

CABINET AGENDA



4th October 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 18 September 2012 (previously circulated)

4. **BUDGET AND POLICY FRAMEWORK**

No items

5. **KEY DECISIONS**

- 5.1 Hartlepool Youth Investment Project - *Director of Regeneration and Neighbourhoods and Assistant Director of Child and Adult Services (Performance and Achievement)*
- 5.2 Community Cohesion Framework 2012-2015 – *Director of Regeneration and Neighbourhoods*
- 5.3 Leasing of Land to a Wind Turbine Developer for the Erection of Wind Turbines on Land at Brenda Road – *Director of Regeneration and Neighbourhoods*
- 5.4 Notification to Renew the Longhill & Sandgate Business Improvement District (BID) – *Director of Regeneration and Neighbourhoods*

- 5.5 Review of Community Safety CCTV Provision – *Director of Regeneration and Neighbourhoods*
- 5.6 Empty Homes Scheme – Progress and Expansion Including Outcome of HCA Empty Homes Cluster Fund Bid – *Director of Regeneration and Neighbourhoods and Chief Financial Officer*

6. OTHER ITEMS REQUIRING DECISION

- 6.1 Community Energy Collective Switching – *Director of Regeneration and Neighbourhoods*
- 6.2 Localism Act 2011 – Community Right to Challenge – *Director of Regeneration and Neighbourhoods*
- 6.3 Medium Term Financial Strategy 2013/14 to 2016/17 – *Corporate Management Team*

7. ITEMS FOR DISCUSSION/INFORMATION

- 7.1 Briefing on the Health and Social Care Bill 2012 – *Director of Child and Adult Services*
- 7.2 Former Leathers Chemical Site Update – *Director of Regeneration and Neighbourhoods*

8. REPORTS FROM OVERVIEW OF SCRUTINY FORUMS

No items

CABINET 4th October 2012
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Report of: Director of Regeneration and Neighbourhoods and
Assistant Director of Child and Adult Services
(Performance and Achievement)

Subject: HARTLEPOOL YOUTH INVESTMENT PROJECT

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Key Decision (test (i)/(ii)) Forward Plan Reference No. RN 28/12

2. PURPOSE OF REPORT

2.1 The purpose of this report is to raise awareness and seek approval to implement the Hartlepool Youth Investment Project.

3. BACKGROUND

3.1 Hartlepool Borough Council's Regeneration and Planning Services Scrutiny Forum has now completed two separate investigations into 'Youth Unemployment':

- Youth Unemployment completed in 2008; and;
- Employment and Training Opportunities for Young People Aged 19-25 completed in April 2012.

3.2 Both Scrutiny investigations identified that reducing the number of young people not in education, employment or training (NEET) aged 18 to 24 years continues to be a priority and that this group remain one of the most disadvantaged within the labour market. In 2012, the national youth unemployment rate reached a 17 year high for this age group with almost one million young people out-of-work. The most recent data for Hartlepool reinforces the challenges of supporting these young people to become economically active. As of June 2012, Hartlepool had the third highest rate of youth unemployment in the Country for 18-24 year olds. The rate of 15.9% equates to 1,320 young people and is significantly higher than both the North East and national average which is 10.4% and 7.3% respectively.

- 3.3 Whilst significant progress has already been made at a local level through enhanced partnership working and the implementation of key strategies to reduce the number of young people aged 16-18 years who are NEET, there is still further work to do. The most up to date NEET figure for Hartlepool is 7.6% and supporting young people into education, training and employment will continue to be challenging due to the economic climate.
- 3.4 In addition to the Scrutiny investigations, the completion of the Hartlepool Economic Assessment 2011 and Hartlepool Economic Regeneration Strategy (ERS) 2011-2021 outlined that to improve the economic resilience of the Borough and to meet future demands of the local economy will require:
- Increased investment by businesses which will lead to job creation;
 - An increase in the number of higher skilled workers;
 - Training provision that meets the demands of employers;
 - Programmes to address skills shortages within growth sector areas;
 - A skilled labour supply to replace an ageing workforce;
 - Preparing all young people for the world of work to take advantage of future employment opportunities; and;
 - Offering early interventions for young people at risk of disengagement from education and learning.
- 3.5 The ERS highlighted that to meet these future demands requires improved links between schools, colleges, post-16 providers, universities and employers so that young people can effectively compete for jobs, now and in the future. The ERS provides a clear focus on raising the aspirations of young people, with renewed attention on improving routeways to high quality Careers, Education Information, Advice and Guidance (CEIAG), work-related learning, post-16 provision, internships (with mentoring), advanced Apprenticeships and improved access to Higher Education.

4. GOVERNMENT POLICY CHANGES

- 4.1 In March 2011, The Wolf Review of Vocational Education recommended that there should be high quality internships available for post-16 pupils and an increase in the number of Apprenticeship opportunities for young people.
- 4.2 Whilst this policy change will be beneficial to support young people being ready for the world of work, there are other educational policy changes which may have a detrimental impact including:
- The withdrawal of funding to support Education Business Partnerships which support employers working with local schools and colleges;
 - Changes to the 14-16 league tables which will reduce the range of vocational qualifications, including specialist diplomas that offered ten-days of work experience within a work-related industrial setting; and;

- The removal of the statutory entitlement to work-related learning, including work experience for Key Stage 4 pupils from September 2012, which will impact on 14-16 year olds;
- The withdrawal of funding to support the Aimhigher initiative, which raised awareness and promoted access to Higher Education for young people from lower socio-economic backgrounds.

5. AIM OF THE HARTLEPOOL YOUTH INVESTMENT PROJECT

5.1 To meet these challenges, partners are currently working collaboratively to develop a framework which will allow for the delivery of the new Hartlepool Youth Investment Project.

5.2 The aim of this project is:

To improve the employability and entrepreneurial skills of young people so that they are prepared for the world of work and enterprise through improved collaborative working between schools, colleges, post-16 providers, universities and employers.

5.3 Contribution to Performance Indicators (PIs)

This project will directly contribute to a wide range of PIs outlined within the ERS, such as:

- Reduce the percentage of 16 to 18 year olds who are NEET to 6.5% by 2014;
- Employment rate (16-24). Increase the proportion of 16 to 24 year olds who are in employment to 46.5% by 2014;
- Youth unemployment rate (Hartlepool). Reduce the proportion of economically active 18 to 24 year olds who are unemployed to 14.1% by 2014; and;
- Raising the Participation Age for all 18 year olds by 2015.

6. OBJECTIVE

6.1 The Hartlepool Youth Investment Project will adopt the ERS Objective 3 which complements this initiative as shown below:

To increase employment and skills levels and develop a competitive workforce that meets the demands of employers and the economy.

7. ACTIONS REQUIRED FOR FULL IMPLEMENTATION

7.1 To implement the project, **Appendix 1** sets out seven key actions that will need to be completed as shown below:

Action 1: Developing a curriculum offer for 14-16 year olds so that young people can access relevant vocational training programmes at Key Stage 4 (Including improved access to a Science, Technology, Engineering and Mathematics (STEM) vocational training programme);

Action 2: Delivering work-related learning, including work experience for 14-16 year olds;

Action 3: Developing a high quality internship and mentoring programme for 16-19 year olds who are studying vocational or non-vocational educational courses;

Action 4: Ensuring all schools provide impartial Careers Education Information, Advice and Guidance (CEIAG) for all 14-16 year olds.

Action 5: Developing an enhanced pathway for 14-19 year olds who have been identified as at risk of becoming long term NEET or who are currently NEET;

Action 6: Develop partnership working between Economic Regeneration Team, Jobcentre Plus, post-16 providers and National Apprenticeship Service (NAS) to increase engagement with employers to promote Apprenticeships, internships and work experience programmes.

Action 7: Marketing of the project.

7.2 It should be noted that a number of milestones that will contribute to the completion of these actions as outlined within **Appendix 1** have already commenced due to the requirement of relevant organisations or strategic groups to complete their statutory duties or contractual requirements.

8. TARGETS FOR THE PROJECT

8.1 Although further consultation is required with key stakeholders, the following targets over the lifetime of the project are deemed to be achievable:

- 1000 14-16 year olds will have access to vocational training;
- 1000 14-16 year olds will have access to work-related learning, including work experience with local employers;
- 500 16-18 year olds to have access to an internship with a local company who will provide mentoring support;
- 200 young people identified as at risk of becoming long term NEET to have access to mentoring support and a re-engagement programme;
- 500 local employers engaged to promote the project and to advise on opportunities including advice on grants, support with recruitment, raising awareness of Get Britain Working Measures, Apprenticeships and pre-employment routeways; and;
- 150 16-24 year olds to enter into employment (with access to training).

9. TIMESCALES

- 9.1 This project will be delivered between September 2012 and September 2014.

10. PROGRESS TO DATE

- 10.1 To support the implementation of the project, Hartlepool Borough Council's 11-19 and Economic Regeneration Teams have reviewed best practice from similar programmes across the Country and have consulted with the 11-19 Partnership to consider the risks and benefits of the project. This has included debates on the wider challenges for schools and colleges as outlined in paragraph 4.
- 10.2 While many of these challenges are self-evident, the 11-19 Partnership members recognised that the project will bring significant benefits to young people and the local economy in the short to long term. All schools and colleges in the partnership have therefore agreed to collaborate with key stakeholders to support the successful implementation of the project.

11. PROJECT IMPLEMENTATION TEAM

- 11.1 It is proposed that the 11-19 Adviser will be the lead for this project and will work closely with key officers from the Child and Adult Services and Regeneration and Neighbourhoods.

12. NEXT STEPS

- 12.1 Seek approval from the Cabinet to progress the project proposal.
- 12.2 Subject to approval by the Cabinet, Council officers will meet with the 11-19 Partnership Operational Managers to review and finalise the initial Action Plan and commence the project implementation (As outlined within **Appendix 1**).

13. RISK IMPLICATIONS

- 13.1 There are a number of risk implications for this project that will need to be considered and addressed including:
- That support is not secured from local employers to provide work placements, internships, mentoring and offering insights to the world of work through school '*Enterprising and Employability*' events.
 - That there are insufficient numbers of employment opportunities, including Apprenticeships, for young people to secure.

- That the vocational training is not incorporated within the curriculum due to pressure for a school to increase the number of year 11 pupils to secure a baccalaureate.
- That staff within schools do not provide impartial IAG.

14. FINANCIAL CONSIDERATIONS

- 14.1 To date, no funding has been secured to support the implementation of this project, however, some progress has been made by utilising Council officers time.
- 14.2 There are currently no financial implications for the Council from the implementation of this project. However, if the project is successful it will require support by key stakeholders which will include aligning funded programmes to pool resources.
- 14.3 Where opportunities arise, the project lead; with support from Council officers will aim to secure additional external funding to support the successful delivery of this project.

15. LEGAL CONSIDERATIONS

- 15.1 This project will contribute to:
- Section 29 of the Education Act 2011 which places schools under a duty to secure access to independent careers guidance for their pupils in school years 9-11.
 - The Local Authority's statutory duty in respect of Raising Participation Age (RPA) which requires full participation in education and employment with training by young people aged 17 in 2013 and 18 year olds in 2015.

16. STAFF CONSIDERATIONS

- 16.1 In implementing this project consideration will need to be given to the time that will be required to allow staff to support the project. The project will form part of the statutory duties of the Local Authority and as such will form part of the annual work programme for staff. While there will be some additional work which will be required to ensure the successful implementation of the project, staff believe that this will be feasible and should not significantly impact on staff capacity. However this will need to be regularly reviewed

17. IMPACT ON CHILD / FAMILY POVERTY

- 17.1 This project will positively contribute to ameliorating the longer term causes and consequences of child and family poverty by providing all young people with access to provision that will enable them to reach their aspirational goals and become economically active.
- 17.2 The wider project objectives will also be to align young people and their families to additional support services, such as Early Intervention Teams and FamilyWise programmes.

18. SECTION 17

- 18.1 This project will positively contribute to Section 17 by improving education and employment routeways for young people. This will include providing early interventions to intensive support programmes for individuals who have been identified as high risk of offending.

19. EQUALITY AND DIVERSITY CONSIDERATIONS

- 19.1 This project is aimed at supporting all young people to achieve their aspirational goals, and will help to narrow the education attainment gap and will positively contribute to tackling employment inequality, particularly amongst vulnerable groups such as the seven priority groups shown below:
- Looked after children and care leavers;
 - Young offenders (including those leaving the secure estate);
 - Teenage parents;
 - Young carers;
 - Young people with specific learning difficulties and/or disabilities (SLDD);
 - Young people with mental health issues; and;
 - Young people with drug and alcohol misuse issues.

20. RECOMMENDATION

- 20.1 To seek approval to implement the Hartlepool Youth Investment Project.

21. REASONS FOR RECOMMENDATIONS

- 21.1 The reasons for this recommendation is that the project will positively contribute to:
- Increasing the number of skilled workers to take advantage of future jobs, particularly in growth sector areas;
 - The Raising Participation Age Strategy;

- Reducing the number of young people who are at risk of or who are NEET;
- Increasing the youth employment rate; and;
- Increasing enterprise levels.

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

22.1 **Appendix 1** - Hartlepool Youth Investment Project – Action Plan

23. BACKGROUND PAPERS

23.1 There are no background papers.

24. CONTACT OFFICER

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Objective: To increase employment and skills levels and develop a competitive workforce that meets the demands of employers and the economy				
Action	Milestone	Output	Due Date for Completion of Action	Responsible Officer(s)
1. Developing a curriculum offer for 14-16 year olds so that young people can access relevant vocational training programmes at Key Stage 4 (Including improved access to a Science, Technology, Engineering and Mathematics (STEM) vocational training programme).	<p>Hartlepool Curriculum Deputies Group (HCDG) to design a Key Stage 4 curriculum offer which will include vocational training (Date: December 2012)</p> <p>HCDG to invite local employers to meeting to design vocational training, particular STEM training (Date: December 2012)</p> <p>First cohort accessing the vocational training (Date: From September 2013)</p>	1000 14-16 year olds will have access to vocational training.	September 2014	Tom Argument Kelly Armstrong Patrick Wilson
2. Delivering work-related learning, including work experience for 14-16 year olds.	<p>11-19 team to arrange meeting with Hartlepool College of Further Education ,Tees Valley Unlimited and Education Business Partnership to ensure all work placements and/or internships have the appropriate insurance and health and safety cover (Date: October 2012)</p> <p>HCDG and Economic Regeneration Team to engage with employers to increase the number of work-related learning and/or work experience placements or internships (Date: December 2012)</p> <p>11-19 team and Economic Regeneration Team to co-ordinate visits to schools by entrepreneurs and employers to promote self-employment and key sectors, including growth sectors (Date: April 2013)</p>	1000 14-16 year olds will have access to work related learning, including work experience with local employers.	September 2014	Tom Argument Patrick Wilson Mark Smith
3. Developing a high quality internship and mentoring programme for 16-19 year olds who are studying	11-19 team to facilitate meeting between local employers and the Colleges Careers and Work-Related Learning Co-ordinators to increase the number of internships (with mentoring support)	500 16-18 year olds to have access to an internship with a local company who will	September 2014	Mark Smith Tom Argument Patrick Wilson

Objective: To increase employment and skills levels and develop a competitive workforce that meets the demands of employers and the economy				
Action	Milestone	Output	Due Date for Completion of Action	Responsible Officer(s)
vocational or non-vocational educational courses;	(Date: May 2013)	provide mentoring support.		
4. Ensuring all schools provide impartial Careers Education Information, Advice and Guidance (CEIAG) for all 14-16 year olds.	Schools to ensure all their CEIAG practitioners are registered onto Level 6 to meet the new minimum requirements as outlined by the government guidance (Date: September 2012) . The Work-Related Learning/CEIAG Group will meet every 6 weeks to share good practice (Date: September 2012) .	All 9-11 year pupils to access impartial CEIAG.	September 2014	Tom Argument Mark Smith Kelly Armstrong
5. Developing an enhanced pathway for 14-19 year olds who have been identified as at risk of becoming long term NEET or who are currently NEET.	Comprehensive review of data from Child and Adult Services to identify those young people most at risk of becoming NEET (Date: Ongoing) Implement the Going Forward Together model to target 14-19 year olds classified as the most 'high risk' of becoming NEET (Date: September 2012) Link <i>Pertemps Youth Contract</i> to Going Forward Together programme (Date: September 2012) Expand the Leaving Care and Teenage Parents Pathway to Employment programme (Date: October 2012) Link Innovation Fund's 14-16 project to alternative education provision (Date: November 2012) Develop new pathways for other vulnerable groups including the Apprenticeship programme for 18-24	200 young people identified as at risk of becoming long term NEET to access a mentoring support programme.	December 2012	Tom Argument Kelly Armstrong Mark Smith Julie Seymour

Objective: To increase employment and skills levels and develop a competitive workforce that meets the demands of employers and the economy				
Action	Milestone	Output	Due Date for Completion of Action	Responsible Officer(s)
	year olds with mental health problems (Date: December 2012)			
6. Develop partnership working between Economic Regeneration Team, Jobcentre Plus, post-16 providers and National Apprenticeship Service (NAS) to increase engagement with employers to promote Apprenticeships, internships and work experience programmes.	<p>NAS and JCP to be based with Economic Regeneration Team as part of a six month pilot to test joint partnership working (Commenced)</p> <p>Develop a core offer for employers that will include advice on grants, support with recruitment, raising awareness of Get Britain Working Measures and Apprenticeships and development of pre-employment routeways (Date: September 2012)</p> <p>To raise awareness to the Economic Regeneration Forum to help promote the project to local employers (Date: September 2012)</p> <p>Mail shot to local employers on core offer for employers (Date: October 2012)</p> <p>Publicity of joint working to employers (Date: November 2012)</p> <p>Engage with 500 local employers (Date: September 2013)</p>	<p>150 16-24 year olds to enter into employment (with access to training).</p> <p>500 local employers engaged to promote the core offer.</p>	September 2014	Tom Argument Caron Auckland Patrick Wilson
7. Marketing of the project.	<p>To engage with the Hartlepool Mail and Hartlepool Borough Council Public Relations Department to seek support and assistance with raising awareness of the programme to employers (Date: September 2012)</p> <p>Initial consultation with young people at the Choices</p>	For 1000 young people to attend the Choices Event.	September 2014	Matthew Shutt Tom Argument Kelly Armstrong

Objective: To increase employment and skills levels and develop a competitive workforce that meets the demands of employers and the economy				
Action	Milestone	Output	Due Date for Completion of Action	Responsible Officer(s)
	event (Date: October 2012) Launch event with key stakeholders including the Council, employers, schools, colleges and work based learning providers to promote the project (Date: April 2013)			

CABINET REPORT

4th October 2012



Report of: Director of Regeneration and Neighbourhoods

Subject: COMMUNITY COHESION FRAMEWORK 2012-2015

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Key decision (test ii applies). Forward Plan reference number RN68/11.

2. PURPOSE OF REPORT

2.1 The purpose of this report is to seek Cabinet endorsement of the Community Cohesion Framework 2012-2015.

3. BACKGROUND

3.1 The Community Cohesion Framework has been developed by the Safer Hartlepool Partnership over a number of months with input from stakeholders, service providers and service users. The intention of the document is to provide a framework that will promote more cohesive communities across the town.

3.2 Promoting greater cohesion within communities has formed an important strand of Government policy since 2001 when disturbances broke out in Bradford, Burnley and Oldham between White and Asian groups, and whilst the activities of right wing extremist groups were recognised as having an influence, local communities believed that the roots of these events lay much deeper.

3.3 In response the Home Office set up an independent review team to investigate the causal factors influencing the fracturing of community cohesion. (Home Office (2001) Community Cohesion – *The Independent Review Chaired by Ted Cattle*). The team identified the following specific factors that had impacted on the growing divisions between the communities:

- Ignorance about each others communities had grown into fear and been exploited by extremist groups
- Levels of poverty and deprivation, competition for scarce resources

- Failure to communicate, people ‘tip toeing’ around issues of race, religion and culture, not engaging in honest dialogue
 - Lack of a clear consistent message from political leaders
 - Programmes targeted to tackle the needs of specific disadvantaged groups in an arena of scarce resources led to perceptions of unfairness.
- 3.4 The Home Office was given the responsibility of taking the community cohesion agenda forward, initial strategies were focussed on crime, race and faith issues, and preventing violent extremism, and in 2003 Home Office guidance for Local Authorities was published in which the main essence of community cohesion was defined as, ‘*the proportion of people who feel that their local area is a place where people from different backgrounds can get on well together*’.
- 3.5 Following this the Government set up a time limited Commission on Integration and Cohesion (CoIC) to identify strategies for building better cohesion within communities. The Commission recommended that a multi strand response was needed that would engage the public, private, voluntary and community sectors. The new focus was thus on engaging all members of the community, engendering a strong sense of belonging and developing strong and positive relationships between all sections of the community.
- 3.6 In 2009 the Safer Hartlepool Partnership commissioned Redwylde Consultancy to carry out a Community Cohesion Mapping Exercise for Hartlepool. The mapping exercise highlighted the multiple initiatives being implemented and found that “Most of the key areas for strategy, policy development and the development of an overall vision are in place”.
- 3.7 However, whilst the findings of Redwylde’s study were very positive, the Safer Hartlepool Partnership via the Public Confidence and Reassurance Group recommended that a Community Cohesion Framework be developed in order to sustain and build on the existing good work being delivered in the town. Consequently the framework draws on a number of strategies and action plans already in place including the Sustainable Community Strategy; the Crime, Disorder and Substance Misuse Strategy; Child Poverty Strategy; Young Persons Participation Strategy; Neighbourhood Management and Empowerment; Strategy, and Prevent Action Plan.
- 3.8 The development of the Community Cohesion Framework is timely given the current financial climate, which is anticipated to have detrimental effects on residents and those organisations both statutory and voluntary who seek to deliver initiatives which have a positive effect on sustaining and developing good community cohesion. The Framework therefore brings the key strands of these strategies together using them as a catalyst to promote cohesion within communities.
- 3.9 Government initiatives, including the Localism Act 2011, the updated Prevent Strategy 2011, and the recently published government strategy on Integration - ‘*Creating the Conditions for Integration*’, provide additional focus and guidance on what is needed at the local level to create a stronger

and more integrated society. These initiatives have been supplemented and strengthened by *'Challenge it, Report it, Stop it: The Government's Plan to Tackle Hate Crime'* (2012) and *'After the Riots: The final report of the Riots Communities and Victims Panel'* (2012).

- 3.10 The government's Prevent Strategy aims to prevent and stop all forms of terrorism and it recognises that this is very much dependant upon successful cohesion and integration. Consequently key links between these national strategies and how they are delivered locally are highlighted within the Community Cohesion Framework.
- 3.11 The first draft of the Community Cohesion Framework was agreed as a consultation document by Community Safety & Planning Portfolio Holder on 18th November 2011.

4. CONSULTATION

- 4.1 The initial stage of the consultation process on the draft Community Cohesion Strategy was undertaken internally with Hartlepool Borough Council staff; all staff were given the opportunity to comment on the document and those officers who work directly with communities were particularly encouraged to take part.
- 4.2 Following this initial stage of consultation a second draft of the document was developed taking these comments and suggestions into account.
- 4.3 Further development of the document has been overseen by the Safer Hartlepool Partnerships Public Confidence and Cohesion Group (previously the Public Confidence and Reassurance Group) and fed back to partner organisations through this mechanism.
- 4.4 An online consultation was developed around the Community Cohesion Framework, using survey monkey software, and linked to the Community Cohesion webpage on the Council's website. This was available for comment for 8 weeks, in line with the timescales set out in the undertakings under Objective 1 – Have a Say of the Voluntary and Community Sector (VCS) Strategy. The consultation process was undertaken in parallel to consultation undertaken on the draft Ward Profile documents. It was advertised through press releases, and letters were sent to all Voluntary and Community Sector organisations and resident associations through Hartlepool Voluntary Development Agency, as well as all Councillors.
- 4.5 In addition to this, the document was circulated to all Hartlepool Borough Council staff for a second time seeking additional comment. Staff who work closely with VCS groups were requested to participate in the consultation, to ensure that groups were aware of the consultation process. The draft Community Cohesion Framework was presented / circulated to the following groups for comments; Safer Hartlepool Partnership, Housing Partnership and Public Sector Partners Group.

- 4.6 All of the comments received through the various consultation routes have been considered to develop the final draft of the Community Cohesion Framework (Appendix1). 51 responses were received directly through the online consultation (through the 2 rounds of consultation), with approximately 90% of respondents in agreement with the vision of the document.

5. PROPOSED COMMUNITY COHESION FRAMEWORK FOR HARTLEPOOL

- 5.1 Taking into account both national and local factors, the proposed Community Cohesion Framework for Hartlepool identifies a complex interplay of factors that are likely to lead to poor cohesion in our neighbourhoods, including social and economic deprivation; and a number of perception based factors that can lead to a breakdown of cohesion, such as a lack of satisfaction and confidence in public services dealing with fundamental quality of life issues such as littering and anti-social behaviour; perceptions that resources are being allocated unequally or unfairly; and that there are no avenues for participating in community life, or to influence change in neighbourhoods.
- 5.2 Using the Vulnerable Localities Index, the framework identifies those communities in Hartlepool which remain particularly vulnerable to poor cohesion.
- 5.3 The framework also makes reference and is consistent with recent government thinking in relation to giving local people more influence and power over their lives. For Example, the various rights now contained in the Localism Act 2011, it links with the revised Prevent Strategy 2011 which is overseen locally by the Prevent Silver Group and aims to prevent terrorist activity linked to extremist ideology, the recently published 'Creating the Conditions for Integration', the governments 'Hate Crime Action Plan', and the principles outlined in 'Fair Society Healthy Lives' (The Marmot Review) which are aimed at reducing health inequalities.
- 5.4 Finally the framework outlines the vision for cohesive communities in Hartlepool, and the intention to develop supporting action plan around 8 strategic objectives.
- 5.5 Our vision for cohesive communities is that:
- 'by 2012 Hartlepool will be made up of cohesive communities where there is a sense of belonging for all and where people of different backgrounds, circumstances and generations have access to the same opportunities and are able to get along free from disturbance and harassment.'*
- 5.6 This will be achieved through the development of an action plan around the following eight strategic objectives:
- Objective 1: Promote interaction between people and groups;
 - Objective 2: Tackling local attitudes, perceptions and myths;
 - Objective 3: Building trust in local institutions;
 - Objective 4: Developing the role of young people;
 - Objective 5: Developing effective community leadership;

Objective 6: Developing a commitment to a shared future;
 Objective 7: Developing a community resilience; and
 Objective 8: Tackling the underlying causes of poor community cohesion.

- 5.7 Community Cohesion is not easy to gauge; it requires a combination of hard measures such as crime rates, and soft measures such as perceptions around how satisfied residents are with the area as a place to live. The following indicators will be used to assess progress against the action plan.
- Anti-social behaviour
 - Crime: burglaries per 1,000 household
 - Crime: violent crime per 1,000 population
 - Crime criminal damage to dwellings and vehicles – per 1,000 population
 - Number of hate crimes – racist, homophobic, disability and faith related crime and disorder – committed locally, per 1,000 population
 - Percentage of people who feel they can influence decisions that affect their local area
 - Percentage of people who feel part of the local community
 - Proportion of children living in poverty
 - Number of community/voluntary sector groups and organisations supported/signposted and assisted.
 - Number of private dwellings empty for over 6 months brought back into use.
 - Satisfaction with the Council
 - Satisfaction with the cleanliness of the area
 - Satisfaction with parks and open spaces

6. GOVERNANCE & ACTION PLAN

- 6.1 Progress against the Community Cohesion Framework will be overseen by the Safer Hartlepool Partnership, with the Public Confidence and Cohesion Group, one of the Partnerships sub-groups, monitoring progress towards the framework. Following endorsement of the document by Cabinet the Community Cohesion Framework will be presented to the Safer Hartlepool Partnership Executive in October for endorsement.
- 6.2 Work is currently ongoing to develop the action plan that will deliver the objectives of the framework. The action plan will incorporate the results of the consultation and will be the tool used by Public Confidence and Cohesion Group to monitor progress against the framework.
- 6.3 The action plan will be reviewed annually and a progress report will be presented to the Safer Hartlepool Partnership with regular reports being taken to the Safer Hartlepool Partnerships Prevent Silver Group to ensure linkages between the work of that group and the Public Confidence and Cohesion Group.

7. RISK IMPLICATIONS

- 7.1 The main risk implications for the Community Cohesion Framework are in relation to the delivery of the objectives and partners not signing up to the document.
- 7.2 As outlined in section 6 of this report, the objectives of the framework will be delivered through the development on an action plan; this will be monitored and therefore the risk will be managed by the Public Confidence and Cohesion Group, and Safer Hartlepool Partnership Executive who will provide leadership on the framework.

8. FINANCIAL CONSIDERATIONS

- 8.1 There are no financial considerations.

9. LEGAL CONSIDERATIONS

- 9.1 There are no legal considerations.

10. STAFF CONSIDERATIONS

- 10.1 There are no staff considerations.

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

- 11.1 The Crime & Disorder Act 1998 requires Local Authorities to consider the impact of everything it does in relation to crime and disorder in all their activities.
- 11.2 The relationship between poor community cohesion, the factors affecting the level of cohesion, and crime and disorder is well documented.
- 11.3 Successful community cohesion and the ability to address community tensions at an early stage is key to fulfilling the Local Authorities obligations under the Prevent Strategy and its aim to prevent and stop terrorism.
- 11.4 The Community Cohesion Framework will therefore ensure that the Council remains focused on delivering what is needed within Hartlepool to ‘create a confident, cohesive and safe community.’

12. EQUALITY AND DIVERSITY CONSIDERATIONS

- 12.1 The Community Cohesion Framework and the actions that will be taken forward to work towards the objectives of the framework are primarily about working towards having more cohesive and inclusive communities in

Hartlepool. The objectives are intrinsically linked to the requirements of the Public Sector Equality Duty (PSED) of the Equality Act 2010, in exercising its functions the Council must have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

12.2 This framework supports these aims and will also support Impact Assessments completed for other services, strategies and policies in the future to demonstrate compliance to the Equality Duty by consciously thinking about its aims prior to decisions being made, in particular strategic decisions which will have an impact on services delivered to communities.

13. RECOMMENDATIONS

13.1 Cabinet is requested to endorse the Community Cohesion Framework (**Appendix 1**).

14. REASONS FOR RECOMMENDATIONS

14.1 The Community Cohesion Framework has been developed inline with the report presented to Community Safety and Planning Portfolio Holder on 18th November 2012. The Public Confidence and Cohesion Group are prepared to take the objectives of the framework forward to work towards more cohesive and integrated communities in Hartlepool.

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

15.1 **Appendix 1** – Final Draft for Community Cohesion Framework for Endorsement.

16. BACKGROUND PAPERS

16.1 Item 1.1 Community Safety and Planning Portfolio Holder -18/11/2011.
Minutes Community Safety and Planning Portfolio Holder -18/11/2011.

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Community Cohesion Framework 2012– 2015



Our Vision: “by 2020 Hartlepool will be made up of cohesive communities where there is a sense of belonging for all and where people of different backgrounds, circumstances and generations have access to the same opportunities and are able to get along free from discrimination and harassment.”

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Foreword

Cohesive Communities are strong communities, where people feel that they belong and are valued for their contribution to society.

