

FINANCE AND POLICY COMMITTEE AGENDA



31 May 2013

at 9.30am

in Committee Room B, Civic Centre, Hartlepool

MEMBERS: FINANCE AND POLICY COMMITTEE

Councillors C Akers-Belcher, Dawkins, Jackson, James, A Lilley, Payne, Richardson, Simmons, Thompson, Wells and Wilcox

1. APOLOGIES FOR ABSENCE

2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS

3. MINUTES

None

4. BUDGET AND POLICY FRAMEWORK

- 4.1 Medium Term Financial Strategy (MTFS) 2014/15 to 2016/17 – *Chief Finance Officer*
- 4.2 Reviewing the Sustainable Community Strategy for Hartlepool – *Assistant Chief Executive*

5. KEY DECISIONS

None



6. OTHER ITEMS REQUIRING DECISION

- 6.1 DCLG Capital Clawback Rights from Historic Grant Programmes – *Director of Regeneration and Neighbourhoods*
- 6.2 Performance Increment Scheme (Chief Executives and Directors) – *Assistant Chief Executive*
- 6.3 Appointment of Local Authority Representatives to Serve on School Governing Bodies – *Assistant Director, Education*

7. ITEMS FOR INFORMATION

- 7.1 Quarter 4 – Council Overview of Performance and Risk 2012/13 – *Corporate Management Team*
- 7.2 Peer Review Action Plan Update – *Corporate Management Team*

8. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT

FOR INFORMATION

Date of next meeting – 28 June 2013 at 9.30am



FINANCE AND POLICY COMMITTEE

31st May 2013



Report of: Chief Finance Officer

Subject: MEDIUM TERM FINANCIAL STRATEGY (MTFS)
2014/15 to 2016/17

1. TYPE OF DECISION/APPLICABLE CATEGORY

Budget and policy framework decision.

2. PURPOSE OF REPORT

2.1 The purposes of the report are to:-

- i) Update Members on the Council's financial position and the budget deficits forecast for 2014/15 to 2016/17; and
- ii) To enable Members to approve the recommended approach to be adopted for managing the budget deficits over the period 2014/15 to 2016/17.

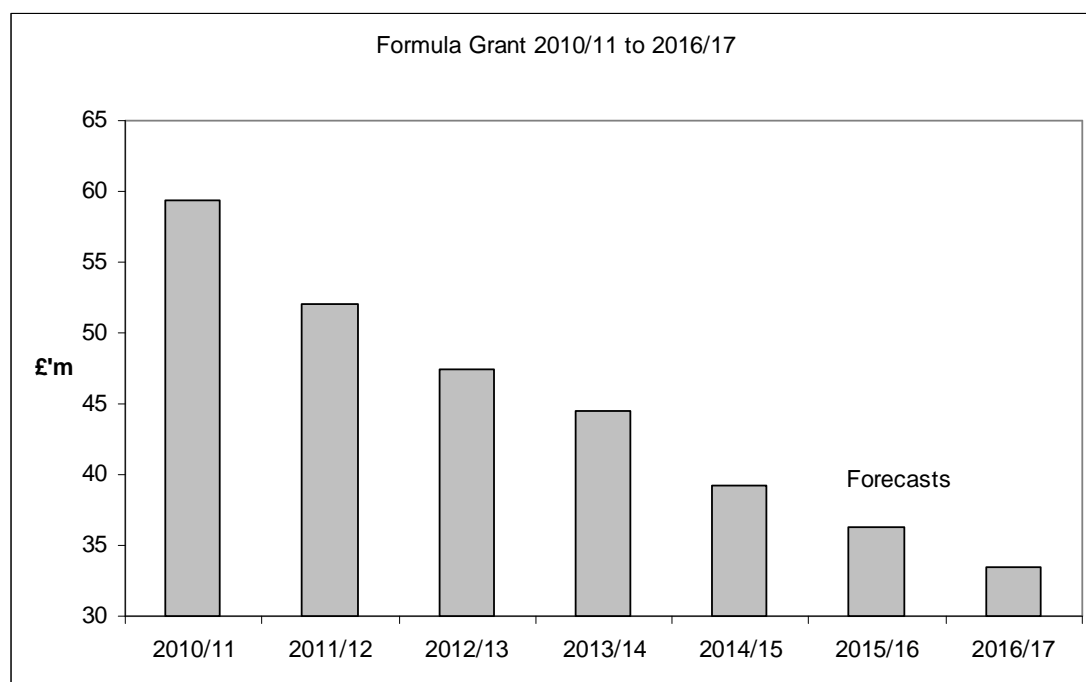
3. BACKGROUND AND GOVERNMENT SPENDING PLANS 2014/15 ONWARDS

3.1 This is the first of a series of detailed budget reports which will be submitted to this Committee during the current financial year to enable Members to develop and approve the final 2014/15 budget proposals to be referred to full Council in February 2014. This report is being referred to Members earlier than in previous years owing to the scale of the budget deficits facing the Council and also to reflect the requirements of operating the new Committee system. It needs to be recognised that considering budget issues at this earlier stage means that final decision cannot be made until later in the year when all information is available. However, Members need to make some initial decisions to underpin the development of the Council's financial plans and to recognise that these may need to be revised if circumstances change.

3.2 The previous MTFS report was submitted to full Council in February 2013 and provided a comprehensive assessment of the financial challenges and

risks facing the Council over the 4 years commencing 2013/14. In summary the report advised Members that the Council is facing the most challenging financial position since becoming a unitary authority in 1996, which reflects:

- The scale of Government cuts in core General Fund grants confirmed for 2013/14 and 2014/15, and anticipated to continue in 2015/16 and 2016/17 as summarised below;



- The abolition of the national Council Tax Benefit system and the transfer of financial responsibility for Council Tax Support to individual Councils, with a 10% national funding cut. The cut for Hartlepool was effectively around 13% when account is taken of actual support already provided. There is a risk further grant cuts are made in this area in future years if the Government determines to implement further cuts in the Welfare Budget. In addition, the Government's decision to mainstream this grant and include within the core revenue grant from 2014/15 increases financial risk for areas serving more deprived communities, including Hartlepool, as reductions in core revenue grant have historically had a disproportionate impact on these areas.
- The implementation of the Business Rates Retention system, which will transfer significant financial risks to individual Councils. Under the new system a 'safety net' system will operate which will require individual Councils to fund the first 7.5% of in-year reductions in business rates from their own resources. Additional Government support will only be paid for shortfalls above this threshold. For Hartlepool this equates to an annual risk of around **£1.9 million** in 2014/15 and future year. This is a significant risk for Hartlepool owing to the potential impact of in-year reductions in the business rates paid by the Power Station, which contributes **17%** of the total Business Rates collected by the Council;

- Individual Councils face potential costs relating to 50% of back-dated Business Rates appeals. The Government has set aside some funding for this issue nationally, although it is not yet clear if this will be sufficient at an individual authority level. This is also a significant risk for the Council as the Power Station has a number of outstanding appeals and further information is provided later in the report.
- The impact of cuts in specific grants, including a cut in the Early Intervention Grant from £6.440m in 2012/13 to £4.789m in 2014/15, a cut of £1.651m – a 25% cut.

3.3 The February 2013 MTFS provided the strategy for managing the 2013/14 budget, which recognised that budgets and financial risks need to be managed over a number of years. The report outlined that further cuts in core budgets of between **£17.426m and £19.426m** will have to be made before the start of 2016/17. These forecasts include the impact of the 2013/14 Council Tax Freeze grant being removed in 2015/16. The Council will also need to manage cuts in specific grants.

3.4 In developing a strategy to address the core budget deficit there are a range of inter-linked and inter-dependant issues to consider in rolling forward the Council's financial plans, covering

- Government Spending Plans 2014/15 onwards
- One-off resources available to manage risks and / or support Council priorities, including the 2014/15 General Fund budget;
- Business Rates Risks;
- Local Council Tax Support Scheme 2014/15 to 2016/17;
- General Fund Revenue Budget 2014/15 to 2016/17;
- Strategy for managing EIG and LACSEG grant cuts.

3.5 The following paragraphs provide more information on each of these issues to the extent this is currently possible. Further updates will be provided to future meetings when more information becomes available.

3.6 Government Spending Plans 2014/15 onwards

3.7 The Chancellor's March 2013 budget provided an update on the Public Sector finances and confirmed that Public Sector debt will be higher than previously forecast and the budget deficit will take longer to reduce than previously forecast as summarised below:

| | Public sector debt as a percentage of GDP | Annual budget deficit (£billion) |
|---------|---|----------------------------------|
| 2013/14 | 75.9% | 108 |
| 2014/15 | 79.2% | 97 |
| 2015/16 | 82.6% | 87 |
| 2016/17 | 85.6% | 61 |
| 2017/18 | 84.8% | 42 |

To put the annual budget deficits into context annual spending on Health is £137 billion, Education £97 billion and Personal Social Services £31 billion.

- 3.8 Against this background the Chancellor indicated a continued period of public sector austerity, although some areas of spending, including Health and Education, will be protected. For Council's this means a period of continued grant cuts. The key issue for Hartlepool will be the level of the actual grant cuts for 2014/15 and future years and how these compare to the forecasts included in the MTFS. This position will need to be assessed after the June 2013 Spending Review, although this may only cover spending for 2014/15 owing to the timing of the next General Election.
- 3.9 The Chancellor also announced an extension of the public sector pay cap of 1% until 2016. As Members will be aware Local Government pay has already been frozen since April 2009, so this will have a significant impact on employees, particularly the lower paid. In budgeting terms there will be a financial benefit from the public sector pay cap. However, any budget saving is expected to be offset by higher grant cuts as the Government reduce grants further to reflect the pay cap. This is a significant risk as the Government has no way of determining the impact on individual councils and as a result councils suffering disproportionate grant cuts may lose more grant than they save from the pay cap.
- 3.10 In addition, any savings from the continued public sector pay cap will need to be allocated to offset higher employers National Insurance costs. In the March 2013 Budget the Chancellor announced that from April 2016 (a year earlier than previously indicated) that employers and employees will face increased National Insurance contributions as a result of changes to the Second State Pension. This is a significant issue and it is estimated that Public Sector employees will pay increased National Insurance contributions of £3.3 billion a year. Overall the effect on the Government finances will be neutral, although this will pass an additional significant cost on to Councils.
- 3.11 For Hartlepool the increased National Insurance cost equates to 3% of the pay bill from April 2016. This additional cost was not included in the previously reported MTFS forecasts as this change was not expected to be implemented until April 2017, which is outside the current planning period covered by the MTFS. In budgeting terms this additional cost may be offset from the annual savings which will accrue from reducing the April 2015 and April 2016 pay award planning assumptions from 2.5% to 1% per year.
- 3.12 In summary the Chancellor's March 2013 budget confirmed a period of continued public sector austerity and more information will become available in the Government's June 2013 Spending Review. In the meantime the planning assumptions reported in February continue to provide an appropriate planning basis for the 2014/15 to 2016/17 MTFS. However, there is a risk that the net impact of actual grant cuts (when these are known), the continuing public sector pay cap and higher employers National Insurance contributions **may increase the currently forecast budget deficits.**

4. One-off resources available to manage risks and / or support Council priorities

- 4.1 The February 2013 MTFS report identified a potential one-off resource from the action taken to manage the 2012/13 General Fund budget and the review of reserves. At that time the net forecast under spend, after commitments approved by Council to support educational attainment and the costs of the public enquiry, was forecast to be in the range of £0.16m to £0.94m. The range reflected seasonal and demand lead expenditure. Work to finalise the 2012/13 outturn is nearing completion and the final under spend is expected to be £0.68m, net of provision made for potential litigation costs arising from Planning Committee decisions which was not previously anticipated when the forecast outturns were prepared. The net underspend of £0.68m can now be taken into account in developing the MTFS for 2014/15 and beyond.
- 4.2 Work completed on assessing historic Equal Pay risks has identified that the provision previously set aside should not be needed and can now be taken into account. Releasing this money is not completely without risk, although this is currently assessed as extremely low. Therefore, given the other pressures facing the Council it is recommended this funding is released, which provides a one-off benefit of £0.9m.
- 4.3 An initial assessment of the forecast 2013/14 budget outturn has also been undertaken and this has identified a range of forecast budget savings of £1.060m, as detailed in Appendix A. Taking account of these issues at this very early stage of the financial year is not without risk as the Council needs to manage a wide range of demand lead and seasonal budgets. Part of these savings may need to be allocated to offset any shortfall in the residual People Collaboration savings target of £0.25m included in the 2013/14 MTFS. An update on progress in achieving these savings will be provided later in the year. In addition, as reported previously the Council faces significant new financial risks in 2013/14 arising from the re-localisation of Business Rates and the implementation of the Local Council Tax Support Scheme. As part of the approved 2013/14 MTFS strategies for managing these risks have been developed and this included earmarking a specific reserve to manage potential Business Rates income shortfalls. There are further proposals detailed later in this report to build on these strategies with the objective of hopefully avoiding the need for additional in-year budget cuts if these risks occur in 2013/14, or future years.
- 4.4 In line with the recent Council resolution the forecast 2013/14 underspend excludes the Members Allowances savings which will be set aside in a ring fenced Living Wage reserve until such a time as the Council has consulted on the merits of introducing a 'Living Wage' in Hartlepool.
- 4.5 In summary these measures should provide uncommitted one-off funding of £2.64m as summarised overleaf.

| | £'000 |
|------------------------------------|-------|
| 2012/13 Uncommitted outturn | 680 |
| Uncommitted in Equal Pay Provision | 900 |
| 2013/14 Outturn | 1,060 |
| | 2,640 |

- 4.6 In view of the significant financial challenges in 2014/15 it is recommended that a strategy for using these resources is developed.
- 4.7 The issues which this strategy needs to address cover the ongoing Business Rates risks, the sustainability of the Local Council Tax Support scheme and the 2014/15 budget position. As an initial strategy it is recommended that the forecast one-off resources of £2.64m are allocated as follows and sections 5 to 8 provide the rational for this recommendation:

| | £'000 |
|--|-------|
| Business Rates risks (detailed section 5) | 900 |
| Support of Local Council Tax Support scheme (details section 6) | 860 |
| Support of 2014/15 Revenue budget (details section 7) | 680 |
| Support for Highways Maintenance Programme (details section 8) | 200 |
| | 2,640 |

5. Business Rates risks

- 5.1 The key risk relates to the level of the 'safety net' trigger point which will increase to £1.9m in 2014/15 (£1.7m in 2013/14) and the impact of unplanned closures at the Power Station. In 5 of the last 7 years there have been unplanned shutdowns and over time this risk will increase. It is therefore not a case of 'if, but when' this risk will arise. A reserve of £1m has previously been set aside to manage this risk, but this will only provide funding for an unplanned closure of around 5 months. Given the history of closures over the last seven years it is recommended that a higher risk reserve is needed.
- 5.2 In addition to this ongoing risk there is also a risk in relation to the potential cost of successful back-dated rateable value appeals by the Power Station. Given the increase in the rateable value in 2010 it is expected there is a high probability this appeal will be successful. At this stage it is not possible to quantify this risk or the level of Government funding which will be provided towards funding this one-off cost.
- 5.3 A recent meeting with the Council's allocated Valuation Office liaison officer confirms the outcome of this appeal will not be known in the near future and a decision may not be made for a number of years, owing to the number of

outstanding appeals at a national level and the particular complexity of this appeal. This position increases uncertainty and potentially increases financial risk to the Council that Government funding does not cover the full cost of the back dated element of a successful appeal. Of more financial significance to the Council the delay in this appeal means there is uncertainty over the level of Business Rates retained by the Council, as a successful appeal will result in a reduction in Business Rates paid by the Power Station. At this stage this potential income loss cannot be quantified. However, the longer this appeal remains outstanding the greater the financial risk to the Council if the appeal is successful. The Valuation Office has provided the following information which puts the Rateable Value of the Power Station and the financial risk to the Council into context:

- Hartlepool Power station has the 3rd highest gross rateable value of all Power Stations in England;
- Hartlepool Power station has the 7th highest gross rateable value in England.

5.4 As reported previously the factors in relation to the Power Station put the **Council in a unique position** in terms of managing the ongoing risk of unplanned shutdowns and the outstanding appeal. This means the Council is managing significant financial risks in relation to a single business rate payer, which accounts for **17%** (£2.45m) of the retained annual Business Rates, as highlighted in the following table.

Summary of Business Rate income retained by the Council

| Type of Business | Number of Business Rate payers | Percentage of total annual Business Rates Collection | Estimated 50% share of business rates retained by the Council |
|-------------------------------|--------------------------------|--|---|
| Nuclear Power Station | 1 | 17% | £2.45m |
| Large Industrial Businesses | 7 | 12% | £1.73m |
| Supermarkets | 3 | 11% | £1.58m |
| Large Retail Stores | 6 | 4% | £0.58m |
| Public Sector | 3 | 3% | £0.43m |
| Sub Total – top twenty | 20 | 47% | £6.77m |
| Small and Medium Enterprises | 2,480 | 53% | £7.63m |
| Total | 2,500 | 100% | £14.40m |

5.5 The meeting with the Valuation Office also highlighted an additional risk in relation to national appeals lodged by the major super markets against increased Rateable Values. Locally this may be a significant issue as 3 supermarkets account for 11% of the total Business Rates income retained

by the Council. This position further underlines the financial risk which has transferred to individual Councils as a result of the re-localisation of Business Rates.

- 5.6 In view of these significant financial risks it is recommended that the uncommitted Equal Pay Provision of £0.9m is reallocated to manage these risks over the period of the MTFS. This will increase the value of the Business Rate risk reserve to £1.9m. In relation to the impact of unplanned Power Station closures it is hoped that this reserve will be sufficient to cover any income shortfall below the 'safety net limit' for the period of the current MTFS, which will hopefully avoid the need to make additional in-year budget cuts over the next few years, although this cannot be guaranteed. In the unlikely event that the whole of the reserve is not committed over the period of the MTFS any unused resources will need to be carried forward to manage this ongoing risk, which will increase as the Power Station ages. It needs to be recognised that it will become increasingly difficult to set aside resources in future years to manage this increasing risk owing to the impact of ongoing significant grant cuts.

6 Local Council Tax Support (LCTS) Scheme 2014/15 to 2016/17

- 6.1 In January 2013 the Council approved a Local Council Tax Support scheme which limited the cut in support for working age households to 8.5%. This decision enabled the Council to secure a one-off Government grant for limiting the cut in support to 8.5% of £0.26m. The position on the schemes approved by the 12 North East Councils is summarised below:

| Cut in existing Council Tax support for working age adults | No. Councils |
|---|--------------|
| 0% | 2 |
| 7% | 1 |
| 8.5% | 4 |
| 20% | 4 |
| 30% (scheme protects families with children under 5 and also groups with disabilities). | 1 |

Analysis of LCTS schemes approved for 2013/14 shows that around 120 councils implemented schemes with cuts greater than 10%, 40 councils implemented cuts of 20% or greater and around 190 councils implemented cuts of 8.5% or less.

- 6.2 In limiting the cut in support to 8.5% for 2013/14 the Council still had to bridge a net funding shortfall of £0.5m from its own resources, after implementing changes to Council Tax exemptions, as summarised below:

| | £'m |
|--|--------------|
| One-off Resources | |
| - Use of Supporting Family Poverty Reserve * | 0.160 |
| - Use 2012/13 Collection Fund Surplus | 0.140 |
| - Use Council Tax Support Reserve | 0.010 |
| Total One-off Resources | 0.310 |
| Permanent Pressures included in MTFS | 0.190 |
| Total Resources used to limit LCTS scheme cut to 8.5% | 0.500 |

* After reflecting this contribution from the Supporting Family Poverty Reserve there is an uncommitted balance of £0.149m available to support 2014/15 expenditure, assuming no further commitments in 2013/14.

- 6.3 The report to Council in January 2013 indicated that owing to the impact of the Government grant cut a local scheme limited to an 8.5% cut would not be sustainable. This position is exacerbated by the requirement to protect low income Pensioners as expenditure on this group will increase over the period of the MTFS owing to demographic pressures and the impact of planned Council Tax increases. Therefore, there is an in-built cost pressure on Councils from the localisation of support for Council Tax. Over time the system will become unsustainable and the funding shortfall will either need to be addressed by implementing higher cuts in support for low income working age households, or the Government will need to provide additional funding.
- 6.4 In view of the above position full Council in January 2013 noted that in 2014/15 the cut in Council Tax Support would need to increase to 15% in 2014/15 and 2015/16 and to 20% in 2016/17. This position was based on the following planning assumptions:

| Planning Assumptions | 2014/15 | 2015/16 | 2016/17 |
|--|---------|---------|---------|
| <u>Government LCTS Grant</u> The February MTFS report was based on a planning assumption that in the period 2014/15 to 2016/17 the Government funding for the LCTS will be frozen at the reduced 2013/14 level. | £9.6m | £9.6m | £9.6m |
| <u>Pressure included in the MTFS</u> This pressure recognised that to limit the cut in Council Tax support to 20% by 2016/17 that ongoing funding would need to be provided from the core revenue budget. | £0.59m | £0.59m | £0.59m |

| Planning Assumptions | 2014/15 | 2015/16 | 2016/17 |
|---|----------------|----------------|----------------|
| <u>Use of Council Tax Support Reserve</u> The planned use of this reserve enables the Council to phase the reduction in Council Tax Support over the period of the MTFS. This proposal, including the planned use of £10k in 2013/14, commits £0.67m of the available reserve, which leaves £0.527m to manage LCTS risks, arising from increased demand and/or further cuts in the LCTS grant. | £0.02m | £0.290m | £0.35m |
| <u>Indicative Council Tax increase</u> The cost of the LCTS scheme needs to reflect indicative Council Tax increases approved in the MTFS. It should be noted that after reflecting this additional cost there is still a net benefit to the General Fund budget of £0.3m for each 1% increase in Council Tax. | 1.99% | 2.5% | 2.5% |
| <u>Indicative Council Tax Support Reductions</u> These indicative reductions reflect the above detailed planning assumption and were approved in January 2013 by full Council; subject to annual review to reflect changing circumstances. | 15% | 15% | 20% |

- 6.5 The availability of the uncommitted resources detailed in paragraph 4.7 of £0.86m, plus the uncommitted Supporting Family Poverty Reserve of £0.149m provide one off funding of £1.009m to potentially support a slower phased reduction in the level of Council Tax support over the next 3 years. This funding is in addition to the uncommitted Council Tax Support Reserve of £0.527m and as previously recommended this amount should be retained to manage risks relating to the LCTS scheme, including demand risks and future funding risks.
- 6.6 The availability of the additional one-off funding provides the opportunity to review the LCTS to be applied in 2014/15 and the following two years. As previously reported it needs to be recognised that there is a significant risk regarding the future level of the LCTS grant as this funding has been rolled into the main revenue grant from 2013/14 and not shown as a separate figure in the 2014/15 grant allocation. There is therefore a high risk that

future cuts in Government grants reduce the funding available to support the LCTS. If this situation occurs the Council will either need to implement significantly higher cuts in Council Tax Support (above the 20% forecast by 2016/17) and implement these cuts earlier, or make additional General Fund Budget cuts if it wishes to limit the level of LCTS cuts.

