Despite elements of the work being picked up by the VCS and the local authority specific provision for the sector is no longer available, all sectors need to be mindful of this potential gap in support .

It is clearly recognised that the VCS makes a significant contribution towards delivering added value to services in the borough. Whilst it is widely acknowledged that 2012 to 2017 will be an extremely difficult period for Hartlepool Borough Council, we are strongly committed to supporting the VCS to continue to be a strong, prosperous and independent sector with whom we can work in partnership.



Aims and Objectives

OUR AIM

The aims of this strategy will focus on:

- Assisting with funding either directly or indirectly.
- Encouraging collaborative working across the VCS.
- Strengthening partnership arrangements and ensuring good communication across both sectors.
- Providing clear commissioning, friendly procurement processes and performance management commitments.
- Supporting the VCS in difficult financial times.
- Supporting the VCS to deliver sustainable services.
- Encourage and support volunteering.

OUR OBJECTIVES

The objectives of this strategy are intrinsically linked with the **Compact principles**, which are:

Objective 1 – Have a Say

To ensure that voluntary and community sector organisations are able to comment on and influence public sector strategies and service delivery plans, in order to develop more reliable and robust policies and strategies that better reflect the community's needs and wishes.

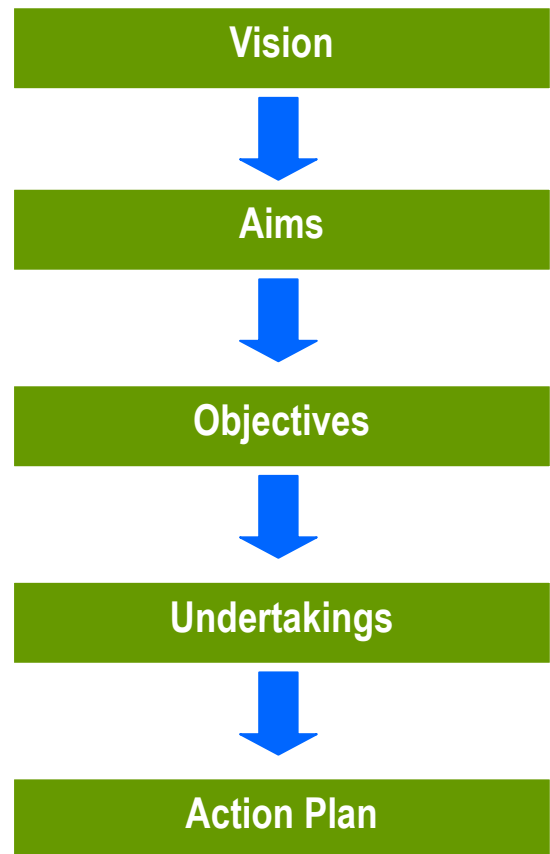
Objective 2 – Take Part and Deliver

To improve the relationship between public sector partners and the VCS within Hartlepool in managing and using resources to achieve a strong and prosperous VCS that contributes to the delivery of good public services within the town.

Objective 3 – Strengthen and Develop

To ensure a strong and diverse VCS that promotes inclusion across the town as well as a clearer understanding of community groups within the sector as a whole. The VCS is able to get involved, build capacity and develop, strengthening the local communities that they serve.

These aims and objectives form the basis of the undertakings agreed by all sectors to take this strategy forward; these will also form the framework for the action plan.



Undertakings

The undertakings clearly outline what both the voluntary and community sector and public sector agree to do. These will help to build upon, develop and strengthen the working relationships between the two sectors. This transparency will help to manage expectation and it is anticipated that this will breakdown perceived barriers.

These undertakings form the Compact, and build on the previous Hartlepool Compact taking into account the recent Government changes to the renewed National Compact, which highlights the need to *“Move towards tightly focused outcomes and practical commitments, increasing transparency and accountability in relation to implementation and partnership working”* (The Compact, Office for Civil Society 2010).

The undertakings will need to be embedded via a range of mechanisms such as:

- Robust and meaningful action plan with efficient and effective outcomes
- Sound governance arrangements
- Effective promotion and implementation

“Move towards tightly focused outcomes and practical commitments, increasing transparency and accountability in relation to implementation and partnership working”.



Objective 1 : Have a say

Ensure that voluntary and community sector organisations are able to comment on and influence public sector strategies and service delivery plans, in order to develop more reliable and robust policies and strategies that better reflect the community's needs and wishes.

SHARED UNDERTAKINGS:

- Promote the VCS in Hartlepool.
- Ensure that all communications are clear, purposeful and effective.
- Have an active role in the development of policy and strategies that affect the people of Hartlepool.
- Promote and create opportunities for others to get involved in consultation on developing policy and strategies.
- Ensure that representatives have the skills in order to carry out roles effectively and efficiently.

UNDERTAKINGS OF PUBLIC SECTOR PARTNERS:

- Give early notice of forthcoming consultations, where possible, allowing enough time for VCS groups of all sizes to get involved, offering additional support to facilitate this as required.
- Ensure documents use simple, clear language and are made available in a variety of formats, including different languages if requested, to meet the needs of residents.
- Be mindful of the constraints upon, and resource implications for voluntary and community organisations,.
- Use a variety of consultation methods and levels for engagement to ensure inclusivity.
- Clearly set out the purpose, scope and timeframe of each consultation and provide background information and contact details for additional information.
- Ensure transparent, detailed, constructive and timely feedback processes, which will set out the reasons for decisions made or why a specific approach was adopted.

- Use existing networks and forums for consultation and whenever possible share resources and coordinate consultation activity.
- Build early consultation into plans for statutory policy and strategy development, allowing a minimum of 8 weeks for consultation, where practicable.

UNDERTAKINGS OF VCS:

- Promote and respond to Public Sector Partners consultations where appropriate.
- Capacity permitting, seek the views of service users, clients, beneficiaries, members, volunteers, and trustees when participating in consultations and be clear about whose views are being put forward.
- Be clear about the constraints and resource implications of consultation on VCS groups.
- Identify existing networks and forums for consultation and promote to Public Sector Partners.
- Share the outcome of consultations with service users, clients, beneficiaries, members, volunteers, and trustees whose views have been put forward.
- Take advantage of support opportunities available to assist with consultation, as required.



Objective 2: Take Part and Deliver

To improve the relationship between public sector partners and the VCS within Hartlepool in managing and using resources to achieve a strong and prosperous VCS that contributes to the delivery of good public services within the town.

SHARED UNDERTAKINGS:

- Respect and be accountable to the law and in the case of charities, comply with the appropriate guidance from the Charity Commission including "Good Governance, A Code for the Voluntary and Community Sector".
- Work together to ensure services are joined up and avoid duplication.
- Be clear of the expectations of each party when developing funding agreements, delivery arrangements and setting clear performance management and / or monitoring targets.
- Acknowledge the variety of roles that individuals have and be open and transparent of individual positions when discussing funding decisions.
- Ensure that all relevant policies are in place to deliver services that are readily available for purposes of funding.
- Engage VCS groups and service users as early as possible before making a decision on the future of a service; any knock-on effect on assets used to provide the service; and the wider impact on the local community.
- Where possible early notice to be given of forthcoming funding opportunities.
- Will endeavour to enter into early consultation with VCS organisations to ensure inclusion at the planning stage of projects.
- Ensure transparency by providing a clear rationale for all funding decisions.
- Seek to provide a diversity of funding support that recognises the different needs of the VCS.
- Recognise the independence of VCS groups to deliver their mission, including their right to campaign, regardless of any relationship, financial or otherwise, which may exist.

UNDERTAKINGS OF PUBLIC SECTOR PARTNERS:

- Have open, transparent and timely commissioning processes ensuring that the same information and guidance is available and applies to all potential providers ensuring a level playing field for VCS groups.
- Ensure that funding is paid in line with agreed targets and the schedule in the contract.
- Work to support and develop VCS Groups who are encountering problems delivering commissioned services before considering withdrawing funding.
- Recognise that VCS tenders will include appropriate and relevant overheads, including the costs associated with training and volunteer involvement.
- Where possible, give at least 3 months notice, when reducing or ending funding or other support to VCS groups, notice periods will be set out in contract terms and conditions.
- Ensure greater transparency by making data and information more accessible, helping VCS groups to challenge existing provision of services.
- Where appropriate, look to make advance payments to 'kick start' projects.
- Recognise social value when allocating contracts ensuring that providers are aware of the needs of the Town.
- Wherever possible, tenders will be planned and staggered to avoid bottlenecks.
- Provide clarity on procurement systems and regulations to improve understanding of processes.
- Provide feedback on the outcome of procurement projects.



Objective 2: Take Part and Deliver

To improve the relationship between public sector partners and the VCS within Hartlepool in managing and using resources to achieve a strong and prosperous VCS that contributes to the delivery of good public services within the town.

UNDERTAKINGS OF VCS:

- Be open and transparent about reporting, evaluating, recognising the benefits of monitoring service delivery and responding to the requirements of funding providers.
 - Have a clear understanding of the organisation's financial structure and what they are trying to achieve.
 - Ensure effective business planning processes including reserves policy and be able to demonstrate that services provide value for money.
 - Adhere to the requirements of funding bodies in relation to the delivery of services, financial practices and other statutory obligations, legislation and regulations.
 - Give funders early notice of significant changes in circumstances and any concerns about delivery.
 - Recognise that Public Sector Partners are accountable bodies with strict priorities and funding constraints placed upon them, with a requirement to balance competing needs when allocating resources.
 - Take up opportunities which are aimed at supporting organisations to commission for services.
 - Commit to the development of skills, capacity and expertise to effectively compete for public service contracts, including understanding procurement processes.
 - Be able to demonstrate that the services delivered are of a high quality and meet the needs of users.
 - Ensure robust governance arrangements are in place so that organisations can best manage any risk associated with service delivery and financing models.
 - Prepare for the end of funding and plan to reduce any potential negative impact on service users and the organisation.
 - Work together as a sector to make the best use of
- resources available, developing consortia and partnering approaches as appropriate particularly in relation to tendering for larger scale contracts.
- Take up opportunities for helping to develop partnership and consortia approaches.
 - Demonstrate added value of local level delivery.
 - Where possible offer support and advice to other VCS organisations e.g. mentoring.



Objective 3: Strengthen and Develop

To ensure a strong and diverse VCS that promotes inclusion across the town as well as a clearer understanding of community groups within the sector as a whole. The VCS is able to get involved, build capacity and develop, strengthening the local communities that they serve.

SHARED UNDERTAKINGS:

- Ensure that no group experiences marginalisation, isolation, disadvantage, exclusion or discrimination.
- Strive to ensure that all community groups are properly represented.
- Ensure that no VCS group is discriminated against on the basis of age, disability, faith, gender, race or sexual orientation and will respect the voluntary nature of their work. All work undertaken is inline with the [Equality Act 2010](#).
- Support existing diverse community groups and develop others so that people from diverse communities can raise concerns.
- Acknowledge that organisations representing specific disadvantaged or under-represented group(s) can help promote social and community cohesion and should have equal access to support.
- Acknowledge that there are different sizes of group and organisations within the VCS, with different purposes, needs and support requirements.
- Ensure that staff, volunteers and contacts receive training and awareness as to specific needs and respond to particular sectors of Hartlepool's diverse community.
- Take practical action to eliminate unlawful discrimination, advance equality and to ensure a voice for under-represented and disadvantaged groups.
- Encourage and support volunteering by ensuring that volunteering is the result of a free choice by the volunteer, open to everyone and publicly recognised.
- Understand the respective roles, cultures and constraints of others to enable good collaborative working.
- Named contacts will be identified to deal with issues raised by minority groups, and act as a conduit to access relevant officers, services and support.

UNDERTAKINGS OF PUBLIC SECTOR PARTNERS:

- Support the development of voluntary and community groups and related infrastructure organisations, recognising their local knowledge, expertise and perspective.
- Encourage involvement and networking between the VCS, diverse people, and small community groups, thereby increasing skills and knowledge.
- Promote and monitor policies and services that eradicate discriminatory practice, implementing equality and diversity policies, and setting objectives and targets as appropriate.
- Work with VCS groups that represent, support or provide services to people specifically protected by legislation and other under-represented and disadvantaged groups. Understand the specific needs of these groups by actively seeking the views of service users and clients.
- Provide opportunities to build skills, capacity and understanding of procurement processes in the VCS to enable agencies to compete for contracts.
- Provide opportunities to build skills and capacity of smaller VCS groups.
- Encourage VCS groups to engage in development opportunities.
- Support and encourage VCS organisations to embed management, skills and governance arrangements and forward plan to ensure long term sustainability of services.



Objective 3: Strengthen and Develop

To ensure a strong and diverse VCS that promotes inclusion across the town as well as a clearer understanding of community groups within the sector as a whole. The VCS is able to get involved, build capacity and develop, strengthening the local communities that they serve.

UNDERTAKINGS OF VCS:

- Representatives will be selected or elected through an open and transparent recruitment process and representatives will be accountable to the VCS.
- Take up training and capacity building opportunities on representation, management and governance arrangements to ensure that roles are effectively delivered.
- Recognise the benefits of networking and partnership working amongst the VCS.
- Commitment to striving towards sustainability of services.



Commissioning & Procurement

COMMISSIONING

Commissioning can be defined as the agreed formal arrangements set up to deliver a service to meet specific needs and objectives. The shift towards a total commissioning approach will bring about real changes to the way that the VCS are funded in Hartlepool.

In turn this presents challenges to the VCS, as some groups and organisations, especially smaller groups may not have the skills, capacity, resources or expertise to tender for contracts in the same way as larger, commercial and more experienced organisations.

The National Programme for Third Sector Commissioning outlines eight key principles, which are:

- Understanding the needs of users and other communities by ensuring that, alongside other consultees, you engage with the third sector organisations, as advocates, to access their specialist knowledge;
- Consulting potential provider organisations, including those from the third sector and local experts, well in advance of commissioning new services, working with them to set priority outcomes for that service;
- Putting outcomes for users at the heart of the strategic planning process;
- Mapping the fullest practical range of providers with a view to understanding the contribution they could make to delivering those outcomes;
- Considering investing in the capacity of the provider base, particularly those working with hard-to-reach groups;
- Ensuring contracting processes are transparent and fair, facilitating the involvement of the broadest range of suppliers, including considering sub-contracting and consortia building, where appropriate;
- Ensuring long-term contracts and risk sharing, wherever appropriate, as ways of achieving efficiency and effectiveness; and
- Seeking feedback from service users, communities and providers in order to review the effectiveness of the commissioning process in meeting local needs.

'If embedded, these could yield efficiency gains and community benefits, through smarter, more effective and innovative commissioning, and optimal involvement of the third sector in public service design, improvement and delivery.'
(National Audit Office)

The undertakings under Objective 1, 2 and 3 of this strategy will be the mechanism for ensuring that these key principles form the future working relationship between all partners and help to inform the commissioning process across all departments of the Council.

PROCUREMENT

The Council has a Sustainable Procurement Strategy (2011 - 2014) which sets out to:

- Support the delivery of cost-effective high quality services which underpin the Council's corporate priorities, through a strategic and systematic approach to procurement and business development.

This strategy sets out key principles underpinning procurement activities, with particular relevance to the VCS, which will:

- Enhance our commissioning and procurement relationship to the VCS.
- Support the VCS in understanding and implementing any legislative changes in EU and UK Procurement Regulations.

In addition to this, the Council will continue to invest resources in providing transparent and constructive feedback to all bidders through formal procurement processes.

Information on the Council's Sustainable Procurement Strategy, Asset Transfer Policy and Consortium Models will be available on the Hartlepool Borough Council website, www.hartlepool.gov.uk.



Taking the Strategy Forward

How the undertakings are taken forward will be key to the successful implementation of the strategy. Ensuring that the processes and documentation is in place to action this.

The strategy will be driven forward by a Voluntary & Community Sector Strategy Steering Group; this will include a cross section of partners from the Voluntary Sector, Public Sector and Local Authority. VCS representation will be through an open election process facilitated by the sectors infrastructure organisation.

This group will oversee the implementation of the strategy and the key responsibilities of the group are:

- *Communication and awareness raising of the strategy.*
- *Review and monitor the Action Plan.*
- *Report to Strategic Partners Group.*
- *Ensure that the undertakings are embedded.*
- *Oversee the Dispute Resolution Procedure.*
- *Ensure that there are linkages across the authority to other strategic aims.*
- *Ensure that there is a consistent approach across all departments within the Council towards the VCS e.g. contract management, commissioning and procurement.*

The dispute resolution procedure attached as Appendix 1 is in keeping with The Compact Accountability and Transparency Guide from the Office for Civil Society.



Taking the Strategy Forward

ACTION PLAN

The action plan will be a separate document to allow for annual updates. It will focus on the key priorities for the strategy which will be guided by the 3 key objectives, related undertakings and will reflect the needs and priorities required by all partners to deliver effective outcomes.

MONITORING THE STRATEGY

The implementation of the strategy will be monitored by the following mechanisms:

- A cross-departmental and organisational Voluntary & Community Sector Strategy Steering Group taking forward and monitoring compliance with the strategy.
- An annual review of the action plan, to reflect the developments and current priorities, this will include self-assessment forms for both the public and voluntary sector partners.
- Progress will be reported on annually to the relevant Portfolio Holder and feedback will be provided to all partners via the Steering Group.

The intended period of this strategy is 5 years; therefore, a complete review of the strategy is expected in 2017.

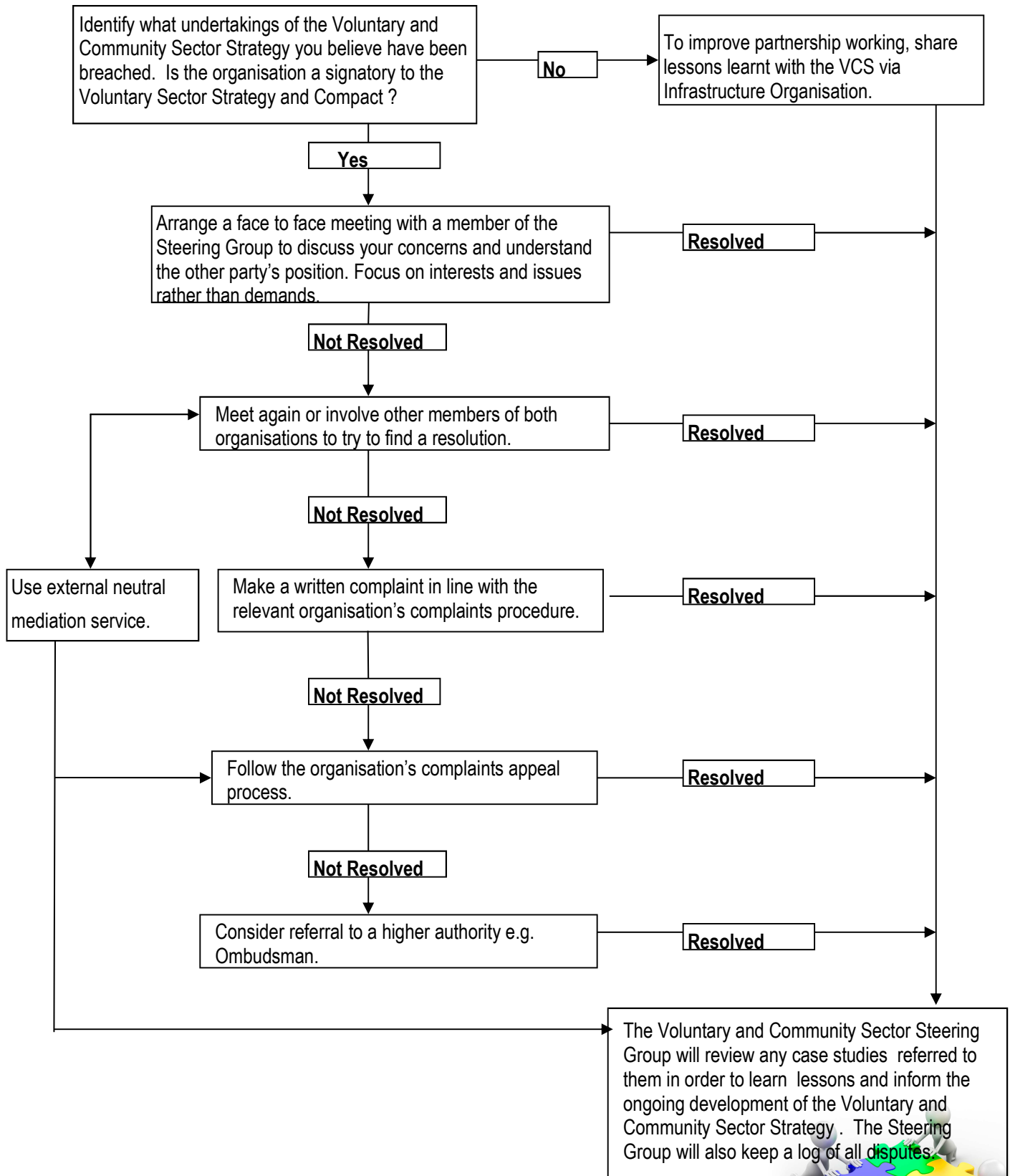
If you would like further information on this strategy please contact the David Frame, Neighbourhood Manager on 01429 523034.



Appendix 1: Dispute Resolution

Voluntary & Community Sector Strategy

Dispute Resolution Flow chart - What to do when things go wrong





Hartlepool Voluntary and Community Sector Strategy 2012 - 2017



Governance Proposal – FINAL

Set out below are the suggested Governance arrangements for the Voluntary & Community Sector Strategy once the document has been developed and approved.

1) **Establish a Voluntary & Community Sector Strategy Steering Group.** This is in keeping with guidance from Compact Voice*.

2) **Membership** of the Steering Group to include:

- Representation from the VCS Infrastructure organisation
- Elected representation from the Voluntary and Community Sector (x4)
 - representation from smaller VCS organisations (2)
 - representation from VCS service provider (2)
- Representation from 3 Hartlepool Borough Council Departments
- Representative from each of the Theme Partnership (nominated by the theme partnership).

3) **Terms of Reference** for the Membership of the Steering Group to include:

- Purpose of the Groups - Aim and Objectives of group
- Role of Group & Responsibilities
 - Communication & awareness raising of the Voluntary & Community Sector Strategy
 - Review and Monitor the Action Plan
 - Report to Strategic Partners Group
 - Ensure undertakings are embedded
 - Dispute Resolution
- Membership
- Chairing and support arrangements
- Declaration of Interest
- Accountability
- Meetings – at least 4 times a year, more frequently as required
- Co-ordination

4) **Dispute Resolution** process

Step 1: Resolve at the local level with the Voluntary & Community Sector Strategy Steering Group acting as or appointing an appropriate intermediary. Follow process set out in **Dispute Resolution Flow chart**. NB. This process was approved as part of the governance arrangements for the Hartlepool Compact and has been update to reflect revised governance arrangements.

Step 2: If unable to resolve at the local level, signpost to Local Ombudsman and Compact Advocacy.

Record all allegations of non-compliance to the undertakings of the Voluntary & Community Sector Strategy and analyse causes.

* Compact Voice are the of the voluntary sector on the Compact, they support the voluntary sector through sharing best practice, providing information and recourses and offering practical help and guidance, see www.compactvoice.org.uk for more information.

CABINET REPORT

9th July 2012



Report of: Director of Child and Adult Services and Chief Finance Officer

Subject: DEVELOPMENT OF A CHILDREN'S HOME:
BUSINESS CASE

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Key Decision (Test 1 and 2 apply). Reference CAS130/12.

2. PURPOSE OF REPORT

2.1 To present the Business Case for the development of a Children's Home within Hartlepool and seek approval to proceed.

3. BACKGROUND

3.1 A report setting out an Options Appraisal for the establishment of a Children's Home within the Borough was considered by Cabinet on 19th March 2012. The decision of the meeting was that a further report be submitted to Cabinet setting out detailed business cases for the potential development of a Children's Home(s) in Hartlepool in line with Options 1 and 4 as set out in the report, i.e.:

- Option 1 – One or two homes developed and managed by Hartlepool Borough Council.
- Option 4 – Homes developed and managed by another local authority in Hartlepool.

3.2 The previous report set out the legislation and regulations relating to the establishment, management and operation of registered Children's Homes, under the Children's Homes National Minimum Standards (NMS) 2011. The standards are underpinned by the Children's Homes Regulations 2001 as amended in 2011. The Statutory Guidance for Children's Homes sets out the

wider context for local authorities, as providers and commissioners of children's homes.