Residents of Hartlepool have a strong identity with the town and a sense of place and therefore have strengths which can be built on as part of the overall Community Cohesion Framework. Nevertheless there are also challenges in areas associated with poor community cohesion. We recognise that we have a key role in the development and delivery of this framework along with our key partners and the wider community in order to bring about positive improvements, particularly in our most disadvantaged wards.

The vision in the Community Strategy is:

"Hartlepool will be an ambitious, healthy, respectful, inclusive, thriving and outward-looking community, in an attractive and safe environment, where everyone is able to realise their potential."

This Community Cohesion Framework supports the delivery of the Community Strategy and the Council's Sustainability Policy, and other fundamental strategies such as Child Poverty Strategy and the Safer Hartlepool Partnership Strategy, and is strongly aligned with the aims of the Equality Act 2010.



Stuart Drummond
Mayor of Hartlepool

Introduction

The term *community cohesion* is defined by the Government as what must happen in all communities to enable different groups of people to get on well together. A key contributor to community cohesion is integration, which enables new residents and existing residents to adjust to one another.

Our vision of an integrated and cohesive community is based on four foundations:

- **People from different backgrounds having similar life opportunities, this means a decent education, access to training and employment, and good quality housing.**
- **All people have access to good quality services and open spaces.**
- **People knowing their rights and responsibilities**
- **Everyone feeling able to trust one another and having trust in local institutions to act fairly.**

And three key ways of living together:

- **A shared future vision and sense of belonging.**
- **A focus on what new and existing communities have in common, alongside a recognition of the value of diversity.**
- **Strong and positive relationships between people from different backgrounds.**

To strengthen the Council's overall approach to community cohesion, this framework draws on the strategies already in place. The aim is that cohesion is not seen as an 'add on' to these existing strategies but as an integral part of everything that we do.

There is a clear relationship between cohesion and numerous other policy areas including:

- Community empowerment
- Preventing crime and anti-social behaviour
- Volunteering
- Equalities and perceptions of fair treatment

Supporting community cohesion will provide additional benefits to these other policy areas. Importantly, a community cohesion framework would further ensure that other policy areas feed into the agenda and take it into account.

A Community Cohesion Framework will provide the following benefits:

- **Prevent duplication between service providers whilst proving an effective working model**
- **Provide a cohesive and effective working model**
- **Be a catalyst for promoting cohesion within communities**
- **Give the ability to share good practice locally, regionally, and nationally**
- **Provide opportunities to secure mainstream and long term funding**

Community Cohesion - The National Context

The issue of Community Cohesion rose up the national political agenda in response to civil disturbances in several northern towns in 2001. Reports into the causes of these disturbances highlighted issues of deprivation, inequality and lack of communication or understanding within and between communities as significant factors.

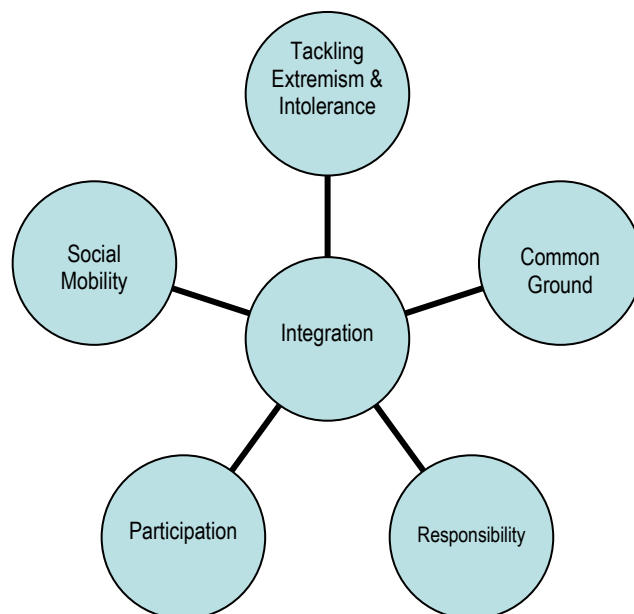
In 2003 Home Office guidance for local authorities was published in which the main essence of community cohesion was defined as, 'the proportion of people who feel that their local area is a place where people from different backgrounds can get on well together'. The Government then set up the Commission on Integration and Cohesion (CoIC) to identify strategies for building better cohesion within communities. The Commission's report identified local and practical ways to build cohesion, it recommended that a multi strand response was needed, one that would engage the public, private, voluntary and community sector.

More recent Government initiatives include the Localism Act 2011, outlines the Coalition Governments ambition to give local people more power and influence over improving their lives and local neighbourhood. The Coalition Government has made it clear that the voluntary and community sector has a crucial role to play in shaping local neighbourhoods.

In 2011 the Government also revisited the national Prevent Strategy builds on a previous document of the same name and aims to stop and prevent all forms of terrorism. The strategy is the preventative strand of CONTEST, the government's counter terrorism strategy. The strategy focuses on challenging extremist ideology, supporting vulnerable people and working with key sectors. The Prevent Strategy acknowledges that prevention depends on a successful cohesion and integration strategy; however the government do not advocate that the two strategies and programmes are merged together. On a local level, the Safer Hartlepool Partnership have responded by developing this Community Cohesion Framework and a separate document covering the work of the Governments Prevent Strategy which is overseen by the Safer Hartlepool Partnership's Prevent Silver Group.

The Government has recently published, **Creating the conditions for integration**, a document focusing on what is needed to create a stronger and more integrated society. It outline five key factors that is it believed to contribute towards integration.

Creating the conditions for integration :five key factors



The document recognises that integration requires changes to society and not just changes to laws and acknowledges that collaborative action is required to tackle this, focusing on creating the right conditions for integration to happen. This is complementary to the Equality Duty, Equality Strategy, Social Mobility Strategy and links to *Challenge it, Report it, Stop it: The Government's Plan to Tackle Hate Crime (2012)*.

In 2012 **After the Riots: The final report of the Riots Communities and Victims Panel** was produced in response to the riots that took place across the country in August 2011. The report focuses on how work within communities, building social and economic resilience will be the key to improving integration and avoiding future riots. The report encompasses the following key themes, children and parents, building personal resilience, hopes and dreams, riots and the brands, the usual suspects and the police and the public and there is a section within the report titled Community engagement, involvement and cohesion. The key principles highlighted include:

- Improving communications particularly between public services and communities;
- Tackling low levels of engagement with public services and communities including involvement in decision making; and
- Promoting community cohesion and community spirit.

The above principles are embedded within this Community Cohesion Framework and underpin the 8 objectives outlined.

Community Cohesion - The National Context continued

Nationally launched in 2010, the **Equality Duty** aims to ensure that all public bodies play their part in making society fairer by tackling discrimination and providing equality of opportunity for all.

The three aims of the Equality Duty are:

- **Eliminate Unlawful discrimination**, harassment, victimisation, and any other conduct prohibited by the act.
- **Advance Equality of Opportunity**, between people who share protected characteristics and those who don't.
- **Foster Good Relations**, between people who share a protected characteristic and people who do not share it.

In 2010 '**Fair Society Healthy Lives**' (**The Marmot Review**) was published focusing on the following six policy objectives that require action to facilitate a reduction in health inequalities:

Policy Objective A: Give every child the best start in life

Policy Objective B: Enable all children, young people and adults to maximise their capabilities and have control over their lives

Policy Objective C: Create fair employment and good work for all

Policy D: Ensure healthy standard of living for all

Policy Objective E: Create and develop healthy and sustainable places and communities

Policy Objective F - Strengthen the role and impact of ill-health prevention.

In particular, the objective priority '**Improve community capital and reduce social isolation across the social gradient**' under Policy Objective E outlines the link between cohesive communities and neighbourhoods and improved physical and mental health and well-being outcomes.

Local Context and Strategies Linked to Cohesion

Hartlepool already has in place a number of key strategies that support community cohesion within our communities, these are:

Sustainable communities are places in which people want to live and work, now and in the future. Equality, social inclusion

The Community Strategy 'Hartlepool's Ambition'

and community cohesion are all essential principles in the creation of a sustainable community. Hartlepool's Community Strategy is the long term plan for the future of Hartlepool. Its vision is that:

Hartlepool will be an ambitious, healthy, respectful, inclusive, thriving and outward-looking community, in an attractive and safe environment, where everyone is able to realise their potential.

Hartlepool's Neighbourhood Renewal Strategy (NRS) is a key part of the Community Strategy and sets out actions to reverse decline and breathe new life into our most disadvantaged neighbourhoods. The aim of the NRS is to continue the regeneration of Hartlepool and ensure that local people, organisations and service providers work together to narrow the gap between the most deprived neighbourhoods and the rest of the borough, so that in the future, no-one is seriously disadvantaged by where they live.

Increased community cohesion is a key aim within the Neighbourhood Renewal Strategy – *'To ensure Hartlepool is a cohesive community where there is a sense of belonging for all and where people of different backgrounds, circumstances and generations are able to get along free from discrimination and harassment'*

The delivery plan for the Community Strategy includes a number of outcomes which this Community Cohesion Framework will help to deliver the following strategies.

- **Neighbourhood Management and Empowerment Strategy**

The vision within the Neighbourhood Management and Empowerment Strategy is that Hartlepool will be:

"A place where people have pride and want to live and stay, with everyone taking part, and everyone understanding each others needs."

A key aim within Neighbourhood Management and Empowerment Strategy is:

'Ensuring appropriate governance is in place that enables the meaningful participation and empowerment of communities in local government decision making processes, supported by the effective community development work that increases cohesion and enables all sections of the community to make a positive contribution'.

- **Participation Strategy**

Hartlepool has a strong history of involving service users in local decision-making opportunities and the strategy will build upon this to offer greater collective and coordinated opportunities for participation. The cornerstone of the Positive for Youth Policy is the engagement of people in local democratic processes so that individuals have a sense of belonging, communities become stronger and the services that are offered locally have the best chance of having an impact. Evidence demonstrates when children, young people and families are actively involved; services are more effective, better targeted and increasingly cost-effective.

The vision of the participation strategy is that; ***All children, young people and families of Hartlepool will have opportunities to participate in decisions which affect their lives. They will be able to access services that meet their needs, be at the heart of their individual plans of support, and will have the opportunity to shape the delivery of those services by having a voice in how they are planned, developed and delivered.***

The participation strategy will implement an annual action plan through the engagement of "Participation Champions" in both voluntary and statutory organisations across the town which will offer the provision of real opportunities to become involved in decisions at both individual and systematic levels.

Existing Strategies Linked to Cohesion

• Economic Regeneration Strategy

Hartlepool's Economic Regeneration Strategy (ERS) is a ten year strategy for the period 2011-2021, which sets out a shared ambition amongst partners to move the Borough towards a more inclusive, prosperous and resilient economy. The ERS is split between three key priority themes of **Business, People and Place** and it underpins and complements the longer term vision of the Community Strategy – Hartlepool's Ambition, particularly the Jobs and the Economy and Lifelong Learning and Skills themes. The aim of the ERS is to **'Develop a more enterprising, vigorous and diverse local economy that will attract new investment, enable local enterprises and entrepreneurs to be globally competitive and create more employment opportunities for local people'**.

• The Voluntary & Community Sector Strategy

The strategy builds on the previous Voluntary Sector Strategy and Hartlepool Compact and sets out clear terms for partnership working between both the Voluntary and Community Sector and Public Sector. The strategy aims to improve these relationships and benefit communities within Hartlepool. There is an action plan in place to take the implementation of the strategy forward.

• Safer Hartlepool Partnership - Crime, Disorder and Substance Misuse Strategy 2011-2014

A key aim within the Strategy is to 'Create confident, cohesive and safe communities'. An annual priority for 2011 – 12 is to 'Reduce anti-social behaviour (ASB), with specific focus on privately rented properties and alcohol related youth ASB. Reduce criminal damage specifically to dwellings and improve confidence and cohesion within communities'.

• Child Poverty Strategy

Hartlepool Borough Council's Child Poverty Strategy is a key part of the authority's business activity. This document underpins the Council's Corporate and Departmental Plans, the Community Strategy and Partnership Plan and will provide the strategic priorities which will aim to improve the life chances of all children, young people and their families.

• Housing Strategy

The Hartlepool Housing Strategy 2011-2015 identifies how the Council and its partners will work together to meet the housing needs and aspirations of The Council and its residents. The Housing Strategy is key to the development of cohesive communities which will assist in the longer term help to build and support sustainable communities. Alongside the Housing Strategy the Community Cohesion framework needs to acknowledge the findings of the Hartlepool Black and Minority Ethnic (BME) Housing Strategy 2011 and ensure that the issues raised are included in the action plan as part of this framework.

• Equality and Diversity Plan

Along with the Hartlepool Borough Councils Equality and Diversity Plan, the Framework is integral to ensuring compliance with the Equality Act 2010 which came into force on 1 October 2010. The Equality Act brings together over 116 separate pieces of legislation into one single Act, combined, they make up a new Act that will provide a legal framework to protect the rights of individuals and advance equality of opportunity for all.

• Ward Profiles

Ward Profiles have been produced for every new ward in Hartlepool. Ward Profiles enable neighbourhoods and their Ward Councillors to co-ordinate local priorities within each new ward around the following themes:

- Jobs, skills and the Economy
- Housing and Environment
- Health and Wellbeing
- Crime and Community Safety

This new Community Cohesion Framework will pull together the strands of these existing documents and identify what we can do to develop more cohesive communities and ensure that it remains at the forefront of local policy by ensuring that the key objectives are taken forward through the development and robust monitoring of the action plan.

The Challenges to Integration and Cohesion

Cohesion and integration are complex and present significant challenges.

There are no single or small group of factors which can explain the level of cohesion within a community. Even the level of deprivation, which is the strongest influence on cohesion, can only explain a few percentage points of difference.

Improving communal cohesion will require addressing a number of issues at the same time, such as:

- The persistence of poorer economic and social outcomes for particular communities that can lead to disaffection.
- The concentration of particular groups of people in some residential areas which result in a lack of contact between communities and can cause tensions.
- The tensions that result from the breakdown of relationships and communication between different generations sharing the same spaces and places.
- Fear of crime can create barriers and damage trust between sections of the community (e.g. between young and older people); highlight the gap between neighbourhoods and affect residents confidence in those they see responsible for tackling crime and anti social behaviour.

Community cohesion is an important issue across the borough, not just in the more disadvantaged communities. However, there is a need to tackle poverty in our most deprived neighbourhoods.

The Index of Multiple Deprivation (IMD) 2010 identifies Hartlepool is the 25th most deprived place out of a total of 354 local authority areas, with nearly half of Hartlepool's residents living in neighbourhoods classified as deprived by Government. This is a major challenge to social inclusion and subsequently has a negative impact on cohesion. If communities are trapped by a cycle of deprivation they can feel alienated and disempowered.

Perception and Physical Performance Indicators that Impact on Cohesion

The Commission on Integration and Community Cohesion (CoIC) noted that whilst monitoring people perceptions is important, in order to assess what gaps are in an area, it is also vital to look beneath these perceptions so as to identify the causes of them. Understanding these causes will better enable a local area to undertake work targeted at tackling the cause rather than the effect of poor integration and community cohesion. In undertaking their research, the CoIC found that:

No single factor can cause a breakdown in integration and community cohesion. Rather, a series of problems would have to occur together for cohesion to breakdown. Personal characteristics, attitude and the type of community a person lives in affect perceptions around integration and cohesion.

The Commission identified an additional series of issues that have an important relationship with how a person feels about integration and community cohesion within their area, namely:

- Perception of levels of anti-social behaviour;
- Satisfaction with the council overall;
- Satisfaction with cleanliness;
- Satisfaction with parks and open spaces; and
- Satisfaction with participation opportunities.

Since 2004, the local authority have commissioned Ipsos MORI, a Social Research Institute to undertake a Hartlepool Household Survey to help assess the impact of the Community Strategy on the Local Area. The survey was repeated in 2006, 2008 and 2010. This survey has provided valuable perceptual information that can be layered on to statistics to help build profiles of areas across the town.

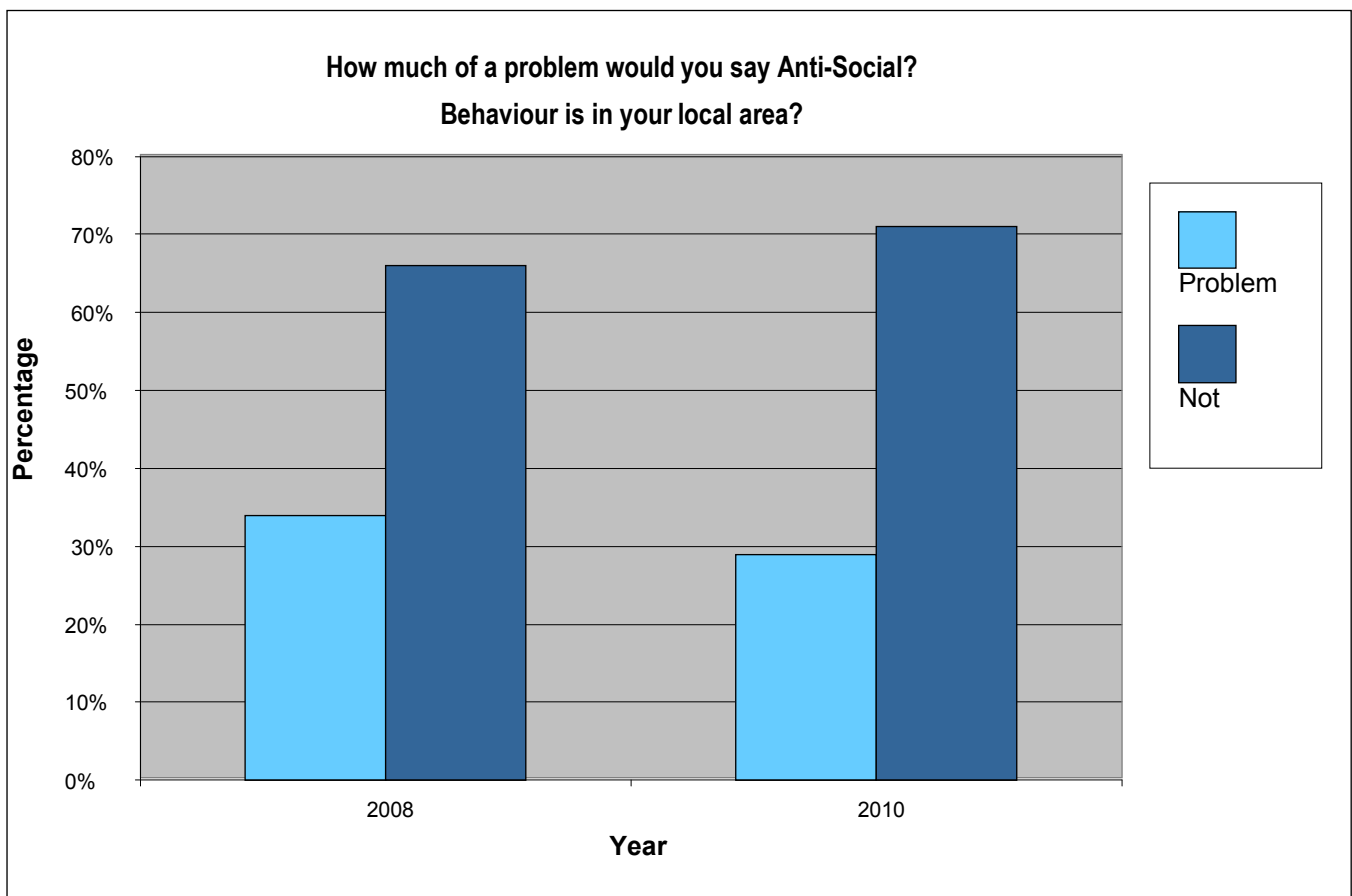
Perception and Physical Performance Indicators that Impact on Cohesion

Perception of Levels of Anti-Social Behaviour

The 2010 Hartlepool Viewpoint survey (no.32) indicates that an increasing number of Hartlepool residents feel that anti-social behaviour is not a problem.

However anti-social behaviour continues to feature as a neighbourhood priority for many of the Hartlepool wards and the following priorities are incorporated in the 'Create confident, cohesive and safe communities' strategic objective of the Safer Hartlepool Partnerships Strategy to tackle crime, disorder, substance misuse and reducing re-offending in Hartlepool.

- Reduce anti-social behaviour, with specific focus on privately rented properties and alcohol related youth ASB.
- Reduce criminal damage specifically to dwellings
- Improve confidence and cohesion within communities.



Information Source: Ipsos MORI Hartlepool Household Survey 2008 and 2010. Completed by 1371 residents in 2008 and 918 in 2010.

Perception and Physical Performance Indicators that Impact on Cohesion

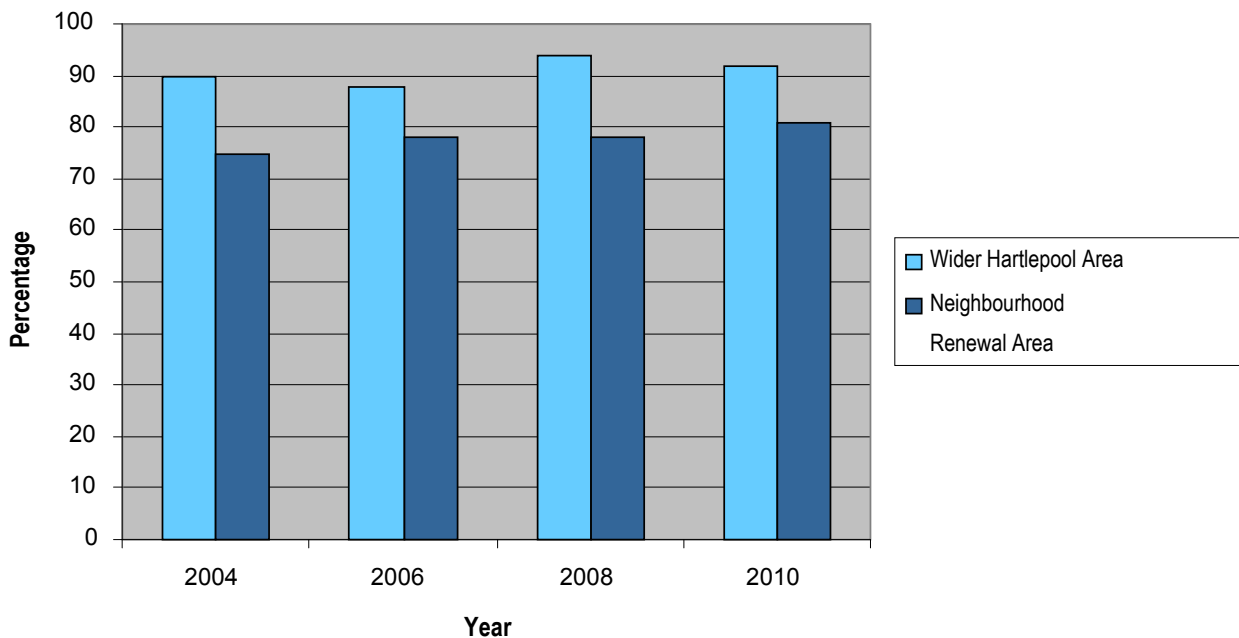
Satisfaction with the Council

The 2008 Place Survey found that 37% of Hartlepool residents were fairly or very satisfied with the Council. This is lower than the national average of 45 %.

Satisfaction with Area as a Place to Live

In terms of satisfaction with the area as a place to live, there has been a slight increase over time; however within our former Neighbourhood Renewal Areas residents remain less satisfied.

Satisfaction with area as a place to live

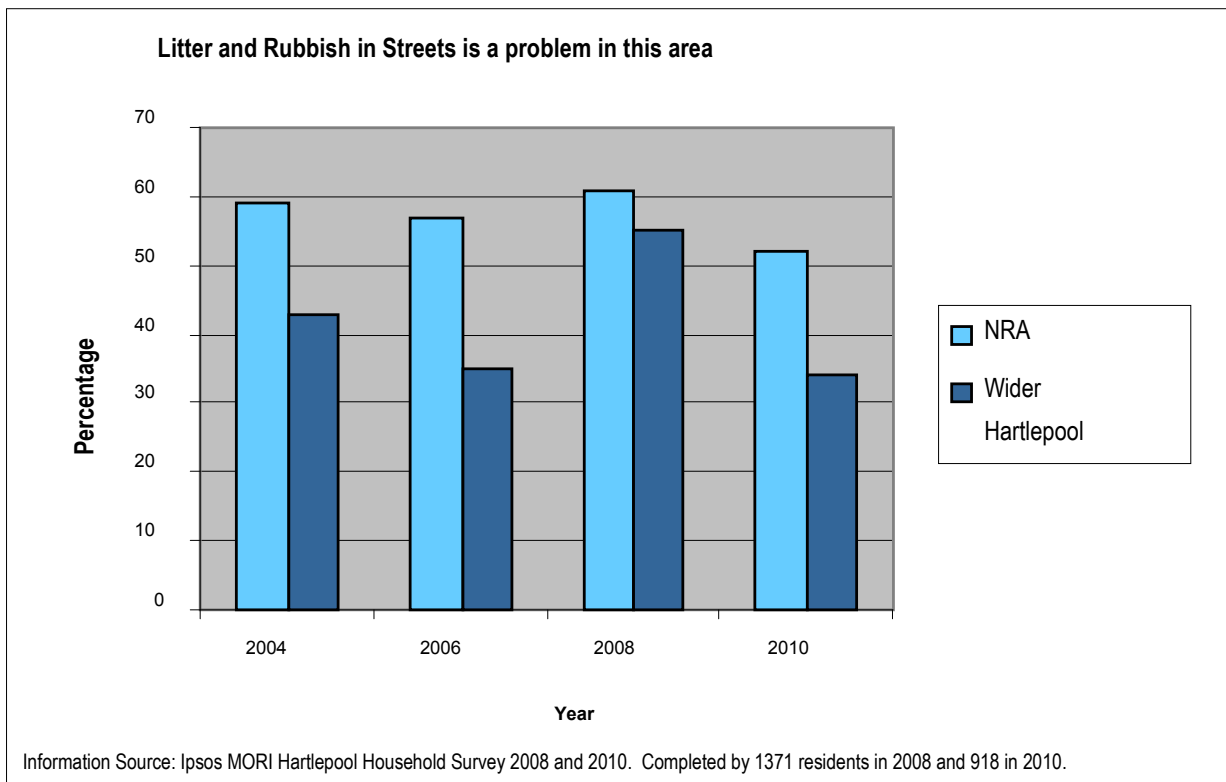


Information Source: Ipsos MORI Hartlepool Household Survey 2008 and 2010. Completed by 1371 residents in 2008 and 918 in 2010.

Perception and Physical Performance Indicators that Impact on Cohesion

Satisfaction with Cleanliness

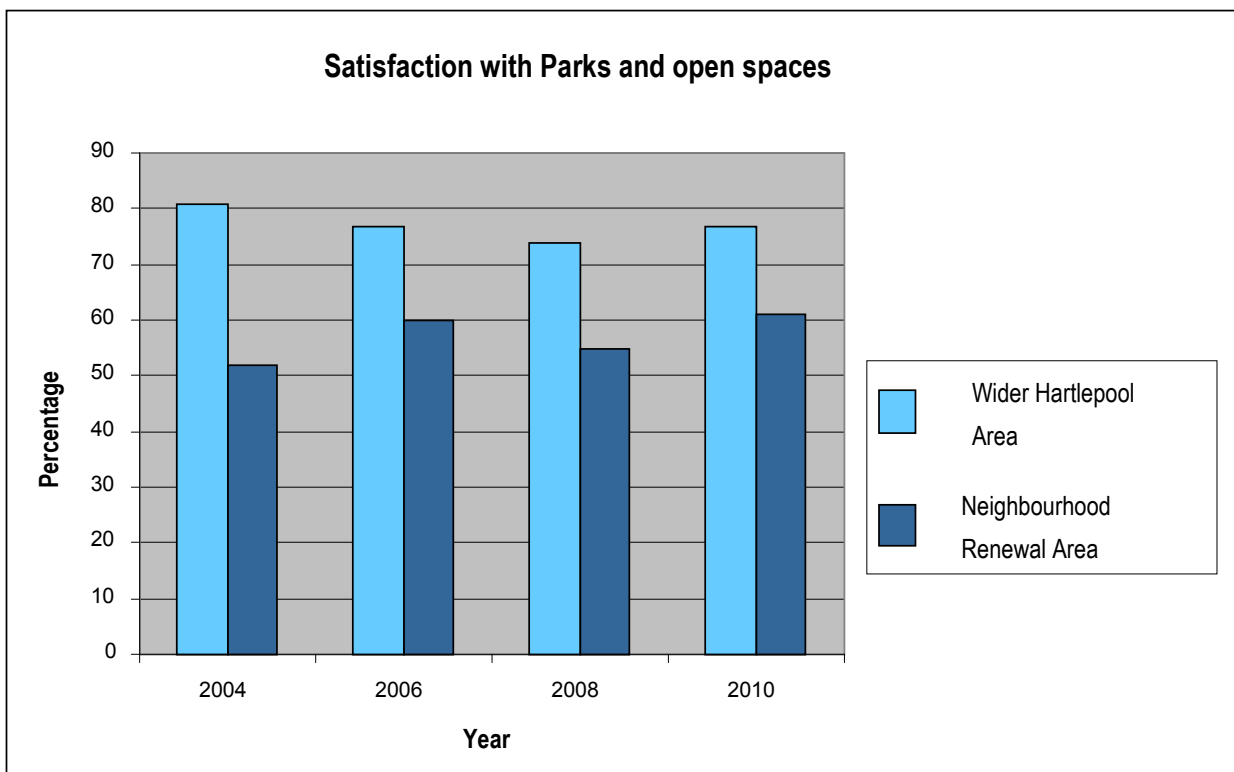
The Hartlepool Household Survey 2010 undertaken by Ipsos MORI, indicates a reduction in terms of the percentage of residents who feel litter or rubbish is a problem in their respective areas. However there remains a clear gap in the perceived level of the problem between the former Neighbourhood Renewal Areas of the town and wider Hartlepool.