- 6.7 For 2014/15 the current planning assumptions remain appropriate at this stage. The position in 2015/16 and future years is more uncertain and will need reviewing after the June 2013 Spending Review announcement. A recent announcement by the Treasury of grant cuts of 10% in 2015/16 if applied to the LCTS funding could reduce Hartlepool's grant by a further £0.96m. This would be in addition to the initial national 10% grant cut (13% for Hartlepool) implemented in 2013/14 and would effectively mean that Council Tax Support to working age adult households would need to be cut by 28% in 2015/16. If the Council were to decide not to maintain the LCTS budget pressures included in the MTFs and the use of the Council Tax Support Reserves (as set out in paragraph 6.4) the level of cut in LCTS for working age households would be around 40% in 2015/16.
- 6.8 In terms of the potential options for phasing the unavoidable cuts in Council Tax Support arising from the Government's permanent funding cut implemented in 2013/14 three potential options have been identified for consideration. **It needs to be recognised that the use of this funding does not address the fundamental funding shortfall and therefore sustainability arising from the permanent cut in Government funding for LCTS schemes.** In considering the options for using the available one-off funding Members need to consider whether they wish to continue to partly mitigate the impact on low income Working Age households, or whether they wish to use this funding for other purposes, such as supporting the General Fund budget on a temporary basis.
- 6.9 The three options are summarised below and highlight five key factors:
- i) The phased cut in Council Tax Support over the period of the current MTFs. **Under all options it will still be necessary to cut Council Tax Support for Working Age households by 20% in 2017/18** – a year later than previously anticipated. This assumes no further cuts in Government funding. This may be an optimistic planning assumption and the position will need to be updated when more information is provided by the Government;
 - ii) The MTFs LCTS pressure of £0.59m for 2014/15 to 2016/17 continues to be supported;
 - iii) The level of one-off support for the LCTS scheme previously approved from the use of the Council Tax Support Reserve, which amounts to £0.66m for all options;
 - iv) The level of additional one-off support required to support each of the options, which ranges from £0.86m to £1.140m. As detailed in

paragraph 6.5 additional one off resources of £1.009m (including £0.149m from the Supporting Family Poverty Reserve) are potentially available to support the LCTS over the period 2014/15 to 2016/17;

- v) The total level of one off support identified under (iii) and (iv) above for the LCTS scheme.

Summary of alternative LCTS options 2014/15 to 2016/17

| | 2014/15 | 2015/16 | 2016/17 | Total |
|--|---------|---------|---------|-------|
| Option 1 | | | | |
| Cut in Council Tax Support | 8.5% | 12.0% | 15.0% | |
| | £'000 | £'000 | £'000 | £'000 |
| One of funding required to implement this option | | | | |
| - Use of Council Tax Support Reserve approved as part 2013/14 MTFS | 20 | 290 | 350 | 660 |
| - Additional one off funding required | 580 | 300 | 260 | 1140 |
| | 600 | 590 | 610 | 1800 |
| Option 2 | | | | |
| Cut in Council Tax Support | 10.0% | 12.0% | 15.0% | |
| | £'000 | £'000 | £'000 | £'000 |
| One of funding required to implement this option | | | | |
| - Use of Council Tax Support Reserve approved as part 2013/14 MTFS | 20 | 290 | 350 | 660 |
| - Additional one off funding required | 450 | 300 | 260 | 1010 |
| | 470 | 590 | 610 | 1670 |
| Option 3 | | | | |
| Cut in Council Tax Support | 12.0% | 12.0% | 15.0% | |
| | £'000 | £'000 | £'000 | £'000 |
| One of funding required to implement this option | | | | |
| - Use of Council Tax Support Reserve approved as part 2013/14 MTFS | 20 | 290 | 350 | 660 |
| - Additional one off funding required | 300 | 300 | 260 | 860 |
| | 320 | 590 | 610 | 1520 |

6.10 In view of the risks around future Government funding for the LCTS scheme referred to in previous paragraphs **Option 3** is recommended by the Corporate Management Team for the following reasons:

- This option has the lowest commitment of the additional one-off resources in 2014/15, which minimises the financial risks to the Council as it enables a greater element of these resources to be carried forward to 2015/16 to help manage higher cuts in LCTS funding if these are implemented by the Government. This option would therefore not commit the available Supporting Family Poverty Reserve of £0.149m, whereas Options 1 and 2 would fully commit this amount.
- This option commences a gradual withdrawal in support from Working Age households, which should enable households to begin managing this additional financial commitment. Under this option the level of support provided in Hartlepool in 2014/15 is still expected to be higher than many other councils;

- The Council will be able to assess the implications of collecting increased Council Tax from low income Working Age households and ensure that appropriate collection arrangements are in place, which balance the financial position of individual households and the Council's need to collect Council Tax to fund services.

6.11 To enable Members to assess the implications of adopting Option 3 in terms of the scale of the Government funding cuts for LCTS schemes and the Council's strategy of mitigating the impact on low income working age households through a combination of the permanent pressure included in the MTFS and the use of one off resources the following table summarises the position for the period covered by the MTFS. The table highlights the following issues:

- Government forecast funding cuts over the period of the MTFS total **£7.757m**;
- Council funding to offset these cuts will be **£3.79m**, which includes the use of one-off funding of £1.53m;
- Cuts in Council Tax Support for low income Working Age households over the period of the MTFS total **£3.707m**.

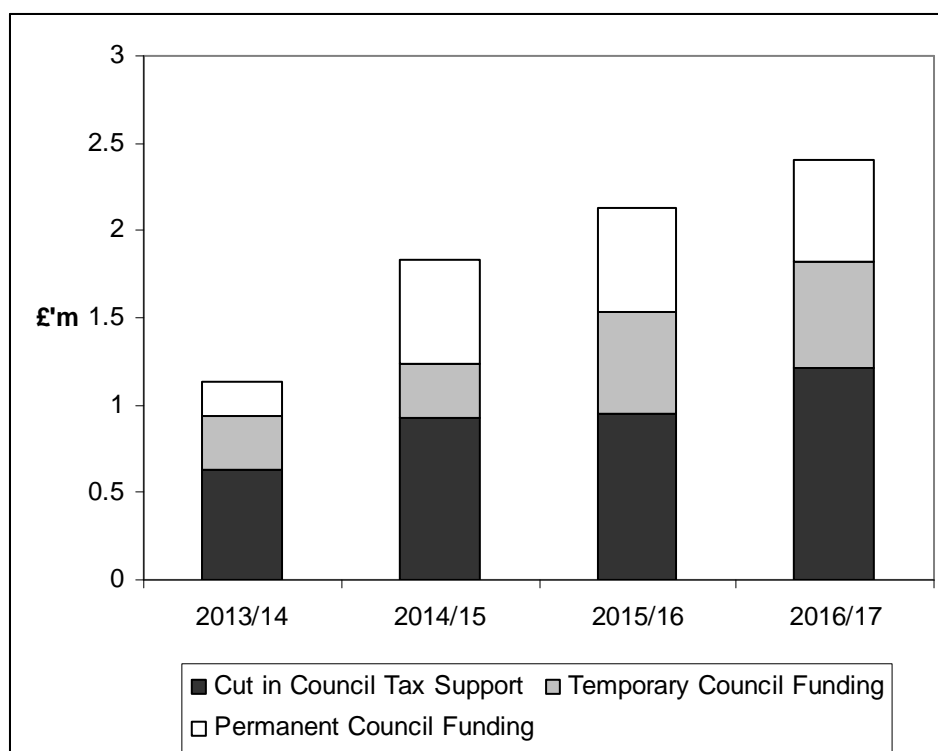
| | 2013/14 | 2014/15 | 2015/16 | 2016/17 | Total |
|---|---------|---------|---------|---------|---------|
| Option 3 | | | | | |
| Indicative Council Tax Increases | 0% | 2% | 2.50% | 2.50% | |
| Cut in Council Tax Support | 8.5% | 12.0% | 12.0% | 15.0% | |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Reduction in Government funding for LCTS scheme, net of changes to Council Tax exemptions | 1,390 | 1,832 | 2,125 | 2,410 | 7,757 |
| Less - One off Government Transitional Funding | (260) | 0 | 0 | 0 | (260) |
| <u>Less - Council Funding</u> | | | | | |
| - Use of Family Poverty Reserve | (160) | 0 | 0 | 0 | (160) |
| - Use 2012/13 Collection Fund Surplus | (140) | 0 | 0 | 0 | (140) |
| - Permanent Pressure included in MTFS (note 1) | (190) | (590) | (590) | (590) | (1,960) |
| - Use of Council Tax Support Reserve approved as part 2013/14 MTFS | (10) | (20) | (290) | (350) | (670) |
| - Additional one off funding required to phase cut in Council Tax Support | 0 | (300) | (300) | (260) | (860) |
| Cut in Council Tax Support for low income Working Age Households | 630 | 922 | 945 | 1,210 | 3,707 |

Notes

1) As the Government grant is forecast to be cash limited an increasing proportion of this pressure will need to be allocated over the period of the MTFS to fund the increased cost of protecting low Income Pensioners. By 2016/17 this will commit £0.4m of the annual provision of £0.59m.

6.12 The following graph summarises the figures shown in the above table and highlights the balance between the grant cut funded by the Council (from a combination of one off resources and the permanent pressure included in the General Fund budget) and reductions in Council Tax support for low income Working Age households over the period of the MTFS

Summary of LCTS Government Grant cut 2013/14 to 2016/17 and how funded.



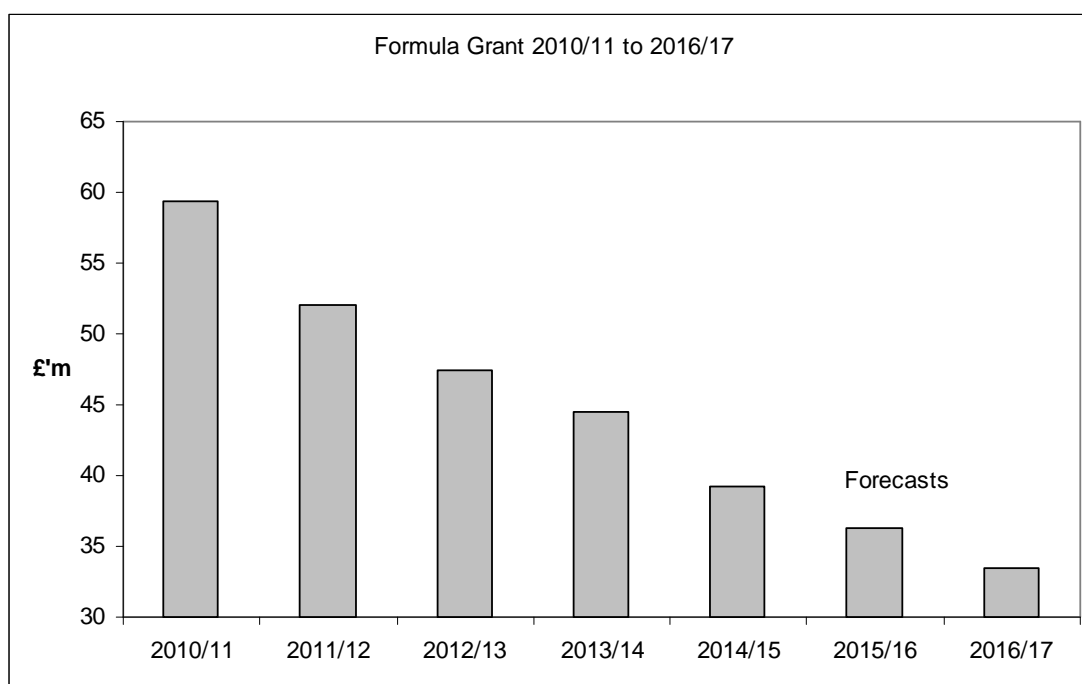
Note – the 2013/14 grant cut included in the above graph for 2013/14 is net grant cut of £1.130m (i.e. gross grant cut £1.390m less one-off transitional grant of £0.26m).

- 6.13 If Option 3 is adopted by Members it is recommended that a more detailed report is submitted to a future meeting to enable Members to review a range of issues affecting the 2014/15 LCTS, which may reduce the use of one-off resources in 2014/15 and therefore make the scheme more sustainable beyond the current MTFS. This would include reviewing factors such as capital limits used to determine eligibility, restricting eligibility to Band A and B properties or limiting support to all households at the maximum of a Band B property. These issues will need careful consideration, including assessing financial risk and compliance with Equality legislation.
- 6.14 Alternatively Members may wish to reduce this financial risk by reconfirming the indicative additional cuts in the LCTS approved in January 2013, which would reduce support by 15% in 2014/15 and 2015/16 and 20% in 2016/17. Under this option the additional funding of £1.009m (identified in paragraph 4.13) could be allocated to support the General Fund budget over the period of the MTFS.

7. General Fund Revenue Budget 2014/15 to 2016/17

- 7.1 The previous MTFS report identified the scale of the budget deficits facing the Council from 2013/14 as a result of continuing cuts in Government grants. For 2014/15 the deficit reflects the **actual two year settlement** confirmed by the Government in January 2013. The range for 2015/16 and

2016/17 reflects forecast annual grant cuts of either 5% or 7.5% for these years. As highlighted in the following table the Government grant received by the Council in 2014/15 is **34% (£20.127 million)** lower than it was in 2010/11, before the current programme of spending cuts commenced. By 2016/17 it is forecast the ongoing grant will be **43% (£25.783 million) lower than it was in 2010/11 - which is unprecedented.**



- 7.2 As part of the planned approach to managing ongoing Government grant cuts the budget for 2013/14 was balanced through a combination of permanent budget cuts (£3.7m) and the planned use of one off resources (£2.3m). The MTFS recognised that the use of one off resources **does not provide a sustainable financial solution** to address the permanent grant cuts and was designed to provide a longer lead time to implement a permanent strategy. It was recognised that the Council would need to begin implementing even more difficult measures than have been necessary over the past 3 financial years from 2014/15. Furthermore, 2014/15 would be a watershed year for the Council as it would determine the approach to be adopted for the following 2 financial years.
- 7.3 The previous MTFS report detailed the budget deficits for the period 2014/15 to 2016/17. The 2014/15 deficit is based on an indicative Council Tax increase of 1.99% (2.5% for 2015/16 and 2016/17). At this stage it is not recommended that this is changed. However, this position may need to be reassessed later in the year to reflect updated information from the Government on the Council Tax freeze / referendum arrangements which they determine for 2014/15. In addition, the level of future New Homes Bonus allocations will need to be reviewed. At this stage it is assumed that for 2014/15 any change in these factors will be budget neutral. For 2014/15 the deficit also reflects the **actual two year settlement** confirmed by the Government in January 2013, although the grant allocation for 2014/15 may

change as a result of comments made by the Chancellor in the March 2013 Budget Statement. The June 2013 Spending Review should provide more information on the level of total funding for Councils, although details of allocations for individual Councils will not be known until the annual Local Government Finance Settlement announcements are made in November/December.

- 7.4 A range of budget deficits were forecast for 2015/16 and 2016/17 based on annual grant cuts in these years of either 5% or 7.5%. These forecasts will need to be updated after the June 2013 Spending Review when more information is available.
- 7.5 In summary the Council faces a budget deficit over the next three years of **£17.426m to £19.426m**, as summarised below, which equates to a reduction in the existing budget of between 19% and 21% before the start of 2015/16.

| | 2014/15 £'000 | 2015/16 £'000 | 2016/17 £'000 | Total £'000 |
|---|------------------|------------------|------------------|----------------|
| Indicative Council Tax increases | 1.99% | 2.5% | 2.5% | |
| Forecast Budget Deficits - Based on provisional 2014/15 grant cuts and annual grant cuts of 5% for 2015/16 and 2016/17 | 8,524 | 5,227 | 3,675 | 17,426 |
| Forecast Budget Deficits - Based on provisional 2014/15 grant cuts and annual grant cuts of 7.5% for 2015/16 and 2016/17 | 8,524 | 6,227 | 4,675 | 19,426 |

- 7.6 In terms of measures to address the 2014/15 budget deficits the following factors can be taken into account:

- Full Year ICT saving;
- Public Health Funding;
- Review of Planning Assumptions.

These issues are covered in detail in the following paragraphs.

7.7 **Full Year ICT saving**

- 7.8 A part year saving of £0.3m has already been anticipated in the base budget from 2013/14. The competitive dialogue process to award the new ICT contract is progressing well and it is becoming more certain that a full year saving of £0.7m will be achieved. In addition, potential rental income is anticipated and these savings can be built into the 2014/15 budget to reduce the forecast budget deficit.

7.9 **Public Health Funding**

- 7.10 From the 1st April 2013 Local Authorities became responsible for managing Public Health and will receive a ring fenced grant to pay for these services.

As reported previously the Council has received a better than expected initial grant allocation for 2013/14 and 2014/15. However, there is a risk that in future years this grant allocation will be reduced through the Government's 'pace of change' agenda which will seek to equalise Public Health funding.

- 7.11 Detailed work to determine contractual commitments against the ring fenced Public Health grant is nearing completion, which commits the majority of the available funding.
- 7.12 An assessment has also been completed to identify those existing Council services which contribute towards delivering the Public Health agenda and should therefore now be funded from the Public Health grant, rather than the General Fund budget. In total this has identified costs of £0.5m which should be funded from the Public Health Grant from 1st April 2013.
- 7.13 In 2013/14 it is recommended this savings is earmarked to manage in-year Public Health risks in the first year of operating these services. In the event these monies are not needed in 2013/14 it is recommended that a specific Public Health Risk reserve is established to manage ongoing risk and / or to manage the future 'pace of change' risk.
- 7.14 In relation to the position for 2014/15 it is recommended that the eligible costs currently charged to the General Fund are charged to the Public Health grant. The resulting reduction in General Fund costs of £0.5m can then be allocated to reduce the 2014/15 budget deficit. It needs to be recognised that beyond 2014/15 this approach is not without risk as Public Health funding allocations may be cut, which would then increase the budget deficit in 2015/16.
- 7.15 **Review of Planning Assumptions**
- 7.16 A detailed assessment of the initial planning assumptions for 2013/14 has been undertaken to reflect changing circumstances and a range of budget reductions have been identified. Some of these factors arise from current economic conditions and whilst it is possible to take a permanent saving in 2014/15 the position may change in the medium term, which may increase a future years' budget deficit. Conversely, if these 'contingency' budgets are maintained the Council will underspend, which will mean that permanent cuts are made earlier than necessary. Balancing these issues is not easy and the key issue for Members to recognise is the potential financial risk in future years. These issues are detailed in Appendix B and total £1.870m, as summarised below:

| Proposed permanent measure to reduce budget deficit and risk assessment comment | £'000 |
|--|--------------|
| Reduce budget provision for April 2014 Pay award from 2.5% to 1% | 600 |
| Gas and Electric Budgets | 150 |
| Job Evaluation budget | 150 |
| Insurance Premium saving | 60 |

| | |
|---|--------------|
| General Fund Public Health Contribution | 40 |
| Members Allowances * | 0 |
| Accommodation budgets | 170 |
| Employers' Pension Contribution saving (provisional estimate) | 250 |
| Terms and Conditions Review (provisional estimate) | 200 |
| Structure Review (provisional estimate) | 250 |
| Total proposed budget reductions * | 1,870 |

* In line with the recent Council resolution the revised planning assumptions excludes the Members Allowances savings which will be set aside in a ring fenced living wage reserve until such a time as the Council has consulted on the merits of introducing a 'Living Wage' in Hartlepool.

- 7.17 In relation to planning assumptions underpinning the 2015/16 and 2016/17 there are a range of factors which will need reviewing when more information is available. At this stage it is assumed that at best these changes will be neutral, although there is a risk that for these years these changes will increase the current forecast deficits. These factors cover the following issues:

Positive Factors for budget forecasts

- Continuation of Public sector pay freeze;
- Future years New Homes Bonus;
- Council Tax base and Collection Fund.

Negative Factors for budget forecasts

- Actual Grant cuts 2015/16 and future years;
- Business Rates Risks – appeals and safety net shortfalls;
- Local Council Tax Support scheme – increased demand;
- Increase in National Insurance costs from April 2016;
- Council Tax Referendum Thresholds

- 7.18 Assuming the permanent budget reductions are applied to reduce the 2014/15 budget deficit the Council will have to make less permanent cuts in 2014/15 than previously forecast. There is also a potential benefit in 2014/15 from using the one-off funding identified in paragraph 4.7. Assuming both the permanent budget reductions and one-off funding are allocated to reduce the 2014/15 budget deficit the Council faces the following revised budget deficit for 2014/15:

Revised budget deficit 2014/15

| | |
|---|--------------|
| | £'000 |
| Budget Deficit reported February 2013 | 8,524 |
| Public Health Funding | (500) |
| Full Year ICT saving (includes potential rental income) | (500) |
| Changes in Planning assumption | (1,870) |

| | |
|--|--------------|
| Net Budget Gap 2014/15 | 5,654 |
| One-off funding (paragraph 4.7) | (680) |
| Permanent budget cuts to be implemented 2014/15 | 4,974 |

- 7.19 It needs to be recognised that the use of one-off funding of £0.68m in 2014/15 does not provide a permanent solution to the budget deficit and defers this element of the budget deficit until 2015/16. This position is summarised in the following table, which is based on the higher forecast deficits for 2014/15 and 2015/16 detailed in paragraph 7.5.