- 3.3 It is intended that the National Minimum Standards are used both by providers and by Ofsted, to focus on securing positive welfare, health and education outcomes for children, and reducing risks to their welfare and safety. All providers and staff of children's homes should aim to provide the best care possible for the children for whom they are responsible. Observing the standards is an essential part (but only a part) of the overall responsibility to safeguard and promote the welfare of each individual child.
- 3.4 There are 25 child focused standards, which cover a wide range of issues, examples of which are provided below:
- The child's wishes and feelings and the views of those significant to them;
 - Promoting positive behaviour and relationships;
 - Providing a suitable physical environment for the child;
 - Fitness to provide or manage the administration of a children's home;
 - Training, development and qualification of staff;
 - Handling allegations and suspicions of harm;
 - Managing effectively and efficiently and the monitoring of the home.
- 3.5 In addition to compliance with the National Minimum Standards, before a children's home can be opened there is a rigorous process of evaluation including the approval of the Responsible Person and Registered Manager by Ofsted and a pre-opening inspection. In order to meet the requirements to open a children's home, any organisation must demonstrate how they meet a number of legal requirements and minimum standards for children's homes taking into account statutory guidance *The Children Act 1989 Guidance and Regulations Volume 5: Children's Homes* issued by the Department of Education.
- 3.6 In summary, a children's home must have:
- A registered provider and a person known as a 'responsible individual' who represents the partnership or organisation to Ofsted;
 - A registered manager;
 - A Statement of Purpose that sets out the overall aims of the children's home and the objectives for children who live there. The Children's Homes Regulations 2001 set out the information that the Statement must contain;
 - A Children's Guide, which summarises the Statement of Purpose, the complaints procedure and contains the address and telephone number of Ofsted in a form that is appropriate to the age, understanding and communication needs of the children;

- A number of policies and procedures as set out The Children's Homes Regulations 2001 and 2011 amendments.
- 3.7 The National Minimum Standards (Standards 14, 16 and 17) outline the statutory requirements of the manager and staff who work within a Children's Home to ensure the home is provided and managed by those who are suitable to work with children and have the appropriate skills, experience and qualifications to deliver an efficient and effective service. It is a requirement that the registered manager has:
- A recognised social work qualification or professional qualification relevant to working with children at least at level 4;
 - A qualification in management at least at level 4;
 - At least two years experience relevant to residential care within the last 5 years;
 - At least one years experience supervising and managing professional staff.
- 3.8 The Standards require that all staff who are employed to work in a children's home must be carefully selected and vetted and have sufficient qualifications and experience to meet the needs of the children. This includes substantial relevant experience of working in a children's home for anyone who designated to deputise for the registered manager.

4. PROPOSALS

- 4.1 Further examination and review of Option Four has identified a number of potential difficulties. Approaching another local authority without going to the open market is not feasible. The European public contracts directive (2004/18/EC) applies to public authorities including, amongst others, government departments, local authorities and NHS Authorities and Trusts. The threshold for services under the directive is currently £173,934. The likely minimum value of a tender would be well in excess of that figure.
- 4.2 There have also been difficulties in determining the detailed costs of another provider delivering the management and operational elements of this option and subsequently in setting out a business case.
- 4.3 Further exploration has been undertaken regarding Option One, the proposal that the Council develop and manage a local children's home and officers are keen to pursue this option as they consider that the department has the necessary expertise, skills and knowledge to develop and manage a children's home for children looked after by the Council. The benefits of the Council delivering the home include, amongst other things:
- Officers have a working knowledge of the needs and views of children looked after by Hartlepool Borough Council;

- Officers are aspirational in the type of home they wish to deliver and how this will be shaped around the needs of children who may require this type of care now and in the future;
 - Ensures strong working relationships between the home and the local community and local ward members;
 - Flexibility to deploy resources into the home from the service as required;
 - Support from services specifically commissioned within the town, for example child and adolescent mental health services.
- 4.4 In respect of the development of a children's home by the Council, there have been some developments since the previous report was considered by Cabinet. A potential property has been identified and whilst the potential of that property continues to be explored, work will continue to examine all of the options available.

5. FINANCIAL CONSIDERATIONS

- 5.1 Initially, it is suggested that it would be operationally and financially prudent to establish a single four bed Children's Home within the Borough. The estimated revenue costs related to that model are set out in **Appendix 1**.
This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, information relating to the financial or business affairs of any particular person (including the authority holding that information).
- 5.2 Staffing represents by far the largest expenditure for any children's home whether it is in the public or private sector. Residential Child Care Officers in Hartlepool are on Pay Bands 7 to 9. The figures provided in Appendix 1 illustrate the potential lowest and highest annual salary costs. The table does not reflect the cost of recruitment.
- 5.3 The preferred option assumes the Council can acquire a property transferred at nil consideration from a partner organisation. This option could potentially avoid ongoing revenue costs of approximately £17,000 as no provision would need to be made for rental costs or Prudential Borrowing repayment costs. This option would still require the set up costs detailed in paragraph 5.5.
- 5.4 Alternative options would be to either rent a property, or to buy a property outright using Prudential Borrowing. Based on current interest rates and a loan repayment period of 25 years these alternative options have the same revenue cost.
- 5.5 For all options there will be one-off set up costs for adapting the property to meet the requirements of a Children's Home. These costs will depend on the property acquired. For planning purposes an initial assessment of these potential costs indicates that up to £0.1m may be needed. This one-

off costs is not reflected in the business case and it is suggested that Council approval is requested to fund these costs from the final 2011/12 Early Intervention Grant underspend of £0.135m transferred to the General Fund.

6. BENEFIT ANALYSIS

Cost benefit

- 6.1 A cost benefit analysis has been undertaken examining the cost of placements for children looked after by Hartlepool Borough Council in residential care. The analysis has looked at the cost associated with children placed in residential placements provided by the independent sector compared to the cost of placing the children in a local authority Children's Home.
- 6.2 The analysis covers 3 financial years from 2010/11 to current year estimates for 2012/13. The table below shows an average weekly cost and total annual cost for 4 placements in an independent Children's Home based on current actual arrangements.

	Actual cost (average per week per child)		Estimated cost
	2010/11	2011/12	2012/13
Weekly Cost	£3,251	£2,895	£2,862
Total Annual Cost	£677,900	£603,700	£597,000

- 6.3 The table demonstrates that costs have reduced slightly in the last 18 months; this is due to strengthened and robust procurement arrangements. However, it should be noted, that placement costs vary substantially dependent upon need, some specialist placements can cost in excess of £5,000 per week. Placements currently extend from Newcastle to Cumbria and Cheshire.
- 6.4 Within weekly provider charge there is usually a certain amount allocated for travel, this is usually in the region of up to 80 miles per week, over that there is a charge of 44 pence per mile for the child to be transported for example to school, for contact with their family etc. There are, however, significant other costs associated with placements of children within the independent sector, which need to be taken into account. These are costs associated with a placement but not within the unit cost price and include:
- Statutory visits, social workers are required by legislation to visit looked after children at least once every 3 months although there is a substantial body of evidence to indicate visits should be more frequent (Waterhouse Report 2000, Reports of the Children's Rights Director); good practice in Hartlepool is to visit a minimum of monthly. Dependent upon need this can be much more frequent. The service currently has a number of young people placed in Cumbria, a single

visit including travel can involve being out of the authority for 5 hours (the hourly rate for a Social Worker is £22.16).

- Attendance at Looked After Children Review meetings, medical appointments and Personal Education Plan meetings can involve a number of staff from the authority which further increases cost to the authority.
- Contact with family and friends will vary in frequency and in some circumstances is determined by the Family Courts. Children and young people or family members may be required to be transported to and from Hartlepool for contact.

6.5 Overall these costs substantially accrue and it is estimated can add an additional £1,500 – £2,000 per year to the cost of each individual placement. There are currently 12 children placed in residential care outside of the Tees Valley and based on this figure can add an additional £18,000 – £24,000 cost to the local authority. The provision of a children's home in Hartlepool will accrue benefits associated with maximising staff time and reducing travel costs. For the purpose of assessing the business case these accrued benefits are not reflected in the financial comparison of the cost of the existing arrangements (detailed in paragraph 6.2) and the cost of operating the Council's own home.

6.6 The business case compares the cost of the existing arrangements with the direct cost of operating the Council's own home and taking all these factors into account, it is anticipated there may be annual savings associated with the Council providing its own children's home in Hartlepool ranging from £45,000 to £110,000, depending on the suitability criteria of transferring provision from Independent sector to in house provision. The savings range reflects the potential staffing mix and in practice the staffing mix is anticipated to be a mix of band 7 and 9 staff, which will mean the actual saving is within this range. The gross saving could be reduced by £17,000 if the Council needs to rent a property or buy using Prudential Borrowing. The following table summarises the forecast minimum and maximum savings against the existing cost:

	Minimum Forecast Cost/ saving (as per Appendix A) £'000	Minimum Forecast Cost/ saving (as per Appendix A) £'000
Total Cost (without rent or Prudential Borrowing Repayment costs)	552	487
Existing costs 2012/13 (as per para. 6.2)	597	597
Forecast annual saving	45	110
Forecast annual saving net of potential rent or Prudential Borrowing repayment costs	28	93

- 6.7 The financial projections are based on 100% occupancy 52 weeks per year. It is anticipated that there may be limited times when the home operates for a few weeks at 75% occupancy. An initial assessment of under occupancy has been completed and at worst it is expected that operating the Council's own home will breakeven. Given the recent increase in the number of looked after children, it is not anticipated that reduced occupancy will continue for any sustained length of time. However, in the event that this situation did arise, there is the opportunity for income generation, as a placement could be sold to a neighbouring local authority requiring a placement.
- 6.8 It is suggested that the savings from operating the Council's own home are earmarked to manage volatility in the Looked After Children's budget and / or potential temporary budget pressures from under occupancy of the home.
- 6.9 In the medium term operating the Council's own children's home reduces dependency on external providers and will help the Council control costs in this area. It needs to be recognised that by operating its own children's home the Council becomes responsible for additional ongoing contractual commitments in terms of employment contracts and potentially loan repayment costs if Prudential Borrowing is used to buy a property. The annual staffing costs are reflected in the business case as an ongoing contractual commitment. Prudential Borrowing costs would only be an issue if this option is adopted and the Council then made a future decision to close the facility, which is not expected to be an issue given the rational behind this project.
- 6.10 The forecasts in the business case do not include provision for increased Looked After Children costs, which are an issue for the Medium Term Financial Strategy. It has previously been reported that these costs are currently anticipated to exceed the ongoing revenue budget and in 2012/13 and 2013/14 and it is planned to fund the additional costs from the specific reserve earmarked to manage this risk. It had been hoped that this strategy would provide time to reduce ongoing costs to the level of the base budget. It is increasingly anticipated that this will not be possible owing to increases in the number of Looked After Children. Therefore, this issue is anticipated to be a significant commitment against the 2014/15 budget headroom and based on current spending levels £0.4m may need to be allocated from 2014/15. All councils in the North East have experienced increases in Looked After Children numbers and costs. These trends exacerbate the impact of Government funding cuts implemented over the last two years and the Association of North East Council's is lobbying the Government to address this issue and to provide additional funding for Looked After Children pressures. The development of a business case to open the Council's own home should help partly mitigate these additional costs.

Other benefits

- 6.11 There are also substantial benefits to a young person being placed within their own community promoting continuity of relationships with family members, education, health care and social networks. This continuity prevents disruption for children which arises when children move to a placement out of the area necessitating, amongst other things, a change of school, G.P. and dentist. Being separated and at some distance from their family can also cause difficulties for children. Despite breakdowns in family relationships, children in residential care retain strong links with their family and local area having a strong sense of identity and belonging. This comes up as an important matter in consultations with looked after children, who stipulate they wish to live in Hartlepool.
- 6.12 When children are local, the service is better placed to respond to any emergency need that may arise, for example a risk of placement breakdown and mobilise resources to support the child and his/her placement. Where children are placed at a distance from the town, support is less easy to resource and sustain for any length of time and can lead to the breakdown of placements and disruption for children and young people.
- 6.13 In terms of improving outcomes for children in care, officers are confident that the provision of a children's home in Hartlepool will lead to improved outcomes. The quality of services for children looked after was judged to be good during the last inspection of services for looked after children in 2010. Since that time, the service has further developed local services including the formation of a Placement Support Team made up of multi agency professionals who work alongside social workers to support children in care and promote placement stability. Providing children with stability and high quality care will enable them to enjoy and achieve, receive responsive tailored support from an integrated looked after service which works collaboratively to support children and young people and have access to wider local services specifically commissioned for looked after children in Hartlepool.

7.1 CONCLUSION

- 7.1 The development of the business case for Hartlepool Borough Council to become providers of a children's home has arisen from a Scrutiny investigation into the provision of services for children looked after by the Council. This investigation heard from children and young people in care who highlighted their views that they should be able to remain within Hartlepool and continue to have their needs met in their home community. At present, children requiring residential care are usually placed in independent sector provision in other authority areas and in some cases at a significant distance from Hartlepool. The proposal that the Council manages and delivers a local authority run children's home in Hartlepool will ensure that for those children for whom it is appropriate, they can receive care and

support within the town ensuring continuity of education, health care family and social networks. Evidence would suggest that stability and continuity promotes improved outcomes for children.

- 7.2 Officers are confident that the local authority has the skills, experience and knowledge to provide a high quality children's home in Hartlepool. The service currently delivers residential short break care at Exmoor Grove which complies with the regulatory and legislative frameworks and has been judged as 'Good' by Ofsted through its annual inspection regime. The experience of delivering Exmoor Grove will be used to inform the development of new provision.
- 7.3 This report outlines the potential cost benefits (as well as other direct benefits for children) and highlights that operating the Council's own children's home reduces dependency on external providers and will help the Council control costs in this area. The business case details the likelihood that potential savings can be realised from existing expenditure on residential care placements. Occupancy levels have been taken into account, an initial assessment of under occupancy has been completed and at worst it is expected that operating the Council's own home will break even. There will also be the potential to sell placements to other local authorities in the unlikely event that demand declines, thus generating income.
- 7.4 Overall, the development of a children's home by Hartlepool Borough Council would be in the best interests of the children looked after by the authority leading to improved outcomes. It would demonstrate value for money and enable the Council to better control costs associated with children's residential care.

8. RECOMMENDATIONS

- 8.1 Cabinet is requested to approve the development of a Children's Home in Hartlepool managed by the local authority and to proceed with the development.
- 8.2 Authority is sought to enter into formal discussions with a Housing Association for the transfer of a property to Hartlepool Borough Council, which is the preferred building for the Home.
- 8.3 Council approval is requested to allocated up to £0.1m from the final Early Intervention Grant underspend of £0.135m transferred to the General Fund Reserve, to fund one off adaptation/set up cost of a children's home. To note that if these costs are less than £0.1m the uncommitted monies will remain within the General Fund.
- 8.4 As a fall back position, Council approval will need to be requested to use Prudential Borrowing up to a maximum of £0.4m to purchase a suitable property (if the property does not transfer from Three Rivers Housing Association or an alternative property cannot be rented), which is the amount

the revenue business case can support based on a 25 year loan period and the necessary amendments to the Capital Programme. If a property can be rented, the Prudential Borrowing limit and amendments to the capital programme will not be needed.

- 8.5 The savings from operating the Council's own home are earmarked to manage temporary under occupancy and/or increased Looked After Children costs.
- 8.6 That Cabinet note the legal and statutory requirements in respect of the Council managing and delivering a Children's Home.

9. REASONS FOR RECOMMENDATIONS

- 9.1 There is a need for the Council to manage to the best of its ability, the escalating costs of children and young people entering the care system in Hartlepool, whilst continuing to meet the needs of one of the most vulnerable groups in society.

10. APPENDIX NOT FOR PUBLICATION

Appendix 1: Revenue Expenditure and potential Income

11. BACKGROUND PAPERS

Options Appraisal for the potential development of one or more Children's Homes in Hartlepool. Cabinet, 19th March 2012.

Department for Education Children's Home: National Minimum Standards
Department of Health (2000) Waterhouse Report: Lost in Care
Children's Homes Regulations 2001 (As amended 2011)

12. CONTACT OFFICERS

[Sally](#) Robinson, Assistant Director Child and Adult Services
01429 523732 sally.robinson@hartlepool.gov.uk

Chris Little, Chief Finance Officer
01429 523003 chris.little@hartlepool.gov.uk

CABINET REPORT

9th July 2012



Report of: CHIEF EXECUTIVE

Subject: Future options for the provision of a strategic HR function

1. TYPE OF DECISION/APPLICABLE CATEGORY

Non Key Decision.

2. PURPOSE OF REPORT

2.1 A report was submitted to Cabinet on 11th June 2012 which set out options for the future provision of a strategic HR function. This report presented three options for cabinet to consider.

- Reappointment of a Chief Customer & Workforce Services Officer,
- Undertake an internal restructure which removes the strategic HR post
- Continue to share a Head of HR with Darlington Borough Council.

3. BACKGROUND

3.1 At the meeting on 11th June the Cabinet decision was as follows:

- Cabinet agreed to enter into a new agreement with Darlington Borough Council to share a joint Head of HR and that the Acting Chief Executive and/or Chief Solicitor be delegated to finalise the legal agreement with the General Purposes Committee.
- That the arrangement be reviewed in 12 months time.

3.2 This decision was called in and scheduled for consideration at the meeting of Scrutiny Coordinating Committee on 29th June 2012. Due to deadlines it is not possible to include their deliberations in this report and an update / report will be submitted to Cabinet dependant upon these discussions.

4. RECOMMENDATIONS

4.1 Cabinet are asked to determine their course of action and decision based upon the original report and any further information pertaining to the Call in.

5. CONTACT OFFICER

Nicola Bailey
Acting Chief Executive
Nicola.bailey@hartlepool.gov.uk
Tel: 01429 523001

CABINET REPORT

9 July 2012



Report of: Chief Finance Officer

Subject: BUSINESS RATE RETENTION AND LOCALISING
SUPPORT FOR COUNCIL TAX – RESPONSE TO
GOVERNMENT CONSULTATION

1. TYPE OF DECISION/APPLICABLE CATEGORY

None key decision.

2. PURPOSE OF REPORT

2.1 The purposes of the report are to:

- i) Update Cabinet on the latest information provided by the Government in relation to Business Rate Retention and proposal for Localising Support for Council Tax; and
- ii) to enable Cabinet to approve the Council's response to additional consultation questions asked by the Government.

3. BACKGROUND

3.1 Cabinet has previously considered detailed reports on the Governments' main consultation proposals for both Business Rates Retention and Localising Support for Council Tax and approved the Councils' response to these proposals.

3.2 In relation to proposed changes to Business Rate Retention the Councils' response asked the Government to consider a number of significant issues before finalising detailed changes, to ensure the final changes are fair and equitable for all authorities, including:

- The impact of proposed changes on councils which suffered disproportionate grant cuts in 2011/12 and 2012/13;
- The existing benefits of the current funding system of seeking to balance service needs with available local resources from Business Rates;
- The need to index year one 'tariff and top up' amounts for inflation if the changes are implemented;

- The requirement to ensure individual councils are protected from decreases in Business Rates outside of their control;
- Concerns regarding the proposal to fix the new system for up to 10 years before completing the first reset to address the impact on individual councils.

3.3 In relation to the proposal to localise support for Council Tax the Councils' response asked the Government to consider a number of significant issues before finalising detailed changes, including:

- Addressing the cumulative impact on some communities, including Hartlepool, of disproportionate grants cuts and the impact of Council Tax Benefit cuts;
- The disproportionate burden of managing the 10% Council Tax Benefit grant cut on more deprived councils;
- The need to address increased demand with a cash limited grant 10% lower than current funding levels;
- The impact of protecting vulnerable pensioners (which the Council agrees is necessary) on the level of reduction in Council Tax support for other groups which was forecast at between 15% and 20%;
- The Government's proposal not to phase the funding change over a number of years;
- The impact on Council Tax collection rates and the increased costs of collecting relatively small amounts from individual Council Tax payers affected by other Welfare Reform changes.

4.0 CURRENT CONSULTATION

4.1 As reported previously arrangements for implementing both Business Rate Retention and localising support for Council Tax Support require primary legislation and secondary legislation/regulations to be approved and issued, with the later not expected to be received until latter in the year. The Government's timetable for implementing these changes for 2013/14 is extremely ambitious and challenging, particularly the requirement for councils to approve a local Council Tax Support scheme, including identify where existing support will be reduced to manage the 10% Government funding cut, by 31st January 2013.

4.2 To help councils address these issues the Government has issued a number of comprehensive 'Statements of Intent', pending the issue of secondary legislation/regulations. The documents effectively recognise that these changes are significant and there is a limited lead time for councils to develop detailed proposals to implement these changes at a local level. These documents are intended to provide details of the issues to be included in secondary legislation/ regulations latter in the year to assist councils develop plans for addressing these changes. These documents cover the following areas:

Business Rate Retention

- The central and local shares of business rates
- The safety net and levy
- The economic benefits of local business rates retention
- Renewable energy projects
- Pooling Prospectus

Localising Support for Council Tax

- Statement of intent
- Funding arrangements consultation
- Taking work incentives into account
- Vulnerable people – key local authority duties

4.3 The comprehensive documents issued by the Government mainly address technical issues regarding the operation of the new arrangements. However, the Government is proposing some significant changes to the initial consultation proposals, as detailed in the following paragraphs. Where the Government has asked a specific consultation question the Councils' proposed response is detailed in section 6, table 1, together with other issues which it is recommended need bringing to the Governments' attention.

4.4 **BUSINESS RATE RETENTION**

4.5 **The central and local shares of business rates**

4.6 The Governments' initial proposals suggested that 100% of business rate income would be allocated to councils and individual authorities year one allocations would include 'tariff and top-up amounts'. The latest policy papers shows the Government now proposes to keep a top slice of 50% of the national business rate income and to use this funding to continue to pay Revenue Support Grant (RSG) to councils. This top slice is expected to remain fixed until 2020 at the earliest as the Government aspire in the long-term to 10 year re-set period for the new system.

4.7 The continuation of the RSG system will enable the Government to provide support for council services and it will also provide a mechanism for the Government to impose spending review funding cuts on councils. This arrangement will continue the current position whereby the amount of business rates allocated to councils at a national level will be less than the amount collected nationally from business. This reflects the Treasury's desire to control public sector spending.

4.8 The Government also proposes to roll other grants into the new system from 2013/14, although it is not clear if these will be paid from the local or central share of business rates. The grants identified by the Government are:

- Bus Service Operators Grant – London buses element only;
- 2011/12 Council Tax freeze grant (i.e. the grant paid for 4 years up to 2014/15);

- Council Tax Support Grant (excluding the amount that will be paid to Local Policing Bodies directly);
- Early Intervention Grant (excluding funding for free early education for two year olds);
- GLA General Grant;
- A proportion of Greater London Authority Transport grant;
- Homelessness Prevention Grant;
- A proportion of Lead Local Flood Authorities Grant;
- Department of Health and Learning Disability and Health Reform Grant;
- A proportion of Sustainable Drainage Systems Maintenance Costs Grant.

4.9 The Government has not yet issued details of the national 2013/14 allocations for the grants they intend to roll-up into the new system, or the impact of changes in the formula used to determine individual councils grant allocations. As detailed in the Medium Term Financial Strategy (MTFS) reported to Cabinet on 11th June 2012 there is a risk that these changes may result in further disproportionate grant cuts for authorities serving deprived communities, including Hartlepool, which would increase the previously reported budget deficits. At this stage there is insufficient information available to assess the impact of the above grants being roll-up into the new grant system. Members will be updated as soon a more information is available.

4.10 There is a particular risk in relation to the Early Intervention Grant (EIG) as Hartlepool currently benefits from floor damping arrangements, which if removed could reduce the annual grant from £7.2m to £4.7m. Furthermore, the Government intends to exclude the funding included in the EIG for free early education funding and to transfer this amount into the Dedicated School Grant, although they have not previously identified the specific funding allocated to this area. Locally we have assessed that this element of the EIG is £0.8m, although the Government may identify a different amount.

4.11 **The safety net and levy**

4.12 The Government has issued further information on proposals regarding the 'safety net' arrangements designed to protect local authorities from significant negative shocks in their business rate income. The Government proposes to set the safety net threshold in the range of 7.5% to 10% below the 'spending baseline'. The Government has not yet decided on the final safety net threshold and by way of example the Statement of Intent document indicates that with a 10% threshold safety net payments would be made to take the authority's income up to 90% of its 'spending baseline' where income had dropped below that level. Therefore, individual authorities may be required to manage a reduction of up to 10% from the 'spending baseline', without any support from the 'safety net' arrangements. In addition, the 'spending baseline' has not yet been defined and this could either be the figure the Government use for allocating grants or the actual level of redistributed business rates currently paid to individual councils.