Perception and Physical Performance Indicators that Impact on Cohesion

Satisfaction with Parks and Open Spaces

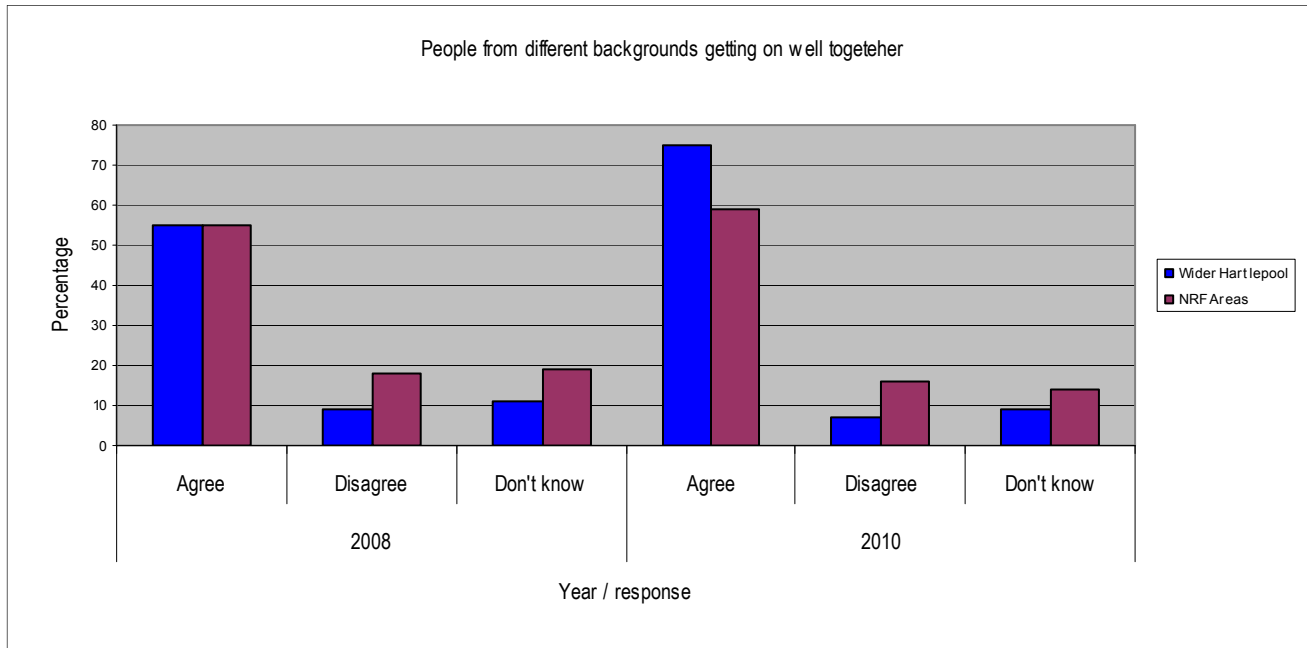
Responses to the 2010 Household survey (Ipsos MORI) indicate that satisfaction with parks and open spaces has increased within the former Neighbourhood Renewal area and decreased within wider Hartlepool. Although the gap is narrowing there still remains a significant difference between the areas. For example, in the North area of Hartlepool there are no formal parks— this may reflect on residents perceptions to access to open space in Hartlepool.



Information Source: Ipsos MORI Hartlepool Household Survey 2008 and 2010. Completed by 1371 residents in 2008 and 918 in 2010.

Perception and Physical Performance Indicators that Impact on Cohesion

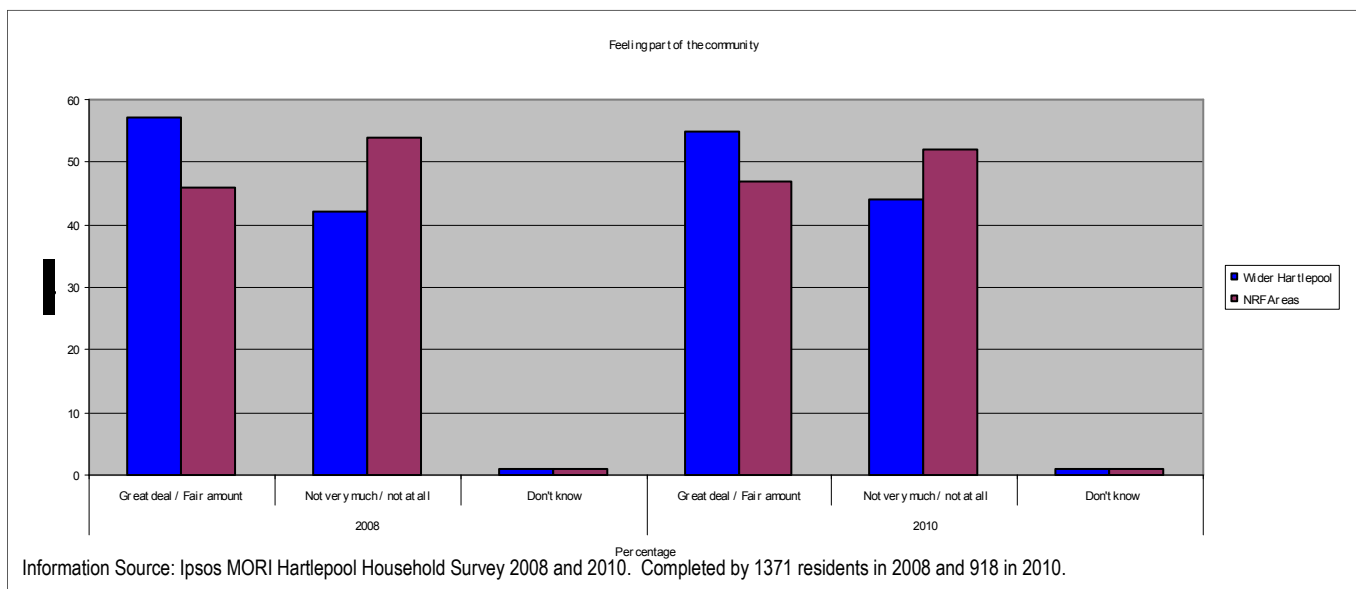
People from different backgrounds getting on well together



Information Source: Ipsos MORI Hartlepool Household Survey 2008 and 2010. Completed by 1371 residents in 2008 and 918 in 2010.

There is an increase in people feeling that people from different backgrounds get on well together, this has increased more in wider Hartlepool.

People feeling part of the community



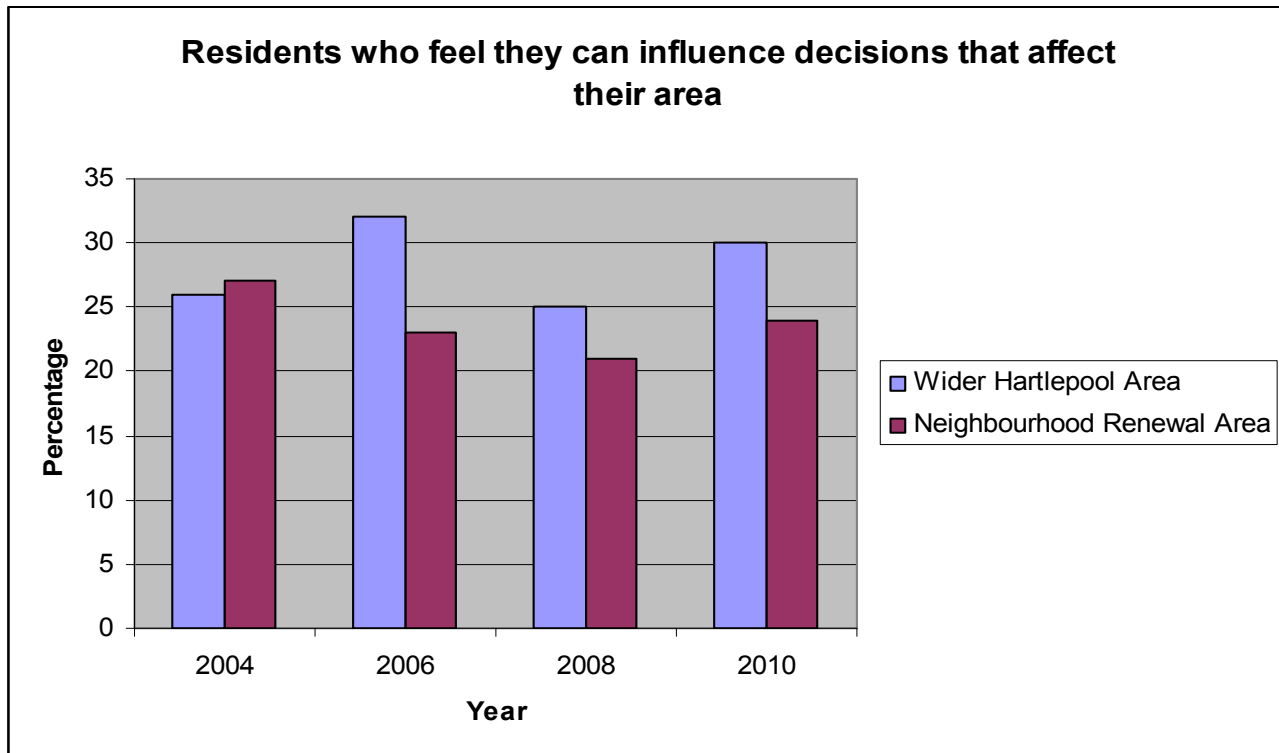
Information Source: Ipsos MORI Hartlepool Household Survey 2008 and 2010. Completed by 1371 residents in 2008 and 918 in 2010.

Levels of residents feeling part of the community remain constant, with higher percentage of residents in the former NRF areas not feeling part of the community, identifying a possible future priority for work.

Perception and Physical Performance Indicators that Impact on Cohesion

Satisfaction with Participation Opportunities

The Hartlepool Household survey has periodically asked residents whether they feel they can influence decisions within their area. Despite the additional opportunities for residents within the former Neighbourhood Renewal Area to engage via Neighbourhood Action Plans, the feelings of influence remain lower than that of the rest of the town.



Information Source: Ipsos MORI Hartlepool Household Survey 2008 and 2010. Completed by 1371 residents in 2008 and 918 in 2010.

The above figures give an indication of what the Commission on Integration and Cohesion see as critical factors in terms of the relationships between these areas and cohesive communities; it is clear that the Boroughs former Neighbourhood Renewal Area is where these factors are a bigger concern and the communities within it are therefore more susceptible to the problems associated with poor cohesion.

Vulnerable Localities Index

Further evidence which suggests a particular focus on the most vulnerable areas is shown within the Hartlepool Vulnerable Localities Index, the Vulnerable Localities Index (VLI) is a measure that brings together data on crime, anti-social behaviour, and social exclusion.

A vulnerable community displays two core attributes:

- 1) It is an area that experiences problems that relate to community breakdown and fragmentation, and**
- 2) It is an area where the trends indicate continual problems, recurring problems or an increasing problem.**

Geographic analysis of the vulnerable localities indicates that the majority are located within former Neighbourhood renewal areas, with clusters evident in the following wards:

- De Bruce
- Headland and Harbour
- Jesmond
- Victoria
- Burn Valley

It must also be recognised that other wards also suffer from many of the problems associated with poor cohesion and as such also have the potential to become vulnerable localities, to ignore these would therefore be detrimental. Where appropriate the actions within this framework will expand into those localities, these include pockets within the following wards:

- Manor House
- Seaton
- Fens and Rossmere
- Foggy Furze

Community Cohesion - A Vision for Hartlepool

The evidence presented within this document clearly highlights the challenges facing all partners within Hartlepool in maintaining and developing more cohesive, integrated communities. To help us achieve this we have developed a vision, a number of key objectives and an associated action plan.

In taking this framework for cohesion forward we will:

- Engage partners across and beyond the council to improve cohesion.
- Improve understanding and unify approaches to cohesion so that everyone sees it as an essential part of their work.
- Identify and address gaps in cohesion.
- Learn from good practice and successful work that is already happening around developing community cohesion.



Objectives

Taking on board both national and local drivers, and the main strategic aims of the Safer Hartlepool Partnership and its partners, this framework will be taken forward by the action plan. The forthcoming action plan will be developed around the following objectives:

- Objective 1: Promote interaction between people and groups;**
- Objective 2: Tackling local attitudes, perceptions and myths;**
- Objective 3: Building trust in local institutions;**
- Objective 4: Developing the role of young people;**
- Objective 5: Developing effective community leadership;**
- Objective 6: Developing a commitment to a shared future;**
- Objective 7: Developing a community resilience; and**
- Objective 8: Tackling the underlying causes of poor community cohesion.**

The action plan will be developed in accordance with key partners and strategies as outlined on page 7 & 8.

Objective 1: Promote interaction between people and groups

We are committed to ensuring that wherever possible our policies and services promote cohesion and integration and help reduce any tensions and conflict within our neighbourhoods and communities. Within Hartlepool some of our services are more directly involved in things like empowering and strengthening our communities and working to reduce tensions. However cohesion is the responsibility of everyone, from the people who write and approve our policies and strategies, to those who make decisions about how our services are delivered and how resources are spent, to staff managing or delivering services and everyone who interacts with our communities or partners.

Strategic links: Council's Corporate and Departmental Plans
Communication, Consultation and Complaints Strategy
Customer Services and Channel Strategy
Equality and Diversity Plan
Cultural Strategy

Objective 2: Tackling local attitudes, perception and myths

It is important that partners have a good understanding of how local areas are changing, particularly as a result of demolition of longstanding communities and the redevelopment of new communities. Therefore, factual information and reassurance messages need to be communicated to existing and new communities. Myths and rumours that circulate in local communities and cause division need to be proactively tackled. Our elected members, staff and key community leaders need support with this. Promoting equality and the diversity of our communities is essential to creating a sense of belonging and shared values. This can not be done in isolation and we need to work with our partners, especially in the media to help build a cohesive and integrated locality. We must be able to provide residents with accurate up to date information about cohesion issues that are relevant to a neighbourhood and to their concerns.

Frontline staff can play an important role in communicating with the public, and will need to be kept informed.

Strategic links: Communication, Consultation and Complaints Strategy
Equality and Diversity Plan
Cultural Strategy
Crime, Disorder and Substance Misuse Strategy

Objective 3: Building trust in local institutions

Different areas will require different strategies to develop trust. The levels of deprivation, use of public services and people's perceptions of their own power to exert pressure or influence will determine our approach. Our services will need to deliver on promises and to be seen to be delivering. We will continue to endeavour to give people high quality personal experiences of services, and ensure that the words and behaviour of frontline staff are central to people developing trust in local organisations. Moreover, it will be important to demonstrate that all partners are actively listening to local concerns and issues even if it is not always possible to address them.

Strategic links: Community Strategy
Communication, Consultation and Complaints Strategy
Voluntary and Community Sector Strategy

Objective 4: Developing the role of young people

Involving and including children and young people in local cohesion work, decision-making and democracy develops their sense of belonging, civic trust and responsibility, and can develop them as a lasting resource for the community. There are already a range of local mechanisms in which young people are engaged. These existing mechanisms can be developed further to assist and support young people to understand what escalates or defuses community conflict, and the role they can take. In addition to this exploring ways to build relationships across existing ethnic and social divides, becoming role models in promoting good community relations to their peers and elders will assist in developing a comprehensive action plan for young people's contribution to cohesion.

Strategic links: Child Poverty Strategy
Equality and Diversity Plan
Young People Positive Activities Action Plan
Participation Strategy

Objective 5: Developing effective community leadership

Strong community leadership at all levels is vital in supporting good community relations within Hartlepool. As part of their leadership role, our elected members, staff and key members of our communities have a responsibility to advocate the importance of cohesion. The Neighbourhood Management and Empowerment Strategy for Hartlepool places a strong emphasis on giving communities and residents a bigger say in the services they receive and in the quality of the neighbourhoods in which they live. The Localism Act (2011), Creating the conditions for integration (2012) and After the Riots: The final report of the Riots Communities and Victims Panel Community (2012) all strengthen the commitment to giving people more power over their lives and empowerment in areas such as housing, local public services, and promoting work, enterprise and active citizenship. Active citizenship and community empowerment are crucial to building cohesion and integration - from ensuring that people feel that they have a stake in their local community to developing a common sense of purpose through shared aims and activities.

Strategic links: Neighbourhood Management and Empowerment Strategy
Communication, Consultation and Complaints Strategy
Voluntary and Community Sector Strategy

Objective 6: Developing commitment to a shared future

The voluntary sector and faith communities play an important role in working with our communities to help them realise their potential. They represent communities, support empowerment and deliver user focused services bringing communities together to effect change. Commitment to a shared future will play an important role in building good community cohesion as it helps people develop a shared sense of belonging to a particular place, it builds community resilience, and it builds individual relationships across identity groups.

Strategic links: Community Strategy
Voluntary and Community Sector Strategy
Equality and Diversity Plan

Objective 7: Developing community resilience

Many of the actions associated with development of resilience are actions undertaken routinely by community development and youth work. Having forums which provide a platform to communities to express their views and influence local decision making is essential to developing this objective. We must build on existing social capital within its communities and clearly identify those communities which lack social capital and are less able to respond to change constructively. We must increase opportunities for volunteering, and develop the capacity of local leaders and community representatives in areas such as conflict resolution and mediation skills.

Within our neighbourhoods we need to ensure that people have a feeling of belonging and that a culture of mutual respect and civility is adopted.

Strategic links: Young Peoples Participation Action Plan
Neighbourhood Management and Empowerment Strategy
Adult Education Plan

Objective 8: Tackling the underlying causes of poor community cohesion

The links between disadvantage and cohesion are complex and how these are factored into this framework will depend on the characteristics of each area/neighbourhood. This objective will require actions which will tackle the underlying causes of low cohesion by looking at both the individual and community level disadvantage, particularly focusing in areas within Hartlepool that are in the top 5% most deprived nationally. It will be necessary to build on existing networks and partnerships e.g. businesses, housing, education, health and Neighbourhood Police. Tackling issues about the local built environment is also key to this objective.

Strategic links: The Core Strategy
Housing Strategy
Child Poverty Strategy
Think Family / Think Communities Plan
Empty Homes Strategy
Economic Regeneration Strategy
Community Strategy
Safer Hartlepool Partnership Strategy
Domestic Violence Strategy
Social Behaviour Strategy
Housing Care and Support Strategy
PREVENT Action Plan
Neighbourhood Management and Empowerment Strategy
Ward Profiles

Measuring and Monitoring Community Cohesion

Community Cohesion is not easy to measure; it requires a combination of 'hard' measures (such as crime rates) and 'soft' measures (such as perceptions).

For each key objective there are actions and a number of indicators which will help progress to be assessed. Therefore, alongside a number of perception based measures a number of other more tangible measures are to be included within the action plan.

The action plan will identify actions which are of an immediate, medium and long-term nature, which will be monitored regularly by the 'Public Confidence and Cohesion Group', with regular reports being presented to Safer Hartlepool Partnership Executive Group and Prevent Silver Group.

Where possible the following indicators will be used to measure progress:

- Anti-social behaviour
- Crime: burglaries per 1,000 household
- Crime: violent crime per 1,000 population
- Crime criminal damage to dwellings and vehicles – per 1,000 population
- Number of hate crimes – racist, homophobic, disability and faith related crime and disorder – committed locally, per 1, 000 population
- Percentage of people who feel they can influence decisions that affect their local area
- Percentage of people who feel part of the local community
- Proportion of children living in poverty
- Number of community/voluntary sector groups and organisations supported/signposted and assisted.
- Number of private dwellings empty for over 6 months brought back into use.
- Satisfaction with the Council
- Satisfaction with the cleanliness of the area
- Satisfaction with parks and open spaces

This framework will be reviewed after 2015 and the action plan will be reviewed annually.

CABINET REPORT

4th October 2012



Report of: Director of Regeneration and Neighbourhoods

Subject: LEASING OF LAND TO A WIND TURBINE DEVELOPER FOR THE ERECTION OF WIND TURBINES ON LAND AT BRENDA ROAD

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Key Decision (test (i)/(ii)) Forward Plan Reference No. RN18/12

2. PURPOSE OF REPORT

2.1 To outline the potential for the erection of wind turbines on Council owned land at Brenda Road, and to highlight the potential income which can be generated together with the establishment of an annual community benefit fund. To gain Cabinet's views on the selection of a developer, and finally to gain Cabinet's approval to undertake a competitive tender process to identify the developer that can offer the most desirable deal.

3. BACKGROUND

3.1 It is widely accepted that the public sector has a major role to play if the UK is to meet its challenging renewable energy targets. However, funding costly large scale renewable energy projects is difficult, and public sector bodies do not generally have the funds nor the highly specialist skills to deliver such projects.

3.2 The Council was approached by Partnerships for Renewables (PfR) in 2009. PfR proposed to lease land from the Council, with the intention of erecting wind turbines on that land. The Council would benefit from an income from the lease of the land, and also from a share of the income from electricity generated. The Council has since undertaken some market testing with other developers as part of a market testing/ feasibility study exercise to establish what other options are available.

- 3.3 PfR were invited to undertake basic, informal investigations into a number of sites owned by the Council. One of these sites, off Brenda Road, was chosen for further investigation as being the most appropriate, due to neighbouring land uses, wind speeds and lack of large obstructions.
- 3.4 The proposed site extends to 17.5 ha /43.4 acres and comprises a mainly level grassed area bisected by the railway line. The site is partly let for grazing (the area west of the railway) and partly disused (the remainder of the land) at present. It adjoins the Tata site to the northwest and south west, the mainline railway to the south east and a small strip of the land adjoins Brenda Road. Access is via a track, crossing land belonging to Clevestone Transport. Access to the land west of the Tata railway is pedestrian only at present. See plan attached as **Appendix 1**.
- 3.5 In November 2009, a report went to the Joint Community Safety & Housing and Finance & Performance Portfolio Holders. The next step was for the Council to sign an exclusivity agreement with the developer, but the project was put on hold, following the review of the Tees Valley Climate Change Strategy. The Strategy, which supports wind energy developments, has now been finalised and adopted by the Council and a range of other factors have changed since this date, including changes in Local Government funding, efficiency/ saving cuts and energy price rises. As a consequence the original proposal put forward by PfR has been revisited along with a number of other organisations to provide indicative proposals for the development. Proposals have been received from three further organisations that are interesting in working with the Council to install wind turbines on the site, details of which are given in section 4 and **Appendix 2**.

4. PROPOSALS AND FINANCIAL CONSIDERATION

- 4.1 Proposals have been received from the following companies:-
- Partnerships for Renewables (PfR)
 - Wind Direct
 - Aeolus
 - Enertrag
- 4.2 Details of the proposals and their initial financial terms are included in the Confidential **Appendix 2. This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely paragraph 3, information relating to the financial or business affairs of any particular person (including the authority holding that information).**
- 4.3 It should be noted that none of the proposals are firm offers, but are instead indicative of the likely income that could result. Actual income would be based on energy generation, which will be determined by wind speed, wind direction and efficiency and reliability of equipment, amongst other variables.

In all proposals, planning consent, construction and decommissioning will be the responsibility of the contractor.

- 4.4 Comparison of the four proposals is difficult, as the information provided varies, and is unique to each proposal. Information on each of the proposals is provided as **Appendix 2**.
- 4.5 Once a developer is chosen, an exclusivity agreement would need to be signed, giving that developer exclusive rights to further investigate wind development on the site for an agreed period of time. If the preferred developer is appointed, the Council will enter into a legal agreement providing sole rights to assess the suitability of the site, and to erect wind turbines, subject to planning consent being granted.

5. PLANNING & ECOLOGY CONSIDERATIONS

- 5.1 The land is currently allocated in the Local Plan for outdoor recreational purposes under policy Rec12. This site is part of a larger site and the subject site has proven unsuitable for the allocated use as there are issues with access across the railway line.
- 5.2 The Local Plan is currently being reviewed and is at an advanced stage and was submitted to the Secretary of State in June 2012. The submitted Local Plan has no land use allocation for this site and it is identified as white land. A small part of the site is designated as part of a Local Wildlife Site.
- 5.3 Given the advanced stage of the emerging Local Plan it can be given significant weight in decision making. The principle of using this land for wind energy development is acceptable. An initial basic proposal of what will be involved will be submitted to the Council's One Stop Shop and any resultant detailed proposals submitted at a later date. Any planning application for Turbines on the site may constitute the development of an Environmental Impact Assessment. The screening opinion of the Local Planning Authority will determine whether or not an Environmental Statement will be required to support any future planning application.
- 5.4 The land to the south of the Tata railway and a small section to the west are designated as a Local Wildlife Site. Part of the reason for the designation is the presence of Great Crested Newts (GCN). The breeding ponds for the GCN are on Tata land but GCN also use the surrounding terrestrial habitat for much of the year, generally within 250m. Should construction works associated with the turbines occur closer than 250m to the GCN breeding ponds then a license would be required from Natural England and GCN surveys would have to be undertaken to inform such a license. The operation of wind turbines would not be expected to have any adverse effects on GCN.
- 5.5 The turbines would be located approximately 1km from Teesmouth & Cleveland Coast Special Protection Area (SPA). The Local Planning Authority is not able to give permission for any project or plan that would have an

adverse effect on the interest features of the SPA, which in this case are certain wintering of migratory birds. The land in question is not known to be on any regular flight path for such birds however Natural England's view should be sought as to whether or not there is potential for an adverse effect. If Natural England considers that an adverse effect is likely then an appropriate level of bird survey effort will need to be undertaken to assess any potential impacts. It shall be the responsibility of any chosen developer to consult Natural England throughout the process.

- 5.6 The National Planning Policy Framework expects that the planning system should enhance the natural and local environment by providing biodiversity gains where possible. Opportunities should be sought to do this, taking into consideration the need not to compromise the operation of the development or surrounding developments and could include actions such as enhancing wildflower meadows or GCN habitat in the vicinity of the turbines, post construction.
- 5.7 In addition to ecology, consideration will also need to be given to the landscape and visual impact of the development, both in isolation and cumulatively with current and future developments. Further discussion will be required with the Council's Landscape Architect to establish factors such as sensitive receptors and a relevant Zone of Visual Influence in advance of any development. This may form the basis of any Environmental Impact Assessment that may be required.

6. RISK IMPLICATIONS

- 6.1 Whilst there are many financial and environmental benefits of wind turbines communication with and perception of the community will be important. The Council would insist on a full consultation process being undertaken by any selected developer. The proposals are likely to include a community benefit fund, which would be used to improve the local area and potentially to develop opportunities for local people. It is anticipated that the Council would hold this fund, which may grow if and when other similar private sector wind energy projects are implemented, such as the British Telecom (BT) proposal for wind turbines at Red Gap Moor.
- 6.2 There is a risk that the level of income proposed is not realised following installation of turbines. However, each of the developers have expertise and experience of delivering large scale wind energy projects, and this experience has been used when drawing up their respective proposals. However, income will be based on a proportion of the energy generated, and a range of factors will have an impact, including wind speed. Although a guarantee cannot be provided for the precise income to be received, the Council will receive a significant income. It is in the best interests of both the developer and the Council that the turbines generate energy. In the event that energy generation is lower than the proposals received from the chosen developer, it is still highly unlikely that the income could be matched by any other use of this piece of land. The current income from the land is £2,000 pa from the

grazing licence. This use will be able to continue with the wind turbines in place.

- 6.3 Another risk is that the income to the Council proposed by the developers has been inflated in order to increase the likelihood of them being awarded the exclusivity agreement by the Council. However, each of the proposals appears to be in line with general industry standards and each has its own merits, though the approach taken by each organisation differs. Unfortunately a firm offer cannot be received from any developer until after an exclusivity agreement has been signed, due to the expense involved in undertaking in-depth surveys. By undertaking a competitive tender process, the Council would be offered some reassurance that any chosen developer will offer a fixed minimum level of income in advance of any exclusivity agreement being signed.
- 6.4 There is a risk that by obtaining quotes from developers prior to signing an exclusivity agreement, that the developers will reduce financial risks on their organisations by offering a lower income to the Council. This may be mitigated by requesting that developers offer the greater value from *either* a fixed minimum payment *or* a percentage share of generation income, or a combination of the two.
- 6.5 There are a number of planning risks, however, informal discussions have taken place with planning officers, and a development of this type in an industrial setting such as the proposed site will be looked on considerably more favorably than in other locations. Further details from planning officers are given in Section 5. Planning officers will be consulted throughout the process.

7. LEGAL CONSIDERATIONS

- 7.1 All legal considerations involved in any resulting project will be dealt with by the developer and overseen by the Chief Solicitor. The final contract drawn up following any agreement with any developer will be fully assessed by the Council's Chief Solicitor.

8. ASSET MANAGEMENT CONSIDERATIONS

- 8.1 The attention of the Portfolio Holder is drawn to the Asset Management element of the Business Transformation Programme. The decision by Cabinet in January 2009 requires a commercial, proactive approach to be taken on Asset Management issues, the proceeds of this transaction being a contribution to the Medium Term Financial Strategy (MTFS).
- 8.2 The decision to adopt a commercial approach to asset management requires the Council to realise the full value of any properties or property rights that it disposes of.

- 8.3 It is proposed the income generated from the electricity generated and lease of the land is factored into the savings required from improved use of assets and property rationalisation within the Regeneration and Neighbourhoods Department.
- 8.4 Cabinet's consideration for the use of the Community Fund proposal is requested.
- 8.5 Decommissioning of Turbines at the end of the lease will have to be covered by the developer as part of their proposal.

**9. SECTION 17 OF THE CRIME AND DISORDER ACT 1998
CONSIDERATIONS**

- 9.1 There are no implications under Section 17.

10. EQUALITY AND DIVERSITY

- 10.1 There are no equality and diversity implications.

11. RECOMMENDATIONS

- 11.1 That Cabinet gives approval for Officers to pursue this project.
- 11.2 That Cabinet provides its views and opinions on each of the proposals received, and suggests any preferences or other requirements that need to be considered.
- 11.3 That Cabinet gives approval for Officers to progress a competitive tender process to identify the developer that can offer the best deal regarding income to the Council and local community benefits.

12. REASONS FOR RECOMMENDATIONS

- 12.1 Cabinet approval will be required before any further work can commence.
- 12.2 Although a competitive tender process will be undertaken, Cabinet's views on the proposals will be useful to officers, and will be considered when the tender documents are produced.
- 12.3 A competitive exercise is required to tease out firm proposals and assess the best solution for Hartlepool.

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

Appendix 1 - Plan of site

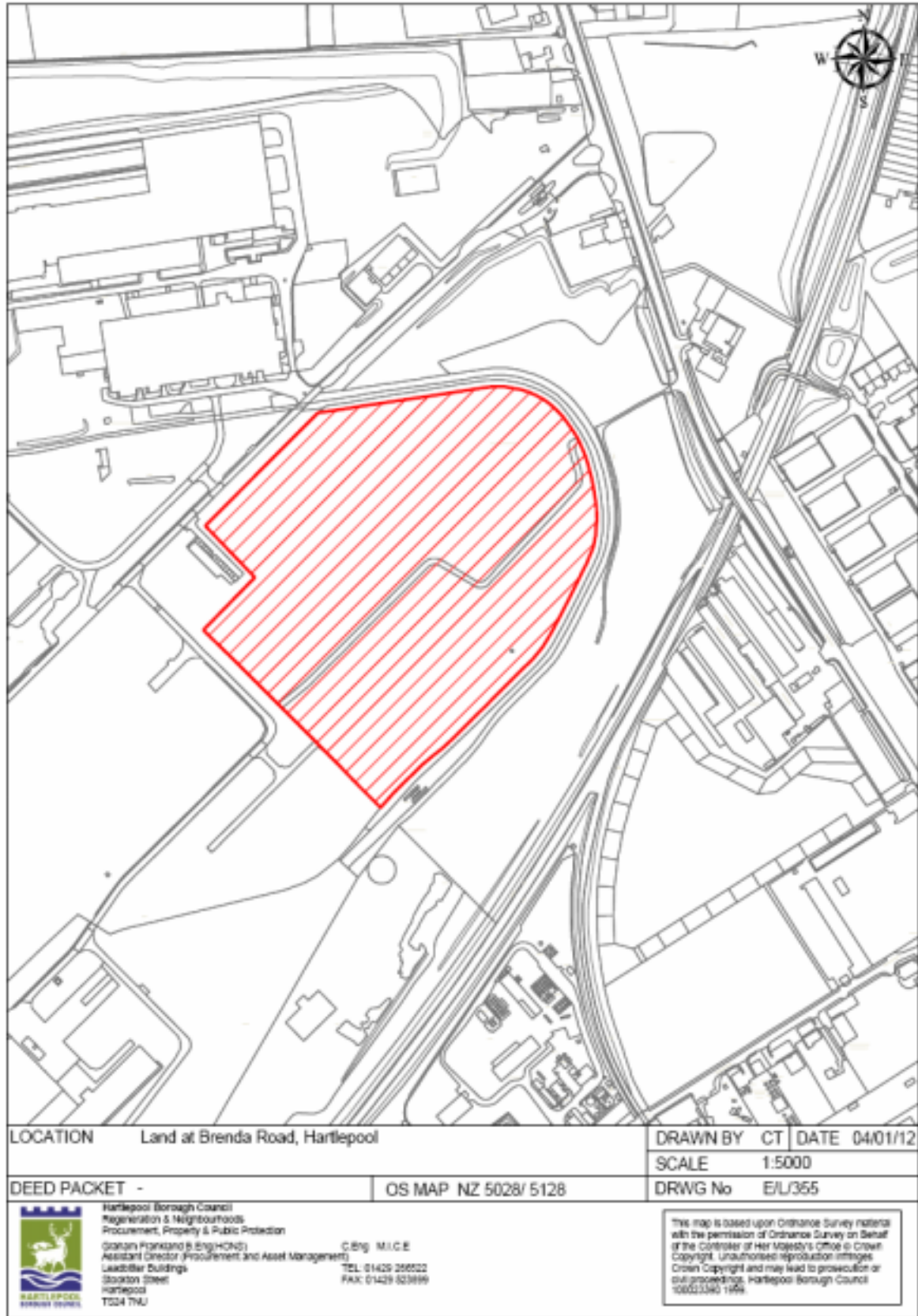
Appendix 2 - Details of the proposals and initial financial terms are included in the Confidential **Appendix 2**. **This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely paragraph 3, information relating to the financial or business affairs of any particular person (including the authority holding that information).**

14. BACKGROUND PAPERS

- 14.1 Report to Joint Community Safety & Housing and Finance & Performance Portfolio Holders, November 2009.