Revised budget deficits 2014/15 to 2016/17

| | 2014/15 £'000 | 2015/16 £'000 | 2016/17 £'000 | Total £'000 |
|---|------------------|------------------|------------------|----------------|
| Indicative Council Tax increases | 1.99% | 2.5% | 2.5% | |
| Forecast Budget Deficits - Based on provisional 2014/15 grant cuts and annual grant cuts of 7.5% for 2015/16 and 2016/17 | 8,524 | 6,227 | 4,675 | 19,426 |
| Public Health Funding | (500) | 0 | 0 | (500) |
| Full Year ICT saving (includes potential rental income) | (500) | 0 | 0 | (500) |
| Changes in Planning assumption | (1,870) | 0 | 0 | (1,870) |
| Net Budget Gap 2014/15 | 5,654 | 6,227 | 4,675 | 16,556 |
| One-off funding (paragraph 7.5) | (680) | 680 | 0 | 0 |
| Permanent budget cuts to be implemented 2014/15 | 4,974 | 6,907 | 4,675 | 16,556 |

- 7.20 These deficits are based on the indicative Council Tax increases approved in the 2013/14 MTFS report and at this stage it is recommended that these indicative increases are confirmed. This position will need to be reviewed when the Government provide details of Council Tax Referendum thresholds for 2014/15 and future years.
- 7.21 As detailed earlier in this report there is a risk that higher actual grant cuts may be implement over the period of the MTFS than forecast, which will increase the budget deficits. The forecasts will be updated after the June 2013 Spending Review when more information is available.
- 7.22 Detailed proposals for addressing the revised forecast deficit for 2014/15 will be developed by the Corporate Management Team and reported to a future meeting, which will cover the following issues:
- **Departmental savings plans** – departments are currently developing detailed savings plans to address the net 2014/15 budget deficit detailed in paragraph 7.18. Given the cuts implemented over the last three years the identification of additional cuts is becoming increasingly difficult.

- **Unavoidable budget pressures 2014/15** - an initial assessment of these items indicates that the full provision of £1 million included in the 2014/15 base budget for pressures will be needed. The key issues relate to items currently being funded on a one-off basis which the 2013/14 MTFS report highlighted would need addressing as part of the 2014/15 budget if existing trends continue. The main issues relate to increased costs of Looked after Children and income shortfalls relating to Building Control and the Shopping Centre.

The budget forecasts for 2015/16 and future years make no provision for additional budget pressures. Therefore, should additional unavoidable budget pressures arise in these years the budget deficits will increase.

- **Review of 2012/13 and 2013/14 Approved Budget pressures** – as part of the annual budget process the budget pressures approved in the previous two financial years are reviewed to determine if reductions in these costs can be achieved. Previous reviews have only identified small reductions and it expected this will be the case when the last two years pressures are reviewed.
- **Review of Reserves** – it is good financial practice to review existing reserves as part of the annual budget setting process. Over the last few years the Council has implemented a robust multi-year financial strategy which integrates the revenue budget, financial risks and the use of reserves. The strategy adopted by the Council in previous years has enabled the Chief Finance Officer to provide full Council with professional assurance that the budget plans for the coming financial year and future years covered by the MTFS are robust. This approach is essential in the current financial climate as the Council needs to ensure it has robust financial plans in place to manage the impact of continuing grant cuts and the increased risks which the Council now needs to manage.

In 2013/14 the strategy included the use of reserves of £2.3m to balance the General Fund budget to provide a longer lead time to implement permanent cuts.

A comprehensive review of reserves was completed as part of the 2013/14 budget process. This identified reserves of £2.28m which were released to fund new one-off commitments covering a range of issues, including the impact of higher actual grant cuts for 2013/14 and the risks in relation to the re-localisation of Business Rates.

It is recommended that a further reserves review is undertaken as part of the 2014/15 budget process. It is unlikely that this will provide the same scope for releasing reserves as occurred in 2013/14 owing to the nature of the risks the current reserves are earmarked to manage. However, this review is good financial practice and will enable the Council to clearly demonstrate how the available reserves support the MTFS and the significant financial risks the Council is managing. This is particularly

important during the current period of public spending cuts as the Council needs a robust strategy for managing risks and reserves.

- 7.23 In addition to the above issues the Leader of the Council has asked officers to assess the financial implications of potentially providing free swims during the 6 week school holiday, free parking in the run up to Christmas and the use of yellow buses outside of core usage periods.

8. Highways Maintenance Programme

- 8.1 The Leader of the Council has also asked officers to examine the implications of enhancing the existing 5 year planned highways maintenance programme. This proposal will require funding either on a one-off basis, or a loan basis. Under both options additional funding will need to be provided in 2014/15. It should be noted that significant funding would be required to address highways conditions issues which have arise over a number of years. In the current financial climate this will not be possible without an adverse impact on other services.
- 8.2 As detailed in paragraph 4.7 it is suggested that an amount of £0.2m is allocated towards area from the available one off resources

9. Strategy for managing Early Intervention Grant (EIG) and Local Authority Central Spend Equivalent Grant (LACSEG) funding cuts

- 9.1 The MTFS identified temporary resources to mitigate the impact of 2013/14 grant cuts in these areas. This strategy provides a longer lead time to identify permanent cuts to reduce spending to the level of the reduced resources.
- 9.2 Work on developing these strategies is progressing and details will be reported to a future Finance and Policy Committee meeting.

10. Right to Buy income

- 10.1 The Council has recently been notified by Housing Hartlepool that the Council's share of the Right to Buy income for 2012/13 is £166,000 (2011/12 was £25,000 and this amount is held as 'uncommitted' within the General Fund Reserve). As the information on the income due to the Council for 2012/13 has only recently been provided this amount has not previously been reflected in the 2012/13 Outturn or the MTFS.
- 10.2 In terms of a strategy for using this money the following potential options have been identified for Members consideration:
- **Option1** – allocate towards the existing capital receipts targets included in the MTFS. The receipt of this money was not anticipated when the

capital receipts target was set as the achievement of capital receipts from the sale of houses by Housing Hartlepool is not within the Council's control. In addition, these sales have been significantly reduced over the last few years owing to the impact of current economic conditions and any amount received have been managed through the final outturn strategy.

- **Option 2** – allocate towards a small extension of the existing Empty Homes schemes. This funding would enable the Council to provide an additional 6 affordable rented homes.
- **Option 3** – allocate towards supporting the Council's capital programme, which would enable the Council to fund priorities which cannot be currently progressed within existing capital funding levels.

10.3 At this stage it is suggested that Members determined a preferred option. This will enable a further report to be submitted detailing a business case for the preferred option and the linkages to the MTFS. This will include an update on progressing in achieving the existing capital receipts target and the financial risks of achieving this target.

11. CONCLUSION

11.1 The Council has had to manage significant funding cuts over the last three years both in relation to specific funding regimes and the General Fund Budget. The cuts in specific funding regimes have had to be managed by reducing spending to the level of the reduced grant, or where the grant has been removed completely the service has been stopped. This position reflects the pressure on the General Fund Budget which cannot afford to replace this funding as the core revenue grant in 2014/15 will be **34% (£20.127million) lower** than it was in 2010/11. By 2016/17 it is forecast the ongoing core grant will be **43% (£25.783 million) lower than it was in 2010/11 which is unprecedented**. To put these figures into context the Council will raise around **£31.5 million** in Council Tax in the current year. The actual grant cuts may be higher and the position will be updated after the Government's June 2013 Spending Review.

11.2 The cuts to the General Fund Budget up to 2013/14 have been achieved without the level of compulsory redundancies, or the adverse impact on services, which would have been expected as a result of the scale of the grant cuts implemented over this period by the Government. This should not be interpreted as understating the scale of the challenges the Council has addressed, but reflects the proactive approach adopted to managing this position. This position has been repeated across the country as all Councils have a legal responsibility to set a balanced budget and it has been recognised that Councils have been at the forefront of the Government's deficit reduction plan – although not out of choice.

- 11.3 However, there is a danger that the Councils ability to manage the grant cuts imposed up to 2013/14 undermines the scale of the financial challenges facing the Council in 2014/15 and the following two years from continuing grant cuts. It is therefore essential that Members recognise that 2014/15 is a watershed year and will require the Council to begin making even more difficult decisions than has been the case over the last three years. Over the next three years cuts of **£17.426 to £19.426m** will need to be made. These cuts equate to between **19% and 21%** of the existing General Fund budget and need to be made before the start of 2015/16. Increasingly, these decisions will involve prioritising services and completely stopping other services. This is anticipated to require increasing numbers of compulsory redundancies as the measures implemented in previous years to delete vacant posts and restructure management roles cannot be repeated. Assuming the revised 2014/15 budget deficit can be bridged from permanent budget cuts the Council will still need to make additional cuts before the start of 2016/17 of between **£9.582m to £11.582m**.
- 11.4 From 2014/15 budget decisions required to address grant cuts will be increasingly more difficult to explain to the public, particularly in the context of how Council Tax is spent as the services which will need to be prioritised are those areas which are not universally used by all residents and cover the services that many people do not realise the Council funds. This is not just an issue for Hartlepool, although it particularly affects those Councils suffering disproportionate grant cuts.
- 11.5 This is the first in a series of detailed budget reports which will be submitted to the Committee during the year. The report provides details of the significant financial challenges facing the Council in 2014/15 and the following two years, covering the following key areas:
- the General Fund Budget and the continuing cuts in Government grants;
 - Business Rates Risks;
 - The Local Council Tax Support Scheme to be applied in 2014/15;
 - The Strategy for managing EIG and LASCEG grant cuts; and
 - The availability of one-off resources to manage risks and / or support Council priorities, including the 2014/15 General Fund budget.
- 11.6 Over the last few years the Council has adopted a multi-year approach to managing the various financial challenges the Council faces. This approach has been designed to protect services as far as possible and to avoid exposing the Council to unnecessary financial risk, which could result in the need to make in-year budget cuts. Given the increasing financial challenges and risks facing the Council it is essential this approach continues. This includes managing in-year reductions in Business Rates income of **£1.9m** without receiving any 'safety net' payments from the Government. This is a major risk for the Council owing to the impact of the Power Station and would be challenging to manage without core funding cuts. **However, this ongoing financial risk needs to be managed at a time of continuing grants cuts, which makes the position even more challenging.** The report therefore recommends a strategy which allocates

additional one-off resources to address risks and therefore protect the medium term financial position and services.

- 11.7 The recommended strategy also proposes allocating some one-off resources to support the Local Council Tax Support scheme over the period of the MTFS. This will enable the cut in existing support to be phased over a longer period than previously forecast. This proposal enables the Council to continue to provide some time limited protection to vulnerable households affected by a wide range of Welfare Reforms. However, this strategy is **not sustainable** owing to the scale of the grant cut. Therefore, at some stage the Council will need to implement significantly higher cuts in Council Tax support and the timing will depend on the level of future Government funding for Local Council Tax Support schemes.
- 11.8 Similarly, it is recommended that some one-off funding is allocated to support the 2014/15 General Fund budget, although it needs to be recognised this is not a permanent solution and simply defers part of the budget deficit until 2015/16.
- 11.9 At this stage in the budget process it is not necessary or appropriate for Members to make final decisions as not all information is available. However, there are a number of areas where it is recommended Members provide an initial view to enable the Corporate Management Team to develop more detailed proposal for the Committees consideration and a final decision later in the year. These issues are detailed in the next section of this report.

12. RECOMMENDATIONS

- 12.1 It is recommended that Members approve the following principles for developing the MTFS and note that the final decision on these issues will need to be made latter in the year when more information is available:
- 12.2 **Allocation of one-off funding**
- 12.3 Approve the allocation of the available one-off funding of £2.640m to support the following issues:

| | £'000 |
|---|-------|
| Business Rates risks (detailed section 5) | 900 |
| Support of Local Council Tax Support scheme (details section 6) | 860 |
| Support of 2014/15 Revenue budget (details section 7) | 680 |
| Support for Highways Maintenance Programme (details section 8) | 200 |
| | 2,640 |

- 12.4 Note that the available one-off funding of £2.640m includes £1.060m to be achieved in 2013/14 and assumes there are no unbudgeted expenditure commitments in 2013/14;

12.5 Local Council Tax Support Scheme 2014/15 to 2016/17

- 12.6 Approve the adoption of Option 3 which will result in cuts in Council Tax Support and the use of additional one of resources of £0.86m as follows:

| | Reduction in Council Tax Support | Additional use of one-off funding |
|---------|----------------------------------|-----------------------------------|
| 2014/15 | 12% | £300,000 |
| 2015/16 | 12% | £300,000 |
| 2016/17 | 15% | £260,000 |
| Total | | £860,000 |

- 12.7 Note that the use of one-off funding of £0.86m is in addition to the existing one-off funding allocated to support the Local Council Tax Support scheme over the period 2014/15 to 2016/17 of £0.66m approved by Council in January 2013.
- 12.8 Note that the adoption of Option 3 would not commit the available Supporting Family Poverty Reserve of £0.149m, whereas Options 1 and 2 would fully commit this amount.
- 12.9 Note that a further report on the development of the 2014/15 Local Council Tax Support Scheme will be submitted to a future meeting to enable Members to review other factors such as capital limits used to determine eligibility, restricting eligibility to Band A and B properties or limiting support to all households at the maximum of a Band B property.
- 12.10 General Fund Revenue Budget 2014/15 to 2016/17**
- 12.11 Approve indicative Council Tax increases of 1.99% for 2014/15 and 2.5% for 2015/16 and 2016/17 and to note that these proposals will need reviewing in light of Government announcements on Council Tax referendum thresholds and / or decision by the Government to pay Council Tax freeze grant in 2014/15 and future years.
- 12.12 Approve the following package of measures to reduce the 2014/15 budget gap from £8.524m to £4.974m:

| | |
|---|----------------|
| Budget Deficit reported February 2013 | £8,524k |
| Public Health Funding | (£500k) |
| Full Year ICT saving (includes potential rental income) | (£500k) |
| Changes in Planning assumption | (£1,870k) |
| Net Budget Gap 2014/15 | £5,654k |
| One-off funding (paragraph 4.7) | (£680k) |
| Permanent budget cuts to be implemented 2014/15 | £4,974k |

- 12.13 To note that the use of Public Health funding of £0.5m in 2014/15 and future years is only sustainable whilst the existing grant continues and there is a potential risk that this grant is reduced in future years.
- 12.14 Approve the allocation of the forecast 2013/14 Public Health saving of £0.5m as an earmarked reserve to manage in-year Public Health risks in the first year of operating these services. In the event these monies are not needed in 2013/14 it is recommended that a specific Public Health Risk reserve is established to manage ongoing risk and / or to manage the future 'pace of change' risk.
- 12.15 To note that the use of one-off funding of £0.680m (detailed in paragraph 12.12) is not a permanent solution and defers additional budget cuts until 2015/16.
- 12.16 To note that detail reports will be presented to future meeting on a range of issues detailed in paragraphs 7.21 and 7.22 covering:
- Departmental savings plans to address the residual 2014/15 budget deficit of **£4.974m**;
 - Unavoidable budget pressures 2014/15;
 - Review of 2012/13 and 2013/14 approved budget pressures
 - Review of Reserves;
 - The financial implications of potentially providing free swims during the 6 week school holiday, free parking in the run up to Christmas and the use of yellow buses outside of core usage periods.
- 12.17 Note that based on forecast grant cuts (actual grant cuts may be higher) that over the next three years cuts of **£17.426 million to £19.426m** will need to be made. These cuts equate to between **19% and 21%** of the existing General Fund budget and need to be made before the start of 2015/16. Assuming the revised 2014/15 budget deficit can be bridged from permanent budget cuts the Council will still need to make additional cuts before the start of 2016/17 of between **£9.582m to £11.582m**.
- 12.18 **Highways Maintenance Plan**
- 12.19 To note that a detailed report on the use of £0.2m to examine the implications of undertaking the 5 year planned highways maintenance programme over a 4 year period. This proposal will require funding either on a one-off basis, or a loan basis. Under both options additional funding will need to be provided in 2014/15.
- 12.20 **EIG and LACSEG grant cuts**
- 12.21 To note that detailed reports on the development of strategies to manage these issues will be reported to a future meeting.

12.22 Right to buy income

- 12.23 Determined a preferred option for using the Right to buy income of £166,000 from the three options detailed in paragraph 10.2. To note that this will enable a further report to be submitted detailing a business case for the preferred option and the linkages to the MTFS. This will include an update on progressing in achieving the existing capital receipts target and the financial risks of achieving this target.

13 CONTACT OFFICER

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APPENDIX A**2013/14 Initial Forecast Outturn**

| | |
|--|-------|
| Certain figures: | |
| <u>Gas and Electric Budgets</u> Cost increases have been less than anticipated owing to contracts secured by NEPO and lower worldwide demand for energy. | £150k |
| <u>Job Evaluation budget</u> This budget has been retained to fund outstanding job evaluation issues to ensure all areas could be funded at the top of the grade, including the impact of career graded posts in Children's Services and to lesser extent Adult Services and Regeneration and Neighbourhood services. | £150k |
| <u>Insurance Premium saving</u> Cost lower than anticipated. | £60K |
| <u>General Fund Public Health Contribution</u> The base budget provided a 50% contribution towards the costs of the shared Director of Public Health post. For 2013/14 and future years it is assumed the whole of this cost can be funded from the Public Health Grant. | £40k |
| | |
| Provisional figures (initial estimates, updated figures will be reported to a future meeting): | |
| <u>Pay and pension budget savings</u> As part of the 2013/14 budget Members approved the removal of all salary turnover budgets and this was funded by reducing the budget provision for pay awards. For 2013/14 and future years this means that all staffing budgets are fully funded (with the exception of pay budgets for trading activities which are funded from income). This removes the ongoing budget risk of not achieving these targets, which will increase as permanent budget cuts are implemented over the next 3 years. In the 2013/14 there is expected to be some savings from continuing vacancies, which will provide a one-off benefit. In addition, work on implementing 'Pensions Auto-enrolment' has identified that significant numbers of employees have opted out of the pension scheme. In previous years this contributed to the achievement of departmental salary turnover targets. As these targets have been removed from the 2013/14 budget the employers' pension contribution savings can be taken as a one-off benefit in 2013/14. It is also anticipated that a | £250k |

| | |
|--|----------------|
| permanent saving can be included in the 2014/15 base budget. | |
| <u>Corporate Restructure</u> A comprehensive report was considered and approved by Cabinet (18 th March 2013) and full Council (11 th April 2013) setting out further reductions in respect of the Chief Officer Structure. These proposals provide an on going saving from 2014/15 and an in-year saving in 2013/14. | £250k |
| <u>Centralised Estimates</u> As part of the approved 2013/14 MTFS a permanent saving of £1m has been built into the base budget from 2014/15 from the approval of a revised Treasury Management Strategy. In 2013/14 this saving was estimated to be £0.87m and is allocated to establish a Treasury Management Risk Reserve to manage the risk of interest rates increases over the period of the MTFS. It is anticipated that the actual savings will be slightly higher in 2013/14 owing to the actual level of capital expenditure financed from borrowing in 2012/13 being temporarily lower owing to slippage. In addition, interest on cash investments has been reassessed to reflect the actual phasing for Government grant income during 2013/14. In total these issues are expected to provide a benefit in 2013/14 of £0.16m. | £160k |
| Total | £1,060k |

APPENDIX B**Revised Planning Assumptions**

| | £'000 |
|--|--------------|
| <u>Reduce budget provision for April 2014 Pay award from 2.5% to 1%</u> Assessment based on Government Policy of public sector pay restraint. If the actual pay award is higher than 1% then additional savings would need to be made. | 600 |
| <u>Gas and Electric Budgets</u> Actual costs for the last few years have been less than forecast; therefore a saving can be taken. However, if international economic conditions improve this could increase demand for energy and drive up costs in future years. | 150 |
| <u>Job Evaluation budget</u> This budget has been retained to fund outstanding job evaluation issues to ensure all areas could be funded at the top of the grade, including the impact of career graded posts in Children's Services and to lesser extend Adult Services and Regeneration and Neighbourhood services. | 150 |
| <u>Insurance Premium saving</u> Savings is sustainable for 2014/15. However, if claims history deteriorates this would increase future premiums and lead to a budget pressure in future years. | 60 |
| <u>General Fund Public Health Contribution</u> The base budget provided a 50% contribution towards the costs of the shared Director of Public Health post. For 2013/14 and future years it is assumed the whole of this cost can be funded from the Public Health Grant. | 40 |
| <u>Members Allowances</u> In line with the recent Council resolution the revised planning assumptions excludes the Members Allowances savings which will be set aside in a ring fenced living wage reserve until such a time as the Council has consulted on the merits of introducing a 'Living Wage' in Hartlepool. | 0 |

| | |
|---|--------------|
| <u>Accommodation budgets</u> | 170 |
| Savings from the rationalisation of office accommodation will be taken as a corporate saving to reduce the gross budget gap. | |
| <u>Employers' Pension Contribution saving (provisional estimate)</u> | 250 |
| Work on implementing 'Pensions Auto-enrolment' has identified that significant numbers of employees have opted out of the pension scheme, but we generally continue to budget for the employers' pension contribution. In previous years this contributed to the achievement of departmental salary turnover targets. As these targets have been removed from the 2013/14 budget the employers' pension contribution savings can be taken as a corporate benefit (when it is quantified) and the ongoing risk of maintaining this savings also managed corporately. | |
| <u>Terms and Conditions Review (provisional estimate)</u> | 200 |
| A range of proposals have previously been identified to achieve potential savings in 2013/14. Further work is needed and an initial assessment of the potential savings has been made. | |
| <u>Structure Review (provisional estimate)</u> | 250 |
| A comprehensive report was considered and approved by Cabinet (18 th March 2013) and full Council (11 th April 2013) setting out further reductions in respect of the Chief Officer Structure. These proposals provide an on going saving from 2014/15 and an in-year saving in 2013/14. | |
| Total proposed budget reductions | 1,870 |

FINANCE AND POLICY COMMITTEE

31st May 2013



Report of: Assistant Chief Executive

Subject: REVIEWING THE SUSTAINABLE COMMUNITY STRATEGY FOR HARTLEPOOL

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Budget and Policy Framework

2. PURPOSE OF REPORT

2.1 The purpose of the report is to inform the Committee of the need to review the Sustainable Community Strategy and to ask the Committee which of the 3 options for reviewing the Strategy they wish to follow.

3. BACKGROUND

3.1 The current Community Strategy, Hartlepool's Ambition, was adopted in 2008 and set a vision for what Hartlepool would be like by 2020. Within the Strategy it was outlined that there would be a review after 5 years in order to ensure that:

- there is continued support for the Vision, Aims, Outcomes and Objectives;
- the Strategy remains relevant and accurate;
- the Strategy is responsive to risks and opportunities;
- local communities are able to express their needs;
- the policy making process is open and accountable.

3.2 Statutory Requirements for Community Strategies

Despite a number of suggestions from the Minister for Communities & Local Government no formal moves have been made to remove the statutory duty to prepare a Sustainable Community Strategy as set out in the Local Government Act 2000 and Sustainable Communities Act 2007. Therefore it is now time to consider how the Authority will review the Sustainable Community Strategy for Hartlepool during 2013/14.