- 4.13 From Hartlepool perspective these proposals expose the Council to a significant additional financial risk owing the level of the proposed threshold and level of business rates reduction councils will have to manage locally. Based on the Government's proposals the following table highlights the additional financial risk the Council will have to manage if these proposal are implemented:

Basis for Safety net threshold	Business rate reduction to be managed locally with 7.5% threshold £'m	Business rate reduction to be managed locally with 10% threshold £'m
Value of Redistributed Business Rates of £40m	3.0	4.0
Spending Assessment used for allocating grants of £98m	7.4	9.8

- 4.14 This is a significant additional financial risk, particularly in the context of the impact of the power stations contribution to the overall business rate income, which now accounts for £5m (17%) of business rates collected, and the risk to this income from shut downs and the resulting reductions in rates payable. A strategy for managing this risk will need to be developed and it would be prudent to earmark resources to manage this risk, either by establishing a specific risk reserve or increasing the General Fund Reserve. This issue will need to be addressed as part of overall Medium Term Financial Strategy and the strategy for managing risks and budget cuts over the next few years. The response to the consultation asks the Government to review the proposed safety net arrangements to provide a more appropriate level of protection and to recognise the unique impact and circumstances of nuclear power stations.
- 4.15 Another important change from the existing Local Government funding system is an annual requirement at the year end for the Government to review and adjust in-year Business Rate payments to reflect a range of issues, including:
- Central share payments
 - Payments to major precepting authorities
 - Tariff and top ups
 - Reliefs (mandatory and discretionary)
 - Costs of Collection
 - Losses in Collection
- 4.16 The Government has not yet determined the exact treatment of these issues and will consult on precise definitions. Further details, including the impact on Hartlepool will be reported to Members when more information is available.

4.17 The economic benefits of local business rates retention

- 4.18 This document provides details of the Governments' cases for local business rates retention which they believe will encourage economic growth. There are no specific issues to address for individual councils.

4.19 Renewable energy projects

- 4.20 This document confirms the Governments' intent to allow authorities to retain the additional business rates from 'qualifying' renewable energy projects, which are defined as onshore wind power, offshore wind power, hydroelectric power, biomass, biomass conversion, energy from waste combustion, anaerobic digestions, landfill and sewage gas, advanced thermal conversion technologies- gasification and pyrolysis, geothermal heat and power and photovoltaic's.

4.20 Pooling Prospectus

- 4.21 This document sets out the arrangements to enable authorities to pool business rates to potentially help manage financial risk. Discussions at an officer level within the Tees Valley have concluded that as all authorities will be 'top-up' (i.e. currently receive more reallocated business rates than they collect locally) there are no benefits from pooling. In addition, owing to the lack of final detailed regulations individual authorities Chief Finance Officers are not in a position to assess the impact and risk on their individual authorities of pooling. Therefore, at this stage it is suggested that Members note the position.

5.0 LOCALISING SUPPORT FOR COUNCIL TAX**5.1 Statement of intent**

- 5.2 This document sets out detailed requirements in relation to the issues authorities need to address in preparing local schemes, transitional arrangements for managing claims during the transfer from the current scheme to the new arrangements (in this context transitional arrangements do not provide any financial protection for individuals currently in receipt of Council Tax Benefit who may not be eligible for support under local schemes), the arrangements for calculating the Council Tax base and risk sharing between different tiers for authorities.

5.2 Funding arrangements consultation

- 5.3 The document outlines in more detail the proposed arrangements for implementing the new arrangements and the 10% funding cut. The document provides indicative allocations for individual authorities, which the Government state will change. The indicative allocation provided for Hartlepool shows a potential funding cut of £1.3m, which has been based on Office for Budget Responsibility forecast for 2013/14 claimant caseloads,

compared my initial estimate of £1.1m, which is based on current funding levels.

- 5.4 The Government's latest proposal have begun to recognise 'that in some authorities council tax benefit forms a relatively high proportion of overall expenditure and therefore the 10% reduction in funding in the first year may lead to a relatively larger budget pressure compared to the majority authorities which will be more challenging to manage in the short term'. The proposed arrangements do not address the specific challenges facing authorities in the North East of managing the 10% Council Tax benefit funding cut and only provide limited one-off funding. In reality the localisation of Council Tax Benefit is a long term challenge, particularly for authorities in the North East, as reducing expenditure on Council Tax support will only be possible if jobs can be created and unemployment reduced.
- 5.5 The Government proposes addressing this issue through 'floors and ceilings' to provide some protection for authorities in the first year. The proposals outlined by the Government are based on a narrow band between the 'floor and ceiling' and are based on the percentage pressure against an authorities overall revenue budget. Indicative figures for individual authorities have not been provided and based on an assessment of the Government proposals it is anticipated that Hartlepool may receive protection from this arrangement of £0.15 to £0.2m for one year, which marginally mitigates the indicative grant cut detailed in paragraph 5.3, although only back to the level initially forecast.
- 5.6 The suggested response to the consultation proposal requests that the Government implements 'floors and ceilings' which provide real protection for authorities suffering disproportionate cuts in Council Tax Benefit funding, which should be provided for more than one year in line with principles previously adopted for Formula Grant 'floors and ceilings'.
- 5.7 Taking work incentives into account**
- 5.8 This document does not recommend a particular approach, but sets out the Governments views on 'the considerations of scheme design that can impact on decisions individuals make about work which the Government believes local authorities may wish take into consider, alongside other local factors, when designing local schemes'. Factors outlined in this document include the interface of Universal Credit and Local Council Tax Support schemes and the arrangements for withdrawing support as people move into work, issues in relation to potential common earning disregards for Universal Credit and Local Council Tax Support schemes and extended payment periods when people return to work.
- 5.9 Vulnerable people – key local authority duties**
- 5.10 The document reminds authorities of existing duties in relation to Equality, Child Poverty and also the Armed Forces covenant.

6. DRAFT RESPONSE TO DEPARTMENT FOR COMMUNITIES AND LOCAL GOVERNMENT CONSULTATION PROPOSALS

- 6.1 The proposed response to the consultation proposals and other relevant issues are set out below for Cabinet's consideration and addresses the specific concerns highlighted in the previous sections.

Table 1 – Letter to Secretary of State

Localising Support for Council Tax and Business Rates Retention scheme

As the Elected Mayor of Hartlepool I have previously responded, alongside my Cabinet colleagues, to the initial consultation proposal for Localising Support for Council Tax and the Business Rates Retention scheme.

In my previous responses I have raised concerns regarding the disproportionate impact of the 2011/12 and 2012/13 grant cuts on councils with greater dependency on grants and serving more deprived communities. We believe the grant cuts should have been shared more fairly and equitably across all authorities and recognised that councils and communities with greatest dependency on Government grant faced greater challenges as a result of the grant cuts already implemented and the impact of the economic downturn.

It is disappointing that the proposals set out in the Statement of Intent documents for both Localising Support for Council Tax and the Business Rates Retention scheme do not address these concerns. We are therefore concerned that following the disproportionate impact of grant cuts over the last two years the Council now faces a disproportionate impact from the proposals to localise Support for Council Tax and from the Business Rates Retention scheme. Specific concerns are detailed in the following paragraphs.

Specific comments on the proposals to Localise Support for Council Tax

With regard to the specific consultation question on the creation of floors and ceilings to ensure that no local authority faces a greater than specified revenue budget pressure, the Council supports this proposal in principle. However, it is difficult to assess if this proposal will provide any practical help based on the 'illustrative' floors and ceiling put forward by the Government.

The Council is concerned that if the floors and ceilings are not set at a realistic level the arrangements will only provide a marginal degree of financial protection to authorities. Furthermore, the proposal that the floors

and ceilings should 'avoid any change to the majority of local authorities' suggests that these arrangements will only provided limited financial protection to authorities facing the greatest financial challenges managing this change. When changes were made to the Formula Grant allocations before 2010/11 these were subject to specific 'floor and damping' arrangements which phased these changes over a number of years to ensure individual councils could manage these changes. The localisation of Support for Council Tax is an even greater challenge for councils and communities and similar floor and ceiling arrangements need to be implemented to help individual councils manage these changes over a number of years.

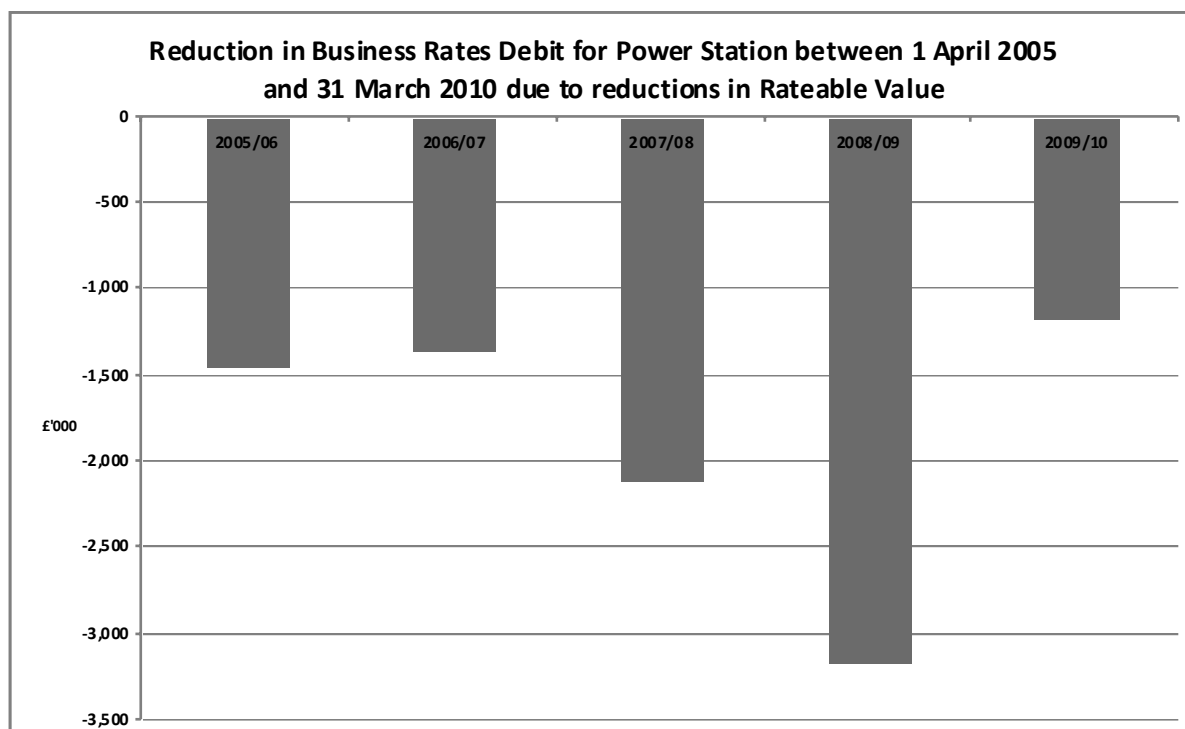
It needs to be recognised by the Government that current dependency on Council Tax Benefit is a long term issue reflecting long standing structural economic issues, many of which are outside an individual councils control. Whilst, Hartlepool has a strong track record in addressing these issues and is committed to increasing job creation, although this will be particularly challenging in the current economic climate. The funding arrangements for localising support for Council Tax therefore need to avoid disadvantaging individual councils and the communities they serve.

The Council is also concerned that the proposals do not clearly set out how increases in demand for Council Tax support outside of an individual councils control will be addressed in future years funding allocations, such as the impact of an ageing population, or the closure of a major local employer. The Government needs to address these issues.

Specific comments the Business Retention Scheme

The Council's main concern relates to the proposed safety net arrangements which we believe transfer a significant financial risk to councils. We are extremely concerned that the proposal to base the safety net on 'spending baseline' and trigger thresholds in the range of 7.5% to 10% will not provide adequate protection to councils to manage such a fundamental change in funding arrangements.

From Hartlepool perspective we do not believe these proposals provide any financial protection and in particular do not address the specific impact of having a nuclear power station on business rates volatility. In 2012/13 Hartlepool Council expects to collect total business rates of £29m, which includes business rates for the nuclear power station of £5m – i.e. 17% of total business rates collected by the Council. As the Minister will be aware business rates payable for nuclear power stations are volatile, particularly if these facilities need to be shut down on a temporary basis to address safety issues. These issues are completely outside of the control of individual councils. The following table highlights the volatility of the Hartlepool nuclear power station rates over period 2005/06 to 2009/10:



In addition to in-year volatility of business rates the Council is also concerned that the Government's intention not to reset the system until 2020 at the earliest exposes the Council to a significant risk from the permanent closure of the nuclear power station which the operators have advised the Council will take place in 2019. The proposed safety net arrangements will not protect the Council from the impact of the power station closing in 2019, or earlier if this proves necessary as the station nears the end of its operational life.

There is also an increased and ongoing financial risk to the Council if the operational life of the power station is extended beyond 2019 as this would take the Council into the next reset period. The electricity provided by nuclear power stations is increasingly important to the country's energy security. It therefore seems perverse that the Council and people of Hartlepool should be financially penalised if this facility closes down, either on a temporary or permanent basis. Clearly the longer the nuclear power station is operated the greater the risk that an unplanned closure is necessary for safety and / or operational reasons. This increased risk will coincide with further significant reductions in the Councils' overall budget and therefore ability to manage reductions in business rate income for the nuclear power station which is completely outside the Councils' control.

To avoid uncontrollable reductions in business rates paid by nuclear power stations the Council would request that specific arrangements are implemented to compensate councils fully for any variance in actual business rates compared to the forecast level for the year for nuclear power stations.

With regard to the general principles for the 'safety net' the Council believes these should be based on the level of business rates currently collected and the percentage thresholds reduced to provide a more appropriate level of protection for individual councils to manage this significant change in the funding system. We believe it is critical that appropriate safety net arrangements are in place given the Government's intention not to reset the system until 2020 to ensure individual councils and their communities are not exposed to excessive financial risks which would impact on services.

I hope these comments are helpful and the Government addresses our concerns before finalizing their proposals.

7. CONCLUSION

- 7.1 The report provides an overview of the comprehensive 'Statement of Intent' documents issued by the Government setting out the issues which will be addressed in secondary legislation and regulations. The aims of the documents are to set out the Government's proposal and to help councils prepare for these fundamental changes.
- 7.2 The documents outline a limited number of specific consultation questions and a proposed response is set out in section 6 for Cabinet's consideration and approval.
- 7.3 The latest information from the Government confirms the significant additional financial risks transferring to councils as a result of Council Tax support transferring to councils with 10% less funding to manage a demand lead costs.
- 7.4 In relation to the Business Rates Retention proposals the Council faces a significant additional financial risks from these changes, in particular from the in year volatility of local changes in business rates. Assuming the Government's proposals are implemented the Council will be required to manage significant annual reductions in business rate income which will not be eligible for safety net payments. As detailed in paragraph 4.13 it is estimated that the minimum annual financial risk is £3m and potentially up to £9.8m depending on the final arrangements implemented.
- 7.5 This is a significant financial risk for Hartlepool owing to the impact of the power stations contribution to the overall business rate income, which now accounts for around £4.9m (17%) of business rates collected, and the risk to this income from shut downs. The Government's proposed arrangements for 'safety net' payments mean that Hartlepool will need a strategy for managing this risk. It would be prudent to earmark resources to manage this risk, either by establishing a specific risk reserve or increasing the General Fund Reserve. This issue will need to be addressed as part of overall Medium Term Financial Strategy and the strategy for managing risks and budget cuts over the next few years.

- 7.6 Further reports will be submitted to Cabinet when more information is provided by the Government.

8. RECOMMENDATIONS

- 8.1 It is recommended that Cabinet note the report and approve the response to the consultation proposals detailed in paragraph 6 table 1.

9. REASONS FOR RECOMMENDATIONS

- 9.1 To keep Cabinet informed of developments and to enable the response to the consultation proposals to be approved.

10. APPENDICES AVAILABLE ON REQUEST, IN THE MEMBERS LIBRARY AND ON-LINE

- 10.1 None

11. BACKGROUND PAPERS

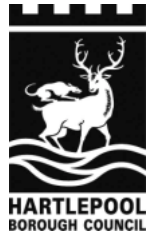
- 11.1 Statement of Intent documents issued by the Department for Communities and Local Government.

12. CONTACT OFFICER

- 12.1 Chris Little (Chief Finance Officer)

CABINET REPORT

9th July 2012



Report of: Director of Regeneration & Neighbourhoods

Subject: HARTLEPOOL BOROUGH COUNCIL / HOUSING
HARTLEPOOL PARTNERSHIP AGREEMENT

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Non Key Decision

2. PURPOSE OF REPORT

2.1 To inform Cabinet of progress made following the decision to explore an alternative proposal with the Cleveland Fire Authority (CFA) before entering into a partnership agreement with Housing Hartlepool for the provision of Community monitoring services.

3. BACKGROUND

- 3.1 At the Cabinet meeting 25th June, Cabinet receive a report seeking approval to enter into a Partnership Agreement with Housing Hartlepool for the provision of a range of services to residents.
- 3.2 The report provided the background to the original Service Level Agreements (SLAs) in place with Housing Hartlepool to deliver a number of services including the provision of CCTV monitoring, contact points for the Council's emergency call-out, emergency planning, community alarms monitoring for older/vulnerable residents along with Telecare. As the SLA's and contracts were coming to an end, a number of options were identified for the potential delivery of these services and they were detailed in the report.
- 3.3 Members were informed that the Chair of the Cleveland Fire Authority had indicated that there may be an alternative service provision from within the Fire Authority that was worthy of consideration. Whilst Members were happy to receive alternative proposals, it was recognised that a significant amount of work had been undertaken to progress the partnership agreement with Housing Hartlepool.

However, Members were minded to agree the partnership arrangements with Housing Hartlepool as detailed in the report, subject to the exploration of the Cleveland Fire Authority proposals. It was suggested that a report be submitted to the next meeting of Cabinet outlining the CFA proposals.

4. PROGRESS

- 4.1 Whilst the Cleveland Fire Authority (CFA) have expressed an interest to carry out these services, further detailed examination is required as to whether the CFA has the experience and resources necessary to provide for the full range of services covered within this agreement. In addition officers will need to enter into discussions with Housing Hartlepool regarding the impact of terminating the existing arrangements to identify the costs that would be incurred regarding the transfer of the monitoring centre including the linkup with the existing systems together with TUPE arrangements regarding the transfer of staff.
- 4.2 Counsel opinion regarding the partnership arrangement presented to Cabinet was based upon the long term current arrangements in place with Housing Hartlepool, and not for entering into a partnership with a different organisation/agency. The acquisition of such services with an alternative provider may result in the Council having to undertake a full competitive procurement exercise.
- 4.3 To competitively procure this service would require a realignment of resources with either the Council selling its equipment to the successful bidding organisation or Housing Hartlepool transferring staff under TUPE, and possibly accommodation, to the Council, or a successful bidder. This option would incur additional cost and provide a risk to the services to and well being of Hartlepool residents.
- 4.4 As will be appreciated further work is required to ascertain what is required to work up the alternative proposal, which will mean the Authority is in position Due to the number of complex arrangements surrounding the provision of these services i.e. the existing services are provided through a combination of resources provided by both parties.

5. RECOMMENDATIONS

- 5.1 Cabinet note the work undertaken to date, consider the timescales and costs involved in exploring alternative options regarding the acquisition of community monitoring services with a new provider and advise accordingly.

6. REASONS FOR RECOMMENDATION

- 6.1 To prevent the Local Authority for being in breach of Procurement legislation and provide officers with sufficient time to explore the alternative proposal presented by the Chair of the Fire Authority.

7. BACKGROUND PAPERS

- 7.1 Cabinet Report 25th June 2012

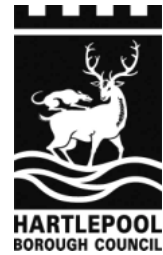
8. CONTACT OFFICER

Dave Stubbs
Director of Regeneration and Neighbourhoods
Civic Centre
Victoria Road
Hartlepool
T24 8AY

Tel: 01429 523301
Email: dave.stubbs@hartlepool.gov.uk

CABINET

9 July 2012



Report of: Scrutiny Co-ordinating Committee

Subject: REFERRAL RESPONSE - MEDIUM TERM
FINANCIAL STRATEGY - ICT SERVICES -
HOLDONG REPORT

1. TYPE OF DECISION / APPLICABLE CATEGORY

1.1 This is a non-key decision.

2. PURPOSE OF REPORT

2.1 To inform Cabinet that a report will be circulated in advance of this meeting detailing the Scrutiny Co-ordinating Committee's formal response to the referral from Cabinet, on the 11 June 2012, in relation to the provision of Information and Communications Technology (ICT) services for the authority.

3. BACKGROUND INFORMATION

3.1 The Cabinet on the 11 June 2012 received a report in relation to

'The options available to the Council and the associated timescales, costs and implications of implementing the decision of Council on 23rd February in respect of the Medium Term Financial Strategy (MTFS) and more specifically the provision of Information and Communications Technology (ICT) services for the authority.'

3.2 In discussing the report, Cabinet Members agreed that the report be referred to scrutiny, and Members views sought in relation to the recommendations contained within it – i.e.:-

- (i) Whether the scope of the competitive dialogue should be:
 - In house and Private Sector;
 - Private sector only; or
 - In house, private sector and Public / public.

- (ii) The objectives of the procurement – either:
 - Objective Scope 1 - Maintaining and improving services and achieving savings (only possible through in-house, outsourced or public-public options); or
 - Objective Scope 2 - Maintaining and improving services, achieving savings and maintaining a base in Hartlepool (only possible through in-house or outsourced options).
 - (iii) Notwithstanding the objectives of the procurement identified above agree to the implementation of a competitive dialogue process.
 - (iv) Agree to seek full Council approval to allocate up to £0.215m from the uncommitted backed-dated Job Evaluation Appeal reserves (i.e. the resources not needed to replace the loss of the ICT / Revenues and Benefits and the removal of the Denominational Transport savings in 2012/13 and net of the £50K managed revenue underspend which has been earmarked to contribute to this) of £0.545m transferred to the General Fund Reserves to fund the up-front costs associated with this:-
 - £265,000 if a competitive dialogue process is undertaken for the private sector with an associated in house bid
 - £130,000 if a competitive dialogue process is undertaken for the private sector only
 - (v) Agree to seek full Council approval to allocate the remaining balance of the resources transferred to the General Fund Reserves from the uncommitted backed-dated Job Evaluation Appeal reserves of £0.330 on an 'in principle' basis to provide temporary support for the budget in 2013/14 pending the full year ICT saving being achieved in 2014/15. The 'in principle' decision will then be ratified as part of the formal budget setting report in February 2013 to enable full Council to consider this issue in the context of the Councils overall financial position and the budget cuts which will need to be made in 2013/14.
- 3.3 As part of the referral, it was requested that the Overview and Scrutiny response be provided to the Cabinet meeting of 9 July 2012, to ensure the procurement exercise could be undertaken.
- 3.4 In accordance with the agreed timetable for completion of the referral, the Scrutiny Co-ordinating Committee's response to the referral will be reported to Cabinet at today's meeting. However, given the tight timescale between completion of Scrutiny consideration of the referral (29 June 2012) and the date of today's Cabinet meeting, it was not possible to include the Scrutiny Co-ordinating Committee's report within the statutory requirements for the despatch of the agenda and papers for today's meeting. In light of this, and in order to progress the matter without delay, arrangements have been made for the Scrutiny Co-ordinating Committee's report to be circulated under separate cover in advance of this meeting.

4. PROPOSALS

- 4.1 No options submitted for consideration other than the recommendation(s).

5. IMPLICATIONS OF RECOMMENDATIONS

- 5.1 There are no financial or other considerations / implications from the consideration of the report by the Scrutiny Co-ordinating Committee.

6. RECOMMENDATIONS

- 6.1 Cabinet is requested to consider the Scrutiny Co-ordinating Committee's formal response to the referral from Cabinet, as outlined in the report to be circulated in advance of this meeting.

7. REASONS FOR RECOMMENDATIONS

- 7.1 To conclude the referral process and enable Cabinet to proceed with consideration of recommendations, as detailed in section 3.2 above.

8. APPENDICES AVAILABLE ON REQUEST, IN THE MEMBERS LIBRARY AND ON-LINE

- 8.1 No appendices are attached to this report.

Contact:- Joan Stevens – Scrutiny Manager
Chief Executive's Department - Corporate Strategy
Hartlepool Borough Council
Tel: 01429 284142
Email: joan.stevens@hartlepool.gov.uk

BACKGROUND PAPERS

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

- (i) Reports and Minutes for Cabinet on the 11 June 2012; and
- (ii) Report entitled 'Referral from Cabinet - Medium Term Financial Strategy - ICT Services' considered by the Scrutiny Co-ordinating Committee on the 29 June 2012.