15. CONTACT OFFICER

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CABINET REPORT

4th October 2012



Report of: Director of Regeneration and Neighbourhoods

Subject: NOTIFICATION TO RENEW THE 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 give formal notification to Cabinet of the intention to undertake the necessary ballot for the renewal of the Longhill and Sandgate Business Improvement District (BID).

3. BACKGROUND

3.1 A report was presented to Cabinet on 9th July 2012 providing background information on the Longhill & Sandgate BID. Cabinet agreed to the Council continuing as a partner of the Longhill & Sandgate BID Partnership and to develop details of the BID Business Plan and BID renewal ballot.

3.2 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.

3.3 The Longhill & Sandgate BID has been running since 1st April 2008 following a positive yes vote in a postal ballot and is due to end on 31st March 2013.

3.4 The agreed BID levy was used to fund the revenue costs of monitoring and maintaining the 15 camera CCTV system installed throughout the Longhill & Sandgate Industrial Estates.

3.5 The BID Partnership consists of the Longhill & Sandgate Business Association, Hartlepool Borough Council and Hartlepool Police.

3.6 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 of the BID Partnership.

4. PROPOSALS

4.1 The Business Plan has been developed taking into consideration the various consultations with the Longhill and Sandgate businesses as well as internal Council sections such as finance.

4.2 A summary of the Business Plan will be sent out to all businesses that the BID will concern with the full Business Plan available to view online at www.investinhartlepool.com

4.3 It is proposed that the renewal of the Longhill & Sandgate BID will continue to fund the monitoring, maintenance and upgrade of the Longhill & Sandgate estates wide CCTV system.

4.4 However if finances allow the BID Partnership will have the power to re-profile budget headings and costs within the purpose and constraints of the agreed BID renewal.

4.5 Hartlepool Borough Council will continue to be the accountable body for the renewed BID and will have 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.

4.6 It has been agreed by the BID Partnership that the BID levy will stay the same at 2% of the rateable value of all hereditaments in the BID area. (The list of rate payers will be determined and monitored by the Councils rates section).

4.7 There will continue be two thresholds set to this levy, a minimum payment threshold of £100 and a maximum payment threshold of £1,500.

4.8 The BID is expected to run for 5 years starting from 1st April 2013 until 31st March 2018.

4.9 The BID will only proceed if the formal renewal ballot is successful and for this it must meet two tests:

1. A majority (51%) in number of those voting must be in favour of the proposal.
2. There must be a majority in the proportion of the aggregate rateable value of those voting

- 4.10 The ballot will be a postal ballot and will be administered on behalf of Hartlepool Borough Council by Electoral Reform Services who have previously undertaken the BID ballot.
- 4.11 The returning officer for the ballot will be the Council's Chief Solicitor.
- 4.12 This report serves as the formal notification to the Council to pursue the development of a BID for the Longhill and Sandgate Industrial Estates and the undertaking of the necessary ballot.
- 4.13 The process for undertaking the ballot involves a number of steps that have to be taken as identified in the table below.

01/10/12	Formal notification to HBC and the Secretary of State informing of the intention to undertake the necessary ballot to renew the current BID.
08/10/12	Formal notice of the ballot sent out to all businesses and published in the local press.
29/10/12	Postal ballot papers sent out to businesses.
26/11/12	Final day for return of ballot papers.

5. FINANCIAL CONSIDERATIONS

- 5.1 From the NNDR rates list held by the Council it is estimated that with the proposed 2% levy with the thresholds the annual amount collected will be £60,000 from about 300 businesses that are based in the BID area.
- 5.2 The income and expenditure for the proposed five year of the BID is shown in the table below with estimates based on current figures adjusted for inflation over the 5 years.

INCOME	2013/14	2014/15	2015/16	2016/17	2017/18	Total
BID levy	£60,000	£60,000	£60,000	£60,000	£60,000	£300,000

EXPENDITURE						
Monitoring	£25,000	£26,000	£27,000	£28,000	£29,000	£135,000
Maintenance	£3,000	£3,500	£4,000	£4,500	£5,000	£20,000
Transmission	£10,000	£10,000	£10,000	£10,000	£10,000	£50,000
Electricity	£750	£800	£850	£900	£950	£4,250
CCTV upgrades	£6,000	£6,000	£6,000	£6,000	£6,000	£30,000
IT, Billing and Recovery	£5,000	£5,175	£5,356	£5,543	£5,737	£26,811
TOTAL	£49,750	£51,475	£53,206	£54,943	£56,687	£266,061

- 5.3 The costs to the Council Finance Division have been identified for the specific IT system used for the BID administration, costs associated with sending out bill reminders etc as well as recovery action for non payers.

- 5.4 These costs amount to £5,000 adjusted yearly for inflation and will be covered by the income from the BID levy. All other expenditure is related directly to the running of the CCTV system
- 5.5 Any surplus will be held for contingency purposes and to fund any additional projects within the constraints of the BID if finances allow.

6. LEGAL CONSIDERATIONS

- 6.1 The Council will continue to be a partner in the Longhill & Sandgate BID Partnership and also continue to act as the accountable body for the Longhill & Sandgate BID Partnership.
- 6.2 The Longhill & Sandgate BID Partnership is an unincorporated entity with no legal status. It does however have its own agreed formal constitution.

7. EQUALITY & DIVERSITY CONSIDERATIONS

- 7.1 There are no equality or diversity implications.

8. SECTION 17

- 8.1 The CCTV system covers the Longhill & Sandgate Industrial Estates area and has had a major impact on reducing levels of crime, vandalism and anti social behaviour. It has also assisted the Police in providing evidence for successful convictions in court cases.
- 8.2 The Longhill & Sandgate BID renewal if successful will continue to assist directly in reducing crime in the area.

9. RECOMMENDATIONS

- 9.1 Cabinet are asked to accept this report as the formal notification to pursue a ballot for the renewal of the BID for the Longhill and Sandgate Industrial Estates area.

10. REASONS FOR RECOMMENDATIONS

- 10.1 The Longhill & Sandgate Industrial Estates area is home to over 300 businesses both large and small and contributes to significant local job creation as well as the economic well being of the town.
- 10.2 The current BID has been running for over 4 years and has contributed significantly in bringing the level of crime down in the area. If the CCTV system could not be funded it is anticipated the level of crime would increase

and could start a spiral of decline with businesses moving away from the area, other businesses not willing to invest and the area being stigmatised.

- 10.3 The BID is a fair system for all businesses in the area to contribute to the upkeep of the CCTV system that benefits all businesses.

11. BACKGROUND PAPERS

- 11.1 Business Plan for The Renewal Of The Longhill & Sandgate Bid

12. CONTACT OFFICER

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<p style="text-align: center;">CABINET REPORT 4th October 2012</p>



Report of: Director (Regeneration and Neighbourhoods)

Subject: **REVIEW OF COMMUNITY SAFETY CCTV PROVISION**

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Key Decision (test (i and ii) applies). Forward Plan Reference No.RN3/12.

2. PURPOSE OF REPORT

2.1 The purpose of this report is to present to Cabinet the refreshed Hartlepool Borough Council Closed Circuit Television (CCTV) Strategy and Protocols 2012 – 2015.

3. BACKGROUND INFORMATION

Why refresh the existing CCTV Strategy?

3.1 In May 2012, The Protection of Freedom Act 2012 was introduced by central government which placed new legal duties on statutory bodies in relation to the deployment, operation, and management of local Hartlepool Borough Council CCTV systems.

3.2 To ensure that the authority remained compliant with this new legislation a review of its CCTV system was undertaken during the latter part of 2011 and early 2012.

3.3 Following this review a report was presented to the portfolio holder for Community Safety in June 2012 where it was agreed to refresh the 2008 CCTV Strategy to reflect the new legislative changes, and to prepare a new action plan based on the findings of the review in respect of changes that needed to be made to ensure full operational functionality and appropriate management of the community safety CCTV system.

3.4 As recognised in the 2008 strategy Council CCTV systems are a critical tool in the detection and prevention of crime, and are part of the Safer Hartlepool

Partnership's broader strategy for reducing crime and disorder and its aim to 'create safe, confident and cohesive communities'. The refreshed CCTV strategy therefore sets out the key strategic objectives in relation to Council CCTV and its links to the current Safer Hartlepool Partnership Crime and Disorder Strategy 2011/14.

- 3.5 To ensure delivery of the strategic objectives, the refreshed CCTV strategy aims to continue to foster strong local partnerships with a range of agencies and organisations including Housing Hartlepool and Cleveland Police to ensure the best use possible of Council CCTV systems as a resource used for the benefit of the Hartlepool community.
- 3.6 Throughout the lifetime of the CCTV strategy local intelligence sources will be used to inform the development of Council CCTV systems to ensure that they meet local needs whilst operating within the national regulatory framework and codes of practice.
- 3.7 As is the case with all public services the Council currently finds itself in very challenging economic times. Technologies in relation to CCTV also continue to develop at a pace. The refreshed CCTV strategy therefore aims to ensure that the commissioning of CCTV equipment and services reflects value for money in the delivery of Hartlepool Borough Council CCTV systems that are efficient, effective, and sustainable.

New national regulatory framework

- 3.8 CCTV is recognised both nationally and locally as an important tool within any crime reduction strategy. However during 2010 concerns expressed over the level of surveillance taking place both in relation to the number of cameras being deployed, and the uses to which footage was being put, led to arguments within the national media that there was an inappropriate level of intrusion taking place into the privacy of individuals which was outweighing the benefits of CCTV systems.
- 3.9 It is within the context of this debate that the Protection of Freedoms Act (PFA) was introduced in May 2012 which seeks to balance the positive benefits of CCTV whilst minimising collateral intrusion, and promoting transparency and proportionality.
- 3.10 The Act, in seeking to maintain an appropriate balance between crime prevention and protecting individual rights to privacy, amongst other things, introduces the new role of 'Surveillance Camera Commissioner' to oversee the use nationally of local CCTV systems operated by Statutory Authorities.
- 3.11 Following the introduction of the Act, the Surveillance Camera Commissioner's draft revised guidelines for the use of CCTV are due to be published in late 2012 and will come into effect on 1st April 2013. These guidelines will make it clear that Crime Prevention, Public Safety and National Security will remain the only legitimate uses for CCTV, under the PFA (2012).

- 3.12 This new draft guidance along with the recommendations from the local CCTV review undertaken during 2011/12 has resulted in the development of revised protocols for the disclosure of images, and for the commissioning and decommissioning of cameras across Hartlepool.

New technological developments

- 3.13 Following the development of Hartlepool's CCTV Strategy in 2008 there has also been significant developments in new technologies in relation to CCTV from both a transmission and hardware point of view which offer potential benefits in terms of maintaining the quality of the current local CCTV systems with scope for expansion in the future. It is due to this that the Council is replacing cameras connected to the Community Monitoring Centre by broadband with a wireless based radio system. If successful this will remove the annual broadband running costs of the community safety CCTV system freeing up funding to reinvest in the maintenance, upgrade and sustainability of the community safety CCTV system.

Local Context - Community Safety CCTV System

- 3.14 Hartlepool's community safety CCTV system is managed by the Council's Community Safety Team and consists of 117 cameras which are connected to the Community Monitoring Centre and which are monitored by Housing Hartlepool under a Service Level Agreement.

Why is there a need for CCTV in Hartlepool

- 3.15 Under Section 6 of the Crime and Disorder Act 1998 all Local Authorities have a statutory obligation to bring together named 'Responsible Authorities' to work in partnership to develop and implement strategies to protect the local community from crime and disorder related issues including; anti-social behaviour, drug or alcohol misuse and reoffending.
- 3.16 In Hartlepool this statutory partnership is known as the Safer Hartlepool Partnership and includes representatives from Hartlepool Borough Council, Cleveland Police and Cleveland Police Authority, Cleveland Fire Brigade, Hartlepool PCT and Durham Tees Valley Probation Trust. (the 'responsible authorities')
- 3.17 Through the Community Safety Plan (previously known as the Crime and Disorder Strategy), the Safer Hartlepool Partnership has overseen projects which have resulted in significant reductions in crime and anti-social behaviour in Hartlepool. These reductions are partially attributable to the various Council CCTV systems that have operated in Hartlepool during that time.
- 3.18 Local performance data also shows that CCTV has a continuing role to play in Hartlepool for years to come as part of the Safer Hartlepool Partnership's

broader strategy for reducing crime and disorder. For example, during the period of January to June 2012, 40 arrests were directly attributable to CCTV, with a further 97 arrests being assisted by CCTV.

- 3.19 TV also remains a popular situational crime prevention and control measure with local residents. For local residents the importance of CCTV lies not only in its use as a crime detection tool, but in providing a deterrent to future criminality that provides reassurance, and increases feelings of individual safety. As such the Council's Community Safety Team continues to receive requests for additional CCTV coverage from residents, resident groups, and their Ward Councillors.
- 3.20 This Strategy therefore makes explicit the role played by CCTV in the delivery of the Safer Hartlepool strategic objectives set out in the "Safer Hartlepool Partnership 'Community Safety Plan 2011-2014.'" This encompasses the following strategic objectives aimed at making Hartlepool a safer place:
- Reduce crime and repeat victimisation
 - Reduce the harm caused by Alcohol and Drug misuse
 - Create confident, cohesive and safe communities
 - Reduce offending and re-offending
- 3.21 By ensuring all partners have a good working knowledge of the system and it's capabilities, optimum use will be made of the system by all partners delivering on the Safer Hartlepool objectives including the Police, Fire Service, Probation Service and others. In contributing to the above objectives, CCTV will also increase confidence and reassurance.

Service Delivery and Performance

- 3.22 Following the 2011/12 CCTV review, a revised Service Level Agreement with Housing Hartlepool is also being developed. This forms part of a new, broader overarching Partnership Agreement between Housing Hartlepool and Hartlepool Borough Council relating to the delivery of a number of services including the Telecare Service, and an Emergency Out of Hours and Council Building Alarm Monitoring Service.
- 3.23 The Partnership Agreement itself establishes a new Board comprised of partners from both organisations to oversee performance and provide strategic direction in relation to the delivery of services covered by the Partnership Agreement.
- 3.24 Clear and robust performance indicators in relation to CCTV are identified within the Service Level Agreement which will provide transparency and value for money calculations to be made as we move forward.

Finance

- 3.25 Finance the 2008 CCTV strategy was written, a number of grant funding sources that have previously helped to support the growth and maintenance of Council CCTV systems, such as New Deal for Communities, and the Single Regeneration Budget, are no longer available. This, coupled with the ending of a £7000 annual income received from Morrison's Supermarkets Plc in March 2013 under a 10 year Section 106 Agreement, combined with increased maintenance and broadband costs and the financial constraints facing the Council, and other public sector bodies, means that CCTV systems more than ever have to be managed in a cost efficient way, whilst retaining optimum effectiveness as a tool for preventing and detecting crime.
- 3.26 Following the 2011/12 CCTV review, and to ensure the Council continues to receive value for money, the current community safety CCTV maintenance contract will be tendered in accordance with the Council's procurement processes.
- 3.27 In addition, as identified previously, a wireless CCTV pilot is also underway in Hartlepool for the community safety CCTV system and if successful, it is hoped that this will be expanded to replace all remaining broadband connections for community safety CCTV cameras and this will result in ongoing savings that will assist in sustaining the community safety CCTV system into the future.
- 3.28 The refreshed CCTV strategy therefore aims to ensure that Council CCTV systems remains responsive to local needs whilst delivering value for money, through appropriate use of technology, and responding to the new regulatory framework. The following new strategic objective is added to the CCTV strategy to accordingly reflect this:
- 3.29 "To ensure that Hartlepool Borough Council's CCTV systems are operated in accordance with regulatory requirements in a transparent and cost efficient manner, taking account of appropriate technological developments".

CCTV Strategy 2012

- 3.30 The CCTV Strategy 2008 set out the below strategic objectives:
- i. Reduce crime and anti-social behaviour in public places within Hartlepool.
 - ii. To increase public reassurance.
 - iii. Support delivery of Safer Hartlepool Partnership strategic objectives.
 - iv. Assist Hartlepool Borough Council, and other enforcement agencies, carry out their enforcement and regulatory duties.
 - v. Protect Hartlepool Borough Council assets and public space areas.

- vi. Assist in, and bring added value to, the delivery of services by Hartlepool Borough Council departments and other partners.
- 3.31 These objectives remain just as relevant today as they did in 2008. However to ensure that the refreshed CCTV strategy is more closely aligned to the existing Safer Hartlepool Partnership Community Safety Plan, the refreshed CCTV Strategy 2012 combines objectives 1, 2, and 5.
- 3.32 The refreshed CCTV Strategy 2012 therefore has the following key strategic objectives:
- To support delivery of the Safer Hartlepool Partnership Community Safety Plan and it's objectives by assisting in the prevention and detection of crime and anti-social behaviour.
 - To ensure that Hartlepool Borough Council CCTV systems are operated in accordance with regulatory requirements in a transparent and cost efficient manner, taking account of appropriate technological developments.
 - To assist in the protection of Hartlepool Borough Council clients, staff, assets and public areas.
 - To assist Hartlepool Borough Council, Cleveland Police and other Statutory and Enforcement Agencies in carrying out their regulatory, investigatory and enforcement duties in Hartlepool.
- 3.33 The CCTV Strategy will be monitored by the Safer Hartlepool Partnership with performance management reports being received on a regular basis in relation to its progress and its contribution to the Safer Hartlepool Partnership Community Safety Plan.
- 3.34 The following performance indicators will be used to measure success and assess value for money in relation to the community safety CCTV system under the Service Level Agreement between the Council and Housing Hartlepool. Progress against indicators will also be published on a quarterly basis on the CCTV pages of the Council's website.
- Percentage of operational CCTV cameras
 - Number of CCTV tasking requests received from authorised partners
 - Number of incident logs entered
 - Number of intelligence reports submitted
 - Number of arrests assisted by CCTV
 - Number of arrests directly attributable to CCTV
 - Number of talking camera interventions
 - Number of CCTV footage viewing requests received from authorised partners
 - Number of copies of CCTV images provided to authorised partners

- 3.35 The CCTV Strategy also contains an action plan which sets out detailed actions that will assist in achieving the performance indicators and the CCTV Strategic Objectives. The action plan will be updated on an annual basis.

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

- 4.1 The Crime and Disorder Act 1998 requires Local Authorities to consider the impact of everything they do in relation to crime and disorder in all their activities. This duty is what is referred to as 'Section 17'.
- 4.2 The Council began introducing Council-owned and monitored CCTV cameras in the late 1990's.
- 4.3 CCTV cameras enable remote surveillance of areas where they are installed, whether through general monitoring or as part of a wider operation by the Council, Police or other enforcement agencies such as Customs and Excise. Storage and retrieval of CCTV images also allows for evidence to be obtained of an incident after it has occurred.

5. EQUALITY AND DIVERSITY CONSIDERATIONS

- 5.1 An Impact Needs Requirement Assessment (INRA) and Diversity Impact Assessment (DIA) will be undertaken to identify any adverse or differential impact or unmet needs for CCTV service users and to predict the impact of any changes made by the refreshed CCTV Strategy, associated operational procedures and ways of delivering services before they are implemented.

6. RECOMMENDATIONS

- 6.1 That Members of Cabinet note the content of the report and where appropriate seek clarification.

7. APPENDICES AVAILABLE ON REQUEST, IN THE MEMBERS LIBRARY

- 7.1 Hartlepool Borough Council and Safer Hartlepool Partnership Closed Circuit Television Strategy and Protocols 2012 – 2015.

8. BACKGROUND PAPERS

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

- (i) CCTV Code of Practice 2008 (revised). Information Commissioners Office.

- (ii) Draft Code of Practice for Surveillance Camera Systems 2013 v1.0. Surveillance Camera Commissioner.
- (iii) Protection of Freedoms Act 2012.
- (iv) Strategy for Community Closed Circuit Television 2008. Hartlepool Borough Council.
- (v) Final Report – Hartlepool Borough Council’s Community CCTV Provision 2008. Regeneration and Planning Services Scrutiny Forum. Hartlepool Borough Council.

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CABINET REPORT

4th October 2012



Report of: Director of Regeneration and Neighbourhoods and Chief Financial Officer

Subject: **EMPTY HOMES SCHEME – PROGRESS AND EXPANSION INCLUDING OUTCOME OF HCA EMPTY HOMES CLUSTER FUND BID**

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Key Decision (test (i)/(ii)) Forward Plan Reference No. RN23/12

2. PURPOSE OF REPORT

2.1 To enable Cabinet to:

- (i) consider the business case for extending the current Empty Property Purchasing Scheme, following a successful bid for additional Homes and Community Agency (HCA) funding; and
- (ii) subject to Cabinet approval of this recommendation to refer the proposals to Council on October 18th 2012 for approval.

3. BACKGROUND

3.1 A detailed business case was previously developed for the Empty Property Purchasing Scheme and was approved by Cabinet on 19th March 2012 and full Council on 22nd March 2012.

3.2 The scheme is a key element of the Council's Empty Homes Strategy which involves the acquisition and refurbishment of long term empty (6 months or more) private sector properties by agreement. The properties will remain in the Council's ownership, let to tenants at an affordable rent (80% of market rent) and managed on the Council's behalf by Housing Hartlepool.

4. BUSINESS CASE – APPROVED MARCH 2012

- 4.1 The development of the approved business case recognised that this type of scheme cannot be developed without some form of subsidy as rent levels are not sufficient to cover annual loan repayments. The 2010/11 Homes and Communities Agency (HCA) grant provided the subsidy for the previous scheme completed by the Council at Gladys Worthy Court, Golden Meadows and Charles Street. As HCA grant was not available when the current business case was being developed an alternative source of subsidy finance needed to be identified.
- 4.2 The February 2012 Medium Term Financial Strategy Report (MTFS) identified the opportunity to develop an affordable homes strategy using capital construction and interest rate savings generated from the new build scheme of 82 houses at Gladys Worthy Court, Golden Meadows and Charles Street. In particular, from the ongoing benefits of lower borrowing costs achieved for this scheme from effective treasury management, which are much lower than forecast in the business case. This has secured an ongoing saving of £60,000 from 2012/13 which can be used to finance further borrowing of £1,115,000. In addition, there was a one-off saving of £200,000 in 2011/12 on this project. These savings can fund a subsidy injection of £1,315,000 (which was slightly higher than the £1.2m forecast reported in February 2012) for the acquisition and renovation of additional properties.
- 4.3 On this basis a detailed business case was developed for the project approved in February 2012 which is known as ‘Project 1’. The business case covered the following issues:
- Capital costs of purchasing and refurbishing properties, as detailed in paragraph 4.4;
 - Annual loan repayment costs;
 - Whole life repairs and maintenance costs over 40 years;
 - Management and maintenance costs;
 - The levels of annual rental income and potential voids;

4.4 Purchasing and refurbishment costs

The target of 48 properties was based on an average acquisition and renovation cost of £55,000. In practice the cost of individual properties will vary, therefore the project will be managed to achieve this outcome plus or minus 2 properties.

It is expected that those properties with a higher renovation cost will have a lower purchase value. The aim will be to achieve an average total cost of £55,000. This is therefore a key factor in the decision making of which properties are tackled.

The first phase of the project will be limited to units funded from the initial subsidy of £1,315,000 with a target of 24 properties +/- 2 properties.

- 4.5 The business case demonstrated that the initial capital investment of £1,315,000 will in itself generate an operating surplus from rental income which can be used to fund a further £1,324,000 of investment, providing a total capital budget of £2,639,000. The majority of this expenditure, £2,439,000, will be funded using Prudential borrowing. It is estimated this is sufficient to fund around 48 properties
- 4.6 In order to manage the significant financial risks of this new type of scheme it was agreed that 'Project 1' would be completed in two phases of 24 properties in each phase. The first phase will be financed from the initial subsidised capital investment of £1,315,000 and the second phase from the rent income generated, as summarised in the following table.

	Total
<u>Phase 1</u>	
One-off saving from HCA New Build Scheme	200,000
Borrowing subsidised by HCA New Build Scheme	1,115,000
<u>Phase 2</u>	
Borrowing from net rental income	1,315,000
Total Borrowing	2,430,000
Total Scheme Value	2,630,000
Percentage of subsidy required	50%

- 4.7 This phased approach was designed to ensure the assumptions built into the business case are achievable and the overall project can be delivered within the available resources. This is essential to avoid any increased costs falling on the General Fund budget. The planning assumptions included in the business case include capital costs of acquiring and refurbishing homes, the level of rental income, maintenance and management costs, actual borrowing costs and potential voids and bad debt levels. A prudent view of these has been taken, consistent with the self financing model used by Authorities with a Housing Revenue Account.

5. PROGRESS TO DATE

- 5.1 The Business Case approved in March 2012 anticipated reviewing Phase 1 of this project after 24 houses had been completed.
- 5.2 At the time of preparing this report 47 properties have had valuations of which 17 are the process of being acquired and 14 offers are awaiting a decision from the owner. The average estimated total cost of these properties being acquired and refurbished is £52,000, which is within the business case target of £55,000. The refurbishments works are now underway on the first 3 properties.

- 5.3 Since approval of the original scheme in March, the Council has been successful in securing additional Homes and Communities Agency (HCA funding) of £2.695m. To access this funding the Council needs to provide match funding. The full scheme approved in March 2012 (detailed in paragraph 4.6) will provide this match funding and enable a total of 100 houses to be provided, compared to the original proposal of 48.
- 5.4 Owing to HCA funding conditions and expectations the Council will be expected to achieve an output of 100 properties by March 2014. This is a challenging deadline.

6. ASSESSMENT OF BUSINESS CASE AND RISK CONSIDERATIONS

- 6.1 In order to meet the HCA March 2014 deadline the Council needs to review the initial plans for delivering the Business Case approved in March 2012. As a result of the HCA requirements and timescale it will not now be possible to provide a full review of the Phase 1 project based on the final completion of the first 24 properties.
- 6.2 Officers have therefore reassessed the initial planning assumptions for the Business Case approved in March 2012.

Review of March 2012 Planning assumptions

- 6.3 The planning assumptions detailed in paragraph 3.3 have been reviewed and are still considered to be robust. This review reflects experience of property valuations completed to date and the cost estimates of renovating individual properties.
- 6.4 This analysis reaffirms the assumptions of the original business case at an average cost per property of £55,000. However, there is a potential risk that this might not be achieved for a scheme expanded to 100 properties, within the newly required timescale. It is therefore recommended that an additional £150,000 be approved to provide a contingency to meet the target number of 100 properties within the deadline and allow for the acquisition of some particular problem properties to address the needs of the Housing Strategy. This contingency increases the average per property from £55,000 to £56,400. The contingency would equate to around 2.7% of the proposed budget for the expanded scheme. This amount can be funded from additional rental income, as detailed in the next paragraph.

Additional Rental income

- 6.5 The proposed expansion of the scheme using the HCA grant will create additional rental income which can be used to support additional prudential borrowing. It is proposed that some of this borrowing is used to increase the overall budget to address the following specific issues:
- The inclusion of a budget contingency detailed in the previous paragraph;

- The HCA funding requires that the Council aim to achieve a target of 100 properties. However the funding identified to date would only provide for 97 properties. The budget therefore needs to be increased by £165,000, based on an average of £55,000 cost per property.

6.6 After reflecting the above additional requirements there will still be uncommitted rental income from expanding the scheme using HCA funding. If this income is not needed to meet increased costs of this scheme this will provide a subsidy for a further phase of the Empty Home schemes, which will require a detailed business case to be developed and approved by the Council. This potential additional rental income cannot be committed until the current scheme is nearing financial completion and we know there are no unfunded financial risks.

Risk Assessment

- 6.7 The main risk from expanding the scheme before a formal review of the first phase of 24 properties has been completed is the risk that the costs of buying and renovating properties exceed the forecasts included in the Business Case. Based on work undertaken to date this is assessed as low risk.
- 6.8 This risk can also be managed using the additional uncommitted rental income from expanding the scheme using the HCA grant, which would support additional Prudential Borrowing if required.
- 6.9 Officers will continue to monitor the scheme closely to ensure that any deviations from the assumptions of the business case are identified.

7. ASSET MANAGEMENT CONSIDERATIONS –

- 7.1 The attention of the Cabinet is drawn to the Asset Management element of the MTFs. The decision by Cabinet in January 2009 requires a commercial, proactive approach to be taken on Asset Management issues, the proceeds of this transaction being a contribution to the Business Transformation Programme.
- 7.2 The decision to adopt a commercial approach to asset management requires the Council to realise the full value of any properties or property rights that it disposes of or acquires subject to the Council's Housing Strategy being satisfied.

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

- 8.1 If the Council acquires more properties then the issue of crime reduction is in part being met.

9. CONCLUSION

- 9.1 The Council has been successful in its bid for HCA funding to expand the Empty Homes Scheme approved in March 2012. To access this funding the Council needs to provide match funding using the original Business Case approved in March 2012, which will provide an overall scheme delivering 100 properties, compared to the Council's initial local scheme of 48 properties.
- 9.2 In order to access the HCA funding the Council needs to complete these properties by March 2014. Therefore, to ensure this timescale can be achieved the planned review of the original business case cannot be completed after the completion of 24 units.
- 9.3 This report therefore assessed the implications and risks of expanding the scheme using the HCA grant funding and recommends that this can be achieved without increasing risk to the General Fund.