- 3.3 No new guidance on Community Strategies has been issued since the Coalition Government came to power therefore the guidance that was published following the 2007 Act, 'Creating Strong, Safe and Prosperous Communities – Statutory Guidance', is still in place.
- 3.4 The Guidance sets out that the purpose of a Sustainable Community Strategy (SCS) is to set the overall strategic direction and long-term vision for the economic, social and environmental wellbeing of a local area – typically 10-20 years – in a way that contributes to sustainable development in the UK. It also states that Sustainable Community Strategies should contain the following elements:
- The **long-term vision based firmly on local needs** – this will be underpinned by a shared evidence base informed by community aspirations;
 - **Key priorities for the local area**, based upon this vision which may realistically be achieved in the medium term.
- 3.5 Within the Borough the SCS is the overarching plan for promoting and improving the well-being of the area. It needs to take account of other local and (sub)regional strategies and plans including:
- The Core Strategy of the Local Development Framework
 - Homelessness Strategy
 - Housing Strategy
 - Parish Plans from within the Borough
 - Joint Strategic Needs Assessment for Health and Social Care
 - Community Safety Plan (formerly known as the Crime and Disorder Reduction Strategy)
 - Local Transport Plan
 - Children & Young People's Plan
 - Municipal Waste Strategy
 - Licensing Policy
 - Partners' corporate and operational plans
- 3.6 In preparing the SCS the Local Authority will need to consult with representatives of local people (including residents and workers), parish councils, local businesses, third sector organisations and partner authorities. The following list of bodies and persons, are defined in the Act as partner authorities, although some of these are no longer in existence their replacement organisations will be consulted with:
- Arts Council
 - Chief Officer of Police
 - English Heritage
 - The Environment Agency
 - Fire and Rescue Authorities
 - Health and Safety Executive
 - The Highways Agency

- Job Centre Plus
- Joint Waste Authorities
- Joint Waste Disposal Authorities
- Learning & Skills Authority
- Museums, Libraries and Archives Council
- Natural England
- NHS Foundation Trusts
- NHS Health Trusts
- Police Authorities
- Primary Care Trusts
- Local Probation Boards; Probation Trusts and other providers of probation services
- Sport England
- Youth Offending Teams
- Any other organisations added by an order under section 104(7) of the Act or by primary legislation

3.7 The guidance sets out that Sustainable Community Strategies will need to be reviewed and refreshed over time to ensure that they remain accurate and up-to-date. It also notes that it is possible for Sustainable Community Strategies to be revised in stages, so if only one or two themes need revisiting, these chapters can be drawn up while the remainder of the strategy stays in place.

3.8 It is recognised as important for the revised Sustainable Community Strategy to reflect the new governance arrangements and structure of the Local Authority and this will be taken into account in the review.

4. PROPOSALS FOR REVIEWING THE SUSTAINABLE COMMUNITY STRATEGY

4.1 There are 3 options for reviewing and refreshing the Community Strategy that Finance and Policy Committee are asked to consider:

1. A fundamental refresh and rewrite similar to the exercise undertaken 5 years ago;
2. A light touch review to reaffirm priorities and identify relevant new ones;
3. A change in approach with a downsized Community Strategy focussing on other key strategies to provide the detail.

Each option will now be set out in more detail along with an appraisal of the options.

4.2 Option 1: A fundamental refresh and rewrite similar to the exercise undertaken 5 years ago

The previous review of the Community Strategy began in 2006 but following changes to legislation in 2007 through the Sustainable Communities Act it

was not completed and the new Strategy adopted until July 2008. During this review there were three consultation stages: pre-consultation stage, first draft consultation stage and the third draft consultation stage which followed a series of appraisals on the second draft of the strategy including a sustainability appraisal, rural proofing and a diversity impact assessment.

- 4.3 Building on the 2002 Community Strategy, the updated Strategy provided a 15 year policy framework for Hartlepool. It contained:
- an updated vision, with stronger health and community safety dimensions;
 - nine principles that set out the values and practices that would be followed by those delivering the Community Strategy, providing a clearer focus for activity;
 - eight priority aims each with their own set of outcomes and objectives that provided further detail of the ambition behind the Community Strategy vision;
 - a Neighbourhood Renewal Strategy within that outlined how the Partnership would make certain that inequalities in the most disadvantaged communities are tackled;
 - a set of outcomes that aimed to improve the lives of children and young people;
 - a renewed commitment to sustainable development and tackling the effects of climate change;
 - a stronger link between the priorities established in the Community Strategy and the new arrangements for spatial planning;
 - details of how the Strategy would be delivered and arrangements for future reviews.
- 4.4 The 2008 Strategy is very detailed and contains references to what was included within a number of other strategies at the time – Children & Young People's Plan, Climate Change Strategy etc. Many of these other strategies are refreshed on a more frequent basis than the Community Strategy and therefore those references became out of date quickly. Also, the Strategy sets out aims, outcomes and objectives for each of the 8 theme areas however the difference between these and the visions and priorities identified in the strategies prepared for the themes can allow for uncertainty and confusion.
- 4.5 A fundamental re-write of the SCS would involve the preparation of an updated vision, agreement on the priority aims, outcomes and objectives for the chosen themes and a number of large scale consultations including drop in sessions at venues across the Borough for members of the public. It would also mean repeating the work outlined above from the previous re-write of the SCS. This option would therefore be highly resource intensive for the Performance and Partnerships Team and other key officers from across the Local Authority and partner organisations. In light of staffing reductions over the last few years there are concerns about the capacity to undertake such an in-depth review process in a timely manner without any additional resources.

4.6 Option 2 - A light touch review to reaffirm priorities and identify relevant new ones

It is proposed that a light touch review would contain 3 stages:

- 4.7 Stage 1 – Review the existing SCS to identify out of date information, confirm if the priorities identified are still relevant and identify any new priorities that need including. This would be undertaken by officers from the Local Authority and relevant partners;
- 4.8 Stage 2 – Consultation on the findings of the review and the new proposals with Members, partners (including through the Strategic Partners Group and theme groups), local people (including residents and workers), parish councils, local businesses and the Voluntary and Community Sector;
- 4.9 Stage 3 – Preparation and approval of revised SCS by Members and partners (through their own organisations and the Strategic Partners Group and theme groups).
- 4.10 This option is not as highly resource intensive as option 1 but there is still some concern about the capacity to undertake such an in-depth review process in a timely manner without any additional resources.
- 4.11 Option 3 – A change in approach with a downsized Community Strategy focussing on other key strategies to provide the detail
This option would build on the previous SCS by maintaining the existing long-term vision for Hartlepool but would enable the priorities for the next 5 years to be more focussed in light of the change in resources, organisational structures and the issues facing the Borough at the present time. Consultation would seek to confirm the longer-term aspiration of the existing vision and which priorities the Council and its partners should focus on in the medium term.
- 4.12 It is proposed that the new SCS would be greatly downsized and not seek to duplicate what is already captured in other key strategies and plans for the Borough e.g. the Health & Wellbeing Strategy, Housing Strategy, Economic Regeneration Strategy and Community Safety Plan. This would ensure that the SCS would not become quickly out of date as other strategies and plans are refreshed on a more frequent basis.
- 4.13 It would include the following sections:
- Vision & longer term aims (taken from the existing SCS)
 - Priorities for the next 5 years
 - How we'll achieve those priorities and how we'll measure our success
 - How we'll work in partnership
 - Our principles of working (taken from the existing SCS)
 - What our delivery plans are i.e. which strategies and action plans will help us achieve our vision.
- 4.14 There are no concerns about the capacity of the Performance and Partnerships Team and other key officers from across the Local Authority

and partner organisations to undertake this form of review process in a timely manner and within existing resources.

4.15 Comparing the 3 options:

| | Pro's | Con's |
|-----------------|---|--|
| Option 1 | <ul style="list-style-type: none"> - Widespread consultation ensures current community priorities are reflected; - New vision would reflect any changes in public aspirations; - Will allow new strategy to reflect significant changes in government policy and budget reductions. | <ul style="list-style-type: none"> - Widespread consultation would be resource intensive if repeat previous approach; - Lengthy and time consuming process; - Long-term vision unlikely to change significantly; - Would continue to duplicate existing strategies; - Can quickly become out of date as other strategies are refreshed; - Often considered an unwieldy document; - Concerns about capacity to undertake review process in a timely manner without any additional resources. |
| Option 2 | <ul style="list-style-type: none"> - Less time consuming process; - Allows for focussed consultation; - Will allow new strategy to reflect significant changes in government policy and budget reductions; - Enables emerging priorities to be incorporated into existing Strategy. | <ul style="list-style-type: none"> - Would continue to duplicate existing strategies; - Can quickly become out of date as other strategies are refreshed; - May still be considered unwieldy; - Concerns about capacity to undertake review process in a timely manner without any additional resources. |
| Option 3 | <ul style="list-style-type: none"> - Quick & easy to update in future if priorities change within key strategies; - Maintains existing long-term vision and aspiration for the Borough as agreed through extensive consultation in 2007/8; - Focuses on key priorities for the next 5 years and what will be delivered; - Consultation will be focussed on priorities and therefore less resource intensive than full scale review; - Clearly demonstrates the role of other key strategies and plans in the Borough; - No concerns about capacity to | <ul style="list-style-type: none"> - May lose sight of other themes that are not determined to be priorities in the medium term; - Limited consultation may be perceived negatively by the public. |

| | | |
|--|--|--|
| | undertake review process in a timely manner within existing resources. | |
|--|--|--|

- 4.16 In addition the "Then and Now" document which provided an overview of the progress made during the 5 years leading to the refreshed SCS in 2008 will be repeated. This will outline what has changed since 2002, where achievements have been made, what progress has been made in terms of the key performance indicators and outline the new and emerging challenges that the Borough faces. This document will sit alongside the new SCS to provide wider context and, if option 3 is chosen, evidence as to why the key priorities have been chosen.
- 4.17 Dependent on the option chosen a detailed timetable will be brought to the next meeting of the Finance and Policy Committee. However, the initial outline timetable for the review, as included in the forward plan, is as follows:

| Who | What | When |
|---------------------------------|---|-----------------------------|
| Finance and Policy Committee | Initial Report - Reviewing the Sustainable Community Strategy for Hartlepool. Setting out three options for preparing the new Strategy for agreement. | 31 st May 2013 |
| Finance and Policy Committee | First Draft of the Sustainable Community Strategy – seeking Committee approval to consult & their agreement to the proposed consultation process. | 26 th July 2013 |
| Performance & Partnerships Team | 8 week consultation undertaken on the first draft of the Sustainable Community Strategy including Members, partner organisations, other statutory bodies, residents and the Voluntary & Community Sector. | July – September 2013 |
| Finance and Policy Committee | 2 nd Draft of the Sustainable Community Strategy – seeking approval to consult. | October/ November 2013 |
| Finance and Policy Committee | Final Draft of the Sustainable Community Strategy – seeking approval to take to Council for adoption. | December 2013/ January 2014 |
| Council | Final version of the Sustainable Community Strategy for adoption. | February 2014 |

5. LEGAL CONSIDERATIONS

- 5.1 The Council has a statutory duty to have a Sustainable Community Strategy.

6. RECOMMENDATIONS

- 6.1 The Finance and Policy Committee is recommended to note the need to review the Sustainable Community Strategy for Hartlepool and approve option 3 as the approach for the review.

7. REASONS FOR RECOMMENDATIONS

- 7.1 All three options have been considered by the Corporate Management Team and they have concluded that option 3 is the most appropriate way forward. The need to refresh the SCS is a statutory duty and it is important that this is undertaken. Option 3 is considered to be the most appropriate way forward by the Corporate Management Team as it provides for a clearly focused SCS with clear objectives which have a long lifespan, aligned to other strategies without necessarily repeating them and be capable of more timely updating should circumstances change. It was agreed that in light of the challenging agenda facing the local authority and its partners there was a clear need to focus on a smaller number of key priorities in the medium term whilst still retaining the existing, aspirational vision for the longer term future of Hartlepool.

8. BACKGROUND PAPERS

- 8.1 Hartlepool's Ambition, Community Strategy & Neighbourhood Renewal Strategy, 2008-2020.

9. CONTACT OFFICER

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FINANCE AND POLICY COMMITTEE

31st May 2013



Report of: Director of Regeneration and Neighbourhoods

Subject: DCLG CAPITAL CLAWBACK RIGHTS FROM HISTORIC GRANT PROGRAMMES

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Non - Key Decision

2. PURPOSE OF REPORT

2.1 To inform members of the changes in circumstances and responsibilities regarding the potential repayment (or clawback) of funding from Single Regeneration Budget, City Challenge, Urban Programme, and Inner Area Grants funding, and seek members views regarding how these queries are dealt with by the Council in the future.

3. BACKGROUND

3.1 Guidance was issued to Chief Executives from DCLG in February 2011, **Appendix 1** informing all Local Authorities that the Government as part of its Localism agenda was changing the way in which it dealt with the possible repayment of capital grants that have been issued as part of historic regeneration programmes.

3.2 Under previous funding programmes such as City Challenge and Single Regeneration Budget the local authority acted as accountable body and delivered grant projects to a range of organisations including the commercial and voluntary sector. Grant schemes were used to target investment in the physical upgrade of properties to encourage new uses in buildings and sustain existing operations.

3.3 As part of the grant process applicants were required to sign a grant offer letter and accept a range of conditions to help to protect the public sector investment and ensure that public funds were not been used to generate quick or excessive profits at the expense of the public sector.

- 3.4 A key condition in grant offers was the requirement to inform the funder (or accountable body) if the building that had been improved through grant funding was going to be sold. The accountable body would then consider the details of each individual case and liaise with the relevant government department responsible for the particular regeneration programme that would be responsible for deciding if grant repayment should be pursued.
- 3.5 In line with Government guidance this clawback arrangement was not time limited and applied in perpetuity.

4. NEW GUIDANCE

- 4.1 Given the passage of time since the end of these programmes, DCLG have now issued revised guidance concerning the clawback of grant funding, relating to four specific grant regimes – Single Regeneration Budget (SRB), Urban Programme, City Challenge, and Inner Area Grants.
- 4.2 DCLG has advised that the restrictive nature of the clawback arrangements associated with these grant regimes is hindering many of the grant recipients, specifically those in non commercial organisations. The guidance states that the inability of organisations to utilise their assets freely to make business plan decisions because they cannot sell or dispose of their property was having a negative effect on organisations. This was particularly relevant regarding grant regimes that applied land charges to properties when grants were approved.
- 4.3 In order for communities to make best use of their assets DCLG now advise that if the organisation that received grant funding themselves were the accountable body and if they had an asset lock (an arrangement that ensures all profits and surpluses generated are used to support the positive aims and objectives of the organisation), then they would not be subject to claw back. If they did not have an asset lock then DCLG would still need to decide if the clawback restrictions could be lifted.
- 4.4 If the local authority however was the accountable body for these grant regimes then the decision to release clawback restrictions would rest with the local authority and not DCLG. Whichever decision making route is required however it is implied that where the organisation is bound by its mission statement or asset lock to use the assets and proceeds from any sale to continue its activities then clawback should not be considered.
- 4.5 The Council was the accountable body for Single Regeneration Budget, City Challenge and Urban Programme, therefore questions regarding grant clawback for these funding regimes will now rest with the Council.
- 4.6 Further to the guidance that has been produced DCLG has also indicated that if the decision to pursue clawback of grant funding is taken and money is repaid, this funding would stay with the Council.

5. OPTIONS

- 5.1 The Council as the accountable body therefore now has responsibility for deciding if clawback of grant from these types of organisations and these particular grant regimes, should be pursued.
- 5.2 The guidance suggests that this approach is limited to organisations that are bound by an 'asset lock' the guidance provides examples of the organisations that will be affected - Trusts, Community Interest Companies (CICs), Industrial & Provident Societies (IPS) and Charitable Companies. Organisations of different sizes from small local groups to organisations that operate at a national or international level will have been supported at a range of levels through the different regeneration programmes.
- 5.3 Organisations that do come forward wishing to sell assets and move premises are normally doing so for a variety of reasons; some may be expanding, contracting or even ceasing trading/operating.
- 5.4 Given the variety of groups supported and the varying individual circumstances of each particular group, then each particular case would benefit from being considered in detail, on an individual basis.
- 5.5 The number of enquiries currently received from organisations who have received grants from these funds and that are now looking to move on or sell buildings, is low and approximately limited to one or two per year.
- 5.6 If a case has been considered in detail and there is decision to pursue repayment then a mechanism will need to be developed to calculate the level of funding that is sought as repayment. Based on previous approaches used, this assessment would need to include an estimated value of the property before the grant was administered, the value of the works, and a current valuation of the property. Depreciation of the value of the works over time since completion would also need to be estimated to help determine a repayment amount. If members want to follow this approach then a separate report will be prepared outlining a suggested process and mechanism that could be used to deal with the enquiries.
- 5.7 Another factor to consider in deciding if organisations should be pursued for grant funding is the impact this may have on the take up of grant funding in the future. If organisations feel that taking a grant will affect their medium and long term business planning because they may have to pay back money in the future then they may not take up grant opportunities. This may then influence the impact of those grant schemes.
- 5.8 In light of the guidance and the issues raised above, there are two options for members to consider in terms of how enquiries are dealt with in the future:
 - a) An process (to be agreed) that would allow clawback queries to be considered on an individual basis and reported Finance

and Policy Committee for decision, which could allow the clawback of grant in certain circumstances if deemed appropriate; or

- b) Enquiries that are received are dealt with strictly in line with the issued guidance, i.e. clawback rights are lifted (and money is not paid back) for those particular organisations described in the guidance that wish to sell properties these would then be reported to Finance and Policy Committee for information.

6. FINANCIAL CONSIDERATIONS

- 6.1 If the Council has considered a clawback case in detail and a decision to pursue the repayment of grant then there will be cost associated with this. Officers from the Regeneration team, Legal and Finance would all be involved in the process to secure the repayment of grant. If the repayment was contested then court costs may also be incurred. These costs could be recouped from the grant repayment, if successful; if not then the Council would need to meet these costs and there is currently not a budget for this.

7. LEGAL CONSIDERATIONS

- 7.1 If a decision was made to pursue a grant payment and this was contested then this could lead to a challenge and potential legal action from the grant recipient.
- 7.2 Clear justification would be needed as to why an organisation was being pursued. If there was a challenge to that approach and the Council were to loose then there could also be a cost associated with that.

8. EQUALITY AND DIVERSITY CONSIDERATIONS

- 8.1 There are no equality and diversity considerations.

9. STAFF CONSIDERATIONS

- 9.1 There are no staff considerations.

10. ASSET MANAGEMENT CONSIDERATIONS

- 10.1 There are no asset management considerations.

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

11.1 There are no Section 17 considerations at this stage

12. RECOMMENDATIONS

12.1 Members are recommended to:

- i) Note the changes to the rules and responsibilities associated with the clawback of grant from Single Regeneration Budget, City Challenge, Urban Programme and Inner Areas Grants schemes; and
- ii) Approve option A for dealing with clawback enquiries – and a process (to be agreed) is implemented that would allow clawback queries to be considered on an individual basis and reported to Finance and Policy Committee for decision, which could allow the clawback of grant in certain circumstances if deemed appropriate; and
- iii) Request a further report outlining an assessment process to deal with clawback enquiries, if the recommendations are accepted.

13. CONTACT OFFICER

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FINANCE AND POLICY COMMITTEE

31st May 2013



Report of: Assistant Chief Executive

Subject: PERFORMANCE INCREMENT SCHEME (Chief Executive and Directors)

1. TYPE OF DECISION/APPLICABLE CATEGORY

Non Key Decision.

2. PURPOSE OF REPORT

- 2.1 To agree the Performance Increment Scheme for the Chief Executive, Director of Child and Adults and Director of Regeneration and Neighbourhoods.

3. BACKGROUND

- 3.1 The increment arrangements for the posts of Chief Executive, Director of Child and Adults and Director Regeneration and Neighbourhoods have recently changed. In future the payment of increments within the agreed pay scales will be linked to performance, via appraisal.
- 3.2 The change in governance arrangements means that new arrangements are needed in respect of the Chief Executive's appraisal by members along with a scheme for linking increments with performance for the Chief Executive, Director of Child and Adults and Director Regeneration and Neighbourhoods.
- 3.3 Joint guidance on appraisal of the Chief Executive from the Employers Side and Officers Side Secretaries to the Joint Negotiating Committee for Local Authority Chief Executives is attached as Appendix 1.
- 3.4 The guidance indicates it "is intended for use by senior Elected Members and the Chief Executive when agreeing a process for appraising the performance of the Chief Executive. The focus of this process should be on clarifying what the Chief Executive is expected to achieve and on identifying any continuing developmental needs which, if met, would maintain a high level of performance. The process of setting objectives should be by

agreement and the result should be to identify objectives which are relevant and challenging but achievable.

The process should not become complex. At all times it needs to focus clearly on a few basic issues: what the Chief Executive's job is; what has been done well; what could have been done better; the major issues over the next year; and what developmental needs the process clearly identifies."

- 3.5 Guidance is also provided in respect of who should undertake the Chief Executive's appraisal as follows

"It will be for local decision in the light of local circumstances whether the appraisal should be carried out by a small committee representing all political groups or by a senior representative or representatives of the controlling group. Whichever approach is adopted, those conducting the appraisal need to bear in mind at all times that the Chief Executive is employed by the Council as a whole and, not by the controlling group, and is therefore required to serve the whole Council"

- 3.6 Increments within the pay band for the post are due on the anniversary of appointment, subject to satisfactory performance, for the Chief Executive (1 November), Director Regeneration and Neighbourhoods (3 December) and Director of Child and Adults (depends upon date of appointment).

4. PROPOSALS

- 4.1 **Who undertakes the appraisals?** - it is necessary to determine which Member or Members are the 'Appraisers' responsible for undertaking the appraisals. Whilst there are numerous alternatives, the main options for the 'Appraisers' responsible for undertaking the Chief Executive's appraisal include

- Leader of the Council
- Policy Committee Chairs
- Policy Committee Chairs plus the Chair of the Audit and Governance Committee
- Group Leaders

It is suggested that the option of Policy Committee Chairs plus the Chair of the Audit and Governance Committee be agreed although the options as suggested by the guidance are identified above. It is recommended that the Chief Executive continues to be responsible for undertaking the appraisals for Directors.

- 4.2 **Objectives** - it is necessary to agree the type of objectives to be used. It is proposed that the objectives will be a combination of

- i) overall financial health of the Authority – a combination of an effective financial strategy, achieving savings and robust plans going forward

- ii) the Council delivering what is included in the Budget and Policy Framework/Council Plan (as agreed by Council in February – April each year)
- iii) Significant governance issues (as detailed in the Annual Governance Statement agreed by the Audit and Governance Committee in April of each year)
- iv) a number of other key objectives agreed by the members and the Chief Executive (for the Chief Executive) and between the Chief Executive and Directors (for Directors)

The process for the development and consideration of issues to be included in the Annual Audit and Governance Statement means that it is likely that it will be probable in most years that the areas for action identified in this document will form the basis (and potentially the entirety) of the performance objectives for the Chief Executive but the framework above is proposed to provided for flexibility in the scheme from its establishment.