CABINET

9 July 2012



Report of: Scrutiny Co-ordinating Committee

Subject: REFERRAL RESPONSE - MEDIUM TERM
FINANCIAL STRATEGY - ICT SERVICES

1. TYPE OF DECISION / APPLICABLE CATEGORY

1.1 This is a non-key decision.

2. PURPOSE OF REPORT

2.1 To report the Scrutiny Co-ordinating Committee's views in relation to the referral from Cabinet on the 11 June 2012.

3. BACKGROUND INFORMATION

3.1 The Cabinet on the 11 June 2012 received a report in relation to

'The options available to the Council and the associated timescales, costs and implications of implementing the decision of Council on 23rd February in respect of the Medium Term Financial Strategy (MTFS) and more specifically the provision of Information and Communications Technology (ICT) services for the authority.'

3.2 In discussing the report, Cabinet Members agreed that the report be referred to scrutiny, and Members views sought in relation to the recommendations contained within it:-

(i) Whether the scope of the competitive dialogue should be:

- In house and Private Sector;
- Private sector only; or
- In house, private sector and Public / public.

(ii) The objectives of the procurement – either:

- Objective Scope 1 - Maintaining and improving services and achieving savings (only possible through in-house, outsourced or public-public options); or

- Objective Scope 2 - Maintaining and improving services, achieving savings and maintaining a base in Hartlepool (only possible through in-house or outsourced options).
- (iii) Notwithstanding the objectives of the procurement identified above agree to the implementation of a competitive dialogue process.
- (iv) Agree to seek full Council approval to allocate up to £0.215m from the uncommitted backed-dated Job Evaluation Appeal reserves (i.e. the resources not needed to replace the loss of the ICT / Revenues and Benefits and the removal of the Denominational Transport savings in 2012/13 and net of the £50K managed revenue under spend which has been earmarked to contribute to this) of £0.545m transferred to the General Fund Reserves to fund the up-front costs associated with this:-
- £265,000 if a competitive dialogue process is undertaken for the private sector with an associated in house bid
 - £130,000 if a competitive dialogue process is undertaken for the private sector only
- (v) Agree to seek full Council approval to allocate the remaining balance of the resources transferred to the General Fund Reserves from the uncommitted backed-dated Job Evaluation Appeal reserves of £0.330 on an 'in principle' basis to provide temporary support for the budget in 2013/14 pending the full year ICT saving being achieved in 2014/15. The 'in principle' decision will then be ratified as part of the formal budget setting report in February 2013 to enable full Council to consider this issue in the context of the Councils overall financial position and the budget cuts which will need to be made in 2013/14.
- 3.3 As part of the referral, it was requested that the Overview and Scrutiny response be provided to the Cabinet meeting of 9 July 2012, to ensure the procurement exercise could be undertaken. In order to facilitate this, the Scrutiny Co-ordinating Committee considered the referral at its meetings on the 29 June 2012 and a copy of the report considered by the Scrutiny Co-ordinating Committee is attached at **Appendix 1**.
- 3.4 During the course of discussions at the meeting, the Scrutiny Co-ordinating Committee considered in detail the three potential options identified for competitive dialogue (as detailed in Section 3.2 above).
- 3.5 In considering the suggested options, Members discussed:-
- i) The continued emphasis on seeing the continued provision of advice and guidance services in Hartlepool. It was, however, recognised that the proposals being discussed today related to the provision of ICT and not revenues and benefits services. In relation to the provision of ICT services, it was also explained that the retention of a base in Hartlepool would be problematic on the basis of a public/public arrangement. The basis for this being that, given the nature of ICT, services would not

need to be locally based (i.e. use of server and application farms) giving greater flexibility in the negotiation of a contract. Although emphasis was placed upon the importance of retaining a local support network for the management of any contract, it was made clear that the in house expertise did not exist to provide the service internally.

- ii) Could Hartlepool lead on a public/public arrangement? It was confirmed that Hartlepool will not have a service upon which other local authorities can piggy back at the end of the current contract and that this had been the basis upon which costs had been predicated.
- iii) The potential for collaborative working with other local authorities to create bulk buying power with private providers. It was indicated that this could be an option to be explored through the private sector option.
- iv) The need to mitigate potential transition issues and ensure that penalties are included for 'down time'. Members were assured that this was the case. Also that the Council would be including, as part of any contract, protection in the event of the provider being taken over.
- v) Clarification was provided in relation to the financial package being sought (as detailed in Section 3.2 above). Members were advised that £130,000 would be required to complete the process for a private sector arrangement, of which £50,000 would be met from the managed under spend; leaving an £80,000 shortfall which it is proposed would be met from the general fund. This decision was 'in principle' at this point as it would need to be considered by Council as part of the budget package. The Committee noted this and whilst they were not in a position to comment at this point, looked forward to considering the funding proposals as part of the budget debate at Full Council.
- vi) In considering the information provided in relation to the various options, members felt that the work undertaken in relation to the soft market testing of a private sector (with an associated in-house bit) option had been particularly valuable. The results of which indicated that this option would be 15% more expensive and require an additional £135,000 to complete a competitive dialogue process. Members considered the potential value of selecting this option against potential savings through collaboration with other local authorities but came to the conclusion that the additional £135,000 could not be justified.
- vii) In considering objectives that could flow through an outsourced arrangement, the Committee supported in principle the view that they should be to:
 - Retain and grow jobs;
 - Provide local economic benefits; and
 - Incorporate scalability in terms of services and the potential for expansion to other local authorities.

viii) The Committee received three questions from a Member who could not be in attendance at the meeting noted the following responses:

- a) If at the end of the ICT contract and the Contract is awarded to a rival private company, who would be responsible and in fact pay for the ICT equipment as it is my belief it comes back to the Council for £1?

Response – There is a clause in the original contract (that still remains within the extension agreement) that requires the current supplier to transfer assets to either the Council or another supplier. It was never going to be in our best interests to try to change this (either through the contract or as part of the extension) as any change would potentially have been detrimental to the authority and obviously not something I would want to do.

The costs of these assets will depend upon whether they were part of the original transfer to the supplier in 2001 (in which case the cost will be £1), or were purchased during the contract period (in which case they will be charged at the unwritten down value). The costs of these assets can either fall to the council or to the new supplier depending upon what is agreed. If the new supplier does not require these assets then the Council will be liable for the costs.

The key part of this is that in reality, and as part of the overall management of the contract and the infrastructure within it, I don't believe there are any assets falling within the unwritten down element as we have been very careful not to purchase new equipment, particularly towards the end of the contractual period that would have an unwritten down element that will leave the Council with a financial burden at the end of the current agreement.

- b) Having read the report, it is obvious that bias is for an outside contractor to run our ICT. If it returns to an in-house provision, how much savings would there be as we would not need the army of staff who currently monitor our present contract?

Response – It was confirmed that no bias exists for an outside contractor to run the service and that the advice provided is based upon the considerable amount of work undertaken in relation to each potential option. In terms of the number of staff who are currently employed, it was confirmed that only one member of staff manages the CICT contract and that other staff are responsible for the provision of direct user support to departments.

- c) It actually says that the staff who monitor the present contract do not have the relevant skills to take a ICT contract in house as they have

not got the knowhow to implement an in-house contract. How can they manage a contract if they do not have the relevant skills?

Response – It was confirmed that the skill were not in place internally to develop an in-house bid for a multi million pound contract. However, skills were in place to effectively manage / challenge the services provided and this had benefited the council over the course of the existing contract.

3.6 On the basis of the information provided and discussions at the meeting, the Committee:-

- i) Recommended that options in relation to public/public arrangements and in-house provision should be disregarded at this time and that all energies should be put into securing the best possible private sector outcome;
- ii) Supported the principle that the objectives outlined in Section (vii) above should flow through any outsourced arrangement / contract; and
- iii) Recognised the importance of the officer monitoring / management role in ensuring that the promised outcomes of any the contract (i.e. employment generation, economic benefits and performance) are delivered.

4. PROPOSALS

4.1 No options submitted for consideration other than the recommendation(s).

5. IMPLICATIONS OF RECOMMENDATIONS

5.1 There are no financial or other considerations / implications from the consideration of the report by the Scrutiny Co-ordinating Committee.

6. REASONS FOR RECOMMENDATIONS

6.1 To conclude the referral process and enable Cabinet to proceed with consideration of recommendations, as detailed in section 3.2 above.

7. APPENDICES AVAILABLE ON REQUEST, IN THE MEMBERS LIBRARY AND ON-LINE

7.1 No appendices are attached to this report

8. RECOMMENDATION

- 8.1 That Cabinet receive the Scrutiny Co-ordinating Committee's formal response to the ICT Services referral, as outlined below.

That:-

- i) Options in relation to public/public arrangements and in-house provision should be disregarded at this time and that all energies should be put into securing the best possible private sector outcome;
- ii) The objectives outlined in Section (vii) above should flow through any outsourced arrangement / contract; and
- iii) An in house officer presence should be retained to ensure the effective monitoring / management of the contract to ensure that promised outcomes (i.e. employment generation, economic benefits and performance) are delivered.

Contact Officer:- Joan Stevens – Scrutiny Manager
Chief Executive's Department - Corporate Strategy
Hartlepool Borough Council
Tel: 01429 284142
Email: joan.stevens@hartlepool.gov.uk

BACKGROUND PAPERS

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

- (i) Reports and Minutes for Cabinet on the 11 June 2012; and
- (ii) Report entitled 'Referral from Cabinet - Medium Term Financial Strategy - ICT Services' considered by the Scrutiny Co-ordinating Committee on the 29 June 2012.

SCRUTINY CO-ORDINATING COMMITTEE

29 June 2012



Report of: Scrutiny Manager

Subject: REFERRAL FROM CABINET – MEDIUM TERM
FINANCIAL STRATEGY – ICT SERVICES

1. PURPOSE OF REPORT

- 1.1 To inform Members of the Scrutiny Co-ordinating Committee of the scrutiny topic referral from the Cabinet meeting held on 11 June 2012 to the Overview and Scrutiny Function.

2. BACKGROUND INFORMATION

- 2.1 As outlined within the Authority's Constitution, the Scrutiny Co-ordinating Committee has a mandatory obligation to consider referrals from Council, Cabinet and individual Cabinet Members within the timescale prescribed. (dependent upon origin of referral)
- 2.2 The Cabinet on the 11 June 2012 received a report in relation to:
- ‘the options available to the Council and the associated timescales, costs and implications of implementing the decision of Council on 23rd February in respect of the Medium Term Financial Strategy (MTFS) and more specifically the provision of Information and Communications Technology (ICT) services for the authority.’
- 2.3 In discussing the report, Cabinet Members agreed that the report be referred to scrutiny and Members views sought in relation to the recommendations contained within it – i.e.:-
- (i) Whether the scope of the competitive dialogue should be:
 - In house and Private Sector;
 - Private sector only; or
 - In house, private sector and Public / public.
 - (ii) The objectives of the procurement – either:
 - Objective Scope 1 - Maintaining and improving services and achieving savings (only possible through in-house, outsourced or public-public options); or

- Objective Scope 2 - Maintaining and improving services, achieving savings and maintaining a base in Hartlepool (only possible through in-house or outsourced options).

- (iii) Notwithstanding the objectives of the procurement identified above agree to the implementation of a competitive dialogue process.
 - (iv) Agree to seek full Council approval to allocate up to £0.215m from the uncommitted backed-dated Job Evaluation Appeal reserves (i.e. the resources not needed to replace the loss of the ICT / Revenues and Benefits and the removal of the Denominational Transport savings in 2012/13 and net of the £50K managed revenue underspend which has been earmarked to contribute to this) of £0.545m transferred to the General Fund Reserves to fund the up-front costs associated with this:-
 - £265,000 if a competitive dialogue process is undertaken for the private sector with an associated in house bid
 - £130,000 if a competitive dialogue process is undertaken for the private sector only
 - (v) Agree to seek full Council approval to allocate the remaining balance of the resources transferred to the General Fund Reserves from the uncommitted backed-dated Job Evaluation Appeal reserves of £0.330 on an 'in principle' basis to provide temporary support for the budget in 2013/14 pending the full year ICT saving being achieved in 2014/15. The 'in principle' decision will then be ratified as part of the formal budget setting report in February 2013 to enable full Council to consider this issue in the context of the Councils overall financial position and the budget cuts which will need to be made in 2013/14.
- 2.4 As part of the referral, it is requested that the Overview and Scrutiny response be provided to the Cabinet meeting of 9 July 2012, to ensure the procurement exercise could be undertaken. Given the tight timetable prescribed by Cabinet, Members are asked to consider:-
- i) How they wish to proceed with consideration of the referral to enable the submission of a report back to Cabinet within the prescribed timescale;
 - ii) Subject to (i) above, formulate a view in relation to the recommendations referred to Scrutiny (as detailed in Section 2.3) for inclusion in the report back to Cabinet.
- 2.5 In order to assist the Committee, and answer any questions Members may have, invitations have been extended to the Assistant Chief Executive, relevant Officer and appropriate Cabinet Member(s) to attend today's meeting.

3. RECOMMENDATIONS

3.1 It is recommended that the Scrutiny Co-ordinating Committee:-

- (a) Formally receives the referral;
- (b) Considers how it wishes to proceed with consideration of the referral within the prescribed timescale;
- (c) Considers the formulation of a view in relation to the recommendations referred to Scrutiny (as detailed in Section 2.3) for inclusion in the report back to Cabinet.
- (d) Seeks clarification, where required, on any relevant issues from the Assistant Chief Executive and appropriate Cabinet Members(s) present at today's meeting.

Contact Officer:- Joan Stevens– Scrutiny Manager
Chief Executive's Department - Corporate Strategy
Hartlepool Borough Council
Tel: 01429 284142
Email: joan.stevens@hartlepool.gov.uk

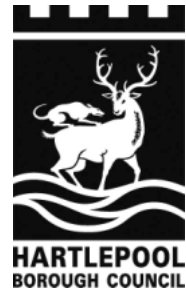
BACKGROUND PAPERS

The following background paper was used in the preparation of this report:-

- (i) Hartlepool Borough Council's Constitution
- (ii) Agenda and Minutes - Cabinet – 11 June 2012

CABINET

9 July 2012



Report of: Health Scrutiny Forum

Subject: FINAL REPORT INTO 'CANCER AWARENESS AND EARLY DIAGNOSIS'

1. TYPE OF DECISION / APPLICABLE CATEGORY

1.1 This is a non-key decision.

2. PURPOSE OF REPORT

2.1 To present the Final Report of the Health Scrutiny Forum following its investigation into 'Cancer Awareness and Early Diagnosis'.

3. BACKGROUND

3.1 The Final Report outlines the overall aim of the scrutiny investigation, terms of reference, methods of investigation, findings, conclusions, and subsequent recommendations.

3.2 The conclusions of the Health Scrutiny Forum's investigation into 'Cancer Awareness and Early Diagnosis' are detailed as follows:-

- (a) That cancer is a major cause of ill health and death in Hartlepool ;
- (b) That the vast majority of cancer cases are caused by lifestyle issues such as lack of physical activity and poor diet;
- (c) That for lung cancer there is an inextricable link for 90% cases with the patient being a smoker;
- (d) That quitting smoking at any age can reduce the risk of contracting lung cancer;
- (e) That earlier diagnosis can significantly improve the outcomes of cancer treatment;

- (f) That not being aware of cancer signs and symptoms is one of the barriers to early presentation to health care professionals;
- (g) That bowel, breast and cervical screening is not about finding cancer, but to look for the changes in a patients body which may lead to cancer;
- (h) That there has been a gradual decline in people attending screening programmes in Hartlepool, with Hartlepool falling behind the North East and England averages for screening take-up;
- (i) That Hartlepool has a very good stop smoking service which is nationally recognised as an example of good practice; and
- (j) That although all GP Practices in Hartlepool have been involved in the 'Be Clear on Cancer' programme, there are still significant differences for screening take-up between GP practices.

4. PROPOSALS

- 4.1 No options submitted for consideration other than the recommendation(s).

5. IMPLICATIONS OF RECOMMENDATIONS

- 5.1 Details of any financial or other considerations / implications are included in the action plan associated with the Health Scrutiny Forum's investigation into 'Cancer Awareness and Early Diagnosis'.

6. RECOMMENDATIONS

- 6.1 Cabinet is requested to approve the recommendations of the Health Scrutiny Forum, following their investigation into 'Cancer Awareness and Early Diagnosis', as detailed below:-

- (a) That in relation to the Teesside Cancer Awareness Roadshow:-
 - (i) Hartlepool Borough Council hosts a Roadshow ensuring messages are embed in the Council's health and wellbeing promotion to staff; and
 - (ii) Hartlepool Borough Council encourages appropriate Town based community venues and events to host a Teesside Cancer Awareness Roadshow.
- (b) That Hartlepool's Health and Wellbeing Board ensures that Stop Smoking Services and smoking cessation is embedded in the JSNA;

- (c) That in relation to the issue surrounding whether there is a link between high risk industrial workers and the contraction of cancers through the ingestion of particulates, such as coal dust:-
 - (i) The Public Health Directorate at NHS Tees carries out a literature research into the topic; and
 - (ii) That in relation to recommendation c(i) this information is shared with the Health Scrutiny Forum;
- (d) That NHS Hartlepool and the emerging Clinical Commissioning Group:-
 - (i) Ensure that cancer screening levels are improved across GP Practices in Hartlepool; and
 - (ii) Devise and share a strategy with the Health Scrutiny Forum for targeting cancer screening and awareness activity in the workplace / venues where residents gather socially; building on the good practice of those workplaces who employ nurses.
- (e) That the evidence about the impact of the role of the former Head of Community Midwifery in encouraging access to stop smoking services by pregnant women, be emphasised with North Tees and Hartlepool NHS Foundation Trust to seek assurances for its continued impact, following recent post restructuring;
- (f) That Hartlepool Borough Council, through its new Public Health responsibility, ensures that young people in schools and youth groups receive appropriate hard hitting messages about the cancer risk of smoking, alcohol and poor diet;
- (g) That in line with the smoke free workplace, as detailed in the Health Act 2006, Hartlepool Borough Council develops a strategy with partner organisations that:-
 - (i) Educates licensed taxi drivers about the effects of passive smoking, reminding them of the legislation of not smoking in the workplace; and
 - (ii) Determines appropriate enforcement options for licensed taxi drivers who are in breach of the smoke free workplace.

7. REASONS FOR RECOMMENDATIONS

- 7.1 The aim of the Health Scrutiny Forum's investigation into 'Cancer Awareness and Early Diagnosis' was to evaluate the effectiveness of the

delivery of early detection and awareness raising programmes for cancer, with specific reference to smoking cessation services.

8. APPENDICES AVAILABLE ON REQUEST, IN THE MEMBERS LIBRARY AND ON-LINE

8.1 Appendix 1 – Final Report into ‘Cancer Awareness and Early Diagnosis’

9. BACKGROUND PAPERS

No background paper(s) were used in the preparation of this report.

10. CONTACT OFFICER

Contact Officer: Laura Stones – Scrutiny Support Officer
Chief Executive’s Department – Corporate Strategy
Hartlepool Borough Council
Tel:- 01429 523087
Email:- laura.stones@hartlepool.gov.uk



HEALTH SCRUTINY FORUM

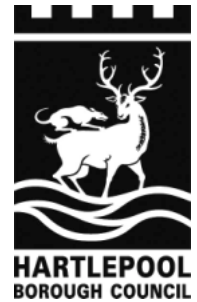
FINAL REPORT

CANCER AWARENESS AND EARLY DIAGNOSIS

July 2012

CABINET

9 July 2012



Report of: Health Scrutiny Forum

**Subject: FINAL REPORT – CANCER AWARENESS AND
EARLY DIAGNOSIS**

1. PURPOSE OF REPORT

- 1.1 To present the findings of the Health Scrutiny Forum following its investigation into Cancer Awareness and Early Diagnosis.

2. SETTING THE SCENE

- 2.1 At the meeting of the Health Scrutiny Forum on 11 August 2011, Members determined their work programme for the 2011/12 Municipal Year. The issue of 'Cancer Awareness and Early Diagnosis' was selected as the main scrutiny topic for consideration during the year.
- 2.2 Figures from the Department of Health in 2011 indicated that Hartlepool's death from cancer rate was 159.1¹ per 100,000 population under 75 years of age, although this was an improvement on the 2010 rate of 164.3² per 100,000 population, it was still comparable to the worst in England.
- 2.3 NHS Hartlepool is currently promoting the regional campaign "Be Clear on Cancer" which highlights cervical, ovarian, bowel, lung and breast cancer. The campaign also emphasises how earlier detection can save lives, with several factors being highlighted to cause longer delays for patients with cancer, these include:-
- (i) Failing to recognise early cancer symptoms;
 - (ii) Fear / reluctance to seek medical opinion on symptoms; and
 - (iii) Awareness of screening programmes to detect cancer.

¹ Association of Public Health Observatories, 2011

² Association of Public Health Observatories, 2010

- 2.4 For bowel, breast and cervical cancer there are screening programmes that patients can participate in to ensure that those cancers can be detected as early as possible, so potentially improving outcomes for patients
- 2.5 Although there are many factors which can contribute to a patient developing cancer, the NHS is quite clear that:-

“Lung cancer is one of the few cancers where there is a clear cause in many cases – smoking. Although some people who have never smoked get lung cancer, smoking causes 9 out of 10 cases”³

3. OVERALL AIM OF THE SCRUTINY INVESTIGATION

- 3.1 The overall aim of the Scrutiny investigation was to evaluate the effectiveness of the delivery of early detection and awareness raising programmes for cancer, with specific reference to smoking cessation services.

4. TERMS OF REFERENCE FOR THE SCRUTINY INVESTIGATION

- 4.1 The Terms of Reference for the Scrutiny investigation were as outlined below:-
- (a) To gain an understanding of the levels of cancer in Hartlepool;
 - (b) To explore the methods for early detection and screening of cancer;
 - (c) To assess the impact and delivery of smoking cessation services; and
 - (d) To examine the impact of cancer awareness raising activities in the Town and what more can be done to improve outcomes for patients.

5. MEMBERSHIP OF THE HEALTH SCRUTINY FORUM

- 5.1 The membership of the Scrutiny Forum was as detailed below/overleaf:-

Councillors S Akers-Belcher, Griffin, James G Lilley, Preece, Robinson, Shields, Simmons, Sirs and Wells.

Resident Representatives: Maureen Braithwaite, Noma Morrish and Ian Stewart

6. METHODS OF INVESTIGATION

³ NHS, 2011

- 6.1 Members of the Health Scrutiny Forum met formally from 11 August 2011 to 5 April 2012 to discuss and receive evidence relating to this investigation. A detailed record of the issues raised during these meetings is available from the Council's Democratic Services.
- 6.2 A brief summary of the methods of investigation are outlined below:-
- (a) Detailed Officer reports supplemented by verbal evidence;
 - (b) Evidence from the Authority's Portfolio Holder for Adults and Public Health Services;
 - (c) Verbal evidence received from the town's Member of Parliament;
 - (d) Detailed evidence and presentation received from representatives from Tees Public Health and NHS Tees;
 - (e) Comprehensive presentation from key cancer consultants and nurses from North Tees and Hartlepool NHS Foundation Trust; and
 - (f) Presentation by the Director from Fresh.

FINDINGS

7 LEVELS AND CAUSES OF CANCER IN HARTLEPOOL

- 7.1 Members were very keen to understand the levels and causes of cancer in Hartlepool as a baseline from which the Forum could then assess the impact of early diagnosis and awareness raising campaigns in the Town. Evidence gathered by Members in relation to the levels and causes of cancer in Hartlepool is detailed below:-

Evidence on Levels of Cancer

- 7.2 When the Forum met on 6 October 2011, Members received a comprehensive presentation from the Speciality Registrar in Public Health from the Tees Public Health Directorate. This presentation extracted some key elements of a much larger piece of work compiled in conjunction with the Executive Director of Public Health into an overview of cancer in Hartlepool.
- 7.3 In focussing on the levels of cancer in Hartlepool, Members were concerned by the figures presented to them by the Speciality Registrar in Public Health and noted the following headline figures:-
- (i) Cancer accounted for about 37% of the shorter life expectancy between Hartlepool and England (2006-08);
 - (ii) That between 1985-2008 the number of cancer cases in Hartlepool rose by 17%;

- (iii) That by comparison to paragraph 7.3(ii) the number of cancers cases in the North East rose by 12% and in the rest of England by 15%;

- 7.4 Members noted that due to the small population sample per Ward area, there was no trend demonstrating less deprived areas had less cancer cases in fact the opposite was summarised as **Chart 1** overleaf confirms. Although the data related to old Ward areas, Members recognised that there was little change in the ward boundaries for the less deprived Wards, such as Elwick and Park, which showed higher numbers of cancer rates.
- 7.5 Members did, however, acknowledge that the higher cancer levels could have been due to the age profile of the ward and the level of uptake of screening, which was statistically often higher in less deprived areas. This may have been an explanation for the level of cancer mortality rates which were considerably better in Elwick despite the higher occurrence of cancer cases, as **Chart 2** overleaf indicates.
- 7.6 Members were particularly interested in the figures for the three most common cancers and at their meeting on 6 October 2012 the Speciality Registrar in Public Health provided the information collated in **Table 1** (below) in relation to the number of new cases of cancer from 1985 – 2008.