10. RECOMMENDATIONS

- 10.1 It is recommended that Cabinet
- i) Approves the revised business case and risk assessment detailed in the report;
 - ii) Approves the proposal to use the scheme approved in March 2012 to match fund the Homes and Communities Agency grant and to approve a total budget of £5.640m consisting of:
 - The original approved funding of £2.630 identified as part of the Council's original self financed scheme, of which £1.315m has already been approved;
 - HCA funding of £2.695m;
 - An additional amount of £0.165m to fund the additional 3 properties in order to meet the overall target of 100 properties
 - A contingency of £0.150m
 - iii) Approve the additional amounts detailed in (ii) of £0.165m and £0.150m using Prudential Borrowing, to be funded from additional rental income generated from expanding the scheme using the HCA grant;
 - iv) To note that a separate report for using the remaining Prudential Borrowing enabled by the additional rent income from expanding the scheme using HCA funding will be submitted when this scheme is complete.
 - v) To refer the above recommendations to Council for approval and amendment of the approved Capital Programme and Prudential Borrowing limits.

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CABINET REPORT

4th October 2012



Report of: Director of Regeneration and Neighbourhoods

Subject: COMMUNITY ENERGY COLLECTIVE SWITCHING

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Non Key Decision

2. PURPOSE OF REPORT

2.1 To outline the operation and benefits of a Community Energy Collective Switching Scheme and to seek Cabinet's approval to explore the scheme further.

3. BACKGROUND

3.1 Collective switching is a concept whereby a group of billpayers get together to increase their negotiating power with energy suppliers. The concept relies on energy suppliers competing to offer low prices in order to secure the business of multiple householders, whereby economies of scale dictate a lower price for the consumer.

3.2 It is common for a third party organisation to administer the scheme, such as the 'Switch with Which?' campaign undertaken by the consumer focus organisation Which?. This third party organisation has two main options regarding 'acquiring' energy:

- a) The organisation may work with energy suppliers to gain its members a better deal; or
- b) It may buy wholesale energy direct, cutting out the regular energy suppliers and selling energy direct to its members at a reduced price.

3.3 Option a) would be the most likely, as undertaking option b) would require the organisation to become an energy supplier, and in doing so, would need to obtain relevant accreditations or exemptions.

3.4 Collective switching is usually led by a third party organisation who takes responsibility for collating details of all members of a scheme. This

organisation will liaise directly with energy suppliers or wholesalers to secure the best price for members of the group.

- 3.5 Both the third party and also member organisations would expect to make a profit for each household introduced, via a commission based scheme. In the case of a local authority, this commission may be used to take further action to tackle fuel poverty.

4. OPTIONS AVAILABLE TO HARTLEPOOL BOROUGH COUNCIL

- 4.1 Collective switching schemes have recently begun in Cornwall and South Lakeland. Although the schemes have reportedly been successful, they are both very recent and time will tell whether significant savings for households are achieved.
- 4.2 Peterborough City Council is currently seeking expressions of interest to join a partnership, which will bring together all interested local authorities looking to deliver a collective energy switching programme. This has been explored but their timescale of commitment by 13th of September is impractical.
- 4.3 Hartlepool Borough Council may opt to undertake a similar programme alone, or locally with other Tees Valley or Northeast local authorities. In its' August newsletter to Local Authority Procurement Officers, NEPO has informed member authorities of its intention to investigate the potential of such a scheme. This investigation is in its early stages and at the moment is asking members if they are interested in pursuing a collaborative exercise around collective switching

5. HOW THE SCHEME MAY WORK

- 5.1 Any collective switching scheme would be administered by a third party, but with a local branding, such as 'Hartlepool Collective Switching Scheme'. The Council would be responsible for promoting the scheme, and the administrator would be responsible for all other aspects of the scheme.
- 5.2 The administrator would use its UK based call centre as a point of contact for householders, and has an established IT system for logging members and they would be responsible for getting the lowest energy price available. There would review it on a very regular basis (2 – 3 months) to ensure the lowest prices were maintained.
- 5.3 Past experiences in Belgium show that 40-50% of registered members will choose to take up the offer.
- 5.4 The South Lakeland collective switching programme is a pilot scheme powered by and administrator called iChoosr. South Lakeland has a similar number of households to Hartlepool.

- 5.5 iChoosr anticipate that initial email/internet promotion of the scheme will result in a 3% takeup from the entire housing stock. In Hartlepool this equates to 1260 households. If 40-50% of households take up any resultant offer, then an estimated 630 households will switch. An 'off-line' version of the scheme will also be offered for those who do not have internet access.
- 5.6 In the South Lakeland example, iChoosr receives an income of 40 Euros from the energy supplier for each household that takes up the offer. iChoosr will pass on 10 Euros per household to the Council.
- 5.7 It is anticipated that interest in the scheme will continue to grow, meaning that more households will join the scheme as and when they hear about it. Success of the scheme is self-perpetuating, as additional members would attract a better deal being from energy suppliers, leading to further interest from householders.

6. PREDICTED OUTCOMES

- 6.1 The introduction of a collective switching scheme for Hartlepool Borough Council would present a number of benefits, including:
- Reduction in fuel poverty for residents.
 - Increase in disposable income for residents, some of which would be re-circulated in the local economy.
 - A small income for the Council from commission for each household signing up. In the South Lakeland example, the third party provider, iChoosr, gains an income from the energy supplier of 40 Euros per household, 10 Euros of which is passed on to the local authority.

7. RISK IMPLICATIONS

- 7.1 At this stage there are no risks to the Council as the intention is to explore the opportunity initially.

8. FINANCIAL CONSIDERATIONS

- 8.1 If the scheme were to be pursued there would be a requirement for officer time to be spent on implementation but the major costs and risk would be taken by the third party administrator.
- 8.2 There is also an income opportunity for the Council.

9. LEGAL CONSIDERATIONS

- 9.1 The Chief Solicitor will advise on the arrangements to be put in place with administrator and any other parties if the scheme were to be progressed.

10. STAFF CONSIDERATIONS

- 10.1 There are no staff considerations.

11. ASSET MANAGEMENT CONSIDERATIONS

- 11.1 There are no asset management considerations.

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

- 12.1 If the scheme were to be pursued the liaison between the administrator and residents would be risk assessed to ensure any relevant issues were addressed.

13. EQUALITY AND DIVERSITY CONSIDERATIONS

- 13.1 The scheme would be set up so that access to it would be fair and equitable for all residents.

14. RECOMMENDATIONS

- 14.1 That Cabinet approve officers to explore the scheme further.

15. REASONS FOR RECOMMENDATIONS

- 15.1 The exploration of the scheme will bring benefits both to the Council and residents of Hartlepool.

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

- 16.1 There are no appendices for this report.

17. BACKGROUND PAPERS

- 17.1 There are no background papers for report.

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Cabinet 4th October 2012



Report of: Director Regeneration and Neighbourhoods

Subject: LOCALISM ACT 2011 – COMMUNITY RIGHT TO CHALLENGE

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Non Key

2. PURPOSE OF REPORT

2.1 The purpose of this report is to advise Cabinet of progress in developing solutions to address the 'Community Right to Challenge' implications identified in the Assistant Chief Executive's Cabinet report of the 6th August 2012, 'LOCALISM ACT 2011 – LATEST POSITION' and to offer potential solutions for analysis and consideration.

3. BACKGROUND

3.1 In the previous Cabinet report a number of Council implications were identified for consideration and action. These were:

- i) Consideration around opening up a "window of opportunity"
- ii) Procedures & protocols required to deal with "Challenges"
- iii) Review of the constitution /contract procedure rules in light of the Act

4. PROPOSALS

4.1 This section provides details of a number of points for consideration in respect of the above issues and suggests possible solutions for analysis/review by Cabinet.

Do we implement a "Window of opportunity?"

- 4.2 Under the legislation a challenge could come in respect of all, or part, of a service at any time, regardless of the Council's planned commissioning or budget cycle. The Act does however offer a way of controlling when challenges can come in.
- 4.3 Section 82(2) of the Act allows a Council to specify, for a particular service, periods during which expressions of interest may be submitted, and Councils can refuse to consider any expressions of interest submitted outside those periods. These periods are being commonly referred to as 'window(s) of opportunity'.
- 4.4 If this option were to be pursued, guidance suggests that Councils consider the following issues:
- the need to provide sufficient time to prepare and submit expressions of interest
 - the nature, scale and complexity of the service for which a period is being specified
 - the timescale for any existing relevant commissioning cycle or other authority processes.
- 4.5 Setting a timescale could help a Council to stay in control of when expressions of interest can come in. It can either identify particular services that are most likely to attract expressions of interest and set a timescale for them, or set an overall timescale for any expression of interest in any service, perhaps based around existing contract timescales and known peaks and troughs in workload for those involved in handling and responding to expressions of interest.
- 4.6 One concern around setting such window(s) of opportunity is that it will be necessary to identify in advance and define services and in effect advertise their potential outsourcing. This could be seen as a risk to existing service provision and in-house services, but could also be seen as an opportunity to test, challenge and prove competitiveness and review service delivery.
- 4.7 Another option is not to implement "a window of opportunity" and allow relevant organisations to approach the Council with an expression of interest and at that time to commence with processes laid down in the Act.
- 4.8 The Council is not alone in dealing with this issue and there is a large amount of information available which provides a picture of what other Councils have done when addressing this matter.
- 4.9 In a fairly random sweep of Council websites and local liaison different approaches were evident and this is summarized below:

Council	Window?	Starts	
York	1 st March – 30 th April	2013	Annual window for all services
Oxfordshire	No window – for services currently delivered by the Council, EOI's can be made at any time.		For those services currently covered by contracts with 3 rd parties, EOI's are welcome 6 months from contract end date
Haringey	1 st March – 30 th April	2013	Annual window for all services
Sefton	1 st March – 30 th April	2013	Subject to ratification by Council
Redditch	No window – EOI's can be made at any time.		Subject to ratification by Council
Allerdale	1 st January – 31 st March	2013	Annual window for in-house services. For those services currently covered by contracts with 3 rd parties, EOI's are welcome 12 months from contract end date
Newcastle	1 st April – 30 th June		Annual window for all services
Gateshead	1 st March – 30 th September		Subject to ratification by Council
Darlington	1 st September – 15 th September 1 st December – 15 th December	2012	

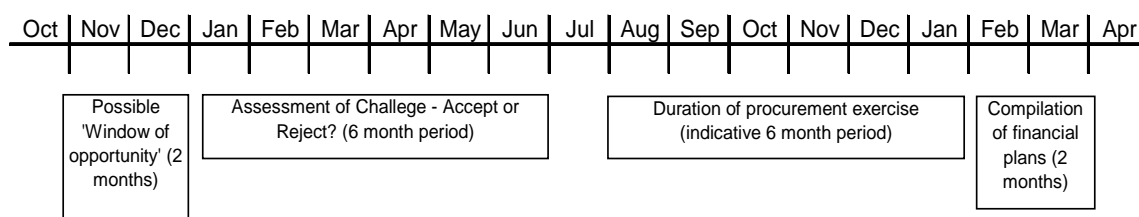
- 4.10 The information in the table indicates that (albeit based on a random sample) that 'windows of opportunity' have been more widely adopted across Councils.
- 4.11 It is also clear from the information above that the lack of specific regulation in regard to timescales has resulted in a variety of solutions, some 3 months, some one month and, in Darlington's case, two periods of 2 weeks.

4.12 The pro’s and con’s of operating a ‘window of opportunity’ can be summarized as follows:

Pro’s	Con’s
Implementing a window allows the Council to better manage the resources it may need to employ to respond to challenges, ensuring that there isn’t the possibility of a constant ‘drip-drip’ of applications and resulting procurement exercises.	Although the organisations who can challenge under the Act are restricted to “relevant bodies” there may be a private sector provider acting in liaison with relevant bodies under the Act.
	If there is a substantial uptake then a number of open procurement exercises may need to be undertaken with potential for a private sector provider to be successful.
Although the introduction of a window could ‘advertise’ opportunities to potential challengers, it is likely that those who are seriously interested in taking on a Council run service will already be well aware of the legislation, regardless of whether the opportunity is advertised or not.	Implementing a window requires the Council to publicise its plans and ‘advertise’ the availability of opportunities – this could potentially increase the level of interest in challenging for Council work and with it the risks around service delivery.

4.13 In terms of the timing of the window, there are issues around financial planning to take into account. Should a challenge be successful and the Council be required to undertake a procurement exercise it is very possible that the value of any resultant contract would be in excess of the current EU threshold of £174,000. Taking this into account it could take around 6 months to carry out a basic procurement. Only after that procurement will the financial implications become clear.

4.14 Working back from a need to compile financial plans and taking into account the procurement exercise and initial assessment of the challenge, one possibility would be to implement a window towards the back end of the calendar year (the diagram below illustrates – with an assumed “window of opportunity”).



- 4.15 The diagram depicts a window of 2 months, although it is clear from the evidence presented above that this period could be longer, shorter or even divided into sections.
- 4.16 The decision around the duration of the window is a judgment that needs to reflect the Council’s appetite for receiving challenges.

Procedures and protocols required to deal with “Challenges”

- 4.17 As well as establishing the existence, or otherwise, of a window of opportunity the Council needs to implement a process to deal with challenges received in the most efficient manner.
- 4.18 The following proposed process has been adapted from Gateshead Council’s which is currently being assessed by their Cabinet:
- i) If the Council opts for “a window of opportunity” we could allow expressions of interest to be submitted, say, between November and December as this period should enable and assessment of the challenge and any subsequent procurement action to be completed prior to the next Council budget being set. (a procurement process could take 6 months) It will then enable the Council to take account of any new arrangements within the following budget cycle.
 - ii) All expressions of interest should be made by submission of an Expression of Interest Form (attached as **Appendix 1**) to the Director of Regeneration and Neighbourhoods.
 - iii) Upon receipt of an Expression of Interest form, the Director of Regeneration and Neighbourhoods will consult with the Head of the relevant service, Chief Solicitor and Chief Finance Officer before recommending to Cabinet whether or not the Expression of Interest should be accepted or rejected. Any role of “Scrutiny” would need to be considered.

- 4.19 The flowchart provided at **Appendix 2** provides further details of the proposed process.

Necessary changes to constitution /contract procedure rules in light of the Act

- 4.20 In order to ensure that the Council’s contract procedure rules dovetail with the requirements of the Localism Act there are a number of changes which could be made to support compliance with the Act.

These proposed changes are detailed in **Appendix 3**.

5. RISK IMPLICATIONS

- 5.1 There are a variety of risks which arise with the implementation of this legislation. These include procedural risks which could result in Council decisions being taken to judicial review (particularly in relation to rejecting challenges) and wider risks around the Council's ability to manage an increased number of outsourced contractors – and the reduction in control which may arise with increased outsourcing.
- 5.2 Another well documented risk is the scenario where a challenge may be made by a social enterprise or other legitimate body under the Act but, if accepted, the opportunity could be won by a large private sector organisation as a result of the procurement exercise that will be required to be undertaken.
- 5.3 A further risk is that challenges will be made in respect of successful services which offer a good business proposition to third parties, but the Council is left to manage less attractive services which will represent an effect on Council resources if the successful services are not available to offset costs.
- 5.4 Whilst the Council continues to promote a mix of service provision there is a reduction of control associated with external provision.
- 5.5 In-house service provision may be lost with staffing (including TUPE) and overhead implications.

6. FINANCIAL CONSIDERATIONS

- 6.1 It is anticipated that the administration of the proposed process and procedure will be managed within existing resources, however should the volume and scope of challenges be significant, further resources may be required.
- 6.2 In addition, a consequence of multiple successful challenges may be that the Council has significantly more outsourced providers to manage and this may require a transfer of resources from service delivery to contract management.

7. LEGAL CONSIDERATIONS

- 7.1 As described in 'Risk implications' above, the process of assessing and potentially rejecting challenges does raise the possibility of legal challenges. This is a new area of law with little or no precedent and as such this may be fertile ground for legal challenges to be made.

8. STAFF CONSIDERATIONS

- 8.1 Depending on the volume of challenges and the scope of those challenges there are potentially significant considerations for in-house services to take in relation to staff. This would include TUPE implications. At this stage, however, it is impossible to estimate the likely scale.

9. ASSET MANAGEMENT CONSIDERATIONS

- 9.1 As with staff considerations above, there are potential impacts on Council assets used in the delivery of services, but again at this stage it is impossible to understand the likely scale.

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

- 10.1 There are no direct issues in relation to Crime and Disorder. Any procurement process would need to provide safeguards for the Council and the community.

11. EQUALITY AND DIVERSITY CONSIDERATIONS

- 11.1 The approach the Council decides upon must ensure transparency, openness and fairness under the Act specifically but also within EU and UK Procurement Regulations.

12. RECOMMENDATIONS

It is recommended that the CMT / Cabinet:

- i) consider the introduction of a 'window of opportunity' to enable greater management of an unpredictable situation or simply prepare for a challenge under the Act.
- ii) consider and adopt the proposed process and procedure (with any amendment) to enable the effective management of challenges.
- iii) consider the proposed amendments to the Contract Procedure Rules to support recommendations i) & ii).

13. REASONS FOR RECOMMENDATIONS

- 13.1 Given the potential impact of this legislation on the Council and the obligations placed on us by virtue of it, it is very important that we put arrangements in place to be able to deal with challenges should they arrive.

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

- 14.1 Appendices are attached.

15. BACKGROUND PAPERS

15.1 Cabinet Report of 6th August 2012.

16. CONTACT OFFICER

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

HARTLEPOOL BOROUGH COUNCIL

Community Right to Challenge

Enquiries should be addressed to:

**Director of Regeneration and Neighbourhoods,
Civic Centre,
Victoria Road,
Hartlepool
TS24 8AY
E mail address: dave.stubbs@hartlepool.gov.uk**

The Localism Act includes the right for specific relevant bodies to challenge the way in which a service is provided and may trigger an open procurement process. The Council is keen to hear from organisations that believe that they can deliver better outcomes for the people of Hartlepool.

The following bodies can instigate such a challenge:

1. A voluntary or community body;
2. A body or person or a trust which is established for charitable purposes only;
3. A parish council;
4. Two or more employees of the relevant authority, or;
5. Any other person or body specified by the Secretary or State by regulation.

Within 30 days of receipt of the Expression of Interest Form, the Council will notify the submitting body of the process and timescales within which the decision will be made. This will vary depending upon the complexity of the service or the Expression of Interest.

The Council will consider expressions of interest during the period 1st November to the 31st December, although the Council reserves the right to determine at its own discretion the timescales to undertake a resulting procurement process if appropriate.

EXPRESSION OF INTEREST FORM

Note to Body

Please complete all the information in the following boxes.

This set of questions relates to the service(s) that you would like to be considered to deliver.

If you would like to be considered to deliver more than one service, please complete a separate form for each different service.

	SERVICE DETAILS
Name of Service	
Address that the Service operates from	
Please detail who you believe to be the current service provider	
Brief Description of Service including scope, geographical area and time period	
Preferred Commencement Date	

Note to Body

Please complete all the information in the following boxes.

This set of questions relates to the body/organisation who would like to be considered to deliver the service outlined above.

If more than one organisation/body may be involved in providing the service outlined above, please include details of all organisation/body that may be involved in providing the service.

	DETAILS OF BODY EXPRESSING AN INTEREST TO DELIVER THE ABOVE SERVICE
Name of body	
Address of body	
<p>Please indicate what type of body you are:</p> <ul style="list-style-type: none"> • A voluntary or community body; • A body or person or a trust which is established for charitable purposes only; • A parish council; • Two or more employees of the relevant authority, or; • Any other person or body specified by the Secretary or State by regulation. 	
Names and addresses of any other bodies/organisation that could be involved in providing the service outlined above	
Key contact name	
Key contact address	

Key contact e-mail address	
Key contact telephone number	
Position/Relationship of key contact	
Please outline information about financial resources available to deliver this service as required by the Localism Act including details about financial contribution from all potential bodies	
<p>Please explain how you consider that you have the capability of providing or assisting with the provision of service by the time of any procurement exercise as required by the Localism Act.</p> <p>Your response shall detail how you will provide all resources including, (where appropriate) human resources, buildings, plant, ICT hardware and software, appropriate licenses, certifications or other approvals that will be required to provide the service.</p>	
Please provide details of the outcomes that would be achieved if you were to deliver this service rather than the existing service provider. Please ensure that your answer addresses social, economic or environmental well being outcomes in addition to the outcomes of the appropriate service users	
Please provide details of how you propose to engage existing employees who are engaged in the current	

<p>service provision and are affected by the expression of interest as required by the Localism Act.</p>	
<p>Please provide any other information that you believe will support your Expression of Interest (NB this information may or may not be considered depending upon whether it complies with the Localism Act)</p>	

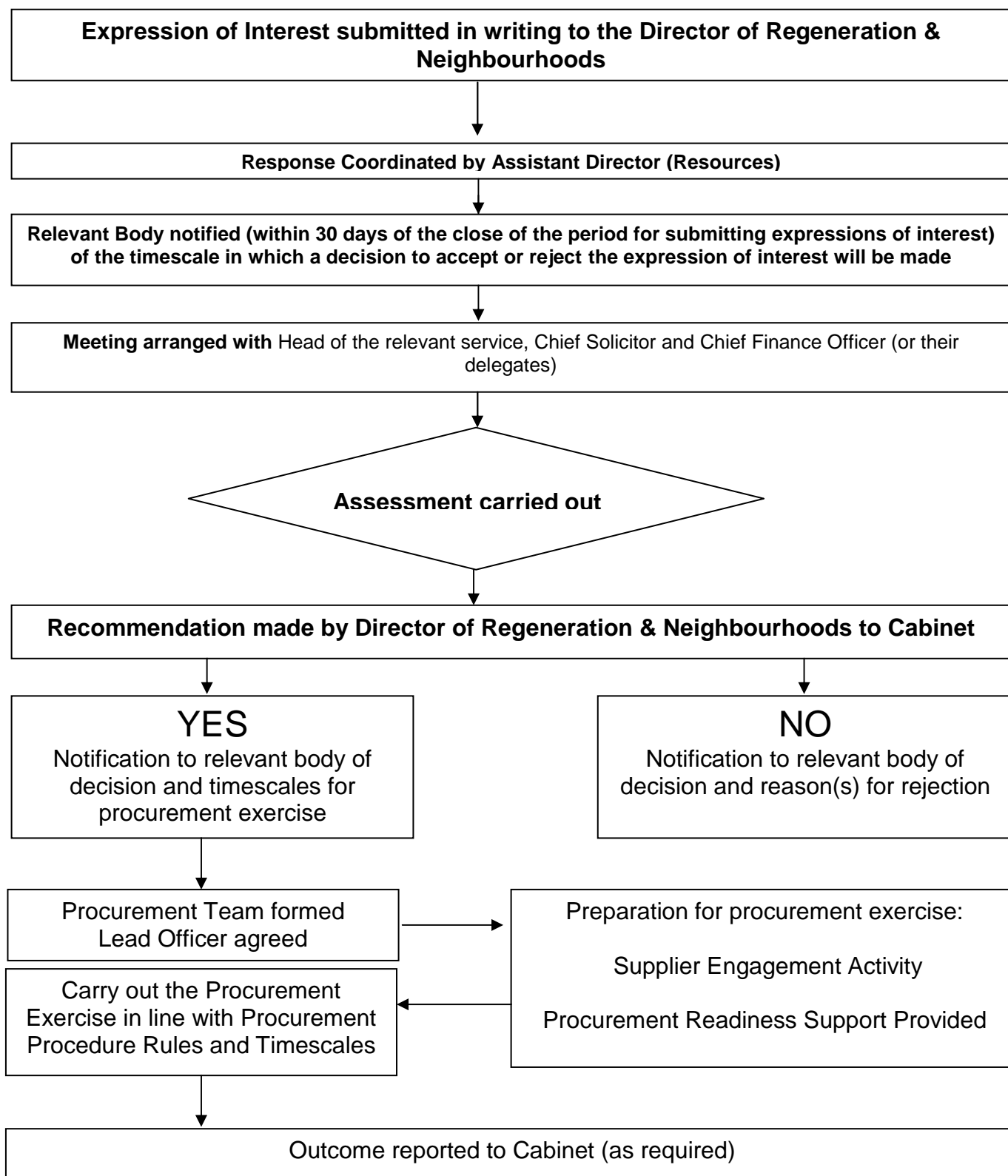
Please sign and date:

Signed:

Name:

For and on behalf of [Body]

Flowchart of proposed 'Community Right to Challenge' process



Proposed changes to the Contract Procedure Rules (CPR's)

A number of minor changes are proposed to the Council's CPR's to ensure the requirements of the Localism Act 2011 are addressed.

The proposed changes are minor and largely serve to acknowledge the requirements of the Act and to make appropriate reference to it when describing the issues officers are required to take into account when preparing for a procurement exercise.

It is proposed:

- i) That a new paragraph be included in the introduction of the CPR's drafted as follows:

Procurement Exercises undertaken as a result of a successful challenge under the Localism Act 2011

Once a decision has been made to procure a service following acceptance of a challenge submitted under the 'Community Right to Challenge' legislation, the Council's Contract Procedure Rules come into effect.

As with all other procurement activities undertaken by the Council, the procurement procedure will be selected by assessing the value of the contract to be awarded – as described later in these rules.

Given the possible nature of the services subject to challenge, care will need to be taken to ensure that evaluation criteria are utilised which reflect the Council's obligation to secure Best Value and meet the requirements laid down in the Public Services (Social Value) Act 2012, i.e. to consider how the procurement can promote or improve the social, economic or environmental well-being of the authority's area.

In addition, care will be taken to ensure that Third Sector and Voluntary & Community Sector organizations are not excluded from bidding for services as a result of the Council incorporating requirements which are not proportional to the value of the service and any associated risks relating to public safety, service delivery, service continuity etc.

In addition to the above, any planned procurement activity will take into account any pre-existing contractual obligations the Council may have. This may result in decisions being required on whether to extend or terminate existing contracts.

- ii) ***The rules and an in-house provider***

It is proposed that the opening sentence of this paragraph be amended to read:

These rules do not apply when a decision is taken to have work executed by an in-house provider such as Neighbourhood Services, without competitive process – provided that the service is not subject to a challenge under the 'Community Right to Challenge' legislation.

Should such a challenge exist, contracts will not be awarded until the outcome, either successful or unsuccessful of the challenge has been ascertained.

iii) **Criteria for selection of Price/Performance and Partnering Contracts**

This paragraph described the issues which are to be considered when deciding which type of award criteria is to be adopted for the procurement procedure. It is proposed that the following issue be added to the list:

- *In the event of the contract arising as a result of a successful challenge under 'Community Right to Challenge' legislation the Council will consider its obligations and stated preferences in relation to delivery of services and the opportunities the contract may provide to support and develop the 3rd and Voluntary sectors in the locality.*

<h1>CABINET</h1> <p>4th October 2012</p>



Report of: Corporate Management Team

Subject: MEDIUM TERM FINANCIAL STRATEGY
(MTFS) 2013/14 TO 2016/17

1. TYPE OF DECISION / APPLICABLE CATEGORY

Non Key Decision.

2. PURPOSE OF REPORT

2.1 The purpose of the report is to update the MTFS and to enable Cabinet to determine the draft budget consultation proposals for 2013/14.

3. BACKGROUND

3.1 Previous reports to Cabinet on 11th June and 3rd September 2012 provided details of the significant financial challenges facing the Council in 2013/14 and future years arising from:

- continued reductions in Government funding for Councils, which are unprecedented in terms of the scale and period over which year-on-year funding cuts are being implemented;
- changes to the overall system for funding Local Authorities. These changes are the most significant changes since the Community Charge was replaced by the Council Tax in 1993 and will impact on authorities in 2013/14 and future financial years.

These changes cover two key issues, the re-localisation of business rates and the replacement of the national Council Tax Benefit System with locally determined Council Tax Support Schemes. As a result of these changes individual Councils will be required to manage additional and significant financial risks at a time of declining funding and pressure on services.

- the need to fund significant additional one-off local financial risks, including forecast redundancy / early retirement costs

arising from the implementation of budget cuts, income risks from the re-localisation of Business Rates (specifically the impact of the power station) and income shortfalls arising from the impact of the recession.

- 3.2 These issues are the most significant financial challenges the Council has faced since becoming a Unitary Authority in 1996 and will need to be addressed against a background of the budget cuts made in 2011/12 and 2012/13. Previous reports have therefore advised Members that to address these significant financial risks the Council will need to develop a robust, multi-year, strategic approach to manage these issues.
- 3.3 This report summarises the issues previously reported to Cabinet to enable Members to determine the draft budget consultation proposals for 2013/14.

4. Economic Position and Outlook

- 4.1 The current economic position and outlook are extremely important for the public sector as they effectively determine the amount of money available for public services.
- 4.2 The UK economy went into recession in 2008 as a result of the impact of the international banking crisis and the subsequent impact on the world wide economy, which has had the most notable impact on the Euro area. The slow and uneven recovery in UK economic activity means that this recession has now outlasted the previous downturns of the 1930s, 1970s and 1980s.
- 4.3 These issues will continue to have a major impact on the public finances for many years to come. Therefore, whatever the results of the next General Election, the next Government will continue to face significant financial challenges as it has become increasingly clear that the impact of the recession and banking crisis has had a deeper and longer impact on public sector finances in both the UK and around the world. The most visible impacts of this continuing situation are the challenges facing the Greek economy, more recently Spain and potentially other European countries. This position reflects the fact that the recession was caused by a banking crisis and it is more difficult and takes significantly longer for economies to recover from a recession caused by a banking and financial crisis.
- 4.4 Against this background it is expected that growth in the UK economy will take longer to recover to 'normal' levels. It also needs to be remembered that the recession and banking crisis cut the overall size of the economy, therefore it will take time for growth to get the overall level of economic activity back to the pre-recession level. This will continue to impact on the Government's finances as tax revenues will continue at a lower level, particularly taxes from the banking sector.

4.5 These issues will constrain whichever party(s) forms the next Government. In addition, any new Government will need to establish their credibility with the financial markets to avoid the UK facing the types of problems experienced by countries in the Euro Zone of increasing Government Borrowing costs which lead to higher spending cuts.

4.6 National Financial Position

4.7 The national financial position and decisions made by the Government have had a significant impact on councils over the last two years (2011/12 and 2012/13). The most significant financial factor has been the impact of the Government's 2010 Spending Review.

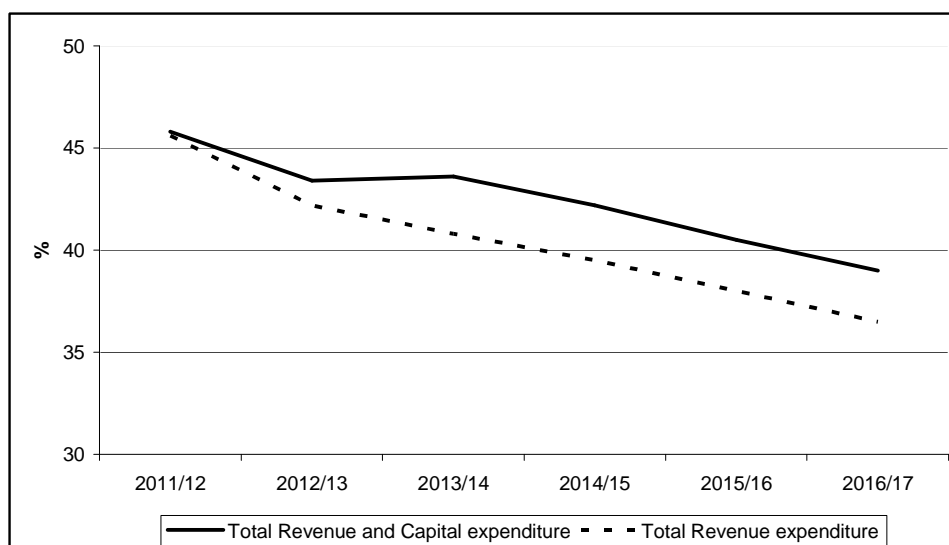
4.8 The 2010 Spending Review outlined the Government's strategy for reducing the public spending deficit. This anticipates funding around 75% of the deficit reduction through spending cuts and 25% through tax increases.