It is proposed that the annual appraisals take place in April/May each year with a small number of objectives based on the above being agreed for the forthcoming financial year. If this is agreed it will mean the appraisals will be out of alignment with the appraisal period for other employees and this will be monitored to see if this has any adverse impact on appraisals for other employees, particularly Assistant Directors. It would be possible to undertake the appraisals and set objectives at other times during the year, possibly more closely aligned to increment dates but this would mean that the objectives would not necessarily be based on very recent decisions in relation to the Budget and Policy Framework, Council Plan and Annual Governance Statement etc

- 4.3 **Measuring Performance** - Performance shall be measured against each objective at the annual appraisal in the next April/May and assessed as either '**Fully Met**' or '**Not Fully Met**'. Where objectives are assessed as being '**Not Fully Met**' the reasons for this shall be recorded. When determining whether overall performance is '**Satisfactory**' or '**Not Satisfactory**' it is necessary to make a judgment as to the extent to which assessed as being '**Not Fully Met**' is due to the performance of the Chief Executive or Director (as appropriate) and the extent to which this has occurred due to factors outside the control of the Chief Executive or Director (as appropriate).
- 4.4 **Linkage to Increments** – If overall performance is considered to be '**Satisfactory**' by the Appraiser(s) then the increment due at the next anniversary of appointment will be automatically paid, providing the Chief Executive or Director has not reached the maximum point in the pay band. Consideration needs to be given to the arrangements in the unlikely event that performance is assessed as being '**Not Satisfactory**'. Where the Chief Executive or Director has not reached the maximum point in the pay band then the increment due at the next anniversary of appointment will not be paid. Where performance is assessed as being '**Not Satisfactory**', it will be necessary to identify the professional development and support necessary to

improve performance so that it becomes '**Satisfactory**'. Where performance is assessed as 'Not Satisfactory' in two consecutive appraisals, Members may wish to consider the removal of an increment on the next anniversary of their appointment. In the event of performance continuing to be assessed as 'Not Satisfactory' in subsequent appraisals a further increment will be removed from pay on the anniversary of their appointment each year until either performance improves to a 'Satisfactory' level or the minimum of the pay scale is reached. Any formal measures to address unsatisfactory performance (including support) must be taken in accordance with the appropriate national conditions of service and legislative framework.

4.5 **Appeals** – In the spirit of natural justice and good practice it is necessary to have an appeals process. It is proposed that

- appeals from the Chief Executive and/or Directors against increment decisions would be considered by the Personnel Sub Committee
- the Chair of the members making the original decision would prepare and present the management representative case in respect of appeals from the Chief Executive
- the Chief Executive would prepare and present the management representative case in respect of appeals from Directors

4.6 **First year arrangements** – as objectives have not yet been set for the Chief Executive and Director of Regeneration and Neighbourhoods and their first appraisals are due (if a date of April/May is agreed), it is proposed that back dated objectives to the date of their appointment be set and measured at the first appraisal and that these objectives, in this instance only, relate to a combination of the actions identified in the Annual Governance Statement, and the Council Plan. It is recognised that this will allow for less than a year to have elapsed and this will need to be taken into account when measuring performance. It is also recommended that the objectives for the Director of Child and Adults be set as soon as he/she is appointed.

4.7 **Performance Increment Scheme** - A draft policy and appeals procedure reflecting the above proposals is attached at Appendix 2

4.8 **Training for Members** – As Members have not previously been involved in appraising the Chief Executive linking achievement of objectives to increments they may wish to receive some training on this. NEREO have advised that they could deliver a half day training session for Members at a cost of £425. This can be funded from the Members training budget

5. RECOMMENDATIONS

5.1 That the draft Performance Increment Scheme for Chief Executive and Directors and appeals procedure be considered and approved in line with the recommendations above subject to any views and amendments of the Finance and Policy Committee.

6. REASONS FOR RECOMMENDATIONS

- 6.1 To provide robust arrangements for implementing previously agreed decisions that performance increments apply to the posts of Chief Executive, Director of Child and Adults and Director of Regeneration and Neighbourhoods.

7. BACKGROUND PAPERS

None

8. CONTACT OFFICER

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Appendix 1**JOINT GUIDANCE ON APPRAISAL OF THE CHIEF EXECUTIVE FROM THE EMPLOYERS SIDE AND OFFICERS SIDE SECRETARIES TO JOINT NEGOTIATING COMMITTEE FOR LOCAL AUTHORITY CHIEF EXECUTIVES****INTRODUCTION**

This guidance is intended for use by senior elected members and the Chief Executive when agreeing a process for appraising the performance of the Chief Executive. The focus of this process should be on clarifying what the Chief Executive is expected to achieve and on identifying any continuing developmental needs which, if met, would maintain a high level of performance. The process of setting objectives should be by agreement and the result should be to identify objectives which are relevant and challenging but achievable.

The process should not become complex. At all times it needs to focus clearly on a few basic issues: what the Chief Executive's job is; what has been done well; what could have been done better; the major issues over the next year; and what developmental needs the process clearly identifies.

RESPONSIBILITY FOR APPRAISAL

The responsibility for appraising the Chief Executive lies with senior elected members. It is a contractual obligation on the part of both the Chief Executive and the employing council to engage in a regular process of appraisal.

It will be for local decision in the light of local circumstances whether the appraisal should be carried out by a small committee representing all political groups or by a senior representative or representatives of the controlling group. Whichever approach is adopted, those conducting the appraisal need to bear in mind at all times that the Chief Executive is employed by the council as a whole, not by the controlling group, and is therefore required to serve all of the council .

AIMS OF APPRAISAL

1. To identify and clarify the key objectives, priorities and targets of the council and appropriate timescales for their achievement over the next (e.g. twelve) months.
2. Agree what the Chief Executive should personally achieve over the next (e.g. twelve) months and identify required standards of performance, in order to deliver the council's key objectives, priorities and targets. Wherever possible, standards of performance should be expressed in ways which can be monitored objectively.
3. Discuss positive achievements over the past (e.g. twelve) months and identify reasons for good performance.
4. Discuss instances over the past (e.g. twelve) months where targets have not been met, identifying the factors preventing the achievements of agreed goals.

5. Discuss developmental requirements. The Chief Executive will have strengths and weaknesses and the parties should identify the professional development necessary to equip the Chief Executive with the requisite skills to meet the Council's objectives. The parties should be proactive and anticipate future developmental needs in the context of the council's changing priorities. This discussion could lead to the design of a formal programme of continuous professional development (CPD). Equally this discussion may lead to agreement on changes to the working relationship between leading members and the Chief Executive. It should not be assumed that it is only the Chief Executive who may need to adjust his/her approach to the working relationship.

Appraisal should be set in the context of the council's objectives, priorities and targets, generally expressed in the community and corporate plans. Appraisal targets when taken as a whole should be related to agreed targets for the council as a whole.

THE APPRAISAL CYCLE

Appraisal should take place on a predetermined date, at least annually backed up by monitoring meetings on a regular basis at which targets can be reviewed for continuing relevance. A formal system of appraisal should not prevent the continuous review of progress and performance.

KEY ELEMENTS OF THE APPRAISAL PROCESS

1. Continuous two-way monitoring of performance against objectives.
2. Preparation for an appraisal interview.
3. An appraisal interview where recent and current performance, future objectives and development needs are discussed.
4. Agreement should be reached on action required from either party to ensure required performance is achievable.
5. The process of informal discussion regarding performance should continue.

The appraisal interview and afterwards...

1. Both parties should be well informed and prepared for the interview.
2. The process should be two-way.
3. The interview should be free from interruptions and notes should be taken when necessary.
4. The parties should concentrate as far as possible on established facts rather than unsubstantiated opinions.
5. Targets which are realistic and capable of being monitored should be agreed.

6. Any agreed development plans should be implemented within the agreed timescale.
7. The Chief Executive should be given a reasonable opportunity to correct any shortfalls in performance.
8. A date for the next review should be agreed.

EXTERNAL ASSISTANCE

External assistance in facilitating the appraisal process can be helpful in providing an independent perspective.

Within the local government 'family', it may be sought from Local Government Employers (LGE) jo.fowles@lge.gov.uk or by contacting the Employers' Secretary sarah.messenger@lge.gov.uk or from the appropriate Regional Employers' Organisation www.lge.gov.uk/lge/core/page.do?pagelId=120016 or ALACE www.alace.org.uk/ or SOLACE www.solace.org.uk

Such assistance from the aforementioned organisations may take the form of them either directly participating in the process for which a fee may be requested to cover staff time or the recommendation of, for example, a suitably experienced recently retired senior officer or other independent individual.

Alternatively such assistance may be available from commercial services, such as consultancy firms e.g. SOLACE

Note: If external assistance is sought, it must have the agreement of both sides.

OTHER MATTERS

The content of appraisal interviews should be treated as confidential to the participants. However, it may be useful to report to an appropriate committee meeting that an appraisal interview has taken place.

This may be useful in acting as a reminder that the Chief Executive and members need to ensure that chief officers are in their turn appraised.

It should, however, not be assumed that the process for appraising the Chief Executive should be followed in precise detail for other staff. There is a fundamental difference between elected members appraising the Chief Executive and managers appraising subordinates. The principles, nevertheless, are the same.

Appendix 2

Performance Increment Scheme for Chief Executive and Directors**1 Introduction**

- 1.1 In order to incentivise ongoing effective performance from its Chief Executive and Directors the Council has introduced a Performance Increment Scheme.

2 Increment Dates

- 2.1 Subject to satisfactory performance (see below) an increment is payable on the anniversary of appointment.

3 Setting Objectives

- 3.1 Each year a limited number of objectives shall be agreed between Policy Committee Chairs plus the Chair of the Audit and Governance Committee and the Chief Executive (for the Chief Executive) and between the Chief Executive and the Directors (for Directors). The objectives should be agreed in April/May each year and should be relevant and challenging but achievable. The objectives may be a combination of;
- i) overall financial health of the authority – a combination of an effective financial strategy, achieving savings and robust plans going forward
 - ii) the council delivering what is included in the Budget and Policy Framework/Council Plan (as agreed by Council in February – April each year)
 - iii) Significant governance issues (as detailed in the Annual Governance Statement agreed by the Audit and Governance Committee in April of each year)
 - iv) a number of other key objectives agreed by the members and the Chief Executive (for the Chief Executive) and between the Chief Executive and Directors (for Directors)

4 Measuring Performance

- 4.1 Performance shall be measured against each objective at the following annual appraisal in the next April/May and assessed as either '**Fully Met**' or '**Not Fully Met**'
- 4.2 Where objectives are assessed as being '**Not Fully Met**' the reasons for this shall be recorded.
- 4.3 When determining whether overall performance is 'Satisfactory' or 'Not Satisfactory' it is necessary to make a judgment as to the extent to which assessed as being '**Not Fully Met**' is due to the performance of the Chief Executive or Director (as appropriate) and the extent to which this has occurred due to factors outside the control of the Chief Executive or Director (as appropriate).

5 Linkage to Increments

- 5.1 On the anniversary of their appointment the Chief Executive and Directors are
- not entitled to receive automatic increments
 - are entitled to receive a single increment on the anniversary of their appointment providing their overall performance in the previous appraisal year is assessed as 'Satisfactory' and they have not reached the maximum of their pay scale
 - not entitled to receive an increment and will not be eligible for an increment until the next anniversary of their appointment where performance in the previous appraisal year is assessed as 'Not Satisfactory'
- 5.2 Where performance is assessed as 'Not Satisfactory' in two consecutive appraisals, the Chief Executive or Director will have an increment removed from their pay on the anniversary of their appointment. In the event of performance continuing to be assessed as 'Not Satisfactory' in subsequent appraisals a further increment will be removed from pay on the anniversary of their appointment each year until either performance improves to a 'Satisfactory' level or the minimum of the pay scale is reached.

6 Appeals

- 6.1 The Chief Executive and Directors have a right of appeal against the assessment of overall performance to the Personnel Sub Committee.
- 6.2 The Appeals Procedure to be followed is attached at Annex A.

7 Addressing Unsatisfactory Performance

- 7.1 Any formal measures to address unsatisfactory performance (including support) shall be taken in accordance with the appropriate national conditions of service and legislative requirements.

Annex A**Procedure for Appeals against Performance (and consequential Increment) decisions for the Chief Executive and Directors****Appeals against Performance (and consequential Increment)****Constitution of Appeals Committee**

Appeals against Performance (and consequential Increment) decisions for the Chief Executive and Directors are heard by a duly convened and quorate Personnel Sub Committee of the Council. The Constitution defines the make up of the Committee and how many Members constitute a quorum.

Members who have had any direct prior involvement in the case will be excluded from sitting. The Assistant Chief Executive will attend appeals against Performance (and consequential Increment) decisions for the Chief Executive and Directors to provide advice (including procedural and employment law advice) to the Committee and to assist Members generally in establishing the arguments and facts being presented to them.

Normal Council Democratic Services support will be provided to the Committee. The Democratic Services Officer shall record the decision of the Committee but is not present to provide any form of advice other than on administrative matters.

Management Representatives

The management representative in respect of appeals from

- the Chief Executive shall be the Chair of the Elected Members who made the original decision
- Directors shall be the Chief Executive

Written Statements

Both management and the employee will be invited to submit written statements of case which will be forwarded to Committee Members by the notified report deadline. Where both parties have provided statements these will also be exchanged at the same time. If one party does not produce a statement, they will receive the other party's statement as early as practicable or on the day of the hearing.

Within 3 days of the hearing both the management representative and the employee must notify the Assistant Chief Executive of the names of any witnesses that will be called to support their case. The names of these individuals will be notified to both parties in advance of the hearing.

Representation and Attendance

The normal procedure will be for the Employee plus their Representative, and the management representatives to attend the hearing and present their cases. Witnesses will be called in turn, to give evidence and will then leave the hearing. It is

at the discretion of the Committee to permit either party to bring additional representatives/managers and to decide whether they may attend in an observer or participant capacity.

Decisions

Decisions generally will fall into two categories, namely:

- (a)** Appeal Not Upheld: not allowing the appeal in which case the original Performance (and consequential Increment) decision is confirmed.
- (b)** Appeal Upheld: allowing the appeal in which case the Performance (and consequential Increment) decision is reversed i.e. if the original Performance (and consequential Increment) decision is that performance is 'Not Satisfactory' (and, as a consequence, an increment is withheld/withdrawn) then the Performance decision on appeal is 'Satisfactory' (and, as a consequence, an increment is not withheld/withdrawn). Members should state the reasons for upholding the appeal.

The Personnel Sub Committee shall give its decision in full detail in the presence of both parties and the Assistant Chief Executive and clarification may be sought by any party.

FINANCE AND POLICY COMMITTEE

31 May 2013



Report of: Assistant Director, Education

Subject: APPOINTMENT OF LOCAL AUTHORITY
REPRESENTATIVES TO SERVE ON SCHOOL
GOVERNING BODIES

1. TYPE OF DECISION/APPLICABLE CATEGORY

Non key decision.

2. PURPOSE OF REPORT

- 2.1 To request members of Finance and Policy Committee consideration and approval of the applications received in respect of the appointment of the Local Authority representative governors to serve on school governing bodies where interest has been expressed in the vacancies.

3. BACKGROUND

- 3.1 Applications are invited from members of the general public, in particular a recent recruitment campaign for school governors at the request of the General Purposes Committee earlier this year in respect of LA vacancies across the town, elected members and those governors whose term of office is about to expire or have expired and who are interested in serving or wish to continue serving as a Local Authority representative governor on school governing bodies.

The following criteria were agreed by the Borough Council for the recruitment of Local Authority representative governors in 2000. Local Authority governors should be able to show:

- demonstrable interest in and commitment to education;
- a desire to support the school concerned;
- a commitment to attend regular meetings of the governing body (and committees as appropriate) and school functions generally;
- good communication/interpersonal skills;

- ability to work as part of a team;
- a clearly expressed willingness to participate in the governor training programme.

4. PROPOSALS

- 4.1 A schedule (**Appendix 1**) is attached setting out details of vacancies which currently exist for LA representative governors, where interest has been expressed in the vacancies together with applications received in respect of the vacancies (**Appendix 2**). ***This item contains exempt information under Schedule 12A of the Local Government Act 1972, (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, information relating to any individual (para 1).***

5. RECOMMENDATIONS

- 5.1 The Finance and Policy Committee approve the appointment of Local Authority Governors to serve on school governing bodies.

6. REASONS FOR RECOMMENDATIONS

- 6.1 The constitution of school governing bodies in respect of community, aided, controlled and foundation schools include Local Authority representation.

7. BACKGROUND PAPERS

- 7.1 None.

8. CONTACT OFFICER

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Child and Adult Services

VACANCIES FOR LOCAL AUTHORITY REPRESENTATIVES ON GOVERNING BODIES

MAY 2013

**Contact Officer: Ann Turner
01429 523766**

VACANCIES FOR LOCAL AUTHORITY REPRESENTATIVES ON GOVERNING BODIES

| SCHOOL INCLUDING LA GOVERNORS | VACANCIES | EXPRESSION OF INTEREST | APPOINTMENT(S) |
|---|--|-------------------------------------|----------------|
| Brougham Primary School | | | |
| | | | |
| Mrs S. Marshall | 2 Vacancies | Christine Atkinson Lee McPherson | |
| | | | |
| Fens Primary School | | | |
| | | | |
| Mr P. Heward | 2 Vacancies | Keith Tabram | |
| Alderman A. Preece (term of office expires 14 th August 2013) | (Including Alderman Preece who does not wish to re-apply) | Alan Ward | |
| | | | |
| Golden Flatts Primary School | | | |
| | | | |
| Councillor C. Hill | 2 Vacancies | Joan Fletcher Janet E. Henderson | |
| | | | |
| Grange Primary School | | | |
| | | | |
| | 2 Vacancies | Ann Parkinson Marjorie Waller | |
| | | | |
| Jesmond Gardens Primary School | | | |
| | | | |
| Councillor L. Shields | 2 Vacancies | Councillor P. Hargreaves | |
| Mrs S. Saint | | Jane Davies | |
| | | | |
| Lynnfield Primary School | | | |
| | | Mark Patton | |
| Councillor C. Richardson | 2 Vacancies | Peter Ingham | |
| Councillor C. Simmons | | Jill Foreman | |
| | | | |

VACANCIES FOR LOCAL AUTHORITY REPRESENTATIVES ON GOVERNING BODIES

| SCHOOL INCLUDING LA GOVERNORS | VACANCIES | EXPRESSION OF INTEREST | APPOINTMENT(S) MADE |
|---|---|------------------------------|------------------------|
| Kingsley Primary School | | | |
| | | | |
| Mrs J. Brough (term of office expires 25 th May 2013) | 2 Vacancies (including Mrs Brough and Mr Vale) | Jan Brough | |
| Mr J. Vale (term of office expires 14 th August 2013) – (Also Chair) | | John Vale | |
| Mrs J. Hanson | | | |
| Rossmere Primary School | | | |
| | | | |
| Mrs M. Smith (term of office expires 29 th August 2013) – (Also Chair) | 2 Vacancies (including Mrs Smith) | Maureen Smith David Burns | |
| | | | |
| | | | |
| Seaton Carew Nursery | | | |
| | | | |
| Councillor P. Thompson | 1 Vacancy | Stephanie Hayes | |
| | | | |
| | | | |
| Springwell School | | | |
| | | | |
| Mrs L. Barraclough | 1 Vacancy | Keith Tabram | |
| | | Stephanie Hayes | |
| | | Jill Foreman | |
| St Aidan's C.E. Aided Memorial Primary School | | | |
| | 1 Vacancy | | |
| Mr A. Lee (term of office expires 14 th June 2013) | (including Mr Lee who does not wish to re-apply) | Maxine Coss | |
| | | | |
| | | | |

VACANCIES FOR LOCAL AUTHORITY REPRESENTATIVES ON GOVERNING BODIES

| SCHOOL INCLUDING LA GOVERNORS | VACANCIES | EXPRESSION OF INTEREST | APPOINTMENT(S) MADE |
|--|---|---|------------------------|
| St Helen's Primary School | | | |
| Mr R. Atkinson (term of office expires 22 nd September 2013) | 2 Vacancies (including Mr Atkinson and Mr Ibbotson) | Reuben Atkinson John Ibbotson | |
| Mr J Ibbotson (term of office expires 1 st June 2013) | | | |
| Councillor R. Payne | | | |
| Miss C Lamb | | | |
| Throston Primary School | | | |
| | | | |
| Mr K. Shears | 1 Vacancy | Jonathan Dunning Councillor K. Dawkins | |
| Mrs S Allison | | | |
| | | | |
| St Hild's C.E. Aided School | | | |
| | 1 Vacancy | Kevin Kelly | |
| Mr K. Kelly (term of office expires 13 th September 2013) (Vice-Chair) | (including Mr Kelly) | Martin R. Dunbar Councillor S Tempest | |
| | | | |
| | | | |
| West Park Primary School | | | |
| | | | |
| Councillor R.Wells | 1 Vacancy | Margaret Boddy | |
| Mrs M. Boddy (term of office expires 23 rd September 2013) | (including Mrs Boddy) | | |
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VACANCIES FOR LOCAL AUTHORITY REPRESENTATIVES ON GOVERNING BODIES

| SCHOOL INCLUDING LA GOVERNORS | VACANCIES | EXPRESSION OF INTEREST | APPOINTMENT(S) MADE |
|----------------------------------|-----------|---------------------------|------------------------|
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FINANCE AND POLICY COMMITTEE

31 May 2013



Report of: Corporate Management Team

Subject: QUARTER 4 – COUNCIL OVERVIEW OF PERFORMANCE AND RISK 2012/13

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 For Information.

2. PURPOSE OF REPORT

2.1 To inform the Finance and Policy Committee of the progress made against the Council's 2012/13 Corporate and Departmental Plans for the period ending 31st March 2013.

3. BACKGROUND

3.1 The Corporate Plan was agreed by Council on 12 April 2012 and the three Departmental Plans were agreed by Cabinet on 19 March 2012.

3.2 All of the plans contain an action plan setting out how the Council proposes to deliver the Council's priority outcomes. Key Performance Indicators are also included which can then be used to monitor progress throughout the year and at year end. Departmental Plans also contained a section listing the Risks that could prevent the department from delivering the priority outcomes.