Table 1: Percentage Change in Number of Cases of Cancer from 1985-2008 in Hartlepool

	Lung Cancer	Bowel Cancer	Breast Cancer
Men	- 43%	+ 78%	Not Applicable
Women	+ 5%	+ 56%	+ 62%

- 7.7 Although overall figures for the number of lung cancer cases in Hartlepool had fallen above the levels for the North East and England and accepting that lung cancer figures for men had dropped dramatically, Members of the Health Scrutiny Forum were somewhat concerned about the increase in lung cancer in women.
- 7.8 Despite the obvious improvements in the cases of lung cancer particularly for men, Members of the Forum were very concerned about the increase in both bowel and breast cancer cases. Members learnt that the level for bowel cancer was five times higher than the North East average and ten times the level in England. Whilst in relation to breast cancer although Hartlepool was just below the North East average of 70%, this was still significantly higher than the average increase across England of 15%.

Chart 1: Age Standardised Incidence Rate for all Cancers for Hartlepool by Electoral Wards 2003-2007

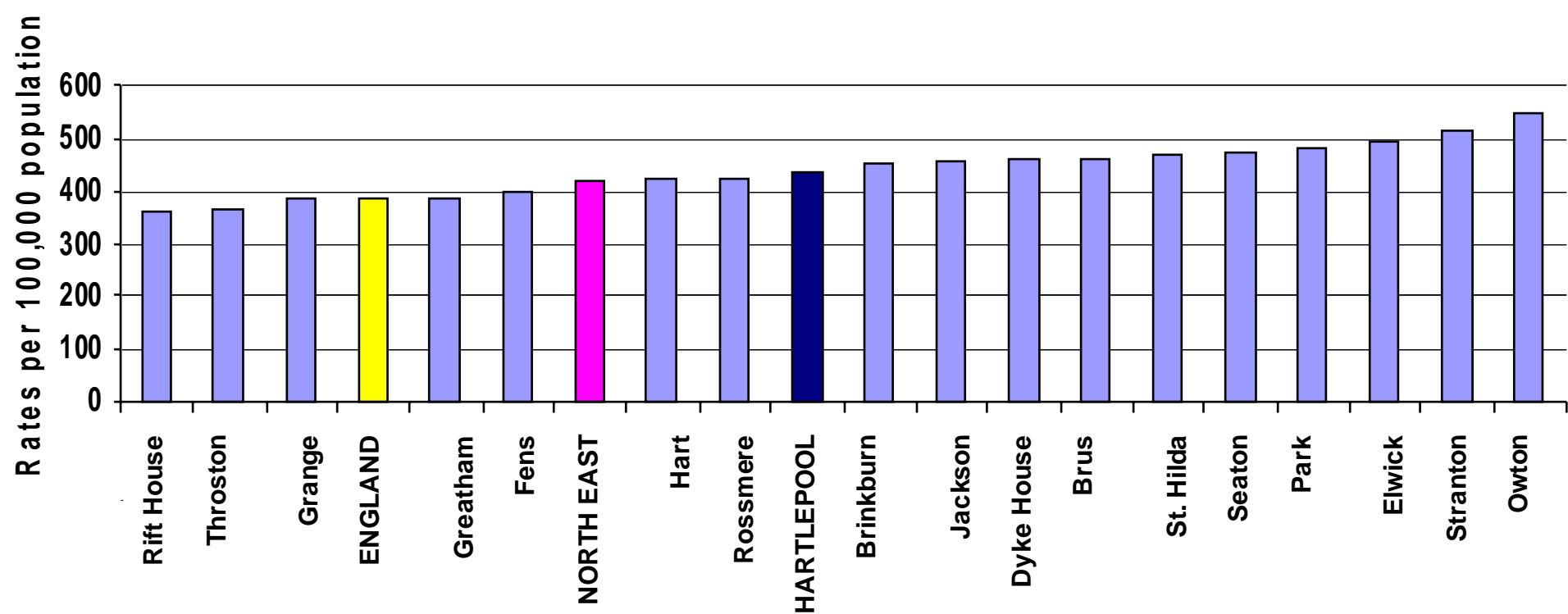
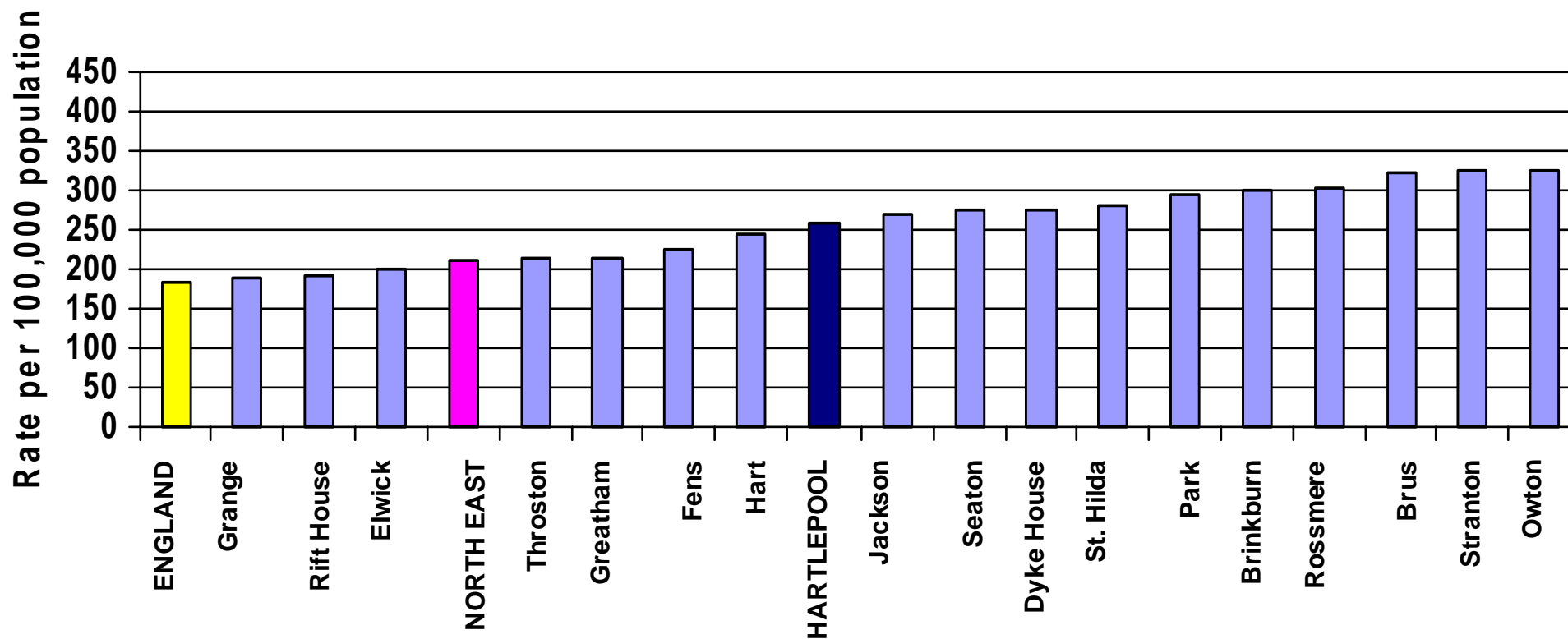


Chart 2: Age Standardised Mortality Rate for all Cancers for Hartlepool by Electoral Wards 2003-2007



Evidence on Causes of Cancer

7.9 In addition to understanding the levels of cancer in Hartlepool, Members wished to be appraised of the causes of cancer. The Speciality Registrar in Public Health at the Tees Public Health Directorate informed Members at their meeting of 6 October 2011, that many cancers had multiple risk factors with complex relationships between these factors. There was for example statistical evidence that breast cancer was often higher in more affluent areas, however, the Speciality Registrar in Public Health categorically stated to Members that evidentially nine out of ten cases of lung cancer could be unequivocally linked to smoking.

7.10 When the Consultant Respiratory Physician at North Tees and Hartlepool NHS Foundation Trust was present at the Health Scrutiny Forum meeting on 26 January 2012, it was reiterated about the dangers of smoking causing lung cancer along with lesser factors such as exposure to radon, asbestos and other industrial carcinogens, however, Members also noted that stopping smoking at any age could reduce the risk of developing lung cancer as **Table 2** (below) detailed:-

Table2: Risk of Male Smokers Developing Lung Cancer at 75 Based on age they Quit

Quitting age →	Lifetime (75)	60	50	40	30
Risk of Developing lung cancer	15.9%	9.9%	6.0%	3.0%	1.7%

7.11 In relation to bowel and breast cancer it was noted by the Forum that although causes could be complex, there were certain factors that increased the risk of developing cancer. The Consultant Colorectal Surgeon at North Tees and Hartlepool NHS Foundation Trust provided the following as examples of potential cancer causing risk activities when present at the Forum meeting of 26 January 2012:-

- (i) Poor Diet;
- (ii) Smoking;
- (iii) Inactivity/ Obesity; and
- (iv) High Alcohol Intake.

7.12 Members noted that specifically a high intake of red and processed meat and food containing high levels of saturated fat increased the risk of developing bowel cancer, whilst the long term use of Hormone Replacement Therapy (HRT) could also increase the risk of developing breast cancer.

- 7.13 Health Scrutiny Forum Members highlighted concerns if there was a link between pancreatic cancer and diabetes. During the meeting on 17 November 2011, the Forum received details of a literature research undertaken by the Speciality Registrar in Public Health at NHS Tees into whether there was a link between the two diseases. Despite evidence that pancreatic cancer can cause a “diabetic state” in a person, Members agreed that it was more likely that as there were shared risk factors such as obesity and smoking for both pancreatic cancer and diabetes, that the two diseases could co-exist without one causing the other. It was, however, noted that at the moment there was insufficient evidence that there was a link.
- 7.14 During the Forum meeting of 26 January 2012, Members questioned the Consultant Colorectal Surgeon at North Tees and Hartlepool NHS Foundation Trust, about whether there had been any studies into a link between high risk industrial workers suffering from bowel cancer as a result of the ingestion of dust, such as coal particulates. The Consultant Colorectal Surgeon informed Members that although no studies could be brought to mind, often the lifestyles of high risk industrial workers were the causality of their bowel cancer.

8 CANCER SCREENING DELIVERY AND UPTAKE

- 8.1 The Members of the Health Scrutiny Forum were keen to have an understanding of how cancer screening operated and the level of uptake of screening programmes in Hartlepool. The evidence gathered in relation to cancer screening is details as follows:-

Delivery of Cancer Screening

- 8.2 When the Forum met on 6 October 2011, the Consultant in Public Health at NHS Tees provided Members with an overview into how cancer screening services were delivered. This evidence was supplemented with detailed evidence when the Clinical Director of Public Health and the Public Health Specialist Nurse at NHS Tees were present at the Forum meeting on 17 November 2011.
- 8.3 The Public Health Specialist Nurse emphasised, at the Health Scrutiny meeting on 17 November 2011, that screening for cancer did more good than harm and was primarily concerned with detecting changes to the body that might lead to cancer. The process by which each eligible person went through was designed to sift people out who weren't showing signs of cancerous symptoms, so that those with changes in their body which might develop into cancer could be focussed on. However, in order to continue the monitoring of changes to the body, cancer screening programmes often operated on a three yearly cycle.
- 8.4 At their meeting of 17 November 2011, Members discussed the operation of breast screening services in Hartlepool. The Public Health Specialist Nurse advised Members that there was a mobile breast screening vehicle that

operated from One Life Hartlepool and then travelled to Peterlee. Women were called for breast screening through their GP practice, once they reached the age of fifty. Members the Health Scrutiny Forum raised concerns over the age at when breast screening began and that by contacting women to attend through their GP surgery, resulted in some women being as old as 53 before they received their first screening appointment. The Public Health Specialist Nurse advised Members that from 2012 the NHS Breast Screening Programme would be extended to cover women aged 47-73, which would mean every woman being invited to participate in the breast screening programme by their fiftieth birthday.

- 8.5 Members met on 6 October 2011, where the Consultant in Public Health from NHS Tees provided the Forum with details of how the bowel cancer screening programme operated. The Consultant in Public Health advised the Forum that bowel cancer screening was directed at those between the ages of 60-69 years old; recently this had been extended to those aged 75 and could be carried out in the comfort of your own home using a free testing kit sent through the post. Members queried why bowel cancer testing was not started before people turned 60 and acknowledged that statistically bowel cancer occurred more frequently for people in their 60s. Members were not surprised that 5-10% fewer men took up the offer of bowel cancer screening than women, although the Consultant in Public Health advised Members that there was emerging evidence of a preference for flexible sigmoidoscopy (using an endoscope) rather than the perceived 'yuck' factor of the testing kit. Members were advised that flexible sigmoidoscopy was being considered as a one-off earlier test for people aged 55, but was yet to be introduced nationally.
- 8.6 During the Health Scrutiny Forum met on 17 November 2011 Members received details on cervical cancer screening. The Consultant in Public Health highlighted the improvements which had been made in cervical screening. The introduction of Liquid Based Cytology (LBC) had seen a fall in inadequate test results to 2.5% in 2009, this meant that not as many women were recalled for testing and the turnaround in results was a lot quicker. The Forum were also advised by the Consultant in Public Health that the national introduction of the Human Papilloma Virus (HPV) vaccine in 2008 should in time see a reduction in cervical cancer cases, with the two strains of HPV targeted by the vaccine accounting for 70% of the cervical cancer cases.⁴
- 8.7 Members had questioned why there was no screening programme for pancreatic cancer, with blood tests available which could identify those at risk. The Clinical Director of Public Health at NHS Tees explained to Members at their meeting of 17 November 2011, that while pancreatic cancer was a devastating illness that was often fatal due to the lateness at which it was detected, it did only affect a small percentage of the population. At present there was no agreed testing programme and to introduce one for such a small percentage of the population carried a risk as there was likely

⁴ NHS, 2010

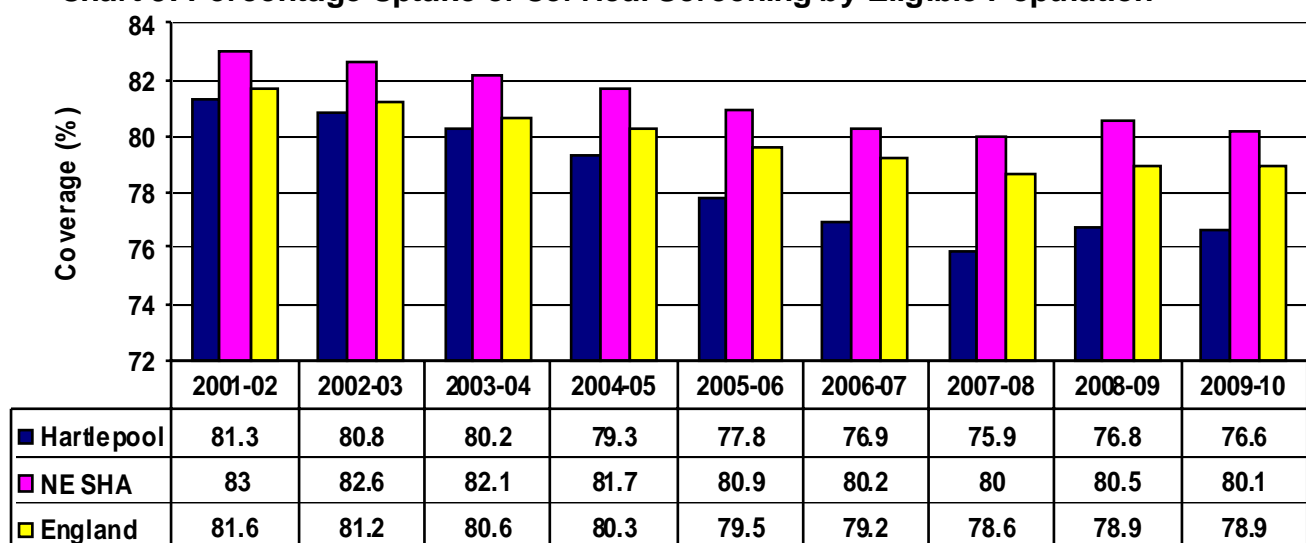
to be more ‘false positive’ results, which Members agreed could cause unnecessary anxiety for people returning positive results only to be later given the all clear. It was, however, noted by the Forum that where a person’s medical or family history indicated a predilection to the disease, a greater monitoring of that person for pancreatic cancer would normally occur.

Uptake of Cancer Screening in Hartlepool

8.8 During the Health Scrutiny Forum meeting of 17 November 2011, Members received evidence from the Clinical Director of Public Health and the Public Health Specialist Nurse at NHS Tees in relation to the uptake of cancer screening in Hartlepool.

8.9 In relation to cervical screening, Members noted that there had been a gradual decline in the uptake as detailed in **Chart 3** (below). The Public Health Specialist Nurse emphasised to Members that the important factor was ensuring that once a woman was participating in the cervical screening programme that they continued to be involved. In relation to the screening levels indicated in **Chart 3**, Members queried the increase in cervical screening during 2008-09, which the Public Health Specialist Nurse explained could have been due to the death of the reality TV star Jade Goody from cervical cancer in March 2009.

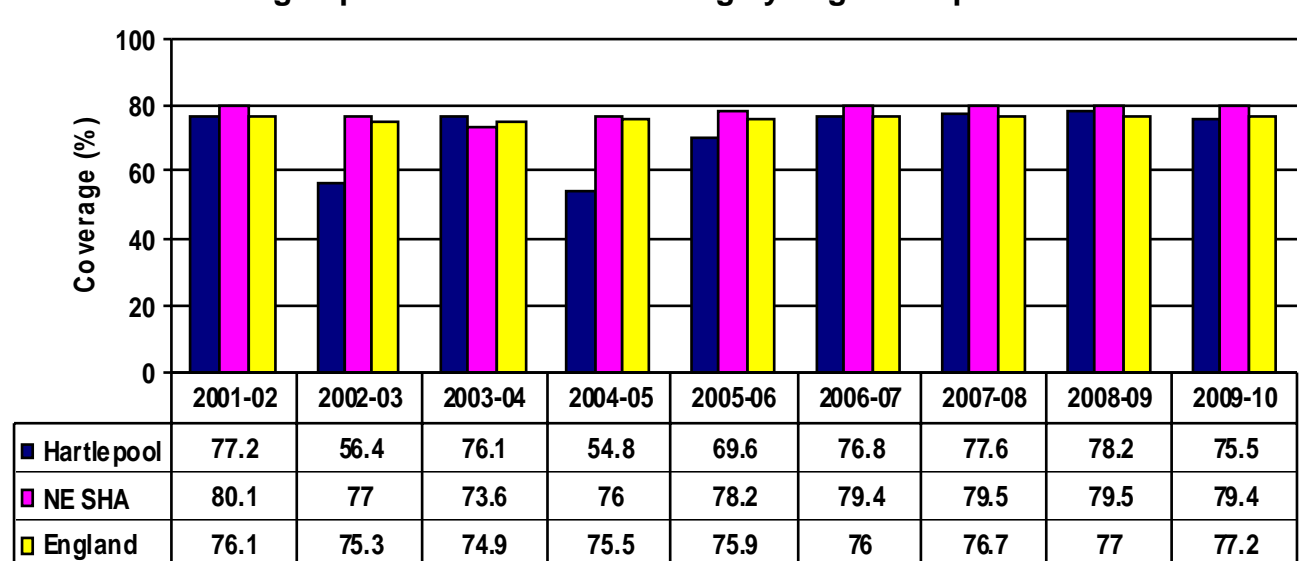
Chart 3: Percentage Uptake of Cervical Screening by Eligible Population



8.10 Members noted in their meeting of 17 November 2011 that although breast screening had fluctuated and not followed the gradual decline in uptake indicated by cervical screening, there was still an overall downward trend as shown in **Chart 4** (overleaf). Members recognised that some women found breast screening uncomfortable, but when the Consultant Breast Surgeon from North Tees and Hartlepool NHS Foundation Trust was present at the Health Scrutiny Forum meeting on 26 January 2012, it was highlighted that for mammograms the slogan ‘six minutes every three years might save your

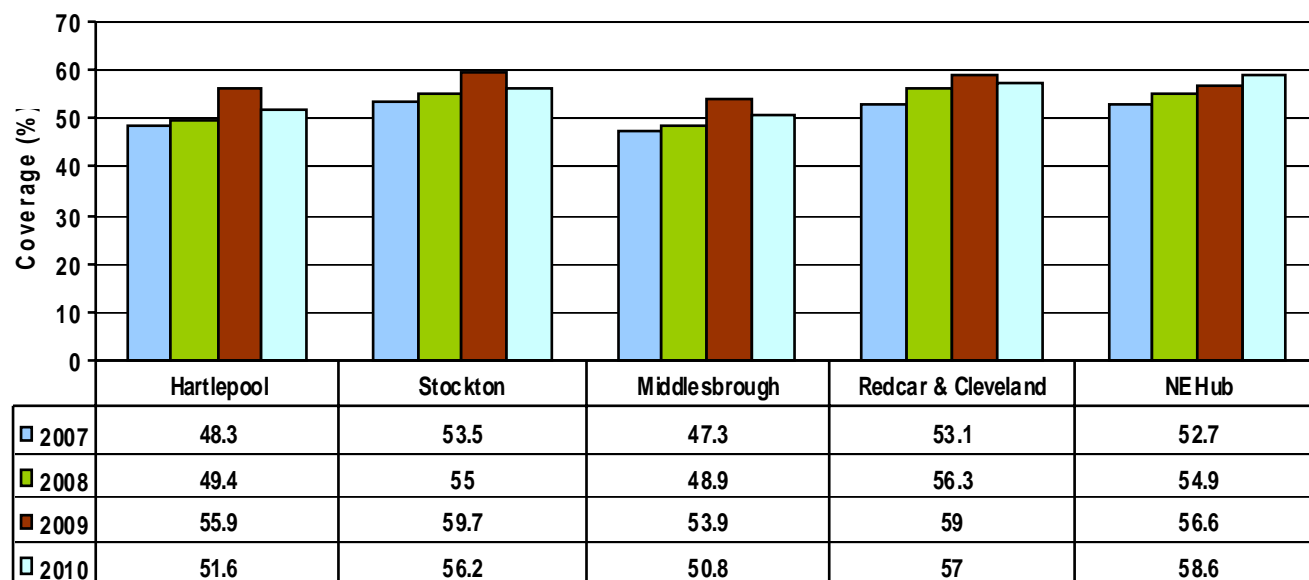
life' was a message used by staff manning the cancer screening phone calls at the Foundation Trust.

Chart 4: Percentage Uptake of Breast Screening by Eligible Population



- 8.11 The newest screening programme was for bowel cancer, which was introduced nationally in 2006. Members noted at their meeting of 17 November 2011 that the evidence (see **Chart 5** below) indicated after an encouraging uptake in bowel screening numbers, this had fallen during 2010; despite the overall North East average showing an uptake in figures.

Chart 5: Percentage Uptake of Bowel Cancer Screening by Eligible Population



- 8.12 What did concern Members of the Health Scrutiny Forum was the variation in cancer screening take-up across the Town's GP practices, which was highlighted to Members during a presentation by the Speciality Registrar in Public Health to the Forum meeting of 6 October 2011, as collated in **Table 3** overleaf. The Consultant Breast Surgeon, at the meeting on 26 January

2012, reinforced the discrepancy in relation to cancer screening take-up across GP surgeries and reflected the concerns that the cancer team had in relation to these figures, although it was noted that NHS Hartlepool were aware of these anomalies.

Table 3: Percentage of Hartlepool Residents Attending Screening Sessions per Anonymised GP Surgery

Hartlepool GP Practice → Screening Type ↓	A	B	C	D	E	F	G	H	I	J	K	Hartlepool PCT	England
Breast	70.8	53.3	71.5	65.2	74.5	65.5	71.5	64.8	67.3	52.0	75.2	68.2	71.8
Cervical	73.2	73.9	68.3	69.1	72.1	72.5	83.9	68.4	72.9	67.8	69.7	71.6	75.4
Bowel	52.4	40.1	49.3	43.1	57.6	52.9	55.0	52.3	46.7	48.4	52.2	51.2	40.2

Key:

 Lowest take-up of screening

 Highest take-up of screening

9 EARLY DETECTION OF CANCER

9.1 When the Health Scrutiny Forum met on 26 January 2012, Members received an extremely detailed presentation from the cancer team at North Tees and Hartlepool NHS Foundation Trust. The team provided Members with very detailed information about why early detection of cancer was important in relation to treatment that could be provided.