4.9 For local authorities the funding cuts detailed in the 2010 Spending Review were amongst the highest in the public sector at 28% over 4 years up to 2014/15. The cuts in local authority funding are significantly higher than the national average cut in public spending of 19%, which reflects the Government's priorities, particularly in relation to health and education. More significantly, the cuts in funding for local authorities were front loaded in 2011/12 and 2012/13.

4.10 Announcements by the Government since the 2010 Spending Review have continued to reinforce the Government's strategy for public sector spending and their commitment to reducing the national budget deficit. The Chancellor of the Exchequer has indicated that spending cuts will continue beyond the current 4 year spending review into 2015/16 and 2016/17, although the precise details will clearly depend on the results of the next General Election.

4.11 The Chancellor's 2012 Budget provided details of forecast public spending for 2015/16 and 2016/17 and stated that total public expenditure as a percentage of Gross Domestic (GDP) will continue to fall until 2016/17. Details are summarised in the following table which highlights the forecast falls in total public expenditure (i.e. capital and revenue expenditure) and more importantly the forecast falls in revenue expenditure within the public sector, which are greater.

Summary of forecast public expenditure as percentage of Gross Domestic Product 2011/12 to 2016/17



Source data - Chancellor's Budget Report 2012 - Annex 1

- 4.12 The Chancellor's Budget report also stated that average annual real term reductions in overall Government departmental expenditure will increase from 2.3% indicated in the 2010 Spending Review to 3.8% in 2015/16 and 2016/17. The Budget report does not provide details of the impact on individual Government departments. Based on an analysis of the Chancellor's budget forecasts, existing levels of Government expenditure and an expectation that the NHS and Education budgets will continue to receive relative priority, it is anticipated that local authorities will face further grant cuts in 2015/16 and 2016/17, when the next Government Spending Review is announced.
- 4.13 At this stage it is difficult to assess the level of these additional cuts, although based on an analysis of the available national information further cuts in the order of 10% and 15% cannot be ruled out over the two years (2015/16 and 2016/17). For Hartlepool this equates to between £4m and £6m. Clearly, on the back of the formula grant cuts already being made between 2011/12 and 2014/15, of £13.9m (£10.2m made in 2011/12 and 2012/13, plus £3.7m forecast for 2013/14 and 2014/15) additional funding cuts of this magnitude will have a fundamental impact on the Council. Managing ongoing budget deficits will become increasingly more difficult given the measures which have already been implemented in previous years and will require new ways of delivering services, such as collaborating with other authorities, potential trusts etc. to mitigate the level of cuts in front line services.
- 4.14 There is also a risk that the continued ability of local authorities to effectively and safely manage significant changes and cuts in funding over the last two years may result in the sector again being singled out

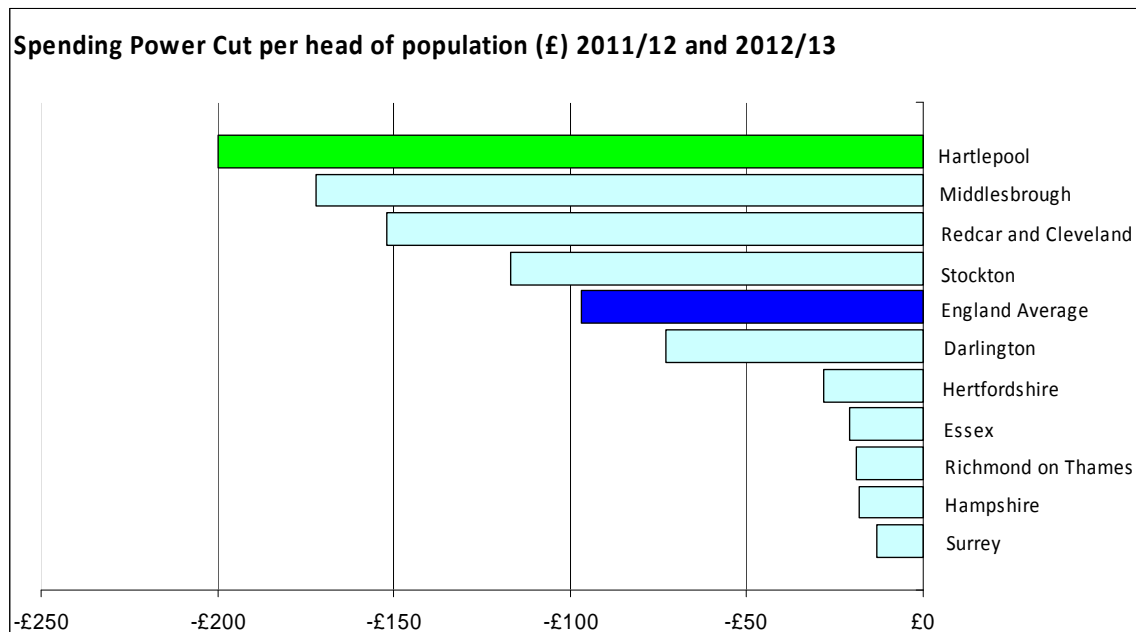
for more cuts in the future. However, this approach would risk imposing an unmanageable financial position on local authorities as despite the challenges the sector has managed in the past, additional cuts will be significantly more difficult to manage and may not be sustainable. Further updates will be provided when more information is available.

4.15 In the meantime, this report concentrates on the budget deficits facing Hartlepool in 2013/14 and 2014/15.

4.16 Local Financial Position

4.17 As reported previously the front loading of Government grant cuts in 2011/12 and 2012/13 has had the greatest impact on councils which are more reliant on Government grant to fund local services, than those authorities with greater ability to fund local services from Council Tax. As a result Hartlepool and the other 11 North East Councils have suffered higher grant cuts per resident than other areas.

4.18 The comparisons in the following table highlights the scale of the gross spending power reductions for 2011/12 and 2012/13, which have a disproportionate impact on councils with greater dependency on Government grant (reflecting previous assessment of need) and less ability to raise income from Council Tax (reflecting the make up of the local housing stock).



4.19 As a result of the overall spending reductions Hartlepool’s total grants have been cut by £18.6m, a 25% reduction over the last two years. These grant cuts included the complete withdrawal of the Working Neighbourhoods Fund. For other grant regimes the grant cuts have

required the Council to make very difficult decisions to balance budgets. The grant cuts for 2011/12 and 2012/13 are summarised below.

	Cumulative reduction 11/12 & 12/13		
	Per resident	%	Amount £'m
Core Formula Grant	£110	20%	10.2
Specific and ABG transferred into Core Formula Grant	£17	21%	1.6
Specific and ABG transferred into Early Intervention Grant	£21	21%	1.9
Sub Total	£148	20%	13.7
Working Neighbourhoods Fund	£52	100%	4.9
Gross Spending Power reduction	£200	25%	18.6

- 4.20 The cuts in the Core Formula Grant have required the Council to make significant savings in the General Fund Budget (the main revenue budget) over the last two years. For 2012/13 this involved making permanent cuts of £5.110m in departmental budgets and the use of one off resources of £0.484m to offset the removal of proposed ICT / Revenues and Benefits and Denominational Transport savings from the 2012/13 budget by full Council.
- 4.21 To replace the proposed ICT / Revenues and Benefits savings the Corporate Management Team have been instructed by full Council to examine a range of options for achieving saving in ICT costs. It is anticipated these alternative proposals will provide a part year saving in 2013/14, with the full year benefit being achieved in 2014/15.
- 4.22 In relation to Denominational Transport the budget forecasts included in the MTFs assume this saving will be achieved in 2013/14, although this will be subject to Cabinet and Council approving detailed proposals. A separate report on this issue is also on the agenda for this meeting and this indicates that for 2013/14 there will be a shortfall in the full year saving of £30,000 owing to the part year implementation of this proposal. This temporary cost pressure is included in the updated budget forecasts detailed later in the report.
- 4.23 The decision was also taken to freeze Council Tax in 2012/13 in light of the sustained financial pressure on household budgets as a result of inflation and / or pay restraint. As a result of this decision the Council is eligible to receive the Government's one-off 2012/13 Council Tax freeze grant. For Hartlepool this one off grant is approximately £1m,

which is the amount which would have been raised from the planned 2.5% Council Tax increase included in the MTFS for 2012/13.

- 4.24 Cabinet and full Council recognised that this decision would result in a permanent reduction in Council Tax income of £1m per year, unless the shortfall could be made up by a higher increase in Council Tax in future years above the forecasts included in the MTFS. It was also recognised that this was unlikely to be achievable owing to the introduction of Council Tax Referendum arrangements. Therefore, to help the Council manage the impact of the £1m one-off 2012/13 Council Tax freeze grant being withdrawn in 2013/14, an amount of £0.727m was set aside from the 2011/12 outturn to partly mitigate this issue in 2013/14. The availability of this one-off funding will not provide a permanent solution and only provides a slightly longer lead time to develop a permanent solution. The use of this one-off money needs to be considered in the context of the updated budget forecasts for the next two years and this issue is considered later in the report.

5. Budget Forecast 2013/14 to 2016/17

- 5.1 As reported previously an initial assessment of the forecast budget deficits for 2013/14 and 2014/15 was reported in February 2012 as part of the previous MTFS. These forecasts reflected the following key planning assumptions:

- Local grant cuts will be in line with the national reductions for Local Authorities. There is a risk that local grant cuts may be higher than the national reductions previously announced by the Government. There is no information available to assess this risk and the Council will not know the actual grant cuts until late November/December when the Government provide detailed 2013/14 grant allocations for individual Councils. As detailed later in the report the Government have issued details of some specific proposals to the Formula Grant (the main Council grant) which will reduce Hartlepool's funding and this is reflected in the updated forecast. These are not the final changes and as a result this continues to be a risk;
- The impact on the 2012/13 Council Tax Freeze grant being removed in 2013/14, which adds £1m to the 2013/14 budget deficit;
- Budget pressures for 2013/14 do not exceed the headroom provision of £1m included in the MTFS forecasts.

- 5.2 The initial forecast deficits reported in February 2012 were updated in June to reflect the latest information available from the Government. There was a further update in September to reflect further additional information from the Government. The key changes from the initial forecasts deficits reported in February are detailed in the following paragraphs.

5.3 Indicative Council Tax Increases 2013/14 and 2014/15

- 5.4 The initial forecasts reported in February 2012 were based on indicative annual Council Tax increases for the next two years of 3.49%. The indicative Council Tax increases reflected the Council Tax Referendum trigger point set by the Government for 2012/13 of 3.5%.
- 5.5 Whilst Council Tax Referendum trigger points for 2013/14 will not be set by the Government until January 2013 it is now anticipated these will be set at a lower level than those applied for 2012/13 as the Government were frustrated by the number of authorities increasing Council Tax just below the trigger point. In addition, the Government will wish to see lower Council Tax increases as a result of expected falls in inflation, including the specific impact of the Government's public sector pay cap reducing pressure on local authority budgets, and the need to manage the withdrawal of the one-off 2012/13 Council Tax freeze grant in 2013/14.

In view of the above factors Cabinet determined in June 2012 to reduce the indicative Council Tax increases to 2.5% for the next two years. This change reduces forecast Council Tax income by £0.4m for 2013/14 and £0.8m for 2014/15 and therefore increases the budget deficits for the next two years.

5.6 Changes in Financial Planning Assumptions

- 5.7 As reported in June the initial budget forecasts have also been updated to reflect a number of changes in local planning assumptions, which increase the budget deficit by £0.56m in 2013/14 and £0.880m in 2014/15 as detailed in the following table:

	Increase/ (decrease) in 2013/14 budget deficit reported in February 2012 £'000	Increase/ (decrease) in 2014/15 budget deficit reported in February 2012 £'000
<u>Council Tax Benefit changes</u>	400	800
The new Council Tax Support grant will be cash limited for 2013/14 and 2014/15, and the initial national grant allocation will be subject to a headline grant cut of 10%. Locally the real term cut for 2013/14 is 14% owing to the impact of actual claimant numbers and the indicative Council Tax increase for 2013/14.		
As reported previously this pressure is needed to partly mitigate the impact of the cut in the new Council Tax Support grant and to avoid cuts in the level of Council Tax support exceeding 20%.		

	Increase/ (decrease) in 2013/14 budget deficit reported in February 2012 £'000	Increase/ (decrease) in 2014/15 budget deficit reported in February 2012 £'000
<p><u>Impact of Public Sector Pay cap</u></p> <p>The base budgets for 2012/13 and 2013/14 included prudent provision for pay awards based on the information available at the time. After the 2012/13 budget was set the National Employers organisation announced that there will be no pay award for 2012/13 and they did not agree to the Trade Union request to refer this issue to ACAS. The National Employers Organisation acknowledged that this is the third successive year there has been a pay freeze for local authority employees, including low paid employees who have not benefitted from the flat rate increase of £250 awarded nationally to other public sector workers earning below £21,000. The National Employers Organisation therefore indicated they wish to commence negotiations on the April 2013 pay award at an early date.</p> <p>In terms of the impact on the Council's budget it is anticipated that a cumulative reduction in pay budgets can be made in 2013/14 to reflect the April 2012 pay freeze and in anticipation of continued pay restraint in April 2013 as a result of the Governments 1% public sector pay cap. There is an outside risk that the actual April 2013 pay award may potentially exceed the reduced provision included in the base budget for 2013/14, although this is currently assessed as a very low risk.</p> <p>A more significant risk is the Council's ability to achieve the salary turnover targets built into the base budget owing to significantly lower turnover as a result of reduced employment opportunities in other councils and the wider economy and the deletion of vacant posts to balance the 2012/13 budget. This risk was recognised when the 2012/13 budget was set and the target reduced by 50%, to £0.65m. At that time it was hoped that the remaining risk could be removed as part of the 2013/14 budget and offset from a reduction in the provision for pay awards. Given the anticipated pay cap for 2013/14 it would be prudent to use this opportunity to remove this ongoing risk from the budget for 2013/14 and future years.</p> <p>The net impact of the above proposals is a reduction in the overall forecast budget deficit in 2013/14 of £0.45m and in 2014/15 £1.1m.</p>	(450)	(1,100)

	Increase/ (decrease) in 2013/14 budget deficit reported in February 2012 £'000	Increase/ (decrease) in 2014/15 budget deficit reported in February 2012 £'000
<u>Impact of Public Sector Pay cap (continued)</u> Assuming the 2012/13 turnover target is achieved it will then be possible to release £0.5m of the Strategic Risk Reserve allocated to manage this risk. It is recommended that if this amount can be released that this funding is allocated towards funding the additional one-off Strategic Risks reported to Cabinet on 3 rd September 2012.		
<u>Additional Grant cut 2013/14 to reflect clawback of lower pay awards</u> Following the announcement of the two year 1% pay cap for the public sector the Department for Communities and Local Government announced that there will be additional cuts in local authority grants in 2013/14 and 2014/15. The Department for Communities and Local Government have stated that these reductions are based on the difference between the assumed 2.5% pay increase provision they included in the provisional national grant allocations for 2013/14 and 2014/15 and the 1% pay cap. Nationally this equates to £240m in 2013/14 and £257m in 2014/15. The impact on individual authorities will depend on how these additional cuts are implemented. It is therefore difficult to assess the impact on Hartlepool, although if the additional grant cuts follow the pattern for the cuts already implemented there could be an additional disproportionate impact. For planning purposes the minimum additional grant cut is anticipated to be in the order of £0.57m per year	570	1,140
<u>Changes in Local Planning Assumptions</u> The report to Cabinet in June also identified a range of local planning assumptions which consisted of a saving of £0.120m in severance repayment costs from 2009/10 which were funded on a loan basis, and a saving in External Audit Fees of £0.090m arising from the Audit Commission tendering exercise for external audit work. The report also identified a cost pressure of £0.250m from ceasing to capitalise expenditure, which has been funded from Prudential Borrowing and the resulting revenue payments costs have previously been funded as a budget pressure. This strategy provided a temporary benefit in previous years.	40	40

	Increase/ (decrease) in 2013/14 budget deficit reported in February 2012 £'000	Increase/ (decrease) in 2014/15 budget deficit reported in February 2012 £'000
<u>Changes in Local Planning Assumptions</u> (continued)		
However, owing to the ongoing cuts in grant funding it would be prudent to remove this capitalisation from the 2013/14 base budget. Continuing to capitalise expenditure up to 2014/15 would result in annual repayments in the order of £0.2m, compared to an annual 'saving' of £0.25m. Continuing beyond 2015/16 would result in annual repayment costs exceeding the annual 'saving'. Capitalisation of revenue expenditure may still be appropriate in specific ad-hoc circumstances, for example to help manage the overall revenue budget if demand pressures in any one year exceed available resources, pending the development of a permanent solution.		
Net increase in budget deficit from changes in planning assumptions	560	880

- 5.8 The report to Cabinet in September advised Members that additional information provided by the Government at the end of July indicated that Hartlepool is expected to suffer additional grant cuts owing to changes in the grant formula to be used for 2013/14 and future years. Based on information provided by the Government this additional grant cut is forecast to be £0.6m. In addition, the Government have indicated that they will use the initial draft 2011 Office for National Statistics census result within the grant formula for 2013/14 and future years. As these figures show a lower increase in Hartlepool population (2%), compared to an overall increase for England (7.2%) the Council will face an additional grant cut of around £0.25m.
- 5.9 Assuming these changes are implemented by the Government they would increase the budget cuts which need to be made for 2013/14 by £0.85m. However, as these additional grant cuts could not have previously been anticipated and the exact impact will not be known until the 2013/14 grant settlement is issued by the Government, which is expected in December, it was recommended in the September report that on a one-off basis for 2013/14 the Council should seek to offset these additional grant cuts from one-off resources identified from the strategy to fund additional risks. This strategy does not provide a permanent solution, although it provides a longer lead time to identify permanent additional budget cuts for 2014/15. This proposal is consistent with the Council's strategic approach of managing ongoing grant cuts and the overall financial position over a number of years.

- 5.10 Work has also progressed over the summer to identify ongoing and unavoidable commitments which need to be funded from the headroom included in the MTFS forecasts for budget pressures. In light of the Council's overall financial position the Corporate Management Team have taken a robust approach to assessing potential pressures for 2013/14. These issues total £0.539m, as detailed in Appendix A, which is significantly less than the pressures identified in previous years and the initial provision included in the 2013/14 MTFS for potential pressure of £1m. Therefore, there is a net reduction in the budget deficit for 2013/14 of £0.461m.
- 5.11 A review of budget pressures included in the 2012/13 budget has also been completed and this has identified that the amount needed for Concessionary Fares can be reduced by £0.1m. This reduction reflects the conclusion of detailed negotiations with the bus operators and the latest assessment of concessionary journey's to be paid for by the Council.
- 5.12 Following decisions taken by Council with regard to the Chief Executive post it is anticipated that a salary saving will be achieved in 2013/14 and future years. For planning purposes the budget forecast reflects the minimum ongoing saving at the top of the reduced salary grade (£23,000), although assuming an initial appointment is made at the bottom of the salary grade there may be a slightly higher saving in 2013/14. This position can be reviewed if an appointment is made before the 2013/14 budget is set.
- 5.13 Provision has also been made in the 2013/14 budget forecast for the anticipated one-off reduction of £30,000 in the Denominational Transport savings not being achieved until September 2013. If this saving is not achieved alternative annual savings of £125,000 will need to be identified to replace the assumed saving built into the 2013/14 budget forecasts.
- 5.14 The impact of the changes detailed in the previous paragraphs on the forecast budget deficits for 2013/14 and 2014/15 is summarised in paragraph 6.19.

6. Strategy for managing revised forecast budget deficits for 2013/14 and 2014/15

- 6.1 In response to the financial challenges over the last few years, particularly the grant cuts for 2011/12 and 2012/13, the Council has had to take difficult decisions and make significant cuts to balance the budget. The Council approached the previous financial challenges in a planned and systematic way underpinned initially by the Business Transformation Programme. Using this approach the Council has been able to implement significant and fundamental changes in the way the organisation is structured by reducing from 5 to 3 departments. The restructuring has also been supported by re-assessing and re-aligning

the responsibilities of senior managers, which reduced the number of chief officer and senior management posts. These measures provided ongoing annual savings in the order of £2.5m. On the downside these changes reduce capacity and place additional responsibilities on remaining officers.

- 6.2 The Business Transformation Programme also provided the basis for systematically reviewing a range of services and delivering the savings required in 2011/12 and 2012/13 to balance the budget, which was the key objective of the programme. In many ways the Council has changed significantly since this programme was adopted. However, the success in achieving savings which have had a minimum impact (when considered in the context of the grant cuts) on front line services tends to understate how much has changed, which illustrates how successful these changes have been.
- 6.3 Another key aspect of the approach adopted over the last few years is the success in achieving sustainable budget savings and the early achievement of these measures in many instances. This has enabled the Council to avoid having to take emergency measures to balance the budget over the last few years.
- 6.4 It also needs to be recognised that the measures implemented over the last few years cannot be repeated as the change has been made and embedded in the organisation. For example, the Council can only reduce from 5 to 3 departments once.
- 6.5 It will be significantly more challenging to achieve the scale of cuts which need to be made over the next two years given the reductions already implemented over the last few years. Therefore, the Council needs to begin to develop a robust plan for achieving the required savings over the next two years to ensure a balanced and sustainable budget can be set.
- 6.6 To begin to put the budget deficits over the next two years into context the following table highlights the impact of these overall reductions on departmental budgets if all areas were reduced by the same percentage. This is not a suggested strategy and only intended to illustrate the scale of the financial challenges facing the Council over the next 2 years.

Indicative impact of budget deficits on departmental budgets 2013/14 and 2014/15 (based on initial deficits identified in February 2012)

	£'000
Chief Executive's Department	460
Children and Adult Services	6,044
Regeneration and Neighbourhoods	2,396
	8,900

- 6.7 To put these figures into a more detailed context the following issues are highlighted. These examples are only included to illustrate the scale of the budget deficits facing the Council over the next 2 years as it would **clearly not be practical** to implement cuts of this magnitude in any of these areas and a more balanced approach will be needed;

Corporate impact – of overall deficit of around £9m

- The overall deficit equates to 20% of the General fund pay bill (i.e. 1 in 5 jobs); OR
- Nearly twice the total budget for the whole of Chief Executive's department, including the cost of front line Council Tax and Benefits services, payroll services, democratic services etc.

Child and Adult Services – savings in this area of £6.0m equate to either:

- A 60% reduction in the Children and Families budget, which covers Children's Social Work teams, fostering and looked after children budgets; OR
- The complete withdrawal of all housing related support for vulnerable adults (Supporting People), the closure of all libraries, community centres, leisure facilities, cultural services and grants to the community and voluntary sector.

Regeneration and Neighbourhood Services - savings in this area of £2.4m equate to either:

- The complete withdrawal of all economic development and highways maintenance; OR
- The complete withdrawal of Street Cleansing, Neighbourhood Management and Road Safety.

Chief Executive's Department – savings in this area of £0.5m equate to either:

- A 60% reduction in the Revenues Budget; OR
- A 40% reduction in the Corporate Finance Budget; OR
- A 100% reduction in the Legal Budget; OR
- The complete withdrawal of all public relations, democratic services and support for members' budgets, which currently cost £0.4m per year to provide.

- 6.8 The above information highlights the scale of the budget deficits and the impact this will have on services over the next two years. A detailed strategy needs to be developed to begin to address this position and ensure the required savings can be made for both 2013/14 and 2014/15. The Council cannot delay the development of this plan or its subsequent implementation as this would make the position for 2014/15 unsustainable.

- 6.9 Given the scale of the budget deficits there is not a single solution to the financial challenges facing the Council and a range of measures will need to be pursued.
- 6.10 A key area where significant savings can be made is in relation to collaboration with other authorities. Collaboration savings whilst difficult to achieve, will help protect front line services. As Members are aware initial feasibility work was undertaken with Darlington Borough Council to identify areas where collaboration could provide savings. This initial work has now been extended to include Redcar and Cleveland Council as a 'Tri-Borough' approach will increase the potential savings and resilience available to individual authorities. At this stage the figures included in this report are based on the potential savings identified from the initial feasibility study. These issues need firming up with detailed business cases and then approving by all 3 authorities before they can be implemented and savings reflected in the 2013/14 budget proposals. This is an extremely complex task, which needs to be completed in a short time frame, which nevertheless provides time for all authorities involved to complete the detailed business cases, including the necessary due diligence of these proposals and completion of democratic processes.

It is important when considering the options in respect of collaboration that there are a number of underpinning factors which are vitally important in the consideration of options, which are being taken into account as part of this work. These include maintaining the sovereignty of the individual organisation and the decision making process and protecting front line service provision.

- 6.11 In relation to Child and Adult Services and Corporate Services a range of business cases are being developed to demonstrate in detail how collaboration savings can be achieved. Initially these proposals are examining how savings in management and administration costs may be made through collaboration, which would be impossible for individual councils to make acting alone. The aim of this approach is to reduce the impact of Government grant cuts on the front line. It needs to be recognised that once collaboration saving are made in management and administration costs that further significant savings will not be possible, and a period of stability will be needed to ensure any new arrangements are working effectively. In the longer term additional savings in these areas could only be made if the functions and services councils provide change. Child and Adult Services are also looking at potential collaboration savings from joint procurement.

As previously agreed by Cabinet, work is also being undertaken in respect of Corporate Services and this work is running slightly behind the work in Child and Adults, as Corporate Services are primarily provided to the rest of the organisation and will need to reflect the potential shape of the organisation. Work is currently ongoing to scope

- the services and identify benchmark information to inform potential models.
- 6.12 Similarly, initial investigation of potential collaboration across a range of Regeneration and Neighbourhood Services is also being undertaken to identify potential savings.
- 6.13 It is anticipated that if individual business cases demonstrate savings can be made and implementation is approved by Members, collaboration savings will begin to be achieved in 2013/14 and increase in 2014/15. Details will be reported to Members when they are available to enable proposals to be considered. This work is underpinned by the fundamental principle of individual authorities retaining 100% sovereignty for services within their area. However, whilst there is an absolute guarantee around sovereignty, the benefits of collaboration will only be achieved if the three boroughs commit to developing robust business cases and more importantly then follow through the implementation of these changes. This will be extremely challenging as it is a new way of working and will require decisions to be made on a timely basis by all three authorities to deliver savings for 2013/14 and 2014/15. These arrangements will not work if one or more organisations slow down the process.
- 6.14 It is also envisaged that the collaboration projects may provide procurement savings through bulk buying power and / or driving down existing contract prices. It is also envisaged that the collaboration work will build on the actions taken by individual authorities to review management structures and provide further savings and resilience by working together where appropriate. The underlying aim of making savings in these areas is to protect front line services, or at least minimise the impact from the ongoing cuts in Government grants. However, it needs to be recognised that whilst the aim of collaboration is to protect front line services the measures needed to achieve these significant savings will require radical and innovative changes in the way services are managed and organised, although these changes will not impact on the sovereignty of individual authorities.
- 6.15 It also needs to be recognised that collaboration will not solve the budget deficits facing the Council over the next two years. However, it should make a significant contribution towards reducing the overall deficit and therefore partly mitigate the impact on front line services. If collaboration savings are not achieved the Council will have to identify alternative proposals, which will inevitably be less palatable and impact on the continued delivery of front line services.
- 6.16 A range of other measures are also being explored to provide the basis for a savings programme for the next two years. These measures, alongside proposed collaboration savings, are summarised in Appendix B. At this stage these are indicative proposals to provide a starting point for consultation and the development of a final programme, which

will reflect the refinement of these initial proposals and the development of detailed business cases to implement individual proposals. As Members will appreciate from previous years the early adoption of an approved programme of savings provides the appropriate lead time to achieve savings from the start of each financial year and manage operational changes. In previous years this approach enabled the Council to manage financial and non financial risk effectively.

- 6.17 Over the next two years the potential collaboration projects are anticipated to provide savings of around £2.3m, largely from savings in management and administration costs. These proposals will therefore help reduce the impact on front line services of continuing grant cuts. Other proposed measures are anticipated to provide savings of around £6.3m over the next two years. These potential savings are not guaranteed and their achievement will depend on Members approving detailed business cases and savings proposals. Achieving these savings will also be more challenging than in previous year's owing to the cuts which have already been made and will therefore require robust management to ensure forecast timescales are achieved. As savings become more difficult to achieve there is an increasing risk that implementation will be delayed or the actual savings will be less than forecast. This position will need very careful management to avoid storing up financial problems for future years.
- 6.18 The available one-off resources of £0.727m earmarked from the 2011/12 Outturn Strategy to partly offset the removal of the 2012/13 Council Tax freeze grant next year (which is reflected in the forecast 2012/13 budget deficit) provides some financial flexibility to manage the budget position. It was initially anticipated that these resources would all be used to support the 2013/14 budget. In view of the changes in forecast deficits for the next two years and the proposed savings programme detailed above it is now recommended that the use of these resources is phased to support the budgets in 2013/14 and 2014/15. Assuming the actual Formula Grant cuts for 2013/14 are not greater than the forecast identified in this report this approach will provide a longer lead time to address the budget deficits facing the Council over the next 2 years. However, this approach will defer an additional budget problem of £0.379m until 2015/16, which means the total unfunded deficit for 2015/16 is £1.282m (broadly in line with the amount reported in June of £1.395m).
- 6.19 The following table summarises the changes in planning assumptions detailed in the previous paragraphs and the following issues are highlighted for Members information:
- The budget deficits for 2013/14 and 2014/15 will only be bridged if significant sustainable budget savings are made in these years;

- The 2013/14 budget will be supported by one-off resources of £1.198m, which avoids higher budget cuts being required for this year;
- These forecasts will change if the actual grant cuts for 2013/14 and 2014/15 exceed the forecast included in this report and this would mean the proposed strategy for managing the 2013/14 deficit would need to be reviewed.