3.3 The Council's Performance Management System (Covalent) is used to collect and analyse progress against the actions, performance indicators and risks detailed in the Corporate Plan and the three Departmental Plans. The information in the system was used to prepare this report.

3.4 The structure of the report is:

| Paragraphs | Content |
|------------|---|
| 4.1 – 4.8 | Council Overview of Performance and Risk |
| 5.1 – 5.7 | Child and Adult Services Departmental Plan Update |

| | |
|-----------|--|
| | |
| 6.1 – 6.9 | Regeneration and Neighbourhoods Departmental Plan Update |
| 7.1 – 7.7 | Chief Executives Department Update |
| 8.1 | Recommendations |

4. COUNCIL OVERVIEW OF PERFORMANCE AND RISK

- 4.1 In total the three departmental plans for 2012/13 include 187 actions and 168 performance indicators (PIs) to deliver and measure improvements across key priority areas (outcomes) identified in the Community Strategy and Council Corporate Plan.
- 4.2 Officers have assessed the indicators and actions included in the plans, making judgments based on progress to the 31 March 2013. Progress is categorised as: -
- **PI target achieved or Action completed**
 - **PI on track to achieve target or Action on track to be completed**
 - **PI/Action having made acceptable progress**
 - **PI/Action requiring intervention**
 - **PI Target not achieved or Action not completed.**
- 4.3 The Corporate Plan addresses the key priorities and issues facing the Council, and includes an action plan that draws the key actions and performance indicators from the Council's three Departmental Plans. The 2012/13 Corporate Plan includes 65 actions and 32 performance indicators (that have targets and can provide an outturn figure at this point in the year).
- 4.4 Charts 1 and 2 below summarise officers' assessments of the Corporate Plan actions and indicators (that have targets **and** are measurable throughout the year). As at 31 March 2013, the position was a positive one, with: -
- 62 actions (95%) have already been completed or assessed as being on target to be achieved by their scheduled completion date;
 - 21 performance indicators (66%) have been assessed as being on track to achieve their year end target or having already done so;
 - Eight performance indicators (25%) have been assessed as having made acceptable progress;
 - Three actions (5%) and two indicators (6%) have not achieved their targets. One further indicator has been assessed as requiring intervention. Further information relating to these can be found later in the report – see paragraphs 5.4, 6.3, 6.6 and 7.4.

Chart 1: Corporate Plan Action Progress for period to 31 March 2013.

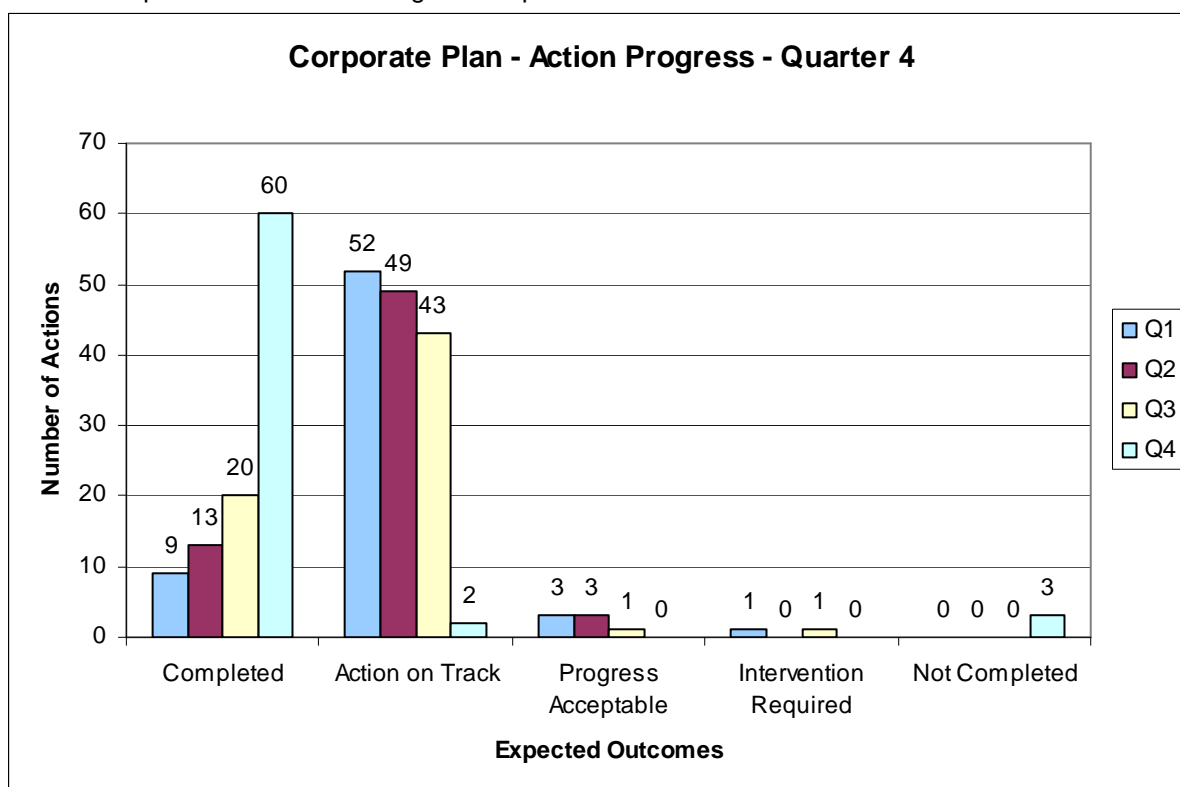
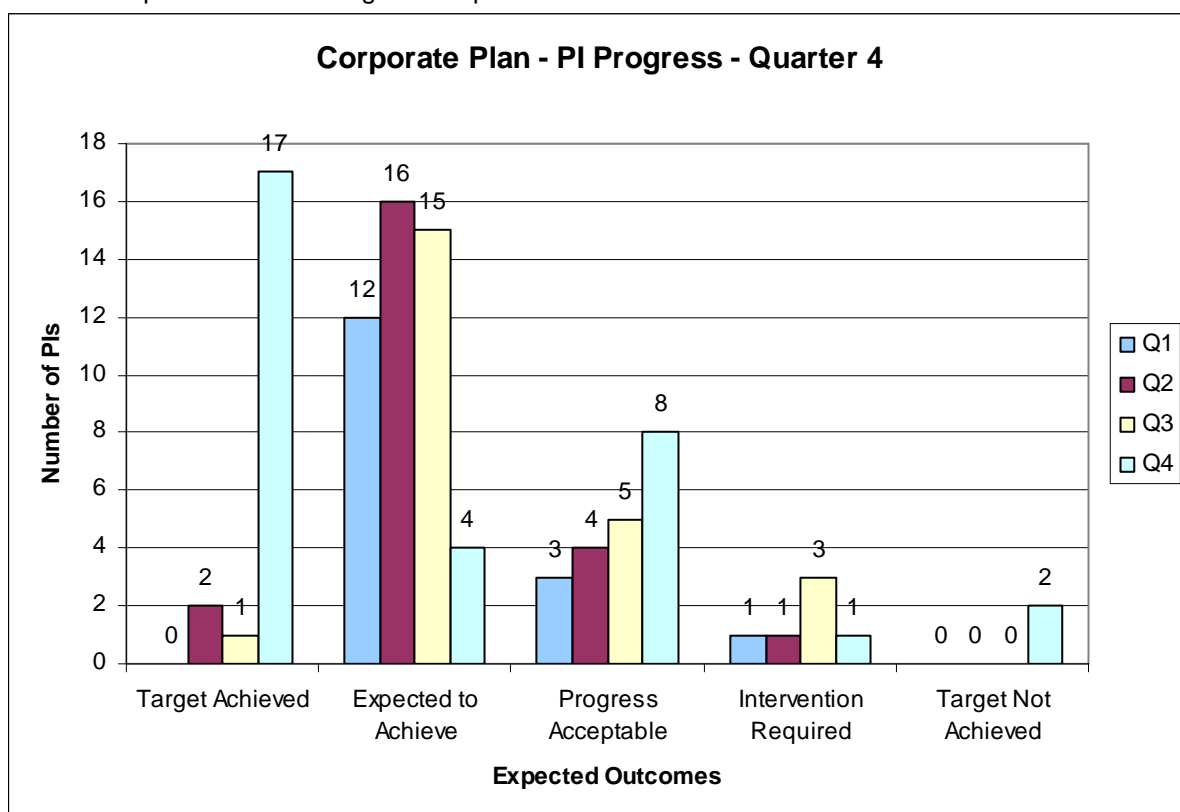


Chart 2: Corporate Plan PI Progress for period to 31 March 2013



- 4.5 As previously stated (paragraph 4.1) the three Departmental Plans include 187 actions and 168 performance indicators (of which, 94 have had targets set and can provide an outturn figures at this point in the year). Progress is illustrated in Charts 3 and 4.
- 4.6 Across all 3 Departmental Plans progress is good as demonstrated in Charts 3 and 4:
- Over 85% of actions (159 actions) have been completed with a further 15 (8%) are on track to be achieved;
 - 2% (3 actions) have been assessed as having made acceptable progress;
 - The remaining 10 actions (5%) have been assessed as not completed. Further information relating to these actions can be found later in the report (paragraph 5.4, 6.3 and 7.4);
 - 53 indicators (72%) have been assessed as being on track to achieve their year end target or have already done so;
 - 12 indicators (16%) have been assessed as having made acceptable progress;
 - One indicator (1%) has been flagged as requiring intervention and 8 indicators (11%) have been assessed as target not achieved. More information is included later in the report (see paragraph 5.4, 6.6 and 7.4);

Chart 3 – Departmental Plans Overall Action Progress for period to 31 March 2013

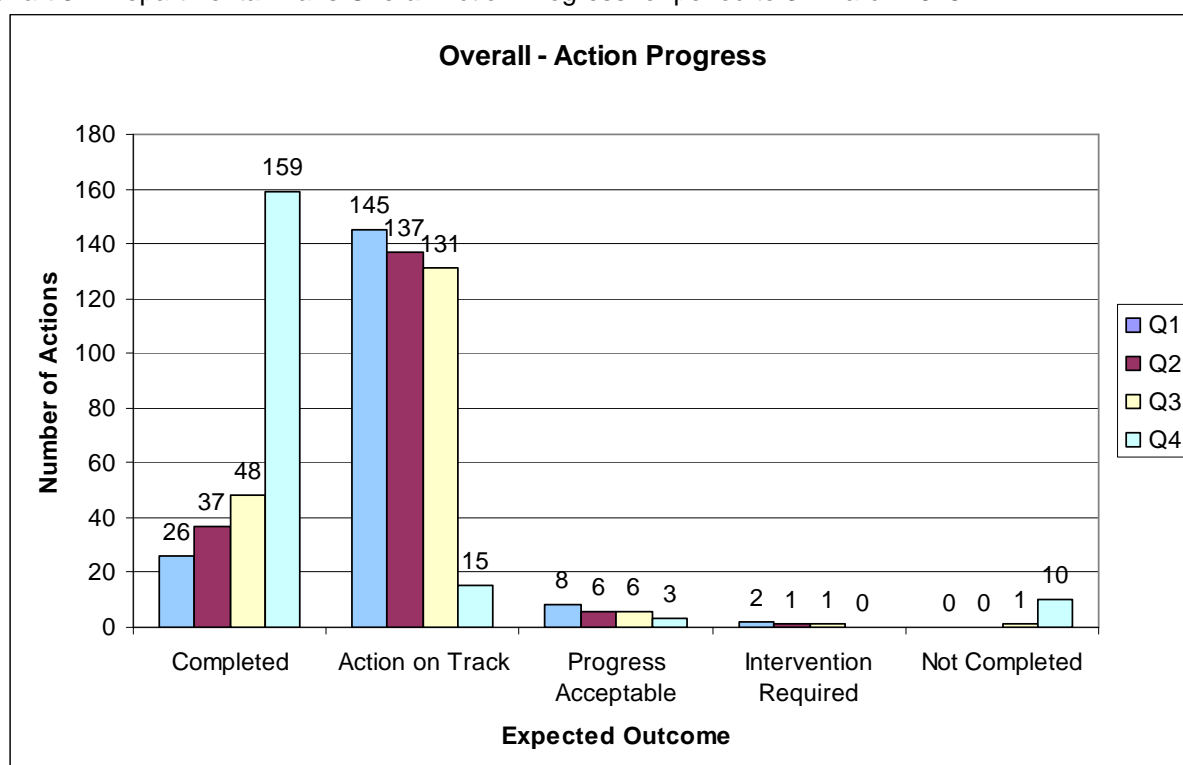
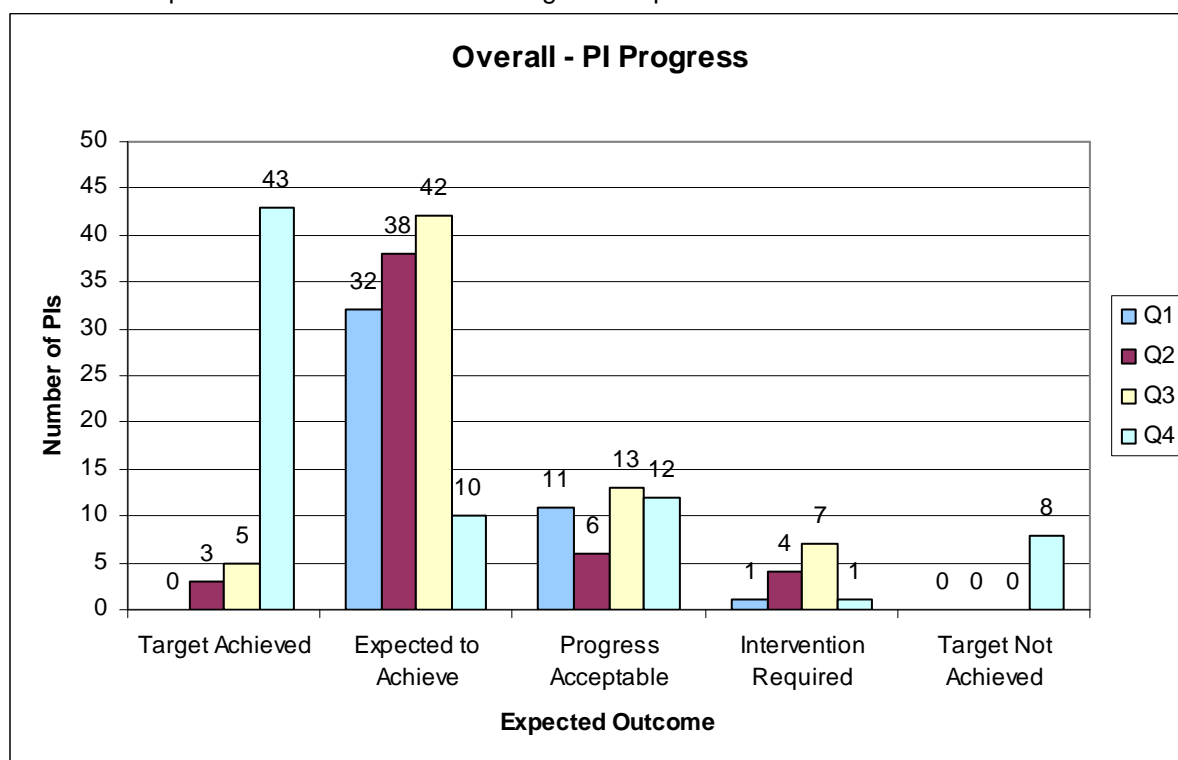


Chart 4 – Departmental Plans Overall PI Progress for period to 31 March 2013



4.7 There are 125 corporate risks have been identified across the Council. These are being managed in accordance with the Council's Risk Management Framework as agreed by Performance Portfolio Holder on 23 March 2011. This splits risks into two categories:

- **Actively Managed Risks:** those where additional control measures are being pursued or need highlighting and monitoring through senior managers and elected members; and
- **Accepted Risks:** those risks that have been identified by departments as under control.

4.8 Accepted risks continue to be monitored by individual departments to ensure the risk is kept at an acceptable level. These risks are assessed at least once a year in accordance with the Risk Management Framework. This reassessment exercise was completed during the quarter 2 updates and ensures that all accepted risks are up to date and reflective of the current environment. A report on the actively managed risks is included in the quarterly monitoring reports and this will continue throughout the year. The new and existing risks have been assessed within this exercise and will continue to be re-evaluated through the year as Risk Management is an on going process. Sections 5.6, 6.8 and 7.6 of this report provide an update on the Actively Managed Risks.

5. CHILD AND ADULT SERVICES DEPARTMENTAL PLAN UPDATE

5.1 The Child and Adult Departmental Plan contributes to 11 outcomes, spread across 6 themes:

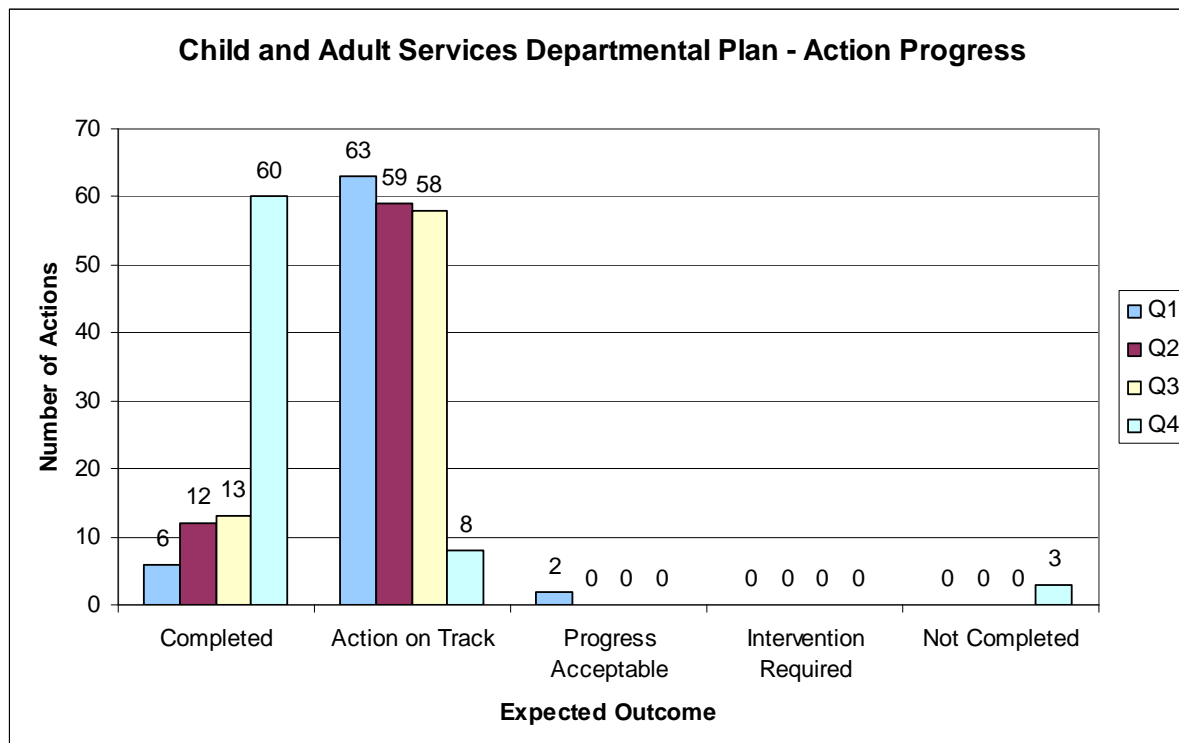
- Jobs and the Economy
- Lifelong Learning and Skills
- Health and Wellbeing
- Community Safety
- Culture and Leisure
- Strengthening Communities

5.2 Included in the Departmental Plan are 71 actions and 90 performance indicators. In addition the department has identified 52 corporate risks that are included in the Council's Risk Registers of which 11 are actively managed and 41 are accepted risks.

5.3 As can be seen in chart 5 overall progress is good with:

- 60 actions have been completed (85%) and a further 8 (11%) assessed as being on target to be achieved by their scheduled completion date;
- 3 actions (4%) have been assessed as not being completed by their due date. For further information see Table 1.