9.2 Members were advised by the Consultant Colorectal Surgeon at North Tees and Hartlepool NHS Foundation Trust that early presentation in relation to bowel cancer was very important in terms of survival rates. **Table 4** (overleaf), extracted from the NICE clinical guidelines, detailed five year relative survival rate based on the TNM stage; with TNM relating to the size of the Tumor, the lymph Nodes involved and the Metastasis (spread of cancer from one part of the body to another part)⁵.

⁵ Cancer Research UK(1), 2011

Table4: Approximate Frequency and Five Year Relative Survival (%) by TNM Stage

TNM Stage	Approximate Frequency at Diagnosis	Approximate Five-Year Survival
I	11%	83%
II	35%	64%
III	26%	38%
IV	28%	3%

- 9.3 Although **Table 4** highlighted the need for early presentation and therefore detection of bowel cancer, Members were concerned about the stage of presentation to the Multi-Disciplinary Team (MDT) as described by the Consultant Colorectal Surgeon in **Table 5** below; the Dukes Stage being another way of quantifying the bowel cancer stage:-

Table 5: Stage Presentation to MDT

Dukes Stage ⁶	University Hospital of Hartlepool		University Hospital of North Tees		TOTAL	
	Number	Percentage	Number	Percentage	Number	Percentage
A	17	26.6%	38	21.5%	55	22.8%
B	12	18.8%	39	22.0%	51	21.2%
C1	13	20.3%	44	24.9%	57	23.7%
D	11	17.2%	34	19.2%	45	18.7%
No Stage	11	17.2%	22	12.4%	33	13.7%
TOTALS	64		177		241	

- 9.4 Having heard the evidence in relation to why early detection of bowel cancer was so important for the survival rate, Members of the Health Scrutiny Forum also considered evidence, at their meeting of 26 January 2012, from the Consultant Respiratory Physician at North Tees and Hartlepool NHS Foundation Trust. The Consultant Respiratory Physician described a similar pattern about the importance of early presentation in relation to lung cancer as being more positive for the outcome of any potential treatment.

⁶ Cancer Research UK(2), 2011

- 9.5 **Picture 1** overleaf provided Members with a graphical understanding of which part of the lung each classification stage of lung cancer related to and in conjunction with **Table 6** (below), the Members of the Health Scrutiny Forum had a clear picture of how earlier presentation at Stages I and II would dramatically increase survival rates of five years or more.

Table 6: Lung Cancer Stage and Comparative 5 Year Survival Rate

Stage	Non Small Cell Lung Cancer 5 Year Survival %	Small Cell Lung Cancer 5 Year Survival %
Ia	58-73 %	38 %
Ib	43-58 %	21 %
Ila	36-46 %	38 %
Ilb	25-36%	18 %
IIla	19-24 %	13 %
IIlb	7-9 %	9 %
IV	2-13 %	1 %

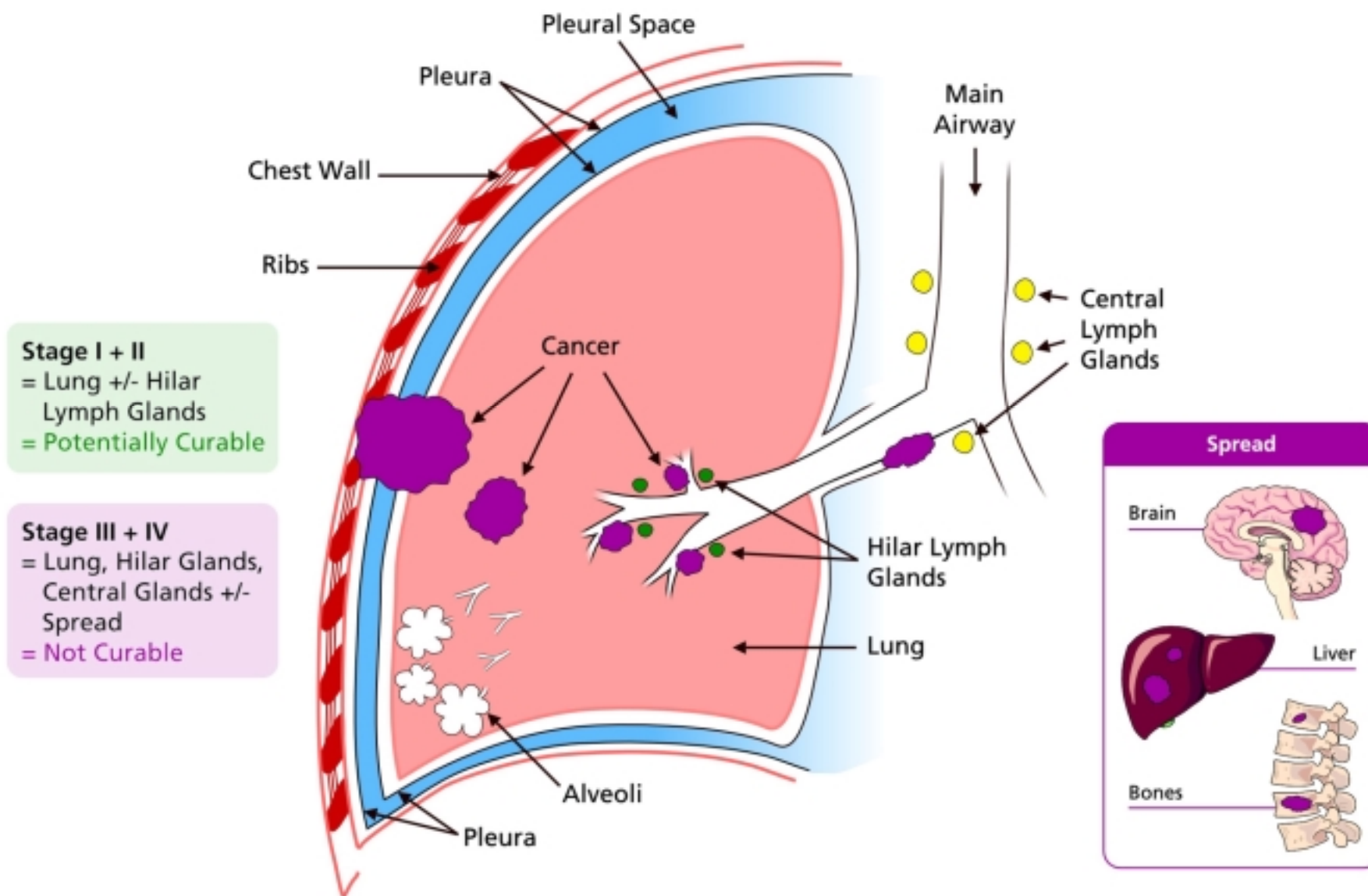
- 9.6 Members of the Forum were however, very concerned, when the Consultant Respiratory Physician presented evidence of the stages at which patients, covered by North Tees and Hartlepool NHS Foundation Trust, presented themselves and were diagnosed with having lung cancer; as detailed in **Table 7** (below). With over 70% of patients presenting at Stages III and IV, Members recognised that the outcome in terms of treatment was statistically poor and reflected lung cancer being the largest single contributor to deaths from cancer.

Table 7: Stage at Presentation – National Lung Cancer Audit 2011

Stage	Number (n=145) University Hospital of Hartlepool %	Number (n=170) University Hospital of North Tees %
Ia	4.1 %	10.6 %
Ib	11.7 %	7.1 %
Ila	6.9 %	4.7 %
Ilb	6.2 %	5.3 %
IIla	13.8 %	12.9 %
IIlb	11.0 %	17.1 %
IV	44.8 %	41.8 %

Picture 1:

What is Lung Cancer? And Why Stage Matters



10 IMPACT AND DELIVERY OF SMOKING CESSATION SERVICES

- 10.1 Members of the Health Scrutiny Forum had recognised the importance of tackling smoking as a causality of many of the forms of cancer (see paragraph 7.11) as well as being the major contributory factor in 90% of cases of lung cancer. At their meeting of 5 April 2012 Members also considered additional evidence from ASH which sourced various studies into the effects of second hand smoke, with the Scientific Committee on Tobacco and Health (SCOTH) stating in a 2004 report that non smokers exposed to second hand smoke had a 24% increased risk of lung cancer. Members were, therefore, very interested in examining the impact of smoking cessation and other initiatives to combat the levels of smoking in Hartlepool, with evidence gathered during those meetings detailed as follows:-

Evidence from Stockton and Hartlepool Stop Smoking Service

- 10.2 When the Health Scrutiny Forum met on 23 February 2012, the Head of Health Improvement provided details that 24.7% of adults in Hartlepool smoked regularly, with this figure rising to 31.2% for manual / routine workers and over 44% in some Wards in the Town. At the end of the 2010/11 municipal year Members were informed that 22.6% of women were recorded as smoking at the time of giving birth. Although this compared poorly with a regional average of 21.1% and a national average of 13.5%. This data was, however, tempered and it pleased Members that there had been a major improvement in reducing smoking during pregnancy which was as high as 30% only five years ago.
- 10.3 In recognising the level of the smoking problem in Hartlepool, the Forum were informed of the major impact of the Stockton and Hartlepool Stop Smoking Service in the Town. The Director from Fresh informed Members, at their meeting of 23 February 2012, that Hartlepool had a stop smoking service they should be proud of and was nationally seen as an exemplar for how stop smoking services should operate.
- 10.4 The Stop Smoking Service Manager provided the Forum, on 23 February 2012, with a very detailed breakdown of Hartlepool's performance against the other Local Authorities in the North East; as summarised in **Table 8** (overleaf).

Table 8: Impact of Stop Smoking Services in 2010/11

Local Authority Area	% of 'Vital Signs' ⁷ Target Achieved	% of Clients Lost to Follow-up	% of Estimated Smoking Population Accessing Stop Smoking Services ⁸	% of Pregnant Women Smoking at Delivery Accessing Stop Smoking Service & Setting a Quitting Date
Durham	95.1 %	35.4 %	9.6 %	21.1%
Darlington	101.0 %	34.7 %	9.3 %	28.5 %
Gateshead	101.4 %	38.5 %	13.8 %	28.6 %
Hartlepool	107.4 %	21.7 %	18.5 %	88.2 %
Middlesbrough	98.9 %	27.4 %	12.4 %	19.3 %
Newcastle	78.2 %	28.4 %	7.1 %	25.4 %
Stockton on Tees	113.2 %	21.9 %	11.9 %	35.6 %
North Tyneside	93.2 %	26.3 %	11.2 %	24.4 %
Northumberland	100.2 %	35.1 %	12.1 %	26.2 %
Redcar & Cleveland	92.9 %	26.2 %	13.3 %	22.5 %
South Tyneside	100.6 %	38.1 %	15.0 %	22.3 %
Sunderland	101.1 %	38.9 %	12.6 %	35.9 %

- 10.5 Members were delighted that in terms of clients lost to follow up and the estimated smoking population accessing stop smoking services, Hartlepool was outperforming the other North East Local Authorities. In particular Members were impressed with the 88.2% of pregnant women accessing and setting a quitting date for their smoking, however, the Stop Smoking Service Manager informed Members that recently the Head of Community Midwifery had been involved in a restructure and the post amalgamated, it was hoped that this did not impact on the currently impressive access figures.

Evidence from Fresh

- 10.6 The Director of Fresh was present at the Health Scrutiny meeting of 23 February 2012 and delivered an impassioned presentation to Members about the work of Fresh in combating the dangers of smoking. The Director for Fresh did highlight that smoking rates in the North East were declining at a faster rate than anywhere else in the country and this was mainly due to the partnership approach adopted across the region. Members were also advised that smoking should be the number one Public Health priority for the next ten years, as solving the issue would have major health benefits for the population as a whole.
- 10.7 Members of the Forum were provided with details of Fresh's campaign for plain, standardised tobacco packaging during the meeting of 23 February 2012. The Director for Fresh evidenced that two thirds of smokers begin before they are 18 years old, with the average age in the North East being 15. Fresh were very clear that there were many examples of cigarette packaging which was designed to attract young people to begin smoking and

⁷ Vital Signs are a set of National Performance Indicators

⁸ Based on Integrated Household Survey prevalence (October 2009 – September 2010)

Members looked at a number of examples including the cigarette packaging shown in **Picture 2** (below) and in **Appendix A**.

Picture 2: An Example of Cigarette Packaging with a Particular Target Audience



- 10.8 The aim of the campaign by Fresh was to discourage young people from beginning to smoke, by having plain, standardised tobacco packaging. Members were informed that the Australian Government were introducing plain packaging from December 2012 and it was hoped that the UK Government would support the proposal. In considering the evidence from Fresh, the Health Scrutiny Forum was very supportive of this approach and felt that the images used on the cigarette packaging needed to be as strong as possible, in line with the examples shown in **Picture 3** (overleaf).

Picture 3: Examples of Plain, Standardised Packaging Proposed by Fresh

11 IMPACT OF CANCER AWARENESS RAISING ACTIVITIES

- 11.1 When Members met on 23 February 2012, they considered evidence from a study carried out by Dr Una Macleod into why some cancer patients were delayed in seeking medical advice. Dr Macleod argued that:-

*"The predominant risk factor for patient delay is a lack of interpretation by patients of the serious nature of their symptoms...If a symptom is atypical, or vague in nature, the risk of delayed presentation can be increased."*⁹

Dr Macleod went on to cite various studies from 2002-2009 which indicated that:-

*"General population surveys in the United Kingdom indicate a widespread lack of awareness of the symptoms of cancer...These low levels of symptom awareness may partly explain why the type of symptom and recognition of the seriousness of symptoms are consistent risk factors for delayed patient presentation."*⁹

⁹ Madeod, U. et al., 2009

- 11.2 However, Dr Macleod also highlighted that in addition to lack of awareness of cancer symptoms (as highlighted in paragraph 11.1), the various studies from 2002-2009 also made the following point that:-

“Equally, these surveys report that people hold negative beliefs and attitudes about the benefits of seeking medical help for cancer, which include fear, embarrassment, reluctance to bother the general practitioner and nihilism about cancer treatments.”¹⁰

- 11.3 Having considered that the evidence from Dr Macleod pointed towards an issue around public awareness of cancer symptoms, the Forum wished to focus on the impact of cancer awareness raising activities in the Town. Members recognised that awareness of cancer symptoms was a key component in ensuring early presentation and better outcomes, as supported by the evidence from the cancer team at North Tees and Hartlepool NHS Foundation Trust (see Section 9). Evidence gathered by Members in relation to cancer awareness raising activities is detailed below:-

Impact of the Be Clear on Cancer Programme

- 11.4 The Cancer Awareness and Early Diagnosis Project Manager from NHS Tees provided Members with details of a survey commissioned by NHS Hartlepool entitled the Hartlepool Cancer Awareness Measure (CAM). The CAM was designed to collate people’s awareness of the signs and symptoms of lung and bowel cancer. The Cancer Awareness and Early Diagnosis Project Manager informed the Forum that the first CAM undertaken in February 2011 in Hartlepool had produced the following results:-

- (i) 33% of respondents were unable to name any signs or symptoms of bowel cancer;
- (ii) 26% of respondents were unable to name any signs or symptoms of lung cancer; and
- (iii) 28% of the respondents said that they currently smoked cigarettes.

- 11.5 As a response to the results from the CAM; Members of the Health Scrutiny Forum were informed that, NHS Hartlepool started a promotion of the regional cancer awareness programme ‘Be Clear on Cancer’ in May 2011. This involved producing a number of resources, such as posters (see **Appendix B**), information on beer mats, bus adverts and bingo dabbers; all with the aim of increasing people’s awareness of the signs and symptoms of lung and bowel cancer.

- 11.6 The Health Scrutiny Forum were made aware by the Cancer Awareness and Early Diagnosis Project Manager that a second CAM was undertaken in June 2011 to evaluate the impact of the ‘Be Clear on Cancer’ campaign, with

¹⁰ Madeod, U. et al., 2009

Members being delighted with the results where; 32% of respondents spontaneously identified blood in stools as a sign or symptom of bowel cancer; and 46% of respondents spontaneously identified a persistent cough as a sign or symptom of lung cancer.

- 11.7 Members were pleased to hear that the 'Be Clear on Cancer' campaign was now being run on a National basis to increase general awareness of cancer signs and symptoms, with the hope that people would present to a healthcare professional much earlier.

Implementation of the National Awareness and Early Diagnosis Project

- 11.8 The Cancer Awareness and Early Diagnosis Project Manager, at the Forum meeting of 23 February 2012, emphasised that 'Be Clear on Cancer' was only one initiative aimed at raising the public's awareness of cancer signs and symptoms. Members were also informed that the implementation of the National Awareness and Early Diagnosis (NAEDI) Project by NHS Tees was another important area of improving awareness of cancer signs and symptoms.
- 11.9 The Tees NAEDI Project built on the existing Healthy Heart Check Programme; with Members recognising that Cardiovascular Disease (CVD) and cancer shared common risk factors, such as those identified by the cancer team at North Tees and Hartlepool NHS Foundation Trust in paragraph 7.11. The Cancer Awareness and Early Diagnosis Project Manager highlighted that due to the established nature of the Healthy Heart Check Programme for all 40-74 olds fitting the inclusion criteria, there was a focussed group of people that could be targeted with cancer awareness information. In addition the Forum was pleased to learn that all GP Practices in Hartlepool were participating in the NAEDI Project, which would result in all Practice staff being trained in relation to awareness of cancer signs and symptoms. This commitment by Hartlepool GPs to the NAEDI Project also ensured that the 'Be Clear on Cancer' campaign was embedded in all GP Practices across Hartlepool.

The Teesside Cancer Awareness Roadshow

- 11.10 When the Health Scrutiny Forum met on 23 February 2012, the Macmillan Cancer Information and Volunteer Facilitator from NHS Tees presented to Members details of the Teesside Cancer Awareness Roadshow; which was a two year initiative funded by Macmillan Cancer Support. Members learnt that the aim of the Teesside Cancer Awareness Roadshows were to:-

"Increase awareness of cancer symptoms, encourage uptake of NHS screening programmes and encourage people to seek help"

- 11.11 The Forum were pleased to learn that the Teesside Cancer Awareness Roadshow could be delivered in a bespoke manner, with a number of different carnival games designed to raise the awareness of cancer signs symptoms, encourage people to actively seek help and increase take-up of

screening programmes. The Macmillan Cancer Information and Volunteer Facilitator explained to Members that the balance of the importance and potential sensitivity of the subject was not lost through the utilisation of fun elements, with the aim of embedding the messages into people's minds, rather than giving them handouts to take away.

12 IMPROVING OUTCOMES FOR PATIENTS

- 12.1 Throughout the investigation into Cancer Awareness and Early Diagnosis, Members of the Health Scrutiny Forum placed great importance in discovering what more could be done to improve outcomes for patients, with the evidence gathered detailed as follows:-

Evidence from the Member of Parliament for Hartlepool

- 12.2 The Forum warmly welcomed the Member of Parliament for Hartlepool to their meeting on 6 October 2011. The MP reminded Members that for all there had been real health improvements in Hartlepool, the gap between Hartlepool and the rest of the Country was still large and more still needed to be done to bridge that gap. However, the MP was clear that this was not a criticism of colleagues in the health sector who were doing a marvellous job, but that people in Hartlepool needed to present themselves a lot sooner to healthcare professionals for early diagnosis and treatment; which was particularly vital in relation to cancer.
- 12.3 The MP made a number of recommendations to the Forum in relation to where it was felt a greater impact could be made in improving outcomes:-
- (i) Encourage and Incentivise People to Come Forward and see their GP;
Although some people are aware of cancer symptoms, they are fearful of presenting themselves as they see it as a 'death sentence' and with the advances in treatment, this now was not necessarily the case.
 - (ii) Targeted Screening;
This could be very effective at increasing screening uptake by delivering it at venues such as the football club, hairdressers and local employers including the Council.
 - (iii) Good Practice in Other Areas;
Doncaster had achieved much success in getting men to attend screening sessions earlier. With the statistics pointing to men in their 60s presenting with cancer, screening was focussed on men in their 50s to diagnose cancers early, therefore, resulting in better outcomes in many cases.
- 12.4 In concluding evidence to the Forum, the MP was very clear that even in a time when finances were tight, it would be a mistake to move from

prevention and early diagnosis activities to treatment, as this would result in fire fighting the disease, this in the MP's view would be a false economy particularly when the evidence pointed towards better outcomes as a result of earlier presentation.

Evidence from the Portfolio Holder for Adults and Public Health Services

- 12.5 When the Forum met on 6 October 2011, Members were delighted to receive evidence from the Portfolio Holder for Adults and Public Health Services. The Portfolio Holder reflected on the increasing Public Health role that the Council would be taking on board through the Health and Social Care Bill. The Portfolio Holder felt that the increased influence in Public Health could only be beneficial in strengthening the Council's ability to improve outcomes through closer partnership working as advocated through the formation of the Health and Wellbeing Board.
- 12.6 In reflecting on what more could be done to improve outcomes, the Portfolio Holder reminded the Forum of the Town's industrial past and that although the messages on a healthier lifestyle, cancer, obesity and smoking should continue and be improved where possible, there needed to be a recognition that impact on health improvement statistics could still take some time to come through.
- 12.7 The Portfolio Holder did recommend to Members of the Health Scrutiny Forum that the challenge was how to raise awareness without coming across the audience as being patronising. The Portfolio Holder felt that the work done by the British Heart Foundation in targeting young children about the importance of a healthy lifestyle which then fed into the family was a good example of how health outcomes could be improved without directly mentioning cancer.

Evidence from North Tees and Hartlepool NHS Foundation Trust

- 12.8 When the cancer team from North Tees and Hartlepool NHS Foundation Trust was present at the Forum meeting of 26 January 2011, the team provided details of suggestions for how outcomes could be improved for cancer patients, with the common themes as follows:-
- (i) Encourage greater participation in screening;
 - (ii) Raise awareness of cancer symptoms;
 - (iii) Reduction in obesity;
 - (iv) Sensible alcohol intake;
 - (v) Healthy lifestyle; and
 - (vi) Regular physical lifestyle.

12.9 In addition to the recommendations identified under paragraph 12.8, the Consultant Respiratory Physician commented, that in relation to lung cancer and its inextricable link to smoking for 90% of cases:-

- (i) It was a key issue to ensure children did not start smoking; and
- (ii) Where people were helped to stop smoking that this was done in a positive, supportive and non blame manner; promoting healthy environments and how the risk of lung cancer could be reduced when quitting at any age.

13 CONCLUSIONS

13.1 The Health Scrutiny Forum concluded:-

- (a) That cancer is a major cause of ill health and death in Hartlepool ;
- (b) That the vast majority of cancer cases are caused by lifestyle issues such as lack of physical activity and poor diet;
- (c) That for lung cancer there is an inextricable link for 90% cases with the patient being a smoker;
- (d) That quitting smoking at any age can reduce the risk of contracting lung cancer;
- (e) That earlier diagnosis can significantly improve the outcomes of cancer treatment;
- (f) That not being aware of cancer signs and symptoms is one of the barriers to early presentation to health care professionals;
- (g) That bowel, breast and cervical screening is not about finding cancer, but to look for the changes in a patients body which may lead to cancer;
- (h) That there has been a gradual decline in people attending screening programmes in Hartlepool, with Hartlepool falling behind the North East and England averages for screening take-up;
- (i) That Hartlepool has a very good stop smoking service which is nationally recognised as an example of good practice; and
- (j) That although all GP Practices in Hartlepool have been involved in the 'Be Clear on Cancer' programme, there are still significant differences for screening take-up between GP practices.