Budget Deficits 2013/14 and 2014/15 based on annual Council Tax increases of 2.5%

	Cumulative figures	
	2013/14 £'000	2014/15 £'000
Initial Forecast Deficits reported June 2012 (based on annual 2.5% Council Tax increases)	4,100	8,900
<u>Changes in planning forecasts reported in June 2012</u>		
Add Reduction in Council Tax income from reducing from an indicative 3.49% annual increase to 2.5% (paragraph 5.5)	400	800
Add Changes in planning assumptions (paragraph 5.7)	560	880
Revised Forecast Deficit reported June 2012	5,060	10,580
<u>Additional Changes in planning forecasts since June 2012</u>		
Add Forecast additional Formula Grant cuts arising from proposal announced by Government in July (paragraph 5.8)	600	600
Add Impact of changes in population figures used in to allocate Formula grant (paragraph 5.8)	250	250
Less Lower pressures to be funded from 2013/14 budget headroom provision of £1m (paragraph 5.10)	(461)	(461)
Less reduction in 2012/13 Concessionary Fares pressure (paragraph 5.11)	(100)	(100)
Less reduction in Chief Executive salary (assumes initial appointment at minimum of grade) (paragraph 5.12)	(23)	(23)
Revised Forecast Deficit	5,326	10,846
Less Forecast ICT saving	(300)	(700)
Less Forecast Collaboration Savings	(1,000)	(2,297)
Less Forecast Other Savings	(2,828)	(6,188)
Net Forecast Deficit after proposed savings	1,198	1,661
Less One-off resources allocated to offset removal of 2012/13 Council Tax freeze grant	(348)	(379)
Less One-off funding to be identified from 2012/13 outturn strategy to offset additional Formula grant cuts and impact on changes in population figures used to allocate Formula grant (paragraph 5.9)	(850)	0
Net Deficit still to be funded from budget cuts	0	1,282
Net Deficit still to be funded from budget cuts reported in June	205	1,395

6.20 The above forecasts do not include provision for increased Looked after Children costs. It has previously been reported that these costs are currently anticipated to exceed the ongoing revenue budget 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. Increases in Looked after Children numbers and costs have been experienced by all councils in the North East. 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.

- 6.21 Similarly, the forecasts do not include provision for the increasing costs of supporting older people with social care needs, which may also need to be funded from the 2014/15 budget headroom for pressures. It has previously been highlighted that demographic pressures and increasing prevalence of dementia are resulting in increased spend in this area, and costs are currently anticipated to exceed the ongoing revenue budget in 2013/14. A strategic risk reserve was established to manage this risk which is expected to meet the additional costs in 2013/14, but based on current trends it is anticipated that £0.5m may need to be allocated to manage the ongoing pressure from 2014/15. Investment in approaches such as reablement, extra care housing and low level support is beginning to impact on care home admissions but when considered in the context of demographic pressures such measures are likely at best, to constrain demand at current levels (while also improving outcomes for people) rather than significantly reduce ongoing costs. Increases in the number of older people requiring social care support and the increasing complexity of needs of those people accessing services are common trends being experienced by many Councils and there may be further pressures and increases in demand as a result of welfare reforms.
- 6.22 Work is also progressing on potential savings from changes in staff terms and conditions. Any proposals will need Members approval and negotiation with the Trade Unions and are therefore unlikely to have any financial benefit until 2014/15.
- 6.23 **Council meeting 13th October 2012**
- 6.24 At the above meeting it was agreed that as part of the 2013/14 budget process the Council would review existing car mileage rates and support for Trade Unions to determine if any saving can be made in these areas. In the timescale for completing this report it was not possible to review these areas and this work will be completed over the next few months and reported to Cabinet in the December MTFS report.
- 6.25 In relation to car mileage costs the Council introduced new arrangements for reimbursing staff using their own cars for official

Council business in 2011/12. These arrangements reduced the annual cost to the Council from £853,000 in 2010/11 to £453,000 in 2011/12, a saving of £400,000. This is a recurring year on year saving and from 2012/13 has increased to £430,000 per year. This saving has been achieved at the same time as a pay freeze for all Council staff, which has now lasted 3 years.

7 Forecast Budget Deficits 2013/14 to 2016/17

- 7.1 The previous paragraphs concentrated on budget deficits for 2013/14 and 2014/15 as these are the most immediate financial challenge facing the Council. However, as indicated earlier in the report, the public sector faces a period of continued spending reductions up to 2016/17 and potentially beyond. The next Government Spending Review will cover 2015/16 and 2016/17 and it is anticipated this will continue to reflect the constraint of public spending to reduce the overall level of Government debt, the continued prioritisation of health and education relative to other public services and continued pressure on welfare spending. The overall position for public spending is unlikely to change even if there is a change in Government. A new Government will still need to adopt a robust public spending strategy to avoid losing the UK's existing AAA credit rating which would lead to increasing Government borrowing costs and consequently higher cuts in public spending.
- 7.2 For local authorities it is anticipated that grant cuts will continue into 2015/16 and 2016/17. Analysis of national public spending forecasts indicates that over these two years additional total grant cuts in the order of 10% to 15% would be a prudent planning assumption. For Hartlepool, this could equate to an additional grant cut over these two years of £4m to £6m.
- 7.3 The Council will also face local pressures from expenditure on services rising as a result of inflation and demographic pressures exceeding the additional income which can be raised by increasing Council Tax. This is a **structural financial problem** facing authorities like Hartlepool which only fund around 50% of their net budgets from Council Tax. Prior to the spending cuts implemented in 2011/12 the national funding system for local authorities recognised this issue and annual grant increases and the allocation of resources based on need and ability to raise funding locally from Council Tax protected these areas. This level of financial protection is not expected to be built into the new 'tariffs and top' arrangements implemented when business rates are re-localised in April 2013.
- 7.4 The impact for Hartlepool, assuming an inflation rate of 2.5%, is an annual inflationary costs pressure of £2.3m, compared to an additional income from a 2.5% Council Tax increase of £1m – **an annual structural deficit of £1.3m**. To remove the annual structural deficits yearly Council Tax increases of around 5% would be required.

- 7.5 The removal of the 2011/12 Council Tax freeze grant, which is paid for 4 years, in 2015/16 will add £1m to the deficit for this year.
- 7.6 In summary for the period 2013/14 to 2016/17 the Council is facing an overall budget gap in the order of £18.8m to £20.8m. The maximum forecast deficit is slightly higher than the forecast reported in June of £20.2m owing to the impact of the additional forecast grant reductions arising from the proposals issued by the Government in July and net changes in local planning assumptions.
- 7.7 The forecast annual deficits are summarised below and as indicated earlier in the report the Council faces a very significant known deficit over the next 2 years and forecast ongoing deficits in the following two years.
- 7.8 Against this background the Council will need to implement robust measures to identify the necessary annual savings to balance each year's budget. This strategy will need to be supported by a robust strategic approach to managing one-off financial risks (as detailed in section 8.27) to avoid these issues increasing the cuts in core budget and therefore services.

Summary of forecast deficits 2013/14 to 2016/17

	Low £'000	High £'000
2013/14 - note 1	5,356	5,356
2014/15 - note 1	5,490	5,490
	10,846	10,846
2015/16 - note 2	4,649	5,649
2016/17	3,300	4,300
	7,949	9,949
Total Forecast Deficit -note 3	18,795	20,795

Note 1 - 2013/14 and 2014/15 forecast include impact of revised planning assumptions detailed in paragraph 6.18.

Note 2 - the 2015/16 deficits are higher than reported in June by £0.379m, which is the amount of the 2014/15 deficit it is proposed to fund from the Council Tax Freeze grant reserve and therefore needs to be replaced with permanent savings in 2015/16.

Note 3 - the total forecast deficits are the aggregate of the forecasts for the four years 2013/14 to 2016/17 and assume that each years budget is balances from permanent budget reductions. Where temporary funding is used to balance a specific years budget the implications on the following years deficit are reflect in the deficit for the later year.

8. Financial Risks – National issues

8.1 The range and level of financial risks facing Councils over the next four years, particularly the changes which the Government will implement in April 2013, are unprecedented and will have a significant financial impact on Councils. These issues may impact on the budget position outlined in the previous paragraphs, although until the Government provides more information it is not possible to assess the potential impact on Hartlepool. This means that when more information is available the Council may need to respond quickly to changes which it is expected may reduce funding available in 2013/14. The following paragraphs provide a summary of these issues, details of which have been reported previously.

8.2 Council Tax Benefit changes

8.3 A comprehensive report was considered by Cabinet on 3rd September detailing the impact of the Government's decision to replace the current national Council Tax Benefit scheme with Council Tax Support schemes determined by individual Councils. This report enabled the Council to commence consultation on a local Council Tax Support scheme.

8.4 As reported previously the grant available to fund local Council Tax Support schemes is being cut at a national level by 10%. This is the headline grant cut, the actual grant cut for 2013/14 for Hartlepool is forecast to be 14%. There is a risk that the actual grant cut for 2013/14 is greater than the forecast.

8.5 In designing new Local Council Tax Support schemes Councils will be required to protect low income pensioners. This means the whole of the grant cut will fall on working age households. It is estimated that this will mean Council Tax support for this group will need to be reduced by 20%. This is after reflecting changes to existing Council Tax exemptions and the budget pressure included in the MTFS forecasts for 2013/14 and 2014/15 to partly mitigate the impact of the Government grant cut.

8.6 This change transfer significant financial risk from Central Government to Local Authorities (including the Fire and Police Authorities) as they will be required to fund demand lead expenditure from a cash limited budget. This would be a significant issue in normal economic circumstances, but will be particularly challenging in the current economic climate. In addition Councils will need to collect Council Tax from low income households which have previously had all of their Council Tax liability (or part of it) paid from Council Tax Benefit. These households are also likely to be adversely affected by other Welfare Reform changes, therefore collecting this income will be extremely challenging.

- 8.7 There is still no certainty over when the primary and secondary legislation will be approved by Parliament. This uncertainty is unhelpful and reduces the effective time councils will have to address this complex issue. Any delays in the legislative timetable significantly increase the risk that local authorities will not be able to make these changes in time for the start of 2013/14. In addition, a number of major IT providers which provide Council Tax Benefit systems have indicated that even without any delays in the legislative timetable it will be extremely challenging to make the necessary changes to existing software within the existing timescale. The Government have not really recognised these risks and they are intent on implementing the 10% funding cut, which will mean councils will need to make some very difficult decisions.
- 8.8 Whilst managing changes to Council Tax Benefit will impact on all authorities, it will have a disproportionate impact on local authorities serving more deprived communities with a higher percentage of residents eligible for means tested support with their Council Tax. These authorities will face a greater financial impact and therefore a more difficult situation to manage at a time of continued public sector spending restraint and potentially increasing demand in households requiring support with their Council Tax.
- 8.9 **Business Rate Re-localisation**
- 8.10 Previous reports have provided details of the Government's proposals to set the safety net thresholds for in-year shortfalls in business rates between 7.5% and 10%. It is still unclear what baseline these percentages will be applied to. The Government is proposing to top slice the national grant by £250 million to pay for safety nets – which broadly equates to 1% of the national business rates for 2012/13 re-distributed to all councils.
- 8.11 At best the safety net will mean Hartlepool will have to manage annual business rate reductions of **£3m** per year and at worst **£9.8m**, depending on whether the baseline is business rates or budget, before receiving any additional Government grant. Safety net grant will only be paid for the shortfall above the safety net limit. This is a significant risk for Hartlepool owing to the impact of the power station. It is therefore a question of 'when' not 'if' Hartlepool will face a significant in-year reduction in income which it will need to manage, without benefitting from safety net payments.
- 8.12 An analysis of changes in actual business rates paid by the power station for the last 5 years shows that these have consistently been less than expected at the start of the year owing to reductions in power generation which determine the level of business rates paid. Whilst these changes have been significant they would not have triggered the 'safety net' thresholds proposed by the Government. Therefore, this is a significant new financial risk for the Council to manage.

- 8.13 In terms of assessing this risk the Council's annual retained share of the business rates income from the power station will be £2.5m. Over the 4 years of the MTFs this is a total income stream of £10m, which highlights the financial risk transferring to the Council. Based on experience over the last 5 years it can be expected that the power station may only be fully operational for 90% of the next 4 years, which could mean the Council potentially having to manage an income shortfall of £1m. This shortfall could be significantly greater if there is prolonged shutdown, as each month's closure would reduce the Council's income by £0.2m. There was a prolonged shut down in 2008/09 when the rates paid reduced by around £3m. If this happened in 2013/14, or a future year, the Council's share of this funding loss would be £1.5m. This financial risk may increase as the power station nears the end of its operational life and will need to be reviewed on an annual basis. The proposals detailed in section 8.27 include provision to manage this risk to avoid the need for in-year budget cuts in 2013/14 if there is a shortfall in business rate income from the power station.
- 8.14 The impact of Business Rate re-localisation will not be known until detailed regulations are issued and the Government have defined the baseline for setting funding levels for 2013/14 and future years. Until this information is available this is a significant risk area for 2013/14 and 2014/15 as the actual grant cuts for Hartlepool may exceed the current MTFs forecast, which are based on the national grant cuts applying at a local level.
- 8.15 The baseline used for setting future funding levels is being reviewed as part of the process for re-localising Business Rates as it is recognised by the Government that this is the only opportunity to make changes before the baselines are locked into the new system until 2020 (the Government proposed reset date). The Council is supporting the Association of North East Council (ANEC) stance that the Government should use the opportunity to address the disproportionate impact on councils serving the most deprived communities, particularly in the North East, of the grant cuts made in the last two years. However, it is unlikely that this approach will be successful. Similarly, ANEC are asking the Government to recognise the funding pressures on Children's Services.
- 8.16 **School Funding Reform**
- 8.17 In April 2012 the Department for Education issued a comprehensive document on School Funding reform. These arrangements are the first steps towards a National Funding Formula for Schools which the Government has delayed for a further two years until 2015/16 and the next Spending Review.
- 8.18 The changes which will be implemented for 2013/14 are extremely challenging, both in terms of the timescale and the potential impact on

individual schools and the support services (both education support and non education support services) provided by councils. Officers have commenced work to assess the impact on Hartlepool, including working with the Schools Forum.

8.19 At this stage it is too early to assess the financial impact of these changes, although there is a risk there could be an unbudgeted pressure on the Council's budget from these changes. Details will be reported to Members as soon as they are available.

8.20 The Government are also consulting on reforms to the system for funding Academies and the arrangements for top slicing funding from Councils for functions which transfer to Academies. The Governments initial proposals were challenged and Councils will receive repayment of grant top sliced in 2011/12 and 2012/13 before the end of the financial year. New arrangements will then be implemented in 2013/14 and it is anticipated this will increase the amount of funding which is top sliced from Councils as the Government are committed to funding Academies. Despite Hartlepool currently not having any Academies the Council has been affected by the grant top slicing in the last two years and this is expected to continue next year. Until the position becomes clearer it is recommended that any amount of grant repaid before the end of the current financial year is earmarked to offset the expected grant cut for 2013/14. This proposal will hopefully avoid an additional budget pressure in 2013/14 and provide a longer lead time to manage the impact of ongoing grant reductions. Full details will be reported as soon as the Government provide more information.

8.21 **Police Reform and Social Responsibility Act Implications**

8.22 The Police Reform and Social Responsibility Reform Act brings in new structural arrangements for national policing, strategic police decision-making, neighbourhood policing and policing accountability. Elections for a Police and Crime Commissioner (PCC) for the Cleveland Force area will take place in November 2012, which has funding implications for the authority. The Community Safety fund of £79,000 will transfer to the PCC, which has over the last three years been used by the Safer Hartlepool Partnership to progress a number of initiatives in support of its strategic objectives. The initiatives have been broad ranging, and innovative to respond to local need and identified gaps in service provision. In 2012 the fund has been allocated to Safer Communities and the Joint Action Groups, Alcohol Support Services linked to Alcohol Treatment Orders and young peoples substance misuse. Additional grants which will transfer to the PCC include the Home Office element of the Youth Offending Grant, £170,000, which is allocated against the Prevention Team who deliver a suite of prevention programmes aimed at reducing reoffending and 1st time entrants into the Youth Justice System, as well as the Home Office Drug Intervention Programme grant of £164,000 which currently is allocated against the arrest referral contract.

8.23 Transfer of Social Fund

8.24 From April 2013 responsibility for the Social Fund will transfer from the Department for Work and Pensions to Councils. Individual Councils will be allocated a cash limited grant and will need to design local schemes to replace the existing Social Fund. This change transfers another demand lead financial risk to Councils. A detailed report will be submitted to a future meeting detailing proposals for managing this change.

8.25 Changes to specific grants and proposals to transfer specific grant into the main Formula Grant

8.26 The Government have indicated that they are considering potential changes to specific grants, including transferring some grants into the main Formula Grant. Detailed proposals have not been provided, therefore it is not possible to assess the potential impact on Hartlepool. However, there is a risk that these changes will have a disproportionately adverse impact on Hartlepool, particularly any proposals to transfer specific grants into the main Formula Grant as these changes historically result in lower grant allocations when removed from specific grants. Further details will be reported as soon as they are available.

8.27 Financial Risks – Local Issues

8.28 A comprehensive report was submitted to Cabinet on 3rd September 2012 to provide an update on additional financial risks facing the Council. In total these additional risks are estimated to be £5.35m as summarised below:

	£'000
Proposed changes to formula grant	600
Changes to population figures	250
Business Rates Retention – Safety Net threshold risk and impact of power station	1,000
Forecast Redundancy and early retirement costs up to 2016/17	2,500
Provision for income shortfalls 2013/14	500
Provision for delayed implementation of planned 2013/14 and 2014/15 savings	500
Total Additional Financial Risks	5,350

8.29 To avoid these financial risks increasing the budget savings which need to be made over the next 4 years a robust strategic approach is needed to manage and fund these issues. The objective of this strategy will be to identify resources which can be allocated towards mitigating these risks and avoid even higher budget cuts over the next four years. This strategy needs to set targets to identify resources

which can be allocated towards funding these risks from areas which the Council can control and manage, which effectively means reviewing the level of existing reserves and managing the current year's revenue budget to provide an under spend. The following targets have been set:

- Reserves Review Target £2m to £2.5m;
- Departmental 2012/13 underspend target of 2%, which equates to £1.4m;
- Corporate budget underspend target of £2m.

8.30 Assuming the overall forecast funding can be achieved from reviewing reserves and achieving the in-year underspends for corporate and department budgets the Council may have funding of up to £5.9m to cover these financial risks. This would potentially provide around £0.6m to fund the un-quantified financial risks detailed in the previous paragraphs. This position cannot be guaranteed and the achievement of these targets will be challenging and need careful management.

8.31 The full report consider by Cabinet on 3rd September 2012 will be referred to Scrutiny Co-ordinating Committee alongside this report to provide Members with full details of the additional local financial risks summarised in paragraph 8.26.

9. Residual PCT Funding

9.1 In previous years the PCT has allocated additional funding near the end of the financial year to fund expenditure commitments in the following financial year and on occasions to fund initiatives running over more than one financial year. This money has been reflected in the overall outturn strategy of the Council and carried forward as ring fenced reserves.

9.2 As part of the NHS reforms the PCT will be wound up at the end of the current financial year. It is therefore anticipated that the Council will receive funding before the end of the year to fund expenditure commitments and initiatives in 2013/14 and beyond. These resources will again need to be held as ring fenced reserves to manage the transition and financial risks of moving from current PCT funding system to the new GP lead funding arrangement. Further details will be reported when they become available.

10. CONCLUSION

10.1 Whilst the report expresses the financial position and financial risks facing the Council over the next four years in monetary terms, these issues are fundamentally about the future nature and shape of the Council and services – sustainability, levels and methods of delivery.

- 10.2 The Council has already faced a 20% (£10.2 million) cut in the main revenue grant over the last two years (2011/12 and 2012/13) and has had to make significant budget cuts to balance the budgets for these years. Whilst these cuts have been very difficult, they were not unexpected and the Council has been able to implement budget reductions on a managed basis. This approach minimised the adverse impact on services and management of vacancies and redeployment has mitigated the impact on the workforce.
- 10.3 Many of the measures implemented over the last two years to balance the budget cannot be repeated as savings have either been achieved by stopping a service, or services scaled back to a minimum level. This means that balancing the budget for 2013/14 and future years will become significantly more challenging and require more difficult decisions to be made. Savings from 2013/14 onwards will increasingly impact adversely on the overall levels of services provided and the Council will need to prioritise services which are protected and services which are either stopped completely, or scaled back to a very minimum level in order to balance the budget. The Council will also need to clearly communicate the impact of future cuts to the public as these cuts will increasingly have an adverse and much more visible impact on the services people receive.
- 10.4 The report details the financial risks facing the Council over the four years 2013/14 to 2016/17 and the forecast budget deficits for this period, as summarised in the following table. Addressing these deficits will require a fundamental change in how the Council operates and the services provided as these cuts will need to come from the existing net General Fund budget of £91m. Clearly, making cuts in the order of £18.8m to £20.8m from a budget of £91m will be extremely challenging, fundamentally change the Council and need careful management.

	Low £'000	High £'000
2013/14 - note 1	5,356	5,356
2014/15 - note 1	5,490	5,490
	10,846	10,846
2015/16 - note 2	4,649	5,649
2016/17	3,300	4,300
	7,949	9,949
Total Forecast Deficit -note 3	18,795	20,795

Note 1 - 2013/14 and 2014/15 forecast include impact of revised planning assumptions detailed in paragraph 6.18.

Note 2 - the 2015/16 deficits are higher than reported in June by £0.379m, which is the amount of the 2014/15 deficit it is proposed to fund from the Council Tax Freeze grant reserve and therefore needs to be replaced with permanent savings in 2015/16.

Note 3 - the total forecast deficits are the aggregate of the forecasts for the four years 2013/14 to 2016/17 and assume that each years budget is balances from permanent budget reductions. Where temporary funding is used to balance a specific years budget the implications on the following years deficit are reflect in the deficit for the later year.

10.5 The actual budget deficits for 2013/14 and 2014/15 may be higher than the forecasts detailed in the above table as there is a risk that the actual cuts in Government grant may be higher than anticipated. There are a number of risks which could result in higher grant cuts for the next two years:

- The Government may increase the overall cuts in funding for local authorities previously announced;
- Planned changes in the formula used to allocate grant to councils for 2013/14 and future years may adversely impact on the Council;
- The planning assumptions are based on the national grant cuts applying at a local level. There is a risk that this is not the case and actual local grant cuts are higher than the national cuts, which was the case in 2011/12 and 2012/13.

10.6 Owing to the scale and complexity of changes the Government are proposing to the Local Government funding regime from 2013/14 it is not currently possible to assess the impact of these changes, although it is not expected that they will have a positive impact on councils which have the greatest dependency on Government grants. It should be noted that even small percentage changes in the level of grant would have a significant impact on the Council's financial position as a 1% additional grant cut equates to £0.46m. There is also a risk that initial grant allocations will not be known until December 2012 and possibly

as late as January 2013, which makes financial planning more challenging.

- 10.7 As a result of the continuing cuts in Government funding it will become increasingly important that planned savings are robust and sustainable as the Council will have less financial flexibility to manage the overall budget. To manage this process a clear strategy for managing the budget position over more than one year will need to be developed. Therefore, this report concentrates on the budget deficits facing the Council in 2013/14 and 2014/15 as these represent the most immediate challenge facing the Council.
- 10.8 For 2013/14 it is anticipated that the budget can be balanced through a combination of achieving the savings plan and the use of total one off resources of £1.198m (£0.348m from releasing part of the one-off resources previously allocated to offset the loss of the 2012/13 Council Tax freeze grant and £0.85m additional one-off resources to be identified from the 2012/13 outturn strategy). The use of these one-off resources will mitigate the impact of higher 2013/14 grant cuts than previously anticipated, which provides some protection for services in 2013/14 and provides a longer lead time to identify permanent reductions.
- 10.9 For 2014/15 the initial savings plans do not fully balance the budget and further savings of around £1.3m will need to be identified.
- 10.10 The proposals to collaborate with Darlington Borough Council and Redcar and Cleveland Council provide the opportunity to achieve savings towards the overall budget deficits, whilst minimising the impact on front line services. The achievement of these savings will require commitment from all authorities to business cases which demonstrate how savings can be achieved.
- 10.11 Collaboration will not solve the budget deficits facing the Council over the next two years, although it should provide a contribution and therefore partly mitigate the impact on front line services.
- 10.12 However, it needs to be recognised that despite the forecast benefits of collaboration and the cuts made over the last few years more difficult decisions and cuts still need to be made. Inevitably, the Council will increasingly need to make difficult decisions and see these through to ensure the Council remains financially viable. The Council cannot avoid making these decisions and needs to develop a robust plan to address the 2013/14 and 2014/15 deficits, to avoid having to make unplanned and therefore deeper cuts.
- 10.13 The report details the significant uncertainty and resulting financial risk of a range of proposed fundamental funding and legislative changes which the Government will implement from April 2013, some of which cannot yet be quantified. In addition, there are a range of significant

local financial risks which are estimated to be £5.35m as detailed in a paragraph 8.28. These risks are in addition to the budget deficits detailed in paragraph 9.4.

- 10.14 To avoid these financial risks increasing the budget savings which need to be made over the next 4 years a robust strategic approach is needed to manage and fund these issues. The objective of this strategy will be to identify resources which can be allocated towards mitigating these risks and avoid even higher budget cuts over the next four years. This strategy needs to set targets to identify resources which can be allocated towards funding these risks from areas which the Council can control and manage, which effectively means reviewing the level of existing reserves and managing the current year's revenue budget to provide an under spend.
- 10.15 Assuming the overall forecast funding can be achieved from reviewing reserves and achieving the in-year under spends for corporate and department underspends the Council may have sufficient funding to cover these financial risks. This position cannot be guaranteed and achievement of these targets will need careful management.
- 10.16 It is recommended that Cabinet refers this report to Scrutiny Co-ordinating Committee, together with the report considered on 3rd September 2012 –'Strategy for Managing Financial Risks' to inform Members of the significant financial challenges facing the Council and to seek views on the following specific consultation proposals:
- Proposed indicative Council Tax increases for 2013/14 and 2014/15 of 2.5%;
 - The proposal to phase the use of the £0.727m set aside within the 2011/12 outturn strategy to offset the loss of the 2012/13 Council Tax Freeze grant in 2013/14 over two years, £0.348m in 2013/14 and £0.379m in 2014/15 to support the budget strategy summarised in paragraph 6.19;
 - The proposed pressures to be funded in 2013/14 detailed in Appendix A;
 - The proposed strategy for managing changes in Education funding arising from the Government's Academy programme as detailed in paragraph 8.20;
 - The proposed strategy for managing Financial Risks summarised in paragraphs 8.28 to 8.30 and detailed in the report considered by Cabinet on 3rd September 2012 –'Strategy for Managing Financial Risks';
 - The proposed strategy for managing residual PCT funding detailed in paragraph 9.

10.17 It should be noted that Scrutiny Co-ordinating Committee (SCC) has previously agreed a detailed work schedule for considering the 2013/14 savings proposals summarised in Appendix B. Referral of this report to SCC will enable Members to familiarise themselves with the overall financial position facing the Council and to determine if they wish to comment on the specific consultation proposals detailed in the previous paragraph.

10.18 Arrangements will also be made to consult with the Business Sector and Trade Unions on the above issues.

11. RECOMMENDATIONS

11.1 It is recommended that the Cabinet

- i) note the report;
- ii) refer the report to Scrutiny Co-ordinating Committee to commence the 2013/14 budget process and seek views on the issues detailed in the report and the specific consultation proposal detailed in paragraph 10.16.

12. REASONS FOR RECOMMENDATIONS

12.1 To enable Cabinet to determine initial proposals to be referred to Scrutiny Co-ordinating Committee to commence the 2013/14 Budget Process.

13. APPENDICES

13.1 As previously agreed, Appendices A and B will be circulated with the report rather than available on request.

14. BACKGROUND PAPERS

- Cabinet report 11th June 2012 – MTFS 2013/14 to 2016/17
- Cabinet report 3rd September 2012 – MTFS – Strategy for Managing Financial Risks
- Cabinet report 3rd September - 2013/14 Localisation of Council Tax Support

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APPENDIX A

SCHEDULE OF 2013/14 PRESSURES

Description of pressure	Value of pressure £'000
<u>Corporate issues</u>	
<u>Brierton Community Sports</u> Actual pressure exceeds provision included in base budget from 2012/13.	65
<u>Income pressures</u> - these issues relate the 2.5% inflation increase included in the MTFs forecast which is not expected to be achieved for areas previously identified as shortfalls in the 2012/13 budget and addressed as budget pressures covering	
<u>a) Shopping Centre income inflation</u> Income depends on occupancy of shop units and it is not expected that the Council's share of rental income will increase in the current economic climate	24
<u>b) Car Parking income inflation</u> Car Parking - owing to the current economic climate it is not recommend that an increase in car parking charges is implemented in 2013/14. Furthermore, owing to the practicalities of setting an increase which generates increases in multiples of 5p a higher increase than 2.5% would be required. It is therefore recommended that no increase is applied for 2012/13. The position can be reviewed for 2014/5/15.	37
<u>Council Capital Fund</u> A one-off Council Capital Fund of £1m was established as part of the 2012/13 budget proposals and included in the 'one-off strategic costs', to cover capital priorities in 2012/13 and 2013/14. Council approved commitments against this fund of £0.632m, leaving an uncommitted balance of £0.368m (potential to increase to £0.418m if West View Cemetery Lodge and Carnegie schemes do not progress) for additional schemes which need Cabinet and Council approval. The pressure shown would support Prudential borrowing of approximately £0.6m in 2013/14 (actual value of capital spending depends on specific schemes approved which will have different operational lives). Assuming no commitments against the remaining 2012/13 uncommitted budget the Council will have around £1m to manage one-off capital risks in 2013/14 and 2014/15.	50
<u>Regeneration and Neighbourhood Services</u>	
<u>NFFO (Non Fossil Fuel Obligation)</u> The Government have removed the 27% 'credit' SITA and the Council received since the start of the contract. This was part of the contract and always planned.	279
<u>Landfill Tax</u> There is an annual increase in Land Fill Tax of £8 per tonne, which includes the bottom ash from the incinerator.	29
<u>Loss of LPSA funding</u> The Independent Domestic Violence Advisor (£20k) and Men's Perpetrator Programme (£15k) are services included in the Domestic Violence specification, which has recently been commissioned. The Victims Services Officer (£20k) is linked to Neighbourhood teams and covers all crime categories.	55
Total Potential Pressure Identified	539

Scheme	Potential Saving 13/14 £'000	Potential Saving 14/15 £'000	Risk	Impact
Three Borough Collaboration				
Rationalisation of management structures through collaboration across three LAs - approximately 40 management posts to be deleted.	750		M	
Deliver further savings on adult commissioned services through retendering or decommissioning services.		637	H	This budget was cut by approximately £900k in 2012/13. Further cuts will be difficult to achieve and will have a major impact on services. Fewer services will be available to provide support for people with social care needs. Loss of funding for existing providers.
Deliver further savings on children's commissioned services through retendering or decommissioning services.		50	H	Budgets reduced in 2012/13. Further cuts will impact on services available to support children and young people.
Adult Social Care				
Reduction in front line service provision including Direct Care & Support, Employment Support, Occupational Therapy and Social Work teams.	620	450	H	Longer waiting times for assessment, increased caseloads for frontline staff, inability to maintain current levels of performance and potential for increased placement costs, potential for services to become unsafe.
Revise Contributions Policy and remove or reduce cap on the maximum amount that people contribute.		100	H	Requires three month consultation to implement. People will pay more for the support that they receive (based on a financial assessment).
Review costs of commissioned day services, high cost placements and support for carers. Savings to be achieved through re-tendering or decommissioning services.	240		H	Fewer services available to provide support for people with social care needs. Loss of funding for existing providers. Potential pressure in terms of placements.
Review PCT income for CHC and joint packages and take further steps to maximise the benefit for adult social care.		150	VH	Very volatile area. PCT approach is changing and move to CCGs (Clinical Commissioning Groups) may result in this being a pressure rather than a potential saving.
Further reductions across all housing related support (SP) schemes.		650	VH	This budget has been cut by £900k (20%) over the last two years. Further cuts will destabilise services and may increase pressure on other social care budgets such as residential care.
Children's Social Care				
Close youth centres and children's centres.	350	450	H	Increased risk of anti social behaviour and young people in contested space, non compliance with statutory requirements for children's centres, vulnerable families not receiving support, reduce service delivery of early intervention services. In context of risk of future funding cuts due to floor damping on EIG (Early Intervention Grant).
Freeze foster care allowances	25		H	Foster carers become dissatisfied with local authority service and move to independent sector where placement costs are greater.
Review Care Matters and CAMHS budgets and remove funding based on previous year's underspend.	100		M	Budgets reduced in 2012/13, used to support development of services for looked after children and offset against costs of placements in independent sector.
Staffing reductions to front line services, social work teams and YOS.		200	VH	Less capacity to provide services to children in context of increasing demand. Increase in caseloads for front line staff, inability to maintain current levels of performance, services become unsafe.