Chart 5: CAD Overall Action Progress for period to 31 March 2013



5.4 Chart 6 summarises officers' assessments of the 31 Performance Indicators that have targets and have an outturn figure at this point in the year. As at 31 March 2013, the position was a positive one, with:

- 15 indicators (48%) being assessed as achieving target with a further 6 actions (19%) being expected to achieve their target.
- A further indicator 6 indicators (19%) have been assessed as having made acceptable progress;
- The remaining three indicators (10%) have been flagged up as not achieving target and one final indicators requires intervention and they are included in tables 1 and 2 below: -

Chart 6: CAD Targeted Performance Indicators – Progress to 31 March 2013

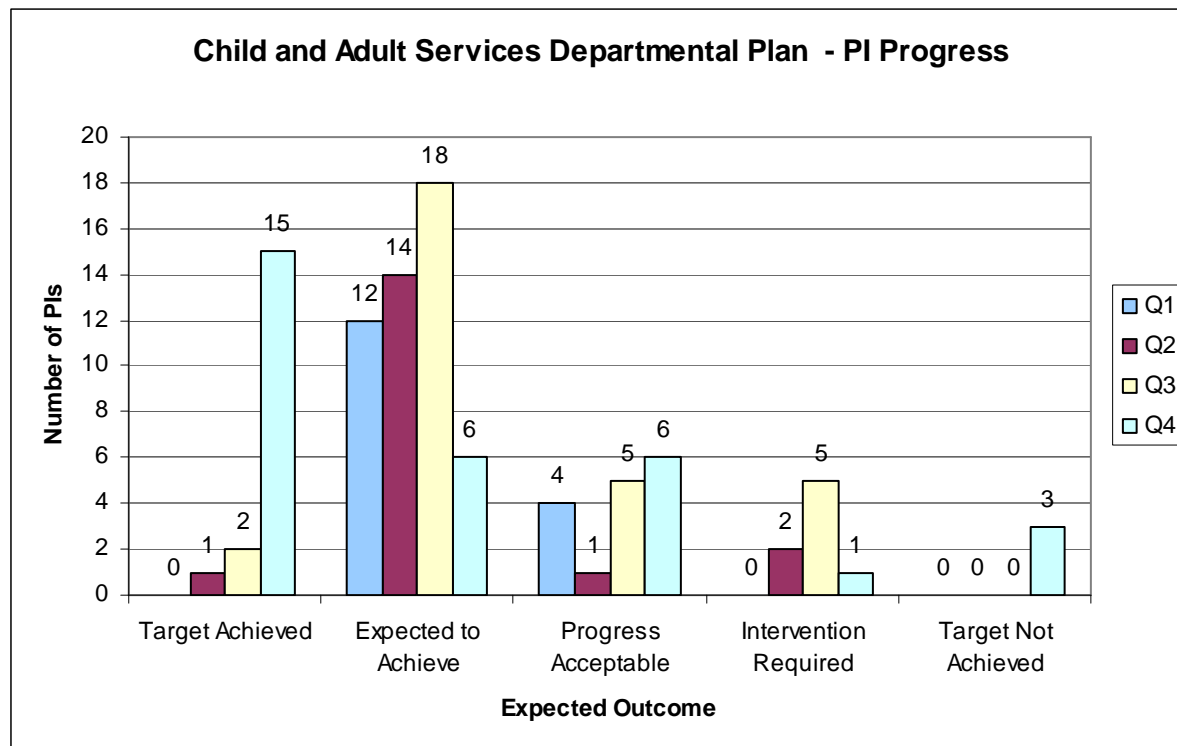


Table 1: CAD Performance Indicators not achieving target

| Outcome: 03 Hartlepool has increased employment and skills levels with a competitive workforce that meets the demands of employers and the economy | | | | |
|--|---|--------------------|-----------------|---|
| Ref | Indicator | Q4 2012/13 Outturn | Year End Target | Note |
| NI 117 | Percentage of 16 to 18 year olds who are not in education, employment or training (NEET) | 7.7% | 6.6% | Hartlepool value has increased by 0.1% compared to 2011/12. However Hartlepool was lower than the NE Regional average which reported 8.3% |
| Outcome: 09 Improve health by reducing inequalities and improving access to services | | | | |
| Ref | Indicator | Q4 2012/13 Outturn | Year End Target | Note |
| ACS P081 | Number of patients completing a 10 week programme of referred activity recommended as a health intervention | 288 | 325 | Total for year 288 and fell under target as anticipated. Needs to be judged with the PI for retention which is extremely high |
| Outcome: 24 People enjoy equal access to leisure, culture, sport and libraries which enrich their lives, improve the places where they live, and strengthen communities | | | | |

| Ref | Indicator | Q4 2012/13 Outturn | Year End Target | Note |
|----------|---|--------------------|-----------------|---|
| ACS P059 | Overall attendance at Mill House, Brierton and Headland Leisure Centres | 333,197 | 410,000 | Attendances well under target. Two main reasons for this: (a) Target was not adjusted in accordance with the reduction in opening hours brought in as a budget saving (b) Previous figures supplied for Brierton Sports Centre (prior to it coming under the Council's management) hugely overstated. |

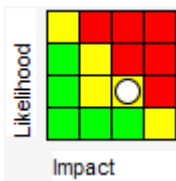
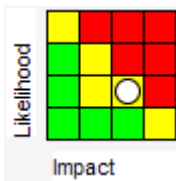
Table 2: CAD Performance Indicators requiring intervention

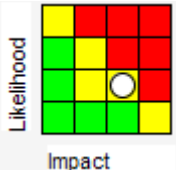
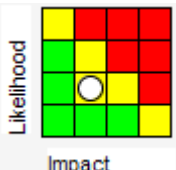
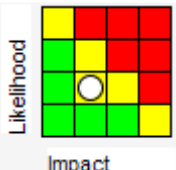
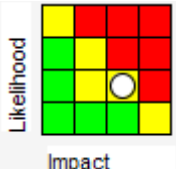
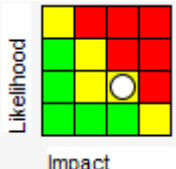
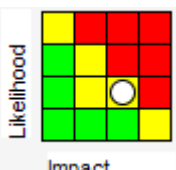
| Outcome: 09 Improve health by reducing inequalities and improving access to services | | | | |
|--|--|--------------------|-----------------|--|
| Ref | Indicator | Q4 2012/13 Outturn | Year End Target | Note |
| NI 39 | Rate of Hospital Admissions per 100,000 for Alcohol Related Harm | n/a | n/a | Outturn data is unavailable at this present time. This is due to the changes in the Data Intelligence Team around accessing this information. They expect this issue to be rectified within the next month and as soon as this data is available covalent will be updated. |

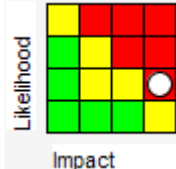
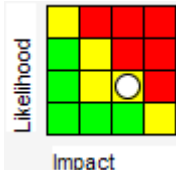
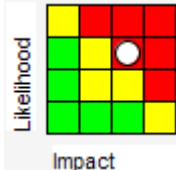
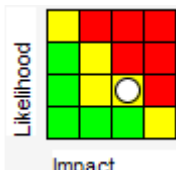
5.5 A further 59 indicators have targets which can only be assessed at the year end or are for monitoring purposes only.

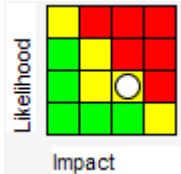
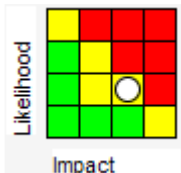
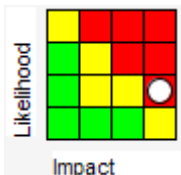
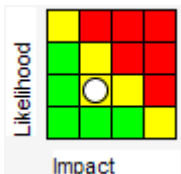
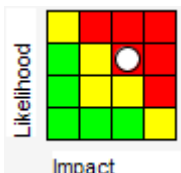
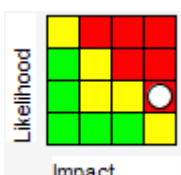
5.6 There are 11 Child and adults risks on the accepted risk register and a further 41 on the actively managed risk. The table below provides a summary of the position of the risks on the Actively Managed Risk Register along with details as to what action is being taken with regard to these risks.

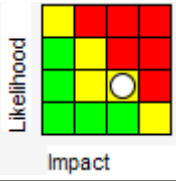
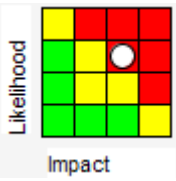
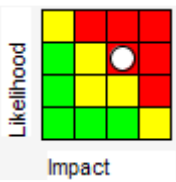
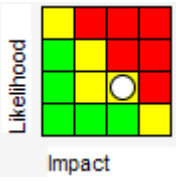
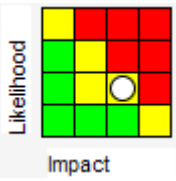
Table A: CAD Actively Managed Risks 2012/13

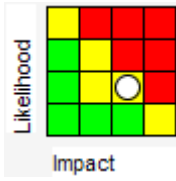
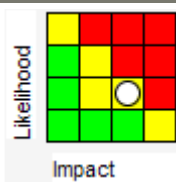
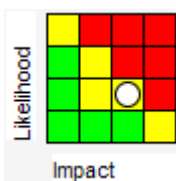
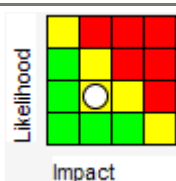
| Code | Title | Current Risk Matrix | Latest Note |
|----------|--|--|---|
| CAD R001 | Service issue as a result of insufficient budget allocation or changes in national funding/grants (Actively Managed) |  | The LA intends to continue offering to schools a service level agreement that will fund the SIP programme and additional literacy & numeracy support. The £100k reduction in the Performance & Achievement budget for 2013/14 has been achieved without any reduction in front line services. (NO CHANGE IN RATING) |
| CAD R004 | An increase in the number of schools falling below Performance Achievement Standard (Actively Managed) |  | 1 primary and 1 secondary school fell below the DfE floor target in July 2012 Performance in the secondary school is the greater concern and a number of actions have been put in place to support the school in line with the Hartlepool Schools causing concern |

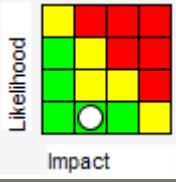
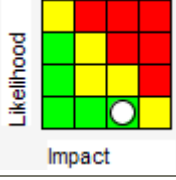
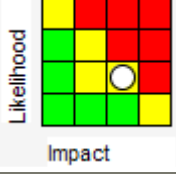
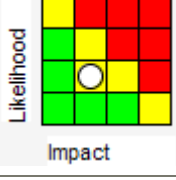
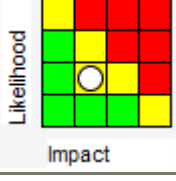
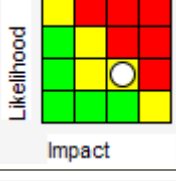
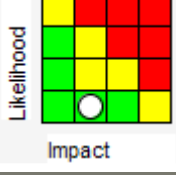
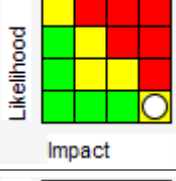
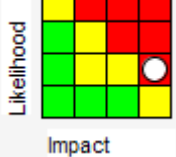
| Code | Title | Current Risk Matrix | Latest Note |
|----------|--|--|---|
| | | | protocol. (NO CHANGE IN RATING) |
| CAD R005 | Failure to meet the statutory duties and requirements vested within the Child and Adult Services department (Actively Managed) |  | Ofsted review May 2012 of LAC provision indicated that all statutory duties were being met (NO CHANGE IN RATING). |
| CAD R006 | Alcohol investment does not enable the provision of sufficient services to meet the increased level of need. (Actively Managed) |  | Public Health funding provided at same level as 2012/13, but no confirmation of Community Safety funding which was transferred to Police Crime Commissioner and even if passed back may not be awarded for alcohol. Treatment services commissioned to integrate drugs and alcohol provision maximising drug elements of funding. Current level of alcohol service can be maintained however business case will need to be made with Health and Wellbeing Board and Clinical Commissioning Group to secure resources and joint commissioning that allows for expansion of alcohol treatment services. (REDUCTION IN RATING) |
| CAD R007 | Adverse publicity and community tension (e.g. in regard to reintegration of drug users, offenders back into community, drug related deaths, establishing community services/Pharmacist) (Actively Managed) |  | Ongoing positive press stories generated alongside programme of community advice and campaigns. Some negative tension recently with residents groups in regard to drug dealing and private sector management of tenancies being addressed through community development and attendance at resident meetings to be aware and try to address issues collectively. (INCREASE IN RATING) |
| CAD R008 | Damage / Disruption due to violence to staff, health & safety incidents or poor working conditions (Actively Managed) |  | Health and Safety risks carefully monitored through regular meetings held internally and involving trade union representation. (NO CHANGE IN RATING) |
| CAD R011 | Failure to work in effective partnerships with NHS, including risk of cost shunting. (Actively Managed) |  | No change to risk status. Partnership working with the NHS continues and new working relationships will be developed as the changes within the NHS are implemented and CCGs are fully established from April 2013. (NO CHANGE IN RATING) |
| CAD R017 | Failure to recruit & retain suitable staff in children's services (Actively Managed) |  | No change to risk score. Number of moves of internal staff as a result of promotion has necessitated recruitment activity. Vacant posts have been recruited to and staff retention remains good. Pressures arising from demand have resulted in recruitment of two additional posts over establishment; this strategy has been highly effective in ensuring early training for newly qualifying staff and filling vacant posts quickly as they arise over the |

| Code | Title | Current Risk Matrix | Latest Note |
|----------|---|--|--|
| | | | year. (NO CHANGE IN RATING) |
| CAD R019 | Failure to plan for future need and ensure sufficient placement provision to meet demand (Actively Managed) |  | Service continues to meet sufficiency duty and provides a range of placement provision to meet the needs of children looked after by the Council. Continued recruitment of foster carers means there remains a year on year net increase in the number of foster carers approved by the Council. In recognition of limited residential care provision within Hartlepool, children's home is being developed and will become operational in June 2013. Hartlepool is leading the Tees Valley tender of independent fostering services to ensure a continued supply of additional foster placements which meet demand. Internal controls in place to manage number of placements required whenever possible, for example intensive support from the edge of care team. (NO CHANGE IN RATING) |
| CAD R020 | Insufficient capacity in the independent sector to meet placement demand (Actively Managed) |  | Main risk is the availability of appropriate placements for teenagers in Independent Fostering Agencies and Residential Care; those that are available are high cost and a long way from Hartlepool. (NO CHANGE IN RATING) |
| CAD R021 | Increased demand on services due to socio-economic pressures (Actively Managed) |  | Increase in likelihood of this risk occurring linked to changes to welfare system which will have a significant impact upon families in Hartlepool. Service has moved to a First Contact and Support Hub to provide a single access to services for families. Demand for both early intervention and social care services are increasing and capacity has been increased in social care in response to this. Situation will continue to be closely monitored and reported to Children's Policy Committee (INCREASE IN RATING) |
| CAD R022 | Failure to provide statutory services to safeguard children and protect their well-being (Actively Managed) |  | Service continues to meet statutory requirements and comply with legislation and statutory guidance. Recent publication of Working Together document introduces some changes to statutory guidance, in response to this, child protection procedures will be updated and changes made to internal procedures to ensure compliance. (NO CHANGE IN RATING) |

| Code | Title | Current Risk Matrix | Latest Note |
|----------|---|--|--|
| CAD R023 | Impact of change to funding arrangements across Children's Services (Actively Managed) |  | Early intervention services currently under review to restructure and scale back services as a consequence of the grant cut in 2013/14. Service is using one off monies during 2013/14 to enable service reduction to be undertaken in a planned way and in consultation with families. Grant cuts will have a significant impact upon the service delivery model and capacity and responsiveness of the service. Notification of Youth Justice Board grant now received and changes made to balance budget. Future risk associated with reduction in funding for 2014/15 and 2015/16. (NO CHANGE IN RATING) |
| CAD R024 | Failure to meet statutory duties and functions in relation to the Youth Offending Service (Actively Managed) |  | Performance in relation to the services statutory functions are monitored actively through fortnightly performance management meetings and reported quarterly to the services strategic management board. (NO CHANGE IN RATING) |
| CAD R029 | Failure to effectively manage risks exhibited by young people and families (Actively Managed) |  | No change to risk score. Multi agency risk management arrangements are in place for individual children, young people and their families where these are required and actively reviewed. Risk assessments are undertaken on young people who exhibit harmful behaviours and case management systems include flagging arrangements in relation to individuals who present a risk. (NO CHANGE IN RATING) |
| CAD R031 | Failure to recruit and retain staff in educational support services (Actively Managed) |  | Latest post advertised, Senior School improvement officer attracted high quality field of 14 candidates, 4 interviewed & successful appointment made. (NO CHANGE IN RATING) |
| CAD R032 | Increase in the number of schools falling below national average for pupil attendance (Actively Managed) |  | This continues to be a high risk that the LA is actively managing through a large attendance team, regular data to schools challenge through the SIP programme, truancy sweeps with the local Police force and a rigorous secondary school improvement drive, that appears to be having a positive impact on attendance. (NO CHANGE IN RATING) |
| CAD R033 | Failure to plan for future need and ensure sufficient placement provision to meet demand within adult social care. (Actively Managed) |  | No change to risk status. Ongoing data collection and monitoring enable emerging issues to be identified. Work will be undertaken in 2013/14 to develop a Market Position Statement which will identify local demand, analyse local supply and set out clear intentions for providers about future |

| Code | Title | Current Risk Matrix | Latest Note |
|----------|---|--|--|
| | | | commissioning of services and the level of resources available. (NO CHANGE IN RATING) |
| CAD R034 | Insufficient capacity in the independent sector to meet placement demand within adult social care. (Actively Managed) |  | Demographic pressures and hospital discharges continue to be managed appropriately and independent sector providers capacity, while stretched, is coping. (NO CHANGE IN RATING) |
| CAD R035 | Increased demand on adult social care services due to demographic pressures. (Actively Managed) |  | No change to risk status. Demand on adult social care services is increasing due to the ageing population and increased prevalence of dementia, as well as the need to support more younger people with complex needs. and the impact of this increase in demand is closely monitored. A Single Point of Access for adult social care was implemented in February March 2013 to better support prioritisation of resources and management of risk. (NO CHANGE IN RATING) |
| CAD R037 | Failure to achieve targets in relation to assessments within 28 days and annual reviews, due to increased pressures on services. (Actively Managed) |  | Increasing pressures mean that there are significant issues over our capacity to deal with inappropriate delays. Pressures on the health service are increasing the demands on social care and we cannot control these external factors. Work is ongoing to look at the nature of these risks, specifically by area such as OT (John Lovatt). (NO CHANGE IN RATING) |
| CAD R038 | Failure to provide statutory services to safeguard vulnerable adult. (Actively Managed) |  | No change to risk status - partner agencies continue to work together through the Hartlepool Safeguarding Adults Board and the Teeswide Safeguarding Adults Board to ensure that services are in place to safeguard vulnerable adults. There is no immediate risk to statutory services although increasing demand and decreasing resources give cause for concern. (NO CHANGE IN RATING) |
| CAD R039 | Impact of change to funding arrangements across adult social care services. (Actively Managed) |  | No change to risk status as the risk and potential impact of changes to funding arrangements continues. NHS funding to support social care services in Hartlepool has increased for 2013/14, which is positive, but the funding is still not guaranteed in the longer term. The impact of any changes to funding arrangements will be closely monitored and reported through the appropriate route. (NO CHANGE IN RATING) |

| Code | Title | Current Risk Matrix | Latest Note |
|----------|--|--|---|
| CAD R040 | Failure to deliver the Reablement Strategy. (Actively Managed) |  | No change to risk status. The aim of reablement services is to promote independence, prevent hospital admissions and maximise independence following an illness or hospital stay. If reablement does not work effectively, there will be an increasing pressure on services for older people, including increased care home admissions. A regional review of reablement services has indicated that Hartlepool's service has a low unit cost and performs well with 73.9% of people referred to the service having no ongoing support needs following a period of reablement. Further work is needed in 2013/14 to ensure that reablement services are targeted effectively and achieve the best possible value for money. There are also concerns about the short term nature of some of the NHS funding that supports reablement services and the impact of further cuts in Local Authority budgets on services that support prevention and early intervention. (NO CHANGE IN RATING) |
| CAD R041 | Failure to recruit & retain suitable staff in adult social care. (Actively Managed) |  | No change to risk status - there are no current issues regarding recruitment and retention of suitable staff in adult social care and no outstanding vacancies. (NO CHANGE IN RATING) |
| CAD R043 | Delayed transfers of care from hospital due to reduced capacity and changing working arrangements for hospital discharge. (Actively Managed) |  | Remodel introduced that focuses on acute beds in accordance with the legislative requirements. Potential delayed transfers of care from hospital is an increased risk to the Council because of the phased reduction in the number of acute beds; yet demand has increased and is likely to increase further, due to Hartlepool's demographics. Thus the volume of requests for assessments of need will be a pressure as will financial pressures linked to supporting vulnerable people to be discharged safely. For this model to be effective, we need to work more closely with Community Nurses at both a strategic and operational level (John Lovatt). (NO CHANGE IN RATING) |
| CAD R044 | Failure to retain suitably skilled staff in the Museum Service (Actively Managed) |  | Due to staff movement and securing grant income we have successfully retained good staff within the service. (REDUCTION IN RATING) |

| Code | Title | Current Risk Matrix | Latest Note |
|----------|---|--|--|
| CAD R045 | Failure to deliver statutory elements of the Library Service (Actively Managed) |  | Statutory position for the provision of Libraries has had risk minimised for 2013/14 and consideration is now being given to 14/15 efficiencies. (NO CHANGE IN RATING) |
| CAD R046 | Failure to provide statutory service of archaeological planning advice and Historic Environment Record (Actively Managed) |  | Financial situation continues to have a good outlook for 14/15. Partner retention to providing a cost effective service is essential. No current cause for doubt. (NO CHANGE IN RATING) |
| CAD R047 | Failure to fulfil the targets for recruitment set by the SFA leading to loss of income (Actively Managed) |  | Currently the SFA submissions are good with student outcomes achieving in all but one area. This one weak area has been addressed. (NO CHANGE IN RATING) |
| CAD R048 | Failure to reach the minimum levels of performance for the SFA or Ofsted (Actively Managed) |  | Currently the service is providing timely student returns and minimising the impact of any shortfalls in student numbers which may affect SFA payments or retentions. (NO CHANGE IN RATING) |
| CAD R049 | Failure of MIS and IT systems preventing return of electronic data for funding purposes (Actively Managed) |  | Service systems are currently performing. Greatest area of weakness in relation to risk is any delay in partner returns of critical information. (NO CHANGE IN RATING) |
| CAD R050 | Failure to recruit or retrain sufficient staff in key areas of a changing programme offer (Actively Managed) |  | Currently being managed satisfactorily - risks are well known. (NO CHANGE IN RATING) |
| CAD R051 | Failure of partnerships resulting in insufficient venues to deliver training (Actively Managed) |  | greatest emerging risk is the failure of partner delivers to achieve good results via OFSTED. ill automatically review any partner deliverer who fails within the OFSTED inspection. (NO CHANGE IN RATING) |
| CAD R052 | Failure to meet the licensing requirements of the Adventurous Activity Licensing Authority (Actively Managed) |  | ALA Licence regularly renewed and service remains very aware of its responsibilities for both staff, leaders and students on outdoor adventurous activity. (NO CHANGE IN RATING) |
| CAD R053 | Failure to adhere to the recommended standards regarding pool safety management (Actively Managed) |  | A naturally high risk area by the very nature of the activity in water. Risk level to remain at existing levels. (NO CHANGE IN RATING) |

| Code | Title | Current Risk Matrix | Latest Note |
|----------|---|---------------------------------|---|
| CAD R054 | Failure to ensure awareness and training of staff regarding safeguarding (Actively Managed) | <p>Likelihood</p> <p>Impact</p> | Ensuring staff in all areas of activity and service delivery are suitable trained in safeguarding procedures and general alertness to help assist in the identification of incidents. (NO CHANGE IN RATING) |
| CAD R055 | Failure to establish new partnerships and meet funding conditions of external partners in relation to grant funding, MOU's or SLA's (Actively Managed) | <p>Likelihood</p> <p>Impact</p> | new grant initiatives are currently being explored to ensure ongoing provision of services in particular areas - learning and outreach in Museums with R&CBC and the NPG, ACNE grants for arts and heritage linked to WW1, sports targeting of grant options for capital work improvements at Brierton Sports Centre etc. Partnerships continue to be essential in all areas of service delivery. (NO CHANGE IN RATING) |
| CAD R056 | Lack of adequate investment in public buildings affecting ability to income generate (Actively Managed) | <p>Likelihood</p> <p>Impact</p> | CCFT has recently approved a number of critical schemes which will assist in maintaining quality service condition - thus leading to continued ability to maximise trading levels and visitor attraction (NO CHANGE IN RATING). |
| CAD R057 | Impact of recruitment freeze, gaps in staffing caused by length of time taken in process and use of redeployed staff lacking appropriate skills and experience (Actively Managed) | <p>Likelihood</p> <p>Impact</p> | Currently managing the risks involved and securing some staff rotation as certain contracts end whilst other partnership funding packages emerge. (NO CHANGE IN RATING) |
| CAD R058 | Failure to adhere to recommendations of the Playing Pitch Strategy (Actively Managed) | <p>Likelihood</p> <p>Impact</p> | PPS well received and providing essential support as part of the Brierton (and other) town wide activities and potential site developments. (NO CHANGE IN RATING) |

5.7 For the period up to 31 March 2013 the Child and Adult Services Department have identified a number of achievements including: -

- Cabinet agreed Hartlepool Borough Council's Reablement Strategy in January 2013 and a regional evaluation of Hartlepool's Reablement Service shows it to compare well with other North East Local Authorities.
- Assistive Technology numbers continue to rise and additional resources have been invested through Department of Health Winter Pressures funding to support timely discharge from hospital and reduce avoidable hospital and care home admissions, thus maintaining independence in the community.
- Considerable work has been undertaken over the last 4-5 months of the year to ensure that reviews were both completed and then recorded. The target figure of 75% has now been achieved due to this work being completed.
- Sailing Development Plan has been successfully delivered for 2012 and a new plan has been produced for 2013. Sport and Physical

Activity Team have supported the club to achieve Sailability status (via the National Governing Body) which recognises the clubs accessibility for disabled participants. The plan has support an increase in participation by 100 people and their website hits has increased by 200% per month. Tees and Hartlepool Yacht Club now work in partnership with schools, public relations and other organisations to increase participation in Sailing. New developments in 2013 include Water Skiing; Coastal Rowing Club in partnership with British Rowing and RYA accredited course delivery.