14 RECOMMENDATIONS

14.1 The Health Scrutiny Forum has taken evidence from a wide range of sources to assist in the formulation of a balanced range of recommendations. The Forum's key recommendations to the Cabinet and partner health organisations are as outlined below:-

- (a) That in relation to the Teesside Cancer Awareness Roadshow:-
 - (i) Hartlepool Borough Council hosts a Roadshow ensuring messages are embed in the Council's health and wellbeing promotion to staff; and
 - (ii) Hartlepool Borough Council encourages appropriate Town based community venues and events to host a Teesside Cancer Awareness Roadshow.
- (b) That Hartlepool's Health and Wellbeing Board ensures that Stop Smoking Services and smoking cessation is embedded in the JSNA;
- (c) That in relation to the issue surrounding whether there is a link between high risk industrial workers and the contraction of cancers through the ingestion of particulates, such as coal dust:-
 - (i) The Public Health Directorate at NHS Tees carries out a literature research into the topic; and
 - (ii) That in relation to recommendation c(i) this information is shared with the Health Scrutiny Forum;
- (d) That NHS Hartlepool and the emerging Clinical Commissioning Group:-
 - (i) Ensure that cancer screening levels are improved across GP Practices in Hartlepool; and
 - (ii) Devise and share a strategy with the Health Scrutiny Forum for targeting cancer screening and awareness activity in the workplace / venues where residents gather socially; building on the good practice of those workplaces who employ nurses.
- (e) That the evidence about the impact of the role of the former Head of Community Midwifery in encouraging access to stop smoking services by pregnant women, be emphasised with North Tees and Hartlepool NHS Foundation Trust to seek assurances for its continued impact, following recent post restructuring;

- (f) That Hartlepool Borough Council, through its new Public Health responsibility, ensures that young people in schools and youth groups receive appropriate hard hitting messages about the cancer risk of smoking, alcohol and poor diet;
- (g) That in line with the smoke free workplace, as detailed in the Health Act 2006, Hartlepool Borough Council develops a strategy with partner organisations that:-
 - (i) Educates licensed taxi drivers about the effects of passive smoking, reminding them of the legislation of not smoking in the workplace; and
 - (ii) Determines appropriate enforcement options for licensed taxi drivers who are in breach of the smoke free workplace.

ACKNOWLEDGEMENTS

The Committee is grateful to all those who have presented evidence during the course of our investigation. We would like to place on record our appreciation, in particular of the willingness and co-operation we have received from those named overleaf:-

Hartlepool Borough Council:

Councillor Ged Hall – Former Portfolio Holder for Adults and Public Health Services

Louise Wallace – Assistant Director for Health Improvement

Carole Johnson – Head of Health Improvement

Pat Marshall – Stop Smoking Service Manager

External Representatives:

Iain Wright – Member of Parliament for Hartlepool

Dr Victoria Ononeze – Speciality Registrar in Public Health, Tees Public Health Directorate

Madeleine Johnson – Consultant in Public Health, NHS Tees

Laura McGuinness – Cancer Awareness and Early Diagnosis Project Manager, NHS Tees

Dr Toks Sangowawa – Clinical Director of Public Health, NHS Tees

Rachel Fawcett – Public Health Specialist Nurse, NHS Tees

Mr Mat Tabaqchali – Consultant Colorectal Surgeon, North Tees and Hartlepool NHS Foundation Trust

Norma Robinson – Lead Colorectal Nurse Specialist, North Tees and Hartlepool NHS Foundation Trust

Dr Neil Leitch – Consultant Respiratory Physician, North Tees and Hartlepool NHS Foundation Trust

Tessa Fitzpatrick – Macmillan Lung Specialist Nurse, North Tees and Hartlepool NHS Foundation Trust

Mr Colm Hennessy – Consultant Breast Surgeon, North Tees and Hartlepool NHS Foundation Trust

Jan Harley – Lead Breast Nurse Specialist / Lead Cancer Nurse, North Tees and Hartlepool NHS Foundation Trust

Aisal Rutter – Director, Fresh

Pete Moody – Macmillan Cancer Information and Volunteer Facilitator, NHS Tees

**COUNCILLOR STEPHEN AKERS-BELCHER
CHAIR OF THE HEALTH SCRUTINY FORUM**

July 2012

Contact Officer: James Walsh – Scrutiny Support Officer
Chief Executive's Department – Corporate Strategy
Hartlepool Borough Council
Tel:- 01429 523647
Email:- james.walsh@hartlepool.gov.uk

BACKGROUND PAPERS

The following background papers were consulted or referred to in the preparation of this report:-

- (i) Report of the Scrutiny Support Officer entitled 'Scrutiny Investigation into Cancer Awareness and Early Diagnosis – Scoping Report' presented at the meeting of the Health Scrutiny Forum of 8 September 2011

- (ii) The Association of Public Health Observatories (2011), *Health Profile 2011 Hartlepool*, Available from: http://www.apho.org.uk/default.aspx?QN=HP_METADATA&AreaID=50333 (Accessed 15 August 2011)
- (iii) The Association of Public Health Observatories (2010), *Health Profile 2010 Hartlepool*, Available from: http://www.apho.org.uk/default.aspx?QN=HP_METADATA&AreaID=50333 (Accessed 15 August 2011)
- (iv) NHS (2011), *Lung Cancer*, Available from: <http://www.beclearoncancer.co.uk/lung-cancer> (Accessed 15 August 2011)
- (v) Presentation by Assistant Director for Health Improvement entitled 'Cancer in Hartlepool: An Overview' delivered to the Health Scrutiny Forum meeting of 6 October 2011
- (vi) Report of the Executive Director of Public Health and Speciality Registrar in Public Health, Tees Public Health Directorate entitled 'Cancer in Hartlepool: An Overview' presented at the meeting of the Health Scrutiny Forum of 6 October 2011
- (vii) Report of the Scrutiny Support Officer entitled 'Cancer Awareness and Early Diagnosis – Evidence from Member of Parliament for Hartlepool and the Portfolio Holder for Adult's and Public Health – Covering Report' presented at the meeting of the Health Scrutiny Forum of 6 October 2011
- (viii) Report of the Scrutiny Support Officer entitled 'Scrutiny Investigation in to Cancer Awareness and Early Diagnosis – Setting the Scene Presentation – Covering Report' presented at the meeting of the Health Scrutiny Forum of 6 October 2011
- (ix) Report of the Scrutiny Support Officer entitled 'Cancer Screening – Covering Report' presented at the meeting of the Health Scrutiny Forum of 17 November 2011
- (x) Report of the Tees Valley Health Scrutiny Joint Committee entitled 'Cancer Screening Across the Tees Valley – Final Report' presented at the meeting of the Health Scrutiny Forum of 17 November 2011
- (xi) Report of the Scrutiny Support Officer entitled 'Pancreatic Cancer and Diabetes' presented at the meeting of the Health Scrutiny Forum of 17 November 2011
- (xii) Report of the Speciality Registrar in Public Health, NHS Tees entitled 'Pancreatic Cancer and Diabetes – Is there Evidence of a Link?' presented at the meeting of the Health Scrutiny Forum of 17 November 2011

- (xiii) Presentation of the Public Health Specialist Nurse, NHS Tees entitled 'The Role of Screening in Cancer Awareness' delivered to the Health Scrutiny Forum meeting of 17 November 2011
- (xiv) Report of the Scrutiny Support Officer entitled 'Evidence from North Tees and Hartlepool NHS Foundation Trust – Covering Report' presented at the meeting of the Health Scrutiny Forum of 26 January 2012
- (xv) NHS (25 November 2011) Waiting times for suspected and diagnosed cancer patients: quarter ending September 2011, Available from: <http://www.dh.gov.uk/health/2011/11/cancer-waiting-times/> (Accessed 10 January 2012)
- (xvi) Presentation of the Consultant Colorectal Surgeon, North Tees and Hartlepool NHS Foundation Trust entitled 'Cancer Awareness and Early Diagnosis' delivered to the Health Scrutiny Forum of 26 January 2012
- (xvii) Presentation of the Consultant Colorectal Surgeon, North Tees and Hartlepool NHS Foundation Trust entitled 'Bowel Cancer – A Secondary Healthcare Perspective' delivered to the Health Scrutiny Forum of 26 January 2012
- (xviii) Presentation of the Consultant Respiratory Physician, North Tees and Hartlepool NHS Foundation Trust entitled 'Lung Cancer – A Secondary Healthcare Perspective' delivered to the Health Scrutiny Forum of 26 January 2012
- (xix) Presentation of the Consultant Breast Surgeon, North Tees and Hartlepool NHS Foundation Trust entitled 'Breast Cancer – A Secondary Healthcare Perspective' delivered to the Health Scrutiny Forum of 26 January 2012
- (xx) Report of the Scrutiny Support Officer entitled 'Evidence on Smoking Cessation – Covering Report' presented at the meeting of the Health Scrutiny Forum of 23 February 2012
- (xxi) Fresh (2011), *Smoke Free North East*, Available from: <http://www.freshne.com/> (Accessed 6 February 2012)
- (xxii) Report of the Scrutiny Support Officer entitled 'Evidence on Cancer Awareness – Covering Report' presented at the meeting of the Health Scrutiny Forum of 23 February 2012
- (xxiii) NHS Hartlepool (2012), *Cancer Roadshow*, Available from: <http://www.hartlepool.nhs.uk/content/page.aspx?page=394> (Accessed 7 February 2012)
- (xxiv) Macleod, U. Mitchell, ED. Burgess, C. Macdonald, S. Ramirez, AJ (2009) 'Risk factors for delayed presentation and referral of symptomatic cancer: evidence of common cancers' *British Journal of Cancer*, [Online] paper no. 101. Available from:

- <http://www.nature.com/bjc/journal/v101/n2s/full/6605398a.html> (Accessed 7 February 2012)
- (xxv) NHS (2010), *HPV vaccine – Why it is Needed*, Available from: <http://www.nhs.uk/Conditions/HPV-vaccination/Pages/Why-it-should-be-done.aspx> (Accessed 17 February 2012)
- (xxvi) Cancer Research UK (1) (2011), *TNM and number stages of bowel cancer*, Available from: <http://cancerhelp.cancerresearchuk.org/type/bowel-cancer/treatment/tnm-and-number-stages-of-bowel-cancer> (Accessed 21 February 2012)
- (xxvii) Cancer Research UK (2) (2011), *Duke's staging of bowel cancer*, Available from: <http://cancerhelp.cancerresearchuk.org/type/bowel-cancer/treatment/dukes-stages-of-bowel-cancer> (Accessed 21 February 2012)
- (xxviii) Presentation of the Macmillan Cancer Information and Volunteer Facilitator, NHS Tees entitled 'Teesside Cancer Awareness Roadshow' delivered to the Health Scrutiny Forum of 23 February 2012
- (xxix) Presentation of the Cancer Awareness and Early Diagnosis Project Manager, NHS Tees entitled 'Cancer Awareness and Early Diagnosis Initiatives' delivered to the Health Scrutiny Forum of 23 February 2012
- (xxx) Presentation of the Director, Fresh entitled 'Plain, Standardised Tobacco Packaging' delivered to the Health Scrutiny Forum of 23 February 2012
- (xxxi) Presentation of the Stop Smoking Service Manager entitled 'Stockton & Hartlepool Stop Smoking Service' delivered to the Health Scrutiny Forum of 23 February 2012
- (xxxii) Presentation of the Head of Health Improvement entitled 'Smoking & Tobacco Control' delivered to the Health Scrutiny Forum of 23 February 2012
- (xxxiii) Macleod, U. Mitchell, ED. Burgess, C. Macdonald, S. Ramirez, AJ (2009) 'Risk factors for delayed presentation and referral of symptomatic cancer: evidence of common cancers' *British Journal of Cancer*, [Online] paper no. 101. Available from: <http://www.nature.com/bjc/journal/v101/n2s/full/6605398a.html> (Accessed 7 February 2012)
- (xxxiv) Report of the Scrutiny Support Officer entitled 'Information on Second Hand Smoke' presented at the meeting of the Health Scrutiny Forum of 5 April 2012.
- (xxxv) Ash (2011), *ASH Fact Sheets: Second Hand Smoke*, Available from: http://www.ash.org.uk/files/documents/ASH_113.pdf (Accessed 6 March 2012)

(xxxvi) Minutes of the Health Scrutiny Forum of 11 August 2011, 8 September 2011, 6 October 2011, 17 November 2011, 26 January 2012, 23 February 2012 and 5 April 2012.

Appendix A



PLAIN PACKS PROTECT

CIGARETTE PACK DESIGNS

The **Plain Packs Protect** campaign wants all cigarettes in plain standardised packs. The evidence is clear that plain packs are:

- less attractive, especially to young people;
- strengthen the impact of health warnings; and
- make the packs less misleading.

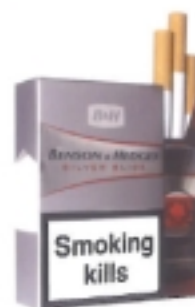
Tobacco companies describe current packs as '*mobile advertising for the brand*' - help stop this by signing up to www.plainpacksprotect.co.uk



Popular brands with children



Designed to attract young women



New designs are coming on the market all the time

Appendix B

Be Clear on Cancer Posters



Dr Philip Sawyer

If you've been coughing for 3 weeks, it might not be 'only a cough', so just tell me.

A persistent cough could be a sign of lung cancer. Finding it early makes it more treatable, so tell your doctor.

BE CLEAR ON CANCER
nhs.uk/lungcancer



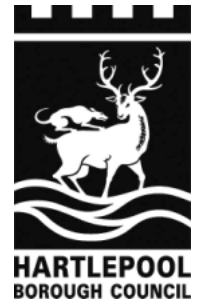
Dr Terry Gowley

Just tell me

If you've had blood in your poo or looser poo for 3 weeks, your doctor wants to know.

It could be the early signs of bowel cancer. Finding it early makes it more treatable and could save your life.

BE CLEAR ON CANCER
nhs.uk/bowelcancer



Report of: **Director of Public Health**

Subject: **SCRUTINY INVESTIGATION INTO 'CANCER AWARENESS AND EARLY DIAGNOSIS' – ACTION PLAN**

1. TYPE OF DECISION / APPLICABLE CATEGORY

1.1 This is a non-key decision.

2. PURPOSE OF REPORT

2.1 To agree an Action Plan in response to the findings and subsequent recommendations of the Health Scrutiny Forum's investigation into 'Cancer Awareness and Early Diagnosis'.

3. BACKGROUND

3.1 As a result of the Health Scrutiny Forum's investigation into 'Cancer Awareness and Early Diagnosis', a series of recommendations have been made. To assist the Cabinet in its determination of either approving or rejecting the proposed recommendations, in response to these recommendations, an action plan has been produced in consultation with the appropriate Portfolio Holder(s) and is detailed in **Table 1** overleaf; which is to be submitted to the Health Scrutiny Forum in August 2012 (subject to the availability of appropriate Portfolio Holder(s)).

Table 1:

OVERVIEW AND SCRUTINY ENQUIRY ACTION PLAN**NAME OF FORUM:** Health Scrutiny Forum**NAME OF SCRUTINY ENQUIRY:** Cancer Awareness and Early Diagnosis

	RECOMMENDATION	EXECUTIVE RESPONSE / PROPOSED ACTION⁺	FINANCIAL / OTHER IMPLICATIONS	LEAD OFFICER	COMPLETION DATE*
(a)	<p>That in relation to the Teesside Cancer Awareness Roadshow:-</p> <p>(i) Hartlepool Borough Council hosts a Roadshow ensuring messages are embed in the Council's health and wellbeing promotion to staff; and</p> <p>(ii) Hartlepool Borough Council encourages appropriate Town based community venues and events to host a Teesside Cancer Awareness Roadshow.</p>	<p>Plans are well in hand to deliver cancer roadshows for council staff. The dates of these events are as follows:</p> <p>16th August – Civic Centre 12th September – Civic Centre 13th September – Brian Hanson 24th September – Brian Hanson 18th October – Civic Centre</p> <p>There are also other events open to a wider audience in venues such as Middleton Grange car park planned.</p> <p>Voluntary and community groups in the town are also accessing small pots of money to facilitate delivery of cancer roadshows to reach wider community audiences</p>	None	Health Improvement Specialist – Workplace Health	End of November 2012

(b)	That Hartlepool's Health and Wellbeing Board ensures that Stop Smoking Services and smoking cessation is embedded in the JSNA.	The 2012/13 JSNA on smoking has been completed and is 'live' on the website. www.teesjsna.org.uk	None	Head of Health Improvement	July 2012
(c)	<p>That in relation to the issue surrounding whether there is a link between high risk industrial workers and the contraction of cancers through the ingestion of particulates, such as coal dust:-</p> <p>(i) The Public Health Directorate at NHS Tees carries out a literature research into the topic; and</p> <p>(ii) That in relation to recommendation c(i) this information is shared with the Health Scrutiny Forum.</p>	<p>A literature review will be undertaken on this issue and the result feedback to Health Scrutiny Forum.</p> <p>This action is to be agreed by the NHS Tees Board / Hartlepool and North Tees CCG Board</p>	None	Director of Public Health	September 2012
(d)	That NHS Hartlepool and the emerging Clinical Commissioning Group:-	The Director of Public Health will ensure that the Hartlepool Clinical Commissioning Group is informed about levels of uptake	None	Director of Public Health	September 2012

	<p>(i) Ensure that cancer screening levels are improved across GP Practices in Hartlepool; and</p> <p>(ii) Devise and share a strategy with the Health Scrutiny Forum for targeting cancer screening and awareness activity in the workplace / venues where residents gather socially; building on the good practice of those workplaces who employ nurses.</p>	<p>across the various screening programmes and ensure actions are taken to promote uptake across all eligible populations.</p> <p>The Director of Public Health will write a strategy for increasing awareness of the importance of screening programmes. This strategy will focus on maximising opportunities within the local community and amongst employers. A key part of the strategy will be to engage occupational health departments.</p> <p>This action is to be agreed by the NHS Tees Board / Hartlepool and North Tees CCG Board</p>	None	Director of Public Health	October 2012
(e)	That the evidence about the impact of the role of the former Head of Community Midwifery in encouraging access to stop smoking services by pregnant women, be emphasised with North Tees and Hartlepool NHS Foundation Trust to seek	Continue to implement the smoking in pregnancy action plan as part of the wider smoking cessation programme. Support from North Tees and Hartlepool NHS Foundation Trust has continued despite staffing changes. Improvement in reducing smoking in	None	Head of Health Improvement	April 2013

	assurances for its continued impact, following recent post restructuring.	pregnancy continues in Hartlepool.			
(f)	That Hartlepool Borough Council, through its new Public Health responsibility, ensures that young people in schools and youth groups receive appropriate hard hitting messages about the cancer risk of smoking, alcohol and poor diet.	The British Heart Foundation funded Project commenced on 1 st April. This is a 3 year project aimed at children and young people between 7-14 years and will focus on the issues of smoking, healthy eating and increasing physical activity. Although aimed at preventing heart disease there will be an impact on cancer prevention.	British Heart Foundation dedicated project funding	Cardiovascular Disease Nurse Practitioner	April 2013
(g)	That in line with the smoke free workplace, as detailed in the Health Act 2006, Hartlepool Borough Council develops a strategy with partner organisations that:- (i) Educates licensed taxi drivers about the effects of passive smoking, reminding them of the legislation of not smoking in the workplace; and (ii) Determines appropriate enforcement options for	HBC's Public Protection Team carry out programmed inspections of all premises, including licensed vehicles such as taxis. These inspections include confirmation of compliance with the requirement to display 'No Smoking' signs in the vehicles. Failure to display the appropriate signage or to smoke, or allow smoking, in a licensed vehicle is a criminal offence. Drivers and vehicle owners who breach this	None	Public Protection	April 2013

	<p>licensed taxi drivers who are in breach of the smoke free workplace.</p>	<p>requirement face prosecution. Drivers are tested on their knowledge and understanding of tobacco control law as part of their 'knowledge test' prior to obtaining their first licence.</p> <p>To date, no one has been prosecuted in Hartlepool for a continued breach of these requirements but a number of warnings have issued.</p>			
--	---	---	--	--	--

[†] please detail any risk implications, financial / legal / equality & diversity / staff / asset management considerations

^{*} please note that for monitoring purposes a date is required rather than using phrases such as 'on-going'

4. PROPOSALS

- 4.1 No options submitted for consideration other than the recommendation(s).

5. IMPLICATIONS OF RECOMMENDATIONS

- 5.1 Details of any financial or other considerations / implications are included in the action plan.

6. RECOMMENDATIONS

- 6.1 Cabinet is requested to approve the Action Plan, as detailed in **Table 1** above, in response to the recommendations of the Health Scrutiny Forum's investigation into 'Cancer Awareness and Early Diagnosis'.

7. REASONS FOR RECOMMENDATIONS

- 7.1 The aim of the investigation into 'Cancer Awareness and Early Diagnosis' was to evaluate the effectiveness of the delivery of early detection and awareness raising programmes for cancer, with specific reference to smoking cessation services.

8. APPENDICES AVAILABLE ON REQUEST, IN THE MEMBERS LIBRARY AND ON-LINE

- 8.1 No appendices are attached to this report.

9. BACKGROUND PAPERS

No background paper(s) were used in the preparation of this report.

10. CONTACT OFFICER

Contact Officer: Louise Wallace – Director of Public Health
Hartlepool Borough Council
Tel:- 01429 284030
Email:- louise.wallace@hartlepool.gov.uk



Report of: Scrutiny Co-ordinating Committee

Subject: CALL-IN OF DECISION: FUTURE OPTIONS FOR
THE PROVISION OF A STRATEGIC HR FUNCTION

1. TYPE OF DECISION / APPLICABLE CATEGORY

1.1 This is a non-key decision.

2. PURPOSE OF REPORT

2.1 To inform Cabinet of the outcome of the Scrutiny Co-ordinating Committee's consideration of the 'Call-In' in relation to the Cabinet decision taken on the 11 June 2012.

3. BACKGROUND INFORMATION

3.1 At the meeting of Cabinet, held on 11 June 2012, a report was considered in relation to the future options for the provision of a strategic HR function. A copy of the report considered by Cabinet, and relevant decision record (Minute No. 10 refers), are attached at **Appendices A and B** respectively.

3.2 The decision made being that:

“ (i) Cabinet agreed to enter into a new agreement with Darlington Borough Council to share a joint Head of HR and that the Acting Chief Executive and/or Chief Solicitor be delegated to finalise the legal agreement with the General Purposes Committee.

(ii) The arrangement be reviewed in 12 months time.”

3.3 Following the decision taken by Cabinet, a Call-In Notice was issued by 3 Members of the Scrutiny Co-ordinating Committee on the 22 June 2012. This notice was accepted by the Deputy Monitoring Officer on the 22 June 2012.

- 3.4 The Scrutiny Co-ordinating Committee, at its meeting on the 29 June 2012 accepted the Call-In and commenced consideration of the issues / concerns raised. The basis of the Call-in being that the decision had been taken in contravention of the principles of decision making, as outlined in Article 13 of the Constitution. The detailed reasons identified in the Call-In Notice being:

- vii) Clarity of aims and desired outcomes;
- v) Best Value; and
- xi) Efficiency (i.e. decisions must not be unnecessarily delayed).

The narrative within decision record re: scrutiny is not accurate.

- 3.5 Details of the narrative from the decision record are outlined bellow to assist Members.

‘A number of scrutiny chairs had made representations to CMT in relation to the future delivery of a strategic HR function. Whilst they were fully cognisant of the challenges ahead and supportive of the need to continue to provided a dedicated and clear strategic HR service they did not feel that this should be done by Option 1 i.e. reappointing to a permanent full time Chief Customer and Workforce Services Officer post. They felt the costs of this option were prohibitive and did not feel it met the authority’s needs going forward. Option 3 i.e. a shared service with Darlington was also not one that they wished to see continue as they felt the costs of continuing with this arrangement were also prohibitive.

They had indicated that in their view some form of internal restructure would be of more value to the council but would wish to see the costs associated with this limited significantly. This would mean that the increase in HR capacity that was required for Option 2 would potentially not be able to be fulfilled by the appointment of an additional HR advisor, but via the re-grading of staff currently providing an HR service. This would have the impact of altering the nature and type of duties undertaken by staff but would not offer the additional capacity CMT felt was required.’

- 3.6 During the course of the meeting, Members discussed:-

- i) The HR restructure and implications of the job evaluation process and queried the role of Business Advisors in the provision of strategic HR advice;
- ii) The views outlined in Section 3.5, highlighting that they were not expressed by Members in their capacity as Scrutiny Chairs and as such were not representative of a Scrutiny view on the issue;
- iii) Concerns regarding the deviation from the process for the appointment of Members to sit on Chief Officer Appointment Panels, in that Council has not been asked to appoint to a Panel. Members, however, noted that arrangements were for a Darlington appointments panel, with

Hartlepool Councillors invited to attend. On this basis, Hartlepool's procedure rules did not apply.

- iv) The budget and policy framework implications of the potential contract for shared arrangements, in that once let ring fenced money to meet any additional costs would have to be found to meet contractual obligation. In response to these concerns, the Chief Finance Officer indicated that it had been recognised that there would be an additional cost of £800 at the top of the grade for the post. This had been included in the proposal (to be met through a virement) and would not be a departure from the budget and policy framework. Whilst the Committee noted this information, Members continued to be of the view that the wider implications of the decision justified debate by Council, before a view on the Call-In could be expressed back to Cabinet.

3.7 The Scrutiny Co-ordinating Committee recommended that the decision should be referred to the floor of Council for full discussion. Members discussed in detail whether such a Council meeting should be held in open or closed session and requested that the Chief Solicitor put in place an appropriate mechanism to enable:

- Full and frank discussion of the issue / decision; and
- Dialogue with officers during the course of the Council meeting.