Scheme	Potential Saving 13/14 £'000	Potential Saving 14/15 £'000	Risk	Impact
Education				
Reduced support to schools.	100	150	H	Increased risk of schools being placed in an OFSTED category and / or forced into academy status. Schools likely to seek support from outside the LA leading to loss of income and reduced quality assurance opportunities . Loss of confidence by schools in the ability of their own LA to support them, particularly where they are a school causing concern.
Support Services				
Staff reductions and increased income.	90	100	M	Staffing reductions will impact on ability to deal effectively with management information requirements across child and adult services and also statutory requests from both Department of Health and Department for Education. Quality and speed of responses will be impaired. Other back room support services for professionals across the department will be affected.
Schools Transport - savings through re-tendering.	100	100	M	Constant reductions in school transport provision will increase the risk that statutory provisions will be affected if re-tendering doesn't produce required savings. Greater challenge and dissatisfaction from parents.
Community Services				
Remove subsidy to Carlton Outdoor Centre(£32k), cease biennial maritime festival (£35k) other locally determined savings (to be confirmed) (£38k).	105		M	Requires local schools to pay unsubsidised rates at Carlton, removes the biennial event from the events programme to focus on income generation into cultural facilities.
This was originally related to a Cultural Trust now locally determined savings as the cultural trust option is to be shelved for now.	100	150	M	This will lead to reduced services within communities, potential for total loss of certain service areas and reduced senior staffing which will impact on the capacity for income generation and safe delivery of service provision. Increased fees will be required and resistance will be needed to the challenge this will instigate.
TOTAL POTENTIAL SAVINGS	2,580	3,187		

Regeneration and Neighbourhoods Savings Proposals

Scheme	Potential Saving 13/14	Potential Saving 14/15	Risk	Impact
Collaboration				
Changes in services and options in respect of reduced staffing and costs	50	110	M	The savings are largely dependent upon collaboration within Corporate Services and a smaller amount in Place. Savings through joint procurement exercises will be reliant upon how we can work jointly, the market place and gaining benefits from economies of scale. There may be impact on internal staff and the local economy. 13 / 14 savings rely upon potential "tactical / quick wins" from collaboration which will be challenging
Other Savings				
Waste Management Reconfiguration - Revision of refuse collection and recycling arrangements	400	200	M	The savings are based upon current recycling market rates which could be impacted upon if there was a drop in the market. These changes may cause some disruption to service, which in turn could lead to non-compliance by residents, whether deliberate or accidental. However, as each of the proposals would be introduced simultaneously, disruption would be minimised. Formal consultation and communication with residents would ensure that users of the service are aware of the changes. 2014/15 savings would be provided through the introduction of a subscribed green waste collection service or the cessation of it altogether
Revision of operations in Parks and Countryside including lifeguard reduction, income generation in grounds maintenance and horticulture		80	M	Risk is associated with the current economic climate resulting in the loss of external works. Changes to the lifeguard service were discussed previously and agreed that we would reduce the number of weeks the service was provided, these changes have been introduced and the risk has proved minimal to date. Reduction in the number of weeks the lifeguard service is provided, this was introduced during 2011/12 and no adverse impacts have been received from the public. The council has received Quality beach awards for 2012/13 based upon 2011/12 performance including the lifeguard service.
Facilities Management - Revision of working arrangements and income generation		100	M	Facilities Management is a volatile area with respect to building maintenance, however changes within how services are delivered internally have resulted in increased income opportunities e.g. Empty homes, and DFGs (Disabled Facilities Grants). We will look to reduce overtime by employing more FTEs rather than Part Time employees and paying overtime. Schools continue to be a major client for this service area, the school funding reform heralds several changes in the method of school funding. which will mean the budgets for school meals will be delegated in full to all schools not just secondary.
Neighbourhood Management (including Community Safety and street cleansing) - Review of structure and working arrangements		150	M	Reduction in service performance regarding street cleansing and community safety services
Restructuring operational changes and income generation in Regeneration and Planning	200	100	M	The impacts of achieving savings of this magnitude is that services will start to fail and statutory functions will not be delivered to the appropriate level. These include public health, planning and housing related statutory functions in addition there is a risk that no income will be generated.

Regeneration and Neighbourhoods Savings Proposals (continued)

Scheme	Potential Saving 13/14 £'000	Potential Saving 14/15 £'000	Risk	Impact
Procurement, property and Support Services - Restructuring, improved contracting , property rationalisation and income generation	175	180	M	The savings rely upon income generation in relation to maintaining existing services / workflow with reduced resources and bringing in additional income from external clients such as Housing Hartlepool and Health and capital works through the Empty Homes project. Schools are a major client in respect of capital works and revenue income therefore the reform of school funding and levels of future capital investment pose risks to the fee earning requirements of non-budgeted areas.
Transportation and Engineering - Income generation in ITU (Integrated Transport Unit), Engineering Services and driver assessment.	223	50	H	Significant savings in excess of £1m have been achieved in this area to date. To enable service expansion and growth determines a fine balance of efficiency measures against invest to save and invest to promote income stream. Depleted resource levels will require careful planning and impact analysis of existing service provision standards to allow for income generation "start up" and achievement
TOTAL POTENTIAL SAVINGS	1,048	970		

Chief Executives Savings Proposals

Scheme	Potential Saving 13/14 £'000	Potential Saving 14/15 £'000	Risk	Impact
Collaboration				
Changes in services which need to be determined based upon the development of the agreed business case. This will likely result in changes to services provision, management and delivery structures and associated changes	200	500		The savings are largely dependent upon collaboration within Corporate Services and a smaller amount in Place. The risks have not been fully quantified as the basis for any potential collaboration and the likely scale and impact of it have not been fully assessed. The indicative figures are based on the original investigation and a part year affect for 13/14 as this project is running 6 months behind the Child and Adult Business case
TOTAL POTENTIAL SAVINGS	200	500		

TOTAL POTENTIAL SAVINGS ALL DEPARTMENTS	3,828	4,657	
POTENTIAL RECURRING SAVINGS FROM 2013/14		3,828	
POTENTIAL RECURRING SAVINGS 2013/14 & 2014/15		8,485	Note 1

Note 1 - this savings consists of forecast Collaboration savings of £2.297m plus forecast Other savings of £6.188m

CABINET REPORT

4 October 2012



Report of: Director of Child and Adult Services

Subject: BRIEFING ON THE HEALTH AND SOCIAL CARE BILL 2012

1. TYPE OF DECISION/APPLICABLE CATEGORY

Non-key: for information only. No decision required.

2. PURPOSE OF REPORT

2.1 To provide Cabinet with an overview of the Health and Social Care Bill 2012. The White Paper, Caring for Our Future: Reforming Care and Support was launched on 11 July 2012 and details the reform of adult social care. It was accompanied by a draft Care and Support Bill and a raft of other documents including a progress report on the Government's response to the Dilnott Commission recommendations regarding future funding of care and support.

2.2 The Care and Support Bill provides enabling legislation for the reforms. It will be introduced into Parliament in late 2013 with a view to completing its passage by autumn 2014. Most changes requiring legislation will be implemented from April 2015.

3. BACKGROUND

3.1 The Coalition Government's programme in 2010 highlighted the "urgency of reforming the system of social care to provide much more control to individuals and their carers and to ease the cost burden that they and their families face".

3.2 Andrew Dilnott's Commission reviewed the Funding of Long Term Care and reported in July 2011 and the Law Commission completed its review of social care legislation in May 2011. In response the Government launched an engagement exercise, "Caring for our Future", from September – December 2011. During 2011/12 the Health Select Committee published reports on funding social care and integration.

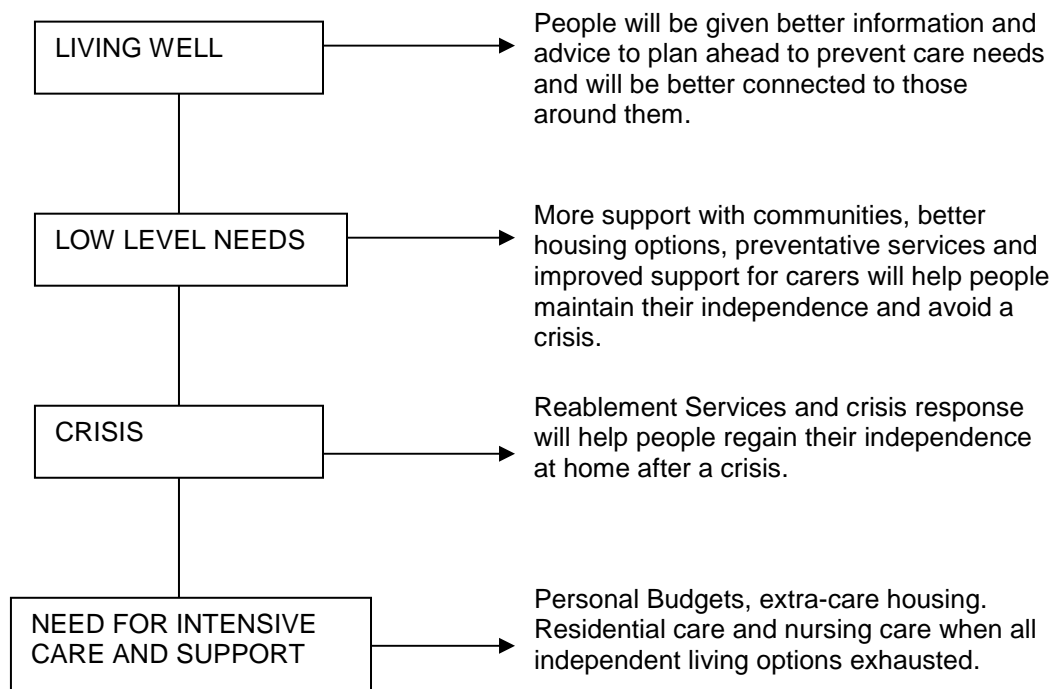
3.3 Three core principles lie at the heart of the White Paper:

- a) The urgent need to prevent, postpone and minimize people’s needs for formal care and support. The system should be built around promoting people’s independence and wellbeing.
- b) People should be in control of their own care and support and be helped to fulfill their potential, whatever their circumstances.
- c) The traditional boundaries that lie between local authorities, the statutory sector, private organizations, the third sector and individuals should be dissolved in favour of collaboration.

3.4 The reforms are based on the view that:

- the current system is crisis led;
- society is not making the most of the skills and talents that communities have to offer;
- people do not have good information and advice;
- access to care varies across the country and is confusing;
- carers have no clear entitlements to support;
- not all care is good : the quality of care is variable and inconsistent;
- the system is not “joined-up”;
- our growing and ageing population is only going to increase the pressures on the current system.

3.5 The White Paper sets out a new vision for a reformed care and support system. The new system promotes wellbeing and independence at all stages to reduce the risk of people reaching a crisis point, and so improve their lives:



- 3.6 The White Paper positions Local Authorities at the heart of how care and support will work in the future. They will play a leading role in securing the wellbeing of everyone in their areas. Promoting wellbeing and independence is core to this vision instead of waiting for people to reach crisis point. People will have better control over their care and will be empowered to choose the care and support that helps them live the lives they want.
- 3.7 The Draft Care and Support Bill underpins reform with a complete overhaul and modernisation of care and support law. There will be single statute of care and support which places people's needs and goals at the centre. New statutory principles will embed individual wellbeing as the driving force underpinning the provision of care services. The draft Care and Support Bill is published for public consultation and parliamentary pre-legislative scrutiny during 2012.
- 3.8 Progress has been made over funding reform. The principles of the Dilnott Commission have been accepted. These are financial protection through capped costs and extended means testing as the basis for a new funding model of care. Decisions as to the final model will be made as part of the 2014/15 spending review.
- 3.9 The extensive reform envisaged which will impact on the model for adult social care, the legal framework and the method of funding care is a long-term plan which will be implemented over the next few years.

4. OVERVIEW OF THE REFORMS

The Health and Social Care Bill: Key Legislative Changes

- 4.1 The reforms are intended to improve quality and efficiency by reforming the organisations that commission, regulate and support care services. At local level Local Authorities will have a stronger role in shaping services and will take over responsibility for population health improvement as well as appointing a Director of Public Health. A new ring-fenced budget will support this agenda.
- 4.2 Health and Wellbeing Boards will bring together locally elected councillors, Directors of Adult and Children's Services and Public Health, Clinical Commissioning Groups (CCGs) and patient / citizens views through local Healthwatch. Local Healthwatch will replace the LINK from April 2013 and provide advice and information about access to local services, choices available to people and ensure people's views are well represented. Healthwatch will retain powers to 'enter and view' services and link with Healthwatch England to monitor standards of providers' services.
- 4.3 CCGs will be held to account for their funding / commissioning decisions by the NHS Commissioning Board against a Commissioning Outcome Framework which will strengthen accountability for achieving quality and

value for money. CCGs will hold real budgets and be able to reinvest any savings generated in patient care. CCGs have a duty to work with the Health and Wellbeing Boards in assessing local needs and developing commissioning plans (the Joint Strategic Needs Assessment: JSNA and Joint Health & Wellbeing Strategy) to meet them.

- 4.4 The General Social Care Council (GSCC) will be abolished and the regulation of social workers in England transferred to the Health and Care Professions Council.
- 4.5 The National Institute for Clinical Excellence (NICE) and the Information Centre are re-established in the Bill to provide clinical advice and information and this remit will now be extended to social care.
- 4.6 The NHS Commissioning Board and CCGs will be responsible for promoting better integration of health services with social care where this would improve service quality or reduce inequalities. There is a duty to involve the public in planning and commissioning arrangements. The Bill aims to encourage better integration between services and provides the basis for better collaboration and partnership working / integration across local government and the NHS at all levels. In addition, the Bill places a duty on Health and Wellbeing Boards to consider the partnership arrangements under the NHS Act 2006 (such as pooled budgets) when developing their Joint Health and Wellbeing Strategies.
- 4.7 The Bill retains the independent health scrutiny function within local authorities.

Progress Report on Funding

- 4.8 This report on funding accepts the following principles of the Dilnott Commission:
- Financial protection through a cap on costs;
 - Extended means test;
 - National minimum eligibility criteria;
 - Deferred payments available to all, with a consultation on how interest is levied by local authorities.
- 4.9 The government has declined to commit to a new funding model until the spending review in 2014/15 and they will consider further options that are consistent with Dilnott - but at a lower cost:
- Level of the cap (£75,000 rather than £35,000)
 - Choice about whether to have financial protection through voluntary opt-in or opt-out schemes to give protection in return for specified payments.

Care and Support White Paper

- 4.10 Local Authorities will have a clear duty to incorporate preventative practice and early intervention into commissioning and this will be built into the social care and public health outcomes frameworks.

- 4.11 A range of measures is proposed to promote community development and social action as part of a preventative approach i.e. Time Banks, Time Credits and other approaches that help people share their time, talents and skills with others in their community. From April 2013 Trailblazer areas will be established to look at new ways of supporting people to stay active and independent using new approaches to investment such as Social Impact Bonds (SIB). SIBs are intended to attract investment to provide up-front funding for developing new services. Social investors weigh the social and financial returns they expect from an investment in different ways and will often accept lower financial returns in order to generate a greater social impact. SIBs are similar in concept to a Payment-by-Results model and ensure that tax payers' money is only used if services are successful.
- 4.12 There will be a new duty to ensure adult social care and housing work together.
- 4.13 Adult social care services will be given a power to assess young people under 18 to assist their move from children to adult services.
- 4.14 A capital fund of £200 million over 5 years from 2013/14 will further develop specialist housing for older and disabled people.
- 4.15 A national information website will be established. £32.5 million will be made available for local online services and comparison websites for people to give feedback and compare provider quality.
- 4.16 Access to independent advice will be improved to help people eligible for financial support for the local authority to develop a care and support plan.
- 4.17 A right to an assessment for carers who may need support and an entitlement to local authority support if they meet new, lower eligibility thresholds for carers.
- 4.18 A duty on local authorities to develop and maintain a diverse range of providers in their areas. Community care assessments are currently usually carried out by local authority employed workers. The government has said it wants 'many more new providers to offer assessment services' to increase choice. The creation of a plurality of providers will be supported by the Department of Health's 'right to provide' initiative which enables local authority staff to set up social enterprise to deliver functions they currently provide. Social Work Pilots are currently in place to "liberate social workers from case management, allowing them to focus on promoting active and inclusive communities". Community Development practice skills will be built into future qualifying training for social workers and social care workers.
- 4.19 Action to stop local authorities contracting for home care 'by the minute' will be introduced. ADASS and care providers have begun work around fee levels and commissioning practices. Care will be commissioned on the basis of quality, outcomes, value for money and achieved results.

- 4.20 The development of 'quality profiles' for all regulated care providers will be introduced including information on compliance with essential standards, performance against quality standards developed by NICE and families' views drawn from consumer rating sites.
- 4.21 An ambition to double the number of care apprenticeships to 100,000 over the next five years is set out. There will be a new code of conduct and minimum training standards for care workers – but the proposal to introduce registrations of all care workers has been shelved.
- 4.22 A Chief Social Worker will be appointed by the end of 2012. This role will cover children's and adult services and was included in the Munroe recommendations.
- 4.23 The government has retained its target of moving all people using social care services on to a personal budget by April 2013. The plan is to pilot the extension of Direct Payments to residential care to test the costs and benefits and Local Authorities will shortly be invited to submit expressions of interest to join this pilot initiative in 2013.
- 4.24 Legislation will be put in place to ensure that all agencies work together at a local level to prevent abuse. This will place Adult Safeguarding Boards on a statutory basis. The government intends to consult on whether any power of entry is required alongside the duty to make safeguarding enquiries. There is a robust body of opinion that believes a specific power of entry for safeguarding would give an opportunity to offer timely information and advice and ensure that vulnerable people can be supported to be heard.
- 4.25 There will be a new funding system for palliative care in 2015. Investment in the pilots will be doubled to £3.6million. All health and social care will be free to people once they are on the end of life locality register.
- 4.26 Clarification will be given as to who is responsible for care and support in prisons.
- 4.27 Local authorities will be given support to manage their local markets (through an independent body) or improve their market position statements. These statements will contain information about those services available locally and set out details of how local authorities plan to commission services in the future. Local authorities will have a duty to make sure that nobody is left homeless or without care if a provider fails.

5. FUNDING

- 5.1 £100 million in 2013/14 and £200 million in 2014/15 will be transferred from NHS to local authorities under Section 256 to better integrate care and support with similar conditions to previous transfers. It is thought that 10% is likely to be ring-fenced for reform implementation costs.

- 5.2 £200 million capital spread over five years will be made available for specialist housing schemes.
- 5.3 Start-up funding of £32.5 million from 2014/15 will be made available to develop online information services.
- 5.4 Investment by the NHS in end-of-life pilots will be doubled from £1.8 million to £3.6 million in 2015.

6. NEXT STEPS

- 6.1 The Care and Support Bill is now open to consultation and pre-legislative scrutiny. The Bill will be formally introduced in 2013 during the third session of Parliament with opportunities for local authorities to comment online.
- 6.2 A new Leadership Forum will be established by March 2013 to bring together leaders from all parts of the health and social care sector to lead the reforms. A Care and Support Transformation Board and Care and Support Implementation Board will oversee the reforms.

7. CONCLUSION

- 7.1 The reforms set out in the Care and Support White Paper, the Health and Social Care Bill and the progress report on funding are a long-term plan for the reform of care and support in England. The direction of travel within them is predicated on:
 - Prevention and early intervention;
 - More choice and control for people i.e. Personal Budgets;
 - Community development initiatives;
 - Increased integration between the health and social care sectors;
 - A plurality of providers;
 - Local authorities increasingly becoming commissioners of services;
 - The enhanced use of technologies.

8. LOCAL POSITION

- 8.1 There is a significant amount of work being undertaken locally to manage the transition of public health to the Local Authority by April 2013. Work is underway to update the Joint Strategic Needs Assessment (JSNA) and consultation has commenced to inform the development of a Joint Health & Wellbeing Strategy, overseen by the Shadow Health & Wellbeing Board. A further update on public health transition will be provided to Cabinet during October.
- 8.2 A Clinical Commissioning Group (CCG) has been established covering Hartlepool and Stockton on Tees, and is currently working towards authorisation with an assessment visit planned in October. The CCG has

appointed an Interim Chief Officer, Ali Wilson, and is chaired by Dr Boleslaw Posymk.

- 8.3 The CCG has established a vision ‘to build 21st century health services for and with Stockton on Tees and Hartlepool communities so that health inequalities reduce and wellbeing continuously improves’. Initial priorities for the CCG relate to health inequalities, primary care, urgent care, community services, medicines, alcohol, mental health and learning difficulties.
- 8.4 As further information is made available about the proposals within the Care and Support White Paper, work will be needed to understand the financial implications for Hartlepool. Some of the changes, such as the entitlement to local authority support for carers who meet new, lower eligibility criteria could create significant financial pressures. There will also need to be work undertaken to clarify any impact of the funding outlined in Section 5 of this report.

9. RECOMMENDATIONS

- 9.1 Cabinet notes the proposed long-term plans for the reform of care and support in England and receives further reports on specific issues and potential financial implications, in due course.

10. CONTACT OFFICER

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CABINET REPORT

4th October 2012



Report of: Director of Regeneration and Neighbourhoods

Subject: FORMER LEATHERS CHEMICAL SITE - UPDATE

1. TYPE OF DECISION / APPLICABLE CATEGORY

1.1 Non Key decision the report is for information only.

2. PURPOSE OF REPORT

2.1 To provide an update on progress made since Cabinet on 23rd July 2012 and to specifically inform Cabinet of the:-

- Environment Agency revised inspection report and recommendations to the Council in relation to Zone 1 (Frutarom) and Zone 2 (main site).
- progress made on the site investigation and remedial works in Zone 3 (dunes area) of the site.

3. BACKGROUND

3.1 As described in the previous Cabinet report the area (Figure 1 over page) for investigation was split into 3 zones as follows; Frutarom Site (referred to as Zone 1), the former Leathers Chemicals Site (referred to as Zone 2) and the sand dunes area (referred to as Zone 3).

3.2 In the previous report only the Zone 3 area as outlined below (Figure 1) was discussed. This was due to the urgent actions required as a result of the existing contamination in this area and the re-evaluation of Zone 1 and Zone 2 due to changes in the Statutory Guidance underpinning the contaminated land regime. The previous report advised that Zone 3 was formally determined as contaminated land in accordance with Part 2A of the Environmental Protection Act 1990.

3.3 The Council's Technical Officers have now received the Environment Agency revised inspection report and recommendations in relation to Zone 1 and Zone 2 of the site. Section 4 of this report provides a summary of the Environment Agency's recommendations to the Council.

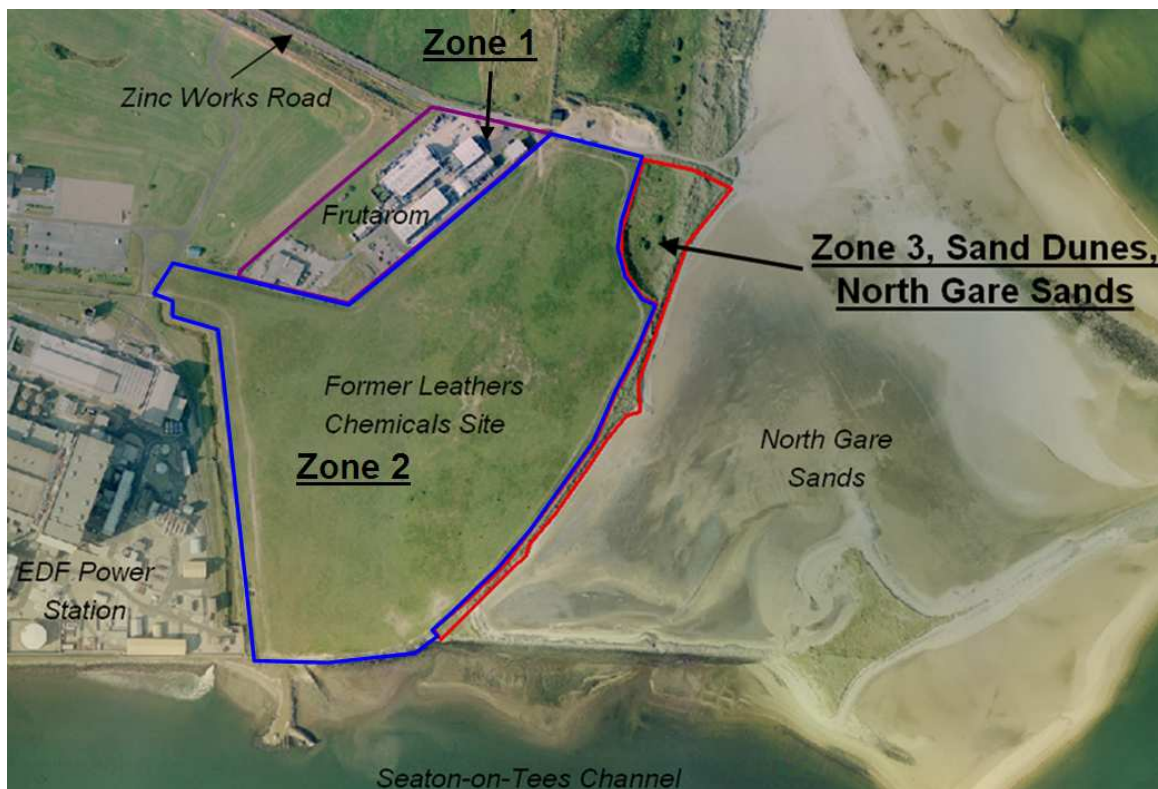


Figure 1: Site Location

4. ENVIRONMENT AGENCY INSPECTION

- 4.1 In August 2012, the Environment Agency completed their review of the inspection inline with the current Statutory Guidance, and reported recommendations to the Council with regard to Zone 1 and Zone 2 of the site.
- 4.2 In evaluating Zone 1 and Zone 2, the Environment Agency considered the presence of contamination and how this would impact on controlled waters. Controlled waters in this instance includes the Tees Estuary, Seaton Snook, and shallow groundwater beneath the sites.
- 4.3 For shallow groundwater, the Environment Agency considered that the ongoing pollution of shallow groundwater at the site (Zone 1 and Zone 2) does not constitute “significant pollution of controlled waters” within the meaning of the revised statutory guidance. The Environment Agency has advised that the pollution in the shallow groundwater is not sufficient to form a basis for determining the sites as contaminated land.
- 4.4 For Seaton Snook, the Environment Agency consider that the ongoing pollution of the Snook (from contaminants present in Zone 1 and Zone 2) does not constitute “significant pollution of controlled waters” within the meaning of the revised statutory guidance. The Environment Agency has advised that the pollution of Seaton Snook is not sufficient to form a basis for determining the site as contaminated land.

- 4.5 With regard to the Tees Estuary, the Environment Agency do not consider that the contaminant linkages identified in the initial March 2012 inspection, constitute a significant possibility of significant pollution to the Tees Estuary, based on the meaning of the revised statutory guidance. The Environment Agency advice is that this potential significant pollution is not sufficient to form a basis for determining the site as contaminated land.
- 4.6 With regard to Zone 1 and Zone 2, further action relating to controlled waters is not considered necessary under Part IIA. As there are no human health issues, these sites will not be determined as contaminated land.

5. SITE INVESTIGATION

- 5.1 Subsequent to the 23rd July Cabinet, the Council's Technical Officers have initiated preliminary site investigation works along a small stretch of the sand dunes area. This work was undertaken in order to adequately design and scope the main investigation in order that a remedial strategy can be developed. As a precautionary measure, Technical Officers decided to fence off the small area of the dunes where the preliminary investigation works had been undertaken in order to prohibit public access in this area. A temporary footpath diversion in this area has been provided and is still in operation prior to the main investigation works commencing.
- 5.2 At the time of writing this report, quotations for the main investigation are pending. It is the Council's Technical Officers intentions to have all of the investigation works complete by the middle of October 2012.
- 5.3 Once the site investigation information is available, an updated report to Cabinet is proposed to advise on the 'next steps' in the process.

6. EMERGENCY CAPPING WORKS

- 6.1 Since the previous Cabinet Report, the Council have submitted an application to Natural England for both investigation and remedial works. The Council have received S28H Assent and full support to undertake the proposed works from Natural England.
- 6.2 Following the site investigation described above, it is also intended that Capital money is spent on upgrading the temporary clay cap previously installed along a 100m stretch of dunes. The dunes and cap are showing signs of erosion, and the Council's Technical Officers have maintained a weekly inspection of the affected area to ensure that the pollutants are contained.

7. LEGISLATIVE REQUIREMENTS

7.1 Following on from the determination process in designating Zone 3 as contaminated land, the Council's Technical Officers have contacted all potential appropriate persons. This process was carried out shortly after the determination, and all interested parties were provided with a written record of determination and were given the opportunity to make representation.

7.2 Responses from the various appropriate persons have been received, and these have been forwarded to the Council's external legal expert for consideration. As part of the legal process, it is the Council's statutory responsibility to apportion liability, and this process is ongoing. A further update report will be provided once this is complete.

8. FINANCIAL CONSIDERATIONS

8.1 Despite great competition for funding under the Environment Agency administered Contaminated Land Capital Projects grant regime, the Council have been successful in being awarded:-

- £6.5k to maintain the temporary capping works, with a further contingency of £10k should further work be required. An application has been made already to release this contingency in order to carry out the works as described in paragraph 6.2 above;
- £21k for the further investigation and options appraisal. Any shortfall can be made up through the Council's contaminated land revenue budget and efforts are being made to minimise this.

9. RECOMMENDATIONS

9.1 It is recommended that the Cabinet:-

- note the content of this report;
- note the Environment Agency's advice that Zone 1 and Zone 2 do not meet the statutory definition of 'contaminated land', and that both respective parcels of land should not be determined under the Act;
- note the intention to present an update report to Cabinet once the further investigation and legal considerations in Zone 3 are complete, .

10. REASONS FOR RECOMMENDATIONS

10.1 In reporting the outcome of the Environment Agency investigation, the Council is complying with its duties under Part IIA of the Environmental Protection Act 1990.

11. BACKGROUND PAPERS

- Cabinet report dated 23rd July 2012
- Environment Agency Letter dated 23rd July 2012
- Environment Agency Letter dated 28th August 2012

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