3.8 It was also requested that in order to assist Members in their debate of the issue, the following documents / items of information be provided as part of the Council paperwork:-

- i) Job descriptions, person specification of the job advertised by Darlington;
- ii) HR workforce – full structure before and after job evaluation, including job descriptions, person specification and grades;
- iii) Definition of strategic HR function and examples; and
- iv) Details of contract being drawn up with Darlington for the provision of the Strategic HR function / post.

3.9 The Chief Solicitor reminded the Committee of the timescales outlined in the Constitution for the conduct of the Call-in process and suggested that the referral of the Call-in to Council should be discussed with the Executive. The Committee also requested that the issue of the process and timescales around consideration of Call-ins should be added to the agenda of the Constitution Committee for further discussion and final determination of practice for the future.

3.10 Whilst the Scrutiny Co-ordinating Committee did not accept the need to seek the Mayors permission the need for the Call-in to be dealt with expeditiously was acknowledged. The Committee emphasised that the intention was not to unduly delay the decision; however, it was unanimous in its view that it is reasonable to ask for additional information, and take additional time, to enable full and proper consideration of the Call-In. It was also strongly felt

that given the wider impact of the decision it was completely appropriate that the issue / decision to be debated by full Council.

4. PROPOSALS

- 4.1 No options submitted for consideration other than the recommendation(s).

5. IMPLICATIONS OF RECOMMENDATIONS

- 5.1 There are no financial or other considerations / implications from the consideration of the report.

6. RECOMMENDATIONS

- 6.1 That the decision be referred to full Council for debate and the outcome of this debate be utilised by the Scrutiny Co-ordination Committee in the formulation of it's response to Cabinet in relation to the Call-in.

7. REASONS FOR RECOMMENDATIONS

- 7.1 To progress the Call-in and enable further debate / provision of additional information assist the Scrutiny Co-ordinating Committee in the fomulation of a response to Cabinet.

8. APPENDICES AVAILABLE ON REQUEST, IN THE MEMBERS LIBRARY AND ON-LINE

- 8.1 No appendices are attached to this report

9. BACKGROUND PAPERS

The following background paper(s) were used in the preparation of this report:-

- (i) Hartlepool Borough Council's Constitution
- (ii) Reports and Minutes – Cabinet of 11 June 2012
- (iii) Call-in Notice – 22 June 2012
- (iv) Reports and Minutes – Scrutiny Co-ordinating Committee – 29 June 2012

10. CONTACT OFFICER

Joan Stevens – Scrutiny Manager
Chief Executive's Department - Corporate Strategy
Hartlepool Borough Council
Tel: 01429 284142
Email: joan.stevens@hartlepool.gov.uk

CABINET REPORT

11 June 2012



Report of: CHIEF EXECUTIVE

Subject: Future options for the provision of a strategic HR function

1. TYPE OF DECISION/APPLICABLE CATEGORY

Non Key Decision.

2. PURPOSE OF REPORT

2.1 To set out options for the future provision of a strategic HR function. This report will present three options for cabinet to consider.

- Reappointment of a Chief Customer & Workforce Services Officer,
- undertake an internal restructure which removes the strategic HR post
- Continue to share a Head of HR with Darlington Borough Council.

3. BACKGROUND

3.1 The financial pressures facing the Council have been set out for Members in other reports on a regular basis and all departments are required to identify savings to balance budgets. As a consequence, officers are regularly looking at options to make savings and critically review each post that becomes vacant. We do this in order to be sure that we need the post and to see if the service can be provided in a more cost effective way by either restructuring or by sharing the costs with a partner. As such, officers are in regular contact with other local authorities to share best practice and identify potential opportunities for efficiencies and savings.

3.2 Last year Darlington BC considered the options available to them as they prepared for the retirement of an Assistant Director – Human Resource Management (HRM) at Darlington Borough Council in March 2012. In August 2011 Cabinet agreed to enter into a contractual agreement with Darlington BC for Hartlepool's Chief Customer & Workforce Services Officer to undertake the lead HR role for both local authorities. This decision followed initial discussions at Chief Executive level and Darlington's assessment that this joint arrangement would satisfy their requirements. Temporary arrangements were made to re-allocate some responsibilities of the Chief Customer &

Workforce Services Officer to other Chief Officers in the Chief Executive's Department.

- 3.3 The Chief Customer & Workforce Services Officer has tendered her resignation to take up another post and will leave the employment of Hartlepool BC on 30 June 2012. In light of this resignation it is important for both councils to reassess their needs for a shared strategic HR post for which HBC has been the employing council.
- 3.4 As with all potential vacancies, it is important that the council considers the need to replace, restructure or change the shape of how services are delivered. The options for the future delivery of this service are presented below for members to consider. As part of the consideration of future options it is important for cabinet to be aware of the strategic HR functions that are required by any public sector organisation with significant staffing resources. It is essential as part of any future service configuration the council is able to draw upon strategic advice that has:
- knowledge and understanding of employment law, national agreements, regional networks and local policies to carry out constitutional requirements and to ensure compliance with statutory regulations and national/local agreements
 - expertise in monitoring and managing corporate and operational HR activities;
 - an on-going relationship with a range of local, regional and national local government and trade union officers to maintain effective industrial relations and to act as the Council's lead negotiator
- 3.5 The 3 options for the future delivery of this support are outlined in Section 4.

4. OPTIONS FOR CONSIDERATION

4.1 Option 1 – Recruit into a HBC only Chief Customer and Workforce Services Manager Post

- 4.1.1 HBC could withdraw from the HR partnership with Darlington Borough Council and reappoint into the Chief Customer & Workforce Services Officer post. Whilst this option would ensure the council has the capacity and specialist skills to deliver a strategic HR service, it also offers increased management capacity and cost across the senior management team. The current partnership arrangement with Darlington Borough Council has been successful. It has ensured that both organisations have made efficiency savings, and have shared resources and skills whilst still offering a strategic high level professional HR service to both councils. Schools are a major contributor to the costs of the HBC HR service and this option would be acceptable to them as it gives them the continuity they require and gives confidence that the council is still providing a strategic HR service. In Hartlepool all bar 3 schools buy into the service and over 90% of schools indicated their satisfaction with the HR service they receive via the annual negotiation with schools as part of the SLA reviews. However recruiting into a

like for like post may not be a realistic longer term option. The council is increasingly looking for additional savings and a corporate restructure may be required in the next twelve months which may mean an alternative service delivery method would be required. The council is also looking at innovative ways to reduce costs and ensure service sustainability and the work on collaboration may offer options for shared services or alternative options for HR in the future such as a bi or tri borough approach to the delivery of HR services. Recruitment to the post would mean taking on employment liability for the council at a time when we are looking to limit such liabilities. As this post is a Chief Officer post recruitment into this post would require an appointments panel to be set up by full council who would then progress the recruitment process.

4.2 Option 2 – Undertake an internal restructure that removes the Strategic HR Post

4.2.1 HBC could undertake an internal restructure that removes the Chief Customer & Workforce Services Manager from the establishment and reallocates the management of these services to another Chief Officer with the Chief Executive's Department. This would allow the council to make some savings as a result of this change; however, these will be limited by the need to provide additional HR capacity at a lower level. This more operational post would be expected to lead strategically:

- on all single status and job evaluation issues, involving key negotiations with trade unions
- by acting as the LA lead in relation to the LGA role as negotiator in relation to national changes to staff terms and conditions
- by representing the council in any regional and sub regional partnerships,
- on any future corporate restructure which may include changes to Chief Officer posts,
- on any HR issues relating to future collaboration opportunities
- in supporting the significant HR issues that will arise from the future budgetary issues including redundancy and restructurings issues.
- on HR strategy and policy development and workforce development.

4.2.2 This approach to removing the strategic HR post is one that has been used in two neighbouring councils, both of whom increased HR operational capacity at the same time and reallocated duties to other Chief Officers. However in doing so it is important to note that both of those authorities have significantly more Chief Officers than Hartlepool does to share out the responsibilities and duties. Important to note is that one of those authorities who undertook this change some time ago is now training the Chief Officer who took on most of these services in HR and Personnel management and the other is just appointing an operational HR lead at a salary that is virtually equivalent to the HBC lowest grade of Chief Officer i.e. Band C.

- 4.2.3 This option would however, allow the council to remove a post at Chief Officer level in keeping with the requirement to protect front line services. This option does have a number of risks inherent within it. Any restructure and reallocation of responsibilities and duties of the Chief Customer and Workforce Services Officer of HR would involve a significant change and would require formal consultation with those Chief Officers affected by this change. It is also possible that any change may have an impact on the officer's grade due to the additional responsibilities that they would be required to manage and become accountable for. This reallocation of duties and strategic responsibility could have the potential to leave the council at increased risk of employment litigation due to the lack of specialist and strategic HR advice.
- 4.2.4 A more significant risk is that any removal of strategic HR capacity may cause concern for schools if they feel the council is not capable of providing them with the strategic HR function they currently purchase. Schools fund approx 30% of the council's HR function which also supports the council's HR offer. Any large scale removal of funding from the HR service by schools would provide the council with a significant budget pressure as the Council would lose the economies of scale from the strategic HR function supporting both the Council's own requirements and schools requirements. . It would therefore be essential that if Option 2 is taken significant reassurance would need to be given to schools to convince them that any new service reconfiguration does not dilute the service they purchase from the council and would still offer them the strategic advice they require. The savings in this option may be limited as there would be a need to create additional operational HR capacity to meet the needs of the council going forward. This capacity is likely to involve the appointment of an additional HR advisor. It may also result in the need for some adjustment to the grading of other officers involved in any reallocation of duties. This option would increase operational capacity but would limit strategic capacity
- 4.3 Option 3 – continue in a shared arrangement with Darlington Borough Council**
- 4.3.1 In August 2011 Cabinet agreed to enter into a contractual agreement with Darlington BC for Hartlepool's Chief Customer & Workforce Services Officer to undertake the lead HR role for both local authorities.
- 4.3.2 A contract was agreed which included a break clause at six-months to protect the interests of the respective parties. Monitoring arrangements of the contract since it began formally on 1 November 2011 indicate that both local authorities are satisfied that the shared role provides the required leadership and management of the HR service and would confirm the contract beyond the six month break clause.
- 4.3.3 Darlington Borough Council have considered their options regarding a future HR service and potential replacement in the light of the resignation of the shared strategic HR post and have decided that they do want to retain a strategic HR lead. As a result they will progress and appoint into a strategic

HR post irrespective of the HBC decision on the future option they wish to take. DBC however, have agreed to hold their recruitment process until HBC have made a decision in relation to their requirements for a strategic HR post to enable a post to be clearly advertised as either a sole DBC post or a post that offers a shared service to HBC.

- 4.3.4 It was in light of the successful shared arrangement for the last 6 months that Darlington BC offered to take the role as lead authority and recruit to the Assistant Director – HRM, a vacancy that remains on Darlington Council's structure so that the shared arrangements can continue without delay. Darlington BC recognise that the role within Child and Adult Services that offers a shared schools improvement service ie Assistant Director – Performance & Achievement was recruited to by Hartlepool BC and in the spirit of partnership would like to take employer responsibility for any replacement to the shared HR function. This option would enable Hartlepool to minimise its legal and financial obligations in relation to employee liabilities as we would in effect be buying a service.
- 4.3.5 If HBC were to proceed into a shared arrangement it is suggested that this is done for an initial period of 12 months then reviewed. This enables Hartlepool to reconsider its position in 12 months once the outcome of any collaboration work is known. It enables any corporate restructure to take place without any additional employee liabilities to consider but allows senior HR advice at a time when significant change is taking place within the organisation. This option would be acceptable to schools as they are comfortable with how the service has been delivered in the last 6 months. A key objective for the shared role was to begin work on the development of an arm's length, LA delivered, specialist support service for schools across most of Tees Valley. This would work with academies and free schools as much as with local authority community, foundation or trust schools. This is important as the aim is to avoid schools buying independent LA services from the plethora of schools advisory services that are springing up as a result of the academies policy drive. This would support not only HR but other local authority school buy back services such as school improvement, payroll, legal and finance.
- 4.3.6 If option 3 is taken it is suggested that the formal legal contract that already exists between the two authorities which agrees to share equally the costs of the post is used. It would ensure the same contractual terms would apply that HBC was comfortable with previously but instead names Darlington BC as the contractor and Hartlepool BC as the client. Darlington BC would therefore become the employer of the new postholder and under the main terms and conditions of employment determined by Darlington BC. The new employment contract would specify the requirement to deliver services to other organisations.
- 4.3.7 If option 3 is taken Darlington BC would welcome Hartlepool BC Members and Officers' involvement in the recruitment process to select a new postholder. As a Chief Officer post a formal appointment by Members is required under Darlington's constitution.

- 4.3.8 As with option 2 the substantive duties of the Chief Customer & Workforce Services Officer which include responsibility for workforce services, customer services, shared services, revenues and benefits services would need to be reallocated. Options for permanently relocating services within the Chief Executive's Department were already under consideration due the current shared arrangement and a further report would be presented to Cabinet as part of any corporate restructuring proposals.
- 4.3.9 This option gives HBC less than a whole time post offering strategic capacity but as the post holder will be involved on behalf of both LA in many strategic forums and in responding to the same policy changes would in terms of economies of scale. This option may still incur some additional cost due to the reallocation of duties and the impact on grading of other officers.

5. FINANCIAL IMPLICATIONS

- 5.1 The costs (which include employer overheads - national insurance and pension costs) associated with implementing each of the three options presented are outlined below. Some of these costs may vary slightly dependent upon the outcome of any recruitment or restructuring process and associated grading issues. However the costs outlined below are a realistic reflection of the true costs of each option.

5.2 Option 1 – Recruit into a HBC only post

- 5.2.1 This option would require additional savings to be found of £51.7k per annum to fund the remaining half of the post as the partial costs of this post were incorporated into the savings programme agreed by council last financial year. The full year costs (including employer overheads) of this post is between £91.9k - £103.4k p.a

5.3 Option 2 – Undertake an internal restructure that removes the Strategic HR Post

There would be a requirement to increase the capacity of the HR function. This would entail the potential appointment of an additional HR advisor at Band 15 - £54.9k (minimum of grade) to £59.9k (maximum of grade) with oncost.

5.4 Option 3 Shared Service with DBC

- 5.4.1 Full year savings associated with sharing the cost of the post were originally estimated as being £51.7k (inclusive of pension and NI saving). This amount was included in the Chief Executive's Department savings proposals and was based on equal sharing of employment costs between Hartlepool and Darlington Councils.
- 5.4.2 The DBC grade of the Assistant Director – HRM to be filled has a salary range of £72,000 - £84,000 p.a. with a total of seven incremental points. This is

Appendix A

slightly different to the salary range within Hartlepool BC for the Chief Customer & Workforce Services Officer which is £72,254 - £81,062 p.a.

- 5.4.3 The costs of a shared Assistant Director HR with DBC (inclusive of pension and NI saving) would be dependent upon the starting salary on appointment and incremental progression. There will be a very small amount of additional savings for Hartlepool at the minimum at the grade and a small decrease in the savings when the maximum of the grade is achieved. This amount is estimated between £45k (minimum of grade) £52.5k (maximum of grade).

5.5 Financial Summary

- 5.5.1 The following table summaries the cost of the above options at the maximum of the grade (all figures include employers overheads):

Option	Total Cost	Additional Cost to existing shared arrangement with DBC (which HBC lead)
1. Recruit into a HBC only post	£103.4k	£51.7k
2. Undertake an internal restructure that removes the Strategic HR Post	£59.9k	£8.2k
3. Shared Service with DBC *	£52.5k	£0.8k

* The cost of a shared Strategic HR posts may reduce if work on collaboration across 3 authorities enables this arrangement to be extended beyond HBC and DBC.

6. CONSULTATIONS

- 6.1 If either Option 2 or 3 were chosen there would be a requirement of formal consultation to take place with those staff that would be affected by these changes. In relation to the current shared HR service consultations were undertaken with those staff affected by the requirement to reallocate service responsibilities last summer and no adverse comments were received regarding the proposals. It was not possible however to conclude the consultations at the time given the temporary nature of the shared arrangements with DBC.
- 6.2 As mentioned previously both Options 2 and 3 require ongoing formal consultations and these would need to commence as soon as a decision is made upon the option taken as both options are slightly different in emphasis and may involve different council officers.
- 6.3 The Trade Unions were previously consulted on the proposals inherent with a shared post with DBC i.e. Option 3 and wrote a letter of support for this option at the time. They would be involved in any further consultation relating

to whichever option is taken.

- 6.4 In relation to both options 2 and 3 there could be the potential in the future to extend shared HR arrangements across the three local authorities involved in the collaboration work. This would enable further savings to be achieved whilst retaining the services of a qualified HR professional at a strategic level.
- 6.5 A number of scrutiny chairs have made representations to CMT in relation to the future delivery of a strategic HR function. Whilst they are fully cognisant of the challenges ahead and supportive of the need to continue to provide a dedicated and clear strategic HR service they do not feel that this should be done by Option 1 i.e. reappointing to a permanent full time Chief Customer and Workforce Services Officer post. They feel the costs of this option are prohibitive and do not feel it meets the authority's needs going forward. Option 2 i.e. a shared service with Darlington is also not one that they wish to see continue as they feel the costs of continuing with this arrangement are also prohibitive.
- 6.6 They have indicated that in their view some form of internal restructure would be of more value to the council but would wish to see the costs associated with this limited significantly. This would mean that the increase in HR capacity that is required for Option 2 would potentially not be able to be fulfilled by the appointment of an additional HR advisor, but via the re-grading staff currently providing an HR service. This would have the impact of altering the nature and type of duties undertaken by staff but would not offer the additional capacity CMT feel is required.
- 6.7 A key issue for cabinet to consider in any option is the position of schools in relation to the HR service. We must ensure we continue to provide a full HR offer to schools, one that they will want to continue to buy into as any apparent dilution of this service may see them look elsewhere for HR support and a council budget pressure will result.

7. Conclusions

- 7.1 Dependent upon the option taken by cabinet there is a requirement for further work to be undertaken by CMT and for cabinet to address this as part of the recommendations of this report.
- 7.2 If Option one is chosen a report will be presented to full council to request the setting up of an appointment panel as the Chief Customer and Workforce Services Officer post is a council appointment, in line with the council's constitution on the recruitment of Chief Officer posts. It will also require additional savings to be found for the budget this year as part costs of this post were agreed as a budget saving by council as part of last year's budget process.
- 7.3 If Option 2 is taken CMT will develop a new operational structure within this area and a consultation process will commence which will involve those

officers who would be impacted by the restructure process. The outcome of that process will be reported back to cabinet for decision in relation to the reallocation of duties inherent within the current Chief Customer and Workforce Services Officer post and any grading issues that may be impacted on by this option.

- 7.4 If Option 3 is chosen cabinet will need to agree to enter into a new agreement with Darlington Borough Council to share a joint Head of HR and that the Acting Chief Executive and/or Chief Solicitor be delegated to finalise the legal agreement with the General Purposes Committee. Cabinet are also asked to nominate the appropriate Member/Officer to be involved in the recruitment process undertaken by Darlington BC.

8. RECOMMENDATIONS

- 8.1 Cabinet are asked to consider the three options presented within this report and to make a decision on which option they feel best meets the needs of the Authority going forward.

- 8.2 Dependant upon which option is chosen one the following set of recommendations will be required to be agreed upon.

8.3 Option 1

- 8.3.1 Cabinet to agree to a report being presented to full council for the recruitment to the Chief Customer and Workforce Services Officer post and for cabinet to receive a further report on the additional savings that would be required to fund this post in its entirety.

8.4 Option 2

- 8.4.1 Cabinet to receive a further report to consider the outcome of the staff consultations and the impact any changes may have on officer grading.

8.5 Option 3

- 8.5.1 Cabinet are asked to agree to enter into a new agreement with Darlington Borough Council to share a joint Head of HR and that the Acting Chief Executive and/or Chief Solicitor be delegated to finalise the legal agreement with the General Purposes Committee. Cabinet are also asked to nominate the appropriate Member/Officer to be involved in the recruitment process undertaken by Darlington Borough Council.

9. CONTACT OFFICER

Nicola Bailey
Acting Chief Executive
Nicola.bailey@hartlepool.gov.uk
Tel: 01429 523001

MINUTE EXTRACT

CABINET

MINUTES AND DECISION RECORD

11 June 2012

The meeting commenced at 9.30 am in the Civic Centre, Hartlepool

Present:

The Mayor, Stuart Drummond - In the Chair

Councillors: Cath Hill, Children's and Communities Portfolio Holder
John Lauderdale, Adult and Public Health Services Portfolio Holder
Paul Thompson, Finance and Corporate Services Portfolio Holder

Also Present: Councillor Marjorie James, Chair of Scrutiny Co-ordinating Committee
Councillors Richardson and Wells

Officers: Nicola Bailey, Acting Chief Executive
Andrew Atkin, Assistant Chief Executive
Peter Devlin, Chief Solicitor
Chris Little, Chief Finance Officer
Dave Stubbs, Director of Regeneration and Neighbourhoods
John Morton, Assistant Chief Finance Officer
Sally Robinson, Assistant Director, Prevention, Safeguarding and Specialist Services
John Mennear, Assistant Director, Community Services
Louise Wallace, Director of Public Hh
Alastair Rae, Public Relations Manager
Clare Clark, Neighbourhood Manager, Central
James Walsh, Scrutiny Support Officer
Denise Wimpenny, Principal Democratic Services Officer

10. Future Options for the Provision of a Strategic HR Function (*Chief Executive*)

Type of decision

Non-key

Purpose of report

To set out options for the future provision of a strategic HR function. This report will present three options for cabinet to consider.

Appendix B

MINUTE EXTRACT

- Reappointment of a Chief Customer & Workforce Services Officer,
- Undertake an internal restructure which removes the strategic HR post
- Continue to share a Head of HR with Darlington Borough Council.

Issue(s) for consideration by Cabinet

The Chief Executive provided background information to the current HR strategic provision and the options available in terms of future provision following the resignation of the Chief Customer and Workforce Services Officer.

Members were referred to the benefits and implications of the three options, as set out in the report.

With regard to option 1, to recruit into an HBC only Chief Customer and Workforce Services Manager post would mean taking on employment liability at a time when the Council were looking to limit such liabilities.

In relation to option 2, to undertake an internal restructure that removed the Strategic HR Post, this would allow the Council to make some savings as a result of this change. However, these would be limited by the need to provide additional HR capacity at a lower level. This more operational post would be expected to lead strategically on a number of areas as detailed in the report. This approach to removing the strategic HR post was one that had been used in two neighbouring councils, the outcome of which was detailed in the report. The significant risks of this option were outlined.

In terms of Option 3, to continue in a shared arrangement with Darlington Borough Council, Darlington had considered their options regarding a future HR service and decided they did wish to retain a strategic HR lead. As a result they would progress and appoint into a strategic HR post irrespective of the HBC decision on the future option they wished to take. In light of the successful shared arrangement for the last 6 months Darlington had offered to take the role as lead authority so that the shared arrangements could continue and would welcome HBC Members and Officers' involvement in the recruitment process.

Members were referred to the financial implications of the three options as detailed in the report.

A number of scrutiny chairs had made representations to CMT in relation to the future delivery of a strategic HR function. Whilst they were fully cognisant of the challenges ahead and supportive of the need to continue to provide a dedicated and clear strategic HR service they did not feel that this should be done by Option 1 i.e. reappointing to a permanent full time Chief Customer and Workforce Services Officer post. They felt the costs of this option were prohibitive and did not feel it met the authority's needs going forward. Option 3 i.e. a shared service with Darlington was also not one that they wished to see continue as they felt the costs of continuing with this arrangement were also prohibitive.

Appendix B

MINUTE EXTRACT

They had indicated that in their view some form of internal restructure would be of more value to the council but would wish to see the costs associated with this limited significantly. This would mean that the increase in HR capacity that was required for Option 2 would potentially not be able to be fulfilled by the appointment of an additional HR advisor, but via the re-grading of staff currently providing an HR service. This would have the impact of altering the nature and type of duties undertaken by staff but would not offer the additional capacity CMT felt was required.

Cabinet considered the various options and discussed which options best met the needs of the authority going forward. Following discussion, Cabinet were of the view that Option 3 should be pursued given the ongoing financial challenges facing the authority and the success of the current arrangement with Darlington.

Decision

- (i) Cabinet agreed to enter into a new agreement with Darlington Borough Council to share a joint Head of HR and that the Acting Chief Executive and/or Chief Solicitor be delegated to finalise the legal agreement with the General Purposes Committee.
- (ii) That the arrangement be reviewed in 12 months time.

The meeting concluded at 11.25 am.

P J DEVLIN

CHIEF SOLICITOR

PUBLICATION DATE: 18 JUNE 2012