- New premises and service established and being promoted for the 'Whole family' support network for substance misusers. Links established with Locality Teams and participating in Troubled families initiative
- All schools in the town, bar one, are now involved in the British Heart Foundation Younger Wiser project and are developing their own action plans with support from the project team. All schools signed up have now received their £1,500 through PCT resources to support the work and help in delivery. The contract has now been signed with the Food Works Company to deliver cookery in the classroom and work will be underway immediately.
- The 'theatre in education company', Gibber, are again engaging all secondary schools in the town to work up a timetable for delivery of the successful anti smoking drama and workshop. Following the success of these smoking theatre productions in schools and following requests from schools meetings have been held with the drugs and alcohol leads to explore interactive theatre productions on drugs and alcohol which could be commissioned in the next quarter. This would be for year 6 pupils in the last term of primary school offering workshops which include coping with peer pressure and being confident to say no to these risk taking behaviours. This could have the knock on effect of discouraging the uptake of smoking in these young people
- The project supported a "learn to cycle "initiative with a small amount of funding which has been enormously successful and to date **504** children have accessed the service. This model has been developed to be sustainable and to build capacity, the return on investment has been excellent.
- The project team have also linked in with the Lawn Tennis Association who have worked with all the secondary schools in Hartlepool. Ten teachers have attended training on Cardio- tennis and each school has received equipment which they will keep worth £500. A co-coordinator has been appointed by the LTA to mentor the teachers and monitor the roll out of the cardio-tennis initiative and the team will liaise with the co-coordinator to monitor progress. Plans are in hand to work with primary schools
- There has been involvement in numerous school assemblies, parents and governors' evenings and fund-raising events
- The additional actions required from the Safeguarding Peer Review have been achieved e. g. latest report on Risk Management

Framework was accepted by the Board at its meeting on 12th March 2013. The Board has its Development Day planned for the 19th April when it will receive feedback on all of the business plan actions. Preliminary feed back from the Task & Finish groups confirms that all actions will be completed in the timescales agreed. It should be noted that some had been planned to extend beyond March 2013

- Foster care recruitment continues to be effective. The children's residential unit is due to open in July/August 2013.
- Schools causing concern protocol to be updated to reflect latest statutory guidance. Successes in the last term include 3 satisfactory schools now being graded by Ofsted as good and 1 school moving from good to outstanding. As part of the protocol the LA will be carrying out 2 reviews of schools that are currently causing concern. Three LA Officer Groups have now been set up to offer additional support and challenge to the Senior Leadership of the schools.
- The numbers of young people not in Education , Employment or training in Hartlepool has risen slightly due largely to the disappearance of employment opportunities (in line with the broader economic climate), a reduction in the number of Level 1 and 2 Learning opportunities for 16-18 year olds due to the withdrawal of provision from private Training Providers (who are again struggling given the current economic climate) and reductions in the numbers of staff available to directly support young people who are NEET or at risk of NEET. However, Hartlepool figures continue to compare favourably with the broader regional picture.
- Hartlepool Borough Council is a Pathfinder and Pathfinder Champion authority piloting changes to the arrangement for Special Educational Needs and Disability and new ways of working. This will ensure that the authority is ready to respond effectively to future legislative changes. The recent publication of the revised edition of Working Together to Safeguard Children and changes to the arrangements for public law as a result of the Family Justice Review mean that service configuration is under review to ensure that the service maximises its resources to meet these new requirements. Placement capacity will be impacted upon following the changes to the arrangements for young people remanded to custody brought in through the Legal Aid, Sentencing and Punishment of Offenders (LASPO) Act 2012 which places responsibility upon the local authority for the commissioning and cost of remand placements for young offenders. In response the local authority has identified a remand foster carer within in house provision and is currently re-tendering services from independent fostering agencies to include provision for remand foster placements

6 REGENERATION AND NEIGHBOURHOODS DEPARTMENTAL PLAN UPDATE

6.1 The Regeneration and Neighbourhoods Departmental Plan contributes to 21 outcomes, spread across 7 themes.

- Jobs and the Economy
- Health and Wellbeing
- Community Safety
- Environment
- Housing
- Strengthening Communities
- Organisational Development

6.2 Included in the departmental plan were 65 actions and 50 performance indicators spread across the 21 outcomes. In addition the department has identified 38 risks that are included in the Council's Risk Registers including 19 actively managed and 19 accepted risks.

6.3 As can be seen in chart 7, overall progress is good with:

- 59 actions (91%) having already been completed or assessed as being on track to be completed by the agreed date;
- The remaining six actions (9%) have been flagged as not completed and these actions are shown in tables 3 below.

Chart 7: RND Overall Action Progress – to 31 March 2013.

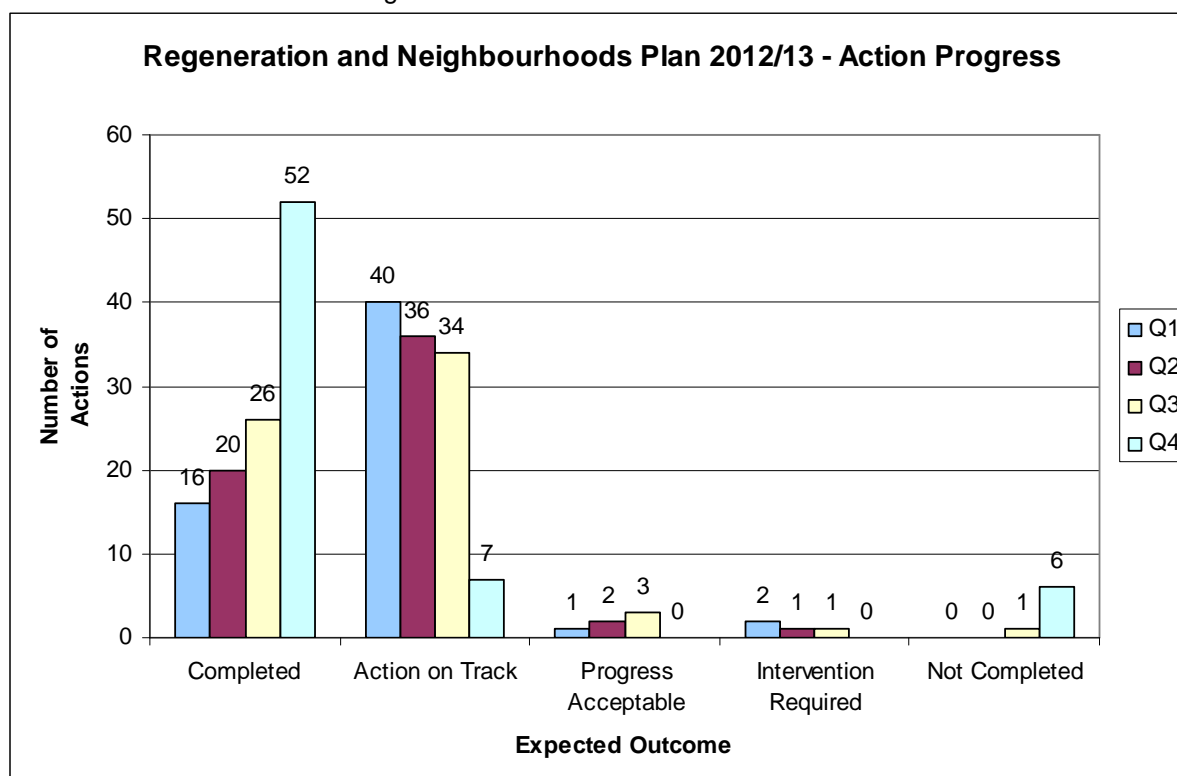


Table 3: RND Actions assessed as 'not completed'

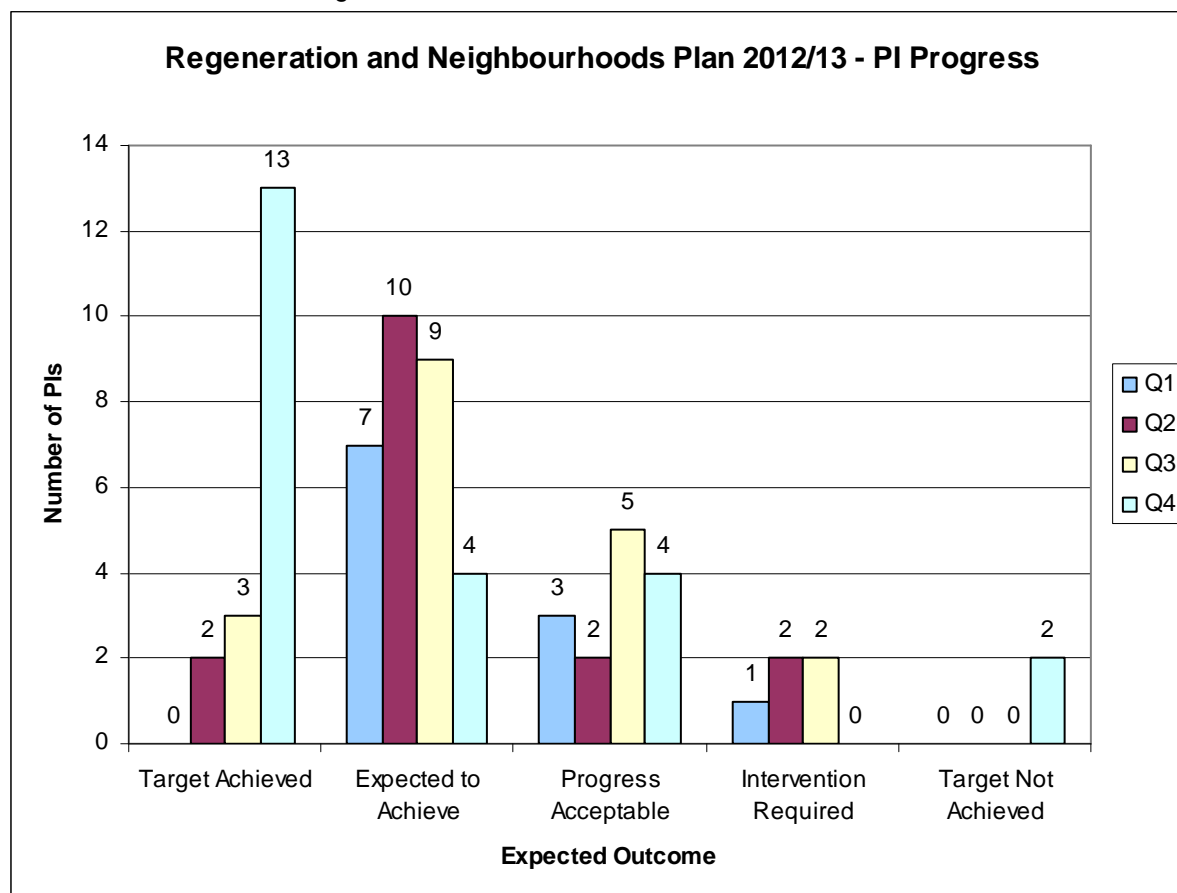
| Outcome: 02. Hartlepool has attracted new investment and developed major programmes to regenerate the area and improve connectivity | | | |
|--|-------------------------|-----------------|---|
| Ref | Action | Due Date | Note |
| RND12/13-JE06 | Adopt the Core Strategy | 31-May-2013 | <p>The Hartlepool Local Plan was submitted to the Secretary of State in 2012 for examination, the document has been out to consultation extensively. The Local Plan was subject to Examination in Public (EiP) on the 29 January 2013 this examination lasted 2 weeks. The examination was suspended by the Planning Inspector on the grounds that the gypsy and traveller site which was proposed as an allocation (for 6 pitches) was not suitable or deliverable. The suspension period is approximately 6 months and it is anticipated additional hearing sessions will take place in early September. The sole purpose of the suspension is to allow the Council to undertake further work in identifying a suitable site or sites for Gypsy and Traveller accommodation to meet identified needs and to carry out necessary consultation and sustainability appraisal. At the end of the period of suspension the Council will provide the Planning Inspector with its preferred option for meeting needs for Gypsy and Traveller accommodation both for a five year period and the plan period as a whole. Once the further hearings have taken place it is anticipated that the Local Plan will be found sound and the Council will be able to adopt the Local Plan possibly at the end of 2013 or beginning of 2014.</p> <p>However there is significant risks associated with the delay as previously reported if the Local Plan is not found 'sound' or not adopted by the Council there would be no up to date development plan and therefore no affordable housing policy which secures either affordable housing on site or a contribution to the housing team's projects to deliver affordable housing There would also be risk that the employment sites could be proposed for housing development and without a robust planning obligations policy it would be very difficult to secure other contributions for regeneration, community facilities etc and there would also be no opportunity to develop CIL (Community Infrastructure Levy) which is a way to secure funding to important strategic infrastructure e.g. schools, major highway junctions, etc. Essentially the place shaping of Hartlepool could be progressed outside of the aspirations of the Borough Council as a whole. The risk of not having an up to date development plan is currently amplified as an application from Wynyard Park for a significant amount of general housing on a site allocated for employment has been submitted prior to the completion of the EiP and it is anticipated that other housing</p> |

| | | | <p>applications are to be submitted (e.g. Upper Warren). Whilst the policy position is robust to refuse applications not in accordance with the emerging Local Plan if approved the developments could render the Local Plan unsound, thus any affordable housing contributions currently committed or which would be have been required from future housing schemes would be nil.</p> <p>A new action will be included in the 2013/14 Council plan to continue to progress this action with an anticipated due date of March 2014.</p> |
|--|--|-------------|---|
| Outcome: 19. Provide a sustainable, safe, efficient, effective and accessible transport system | | | |
| Ref | Action | Due Date | Note |
| ERS 11/14 - A31 | Development of the Urban Traffic Management Control system, in conjunction with the other Tees Valley authorities. | 31-Mar-2013 | Tender process still not completed by Middlesbrough BC. No further update available at this stage. |
| Outcome: 21. Hartlepool has an improved and more balanced housing offer that meets the needs of residents and is of high quality design | | | |
| Ref | Action | Due Date | Note |
| HS 1B3 | Develop a system for monitoring the quality standards of privately developed homes to understand how many homes are being built to lifetime homes and high levels of energy efficiency | 30-Mar-2013 | 6.3.13 - Housing Partnership agreed to the removal of this action as it is no longer feasible |
| Outcome: 23. Housing services and housing options respond to the specific needs of all communities within Hartlepool | | | |
| Ref | Action | Due Date | Note |
| HS 3C4 | In partnership with BME housing advisors improve the range of information and advice available to people from BME groups – specifically information on shared ownership, disabled adaptations grants; welcome packs for refugee groups | 31-Mar-2013 | <p>This group is being led by the Vela group with participation by Hartlepool Borough Council. Officers will continue to contribute toward this and report through the Housing Strategy.</p> <p>This action has not met its target date due to the following reason: The last 2 arranged meetings for the Task Group (6.11.12 and 25.1.13) were both cancelled due to unforeseen circumstances. This information is still required and needs agreement from the Task Group. It is suggested that it is carried over to next year's plan with a due date of 31 March 2014.</p> <p>The Task Group has not met since 25.9.12. A meeting took place with Vela on 4.3.13 to catch up with outstanding issues and it was agreed that the meeting would be rearranged for April 2013. At this meeting the general housing information that is held by Vela and</p> |

| | | | HBC will be presented for agreement on how to format and where it should be displayed. |
|---|--|-------------|---|
| Outcome: 25. Local people have a greater voice and influence over local decision making and the delivery of services | | | |
| Ref | Action | Due Date | Note |
| RND12/13-SC05 | Develop a Neighbourhood plan for the rural area of Hartlepool in line with new neighbourhood planning policy under the localism act. | 30-Apr-2013 | Due to Neighbourhood Planning being a new policy introduced through the Localism Act 2011, anticipated timescales to complete the Plan have slipped considerably. Detailed progress was reported to Cabinet in March 2013 as part of the Neighbourhood Planning (Reporting and Decision Making Process) report. The Hartlepool Rural Plan Working Group continue to work on developing the first draft of their Plan after working with Planning Aid between December 2012 and March 2013; due to the high response rate of the Household Survey (approximately 40%), the Group have decided to carry out some dedicated work with each of their Parish Councils to verify local priorities and to address any gaps in the data received. All of this information will be directly fed in to the first draft of the Neighbourhood Plan, which will be discussed alongside their evidence base at their next Plan Development Day in early June 2013. An action to continue this work is included in the 2013/14 Council plan. |
| Outcome: 15. Communities have improved confidence and feel more cohesive and safe | | | |
| Ref | Action | Due Date | Note |
| RND12/13-CS08 | Develop new Anti-Social Behaviour Strategy in line with Government policy | 31-Mar-2013 | Completion of this action needs to roll forward into 2014/5 as enactment of the new act is not expected until April 2014. In the meantime an action plan incorporating the actions to be carried out in preparation will be created and monitored throughout 2013/14. |

6.5 Chart 8 summarises officers' assessments of the 23 performance indicators that have targets **and** are measurable at this point in the year.

Chart 8: RND Overall PI Progress – to 31 March 2013.



6.6 It can be seen that, as at 31 March 2103, the position was a positive one with:

- 13 indicators (57%) have been assessed as achieving target
- 4 (17%) indicators have been assessed as having made acceptable progress.
- The remaining two indicators (8%) have been flagged up as not achieving target and further information is provided in Table 4.

Table 4: RND Performance Indicators not achieving target

| Outcome: 02. Hartlepool has attracted new investment and developed major programmes to regenerate the area and improve connectivity | | | | |
|---|--|------------------|-----------------|---|
| Ref | Indicator | Q4 12/13 Outturn | Year End Target | Note |
| RND P059 | Core Strategy approved by Secretary of State | No | Yes | The Hartlepool Local Plan was submitted to the Secretary of State in 2012 for examination, the document has been out to consultation extensively. The Local Plan was subject to Examination in Public (EiP) on the 29 January 2013 this examination lasted 2 weeks. The examination was suspended by the Planning Inspector on the grounds that the gypsy and traveller site which was proposed |

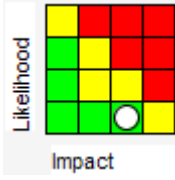
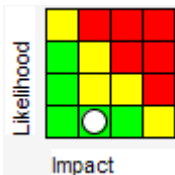
| | | | | |
|--|--|--|--|--|
| | | | | <p>as an allocation (for 6 pitches) was not suitable or deliverable. The suspension period is approximately 6 months and it is anticipated additional hearing sessions will take place in early September. The sole purpose of the suspension is to allow the Council to undertake further work in identifying a suitable site or sites for Gypsy and Traveller accommodation to meet identified needs and to carry out necessary consultation and sustainability appraisal. At the end of the period of suspension the Council will provide the Planning Inspector with its preferred option for meeting needs for Gypsy and Traveller accommodation both for a five year period and the plan period as a whole. Once the further hearings have taken place it is anticipated that the Local Plan will be found sound and the Council will be able to adopt the Local Plan possibly at the end of 2013 or beginning of 2014.</p> <p>However there is significant risks associated with the delay as previously reported if the Local Plan is not found 'sound' or not adopted by the Council there would be no up to date development plan and therefore no affordable housing policy which secures either affordable housing on site or a contribution to the housing team's projects to deliver affordable housing There would also be risk that the employment sites could be proposed for housing development and without a robust planning obligations policy it would be very difficult to secure other contributions for regeneration, community facilities etc and there would also be no opportunity to develop CIL (Community Infrastructure Levy) which is a way to secure funding to important strategic infrastructure e.g. schools, major highway junctions, etc. Essentially the place shaping of Hartlepool could be progressed outside of the aspirations of the Borough Council as a whole. The risk of not having an up to date development plan is currently amplified as an application from Wynyard Park for a significant amount of general housing on a site allocated for employment has been submitted prior to the completion of the EIP and it is anticipated that other housing applications are to be submitted</p> |
|--|--|--|--|--|

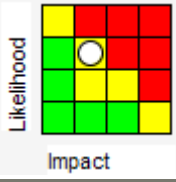
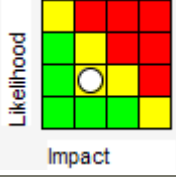
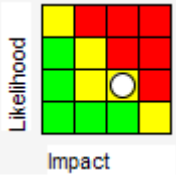
| | | | | (e.g. Upper Warren). Whilst the policy position is robust to refuse applications not in accordance with the emerging Local Plan if approved the developments could render the Local Plan unsound, thus any affordable housing contributions currently committed or which would be have been required from future housing schemes would be nil. |
|---|--|------------------|-----------------|--|
| Outcome: 19. Provide a sustainable, safe, efficient, effective and accessible transport system | | | | |
| Ref | Indicator | Q4 12/13 Outturn | Year End Target | Note |
| NI 48 | The percentage change in the number of children killed or seriously injured in road traffic accidents during the calendar year compared to the average of the previous 3 years | 13.2% | 10.0% | Due to the small numbers involved any incident can result in large changes to the percentage difference. The rolling three year average to 2011 is 5 against a rolling average to 2012 of 5.66. |

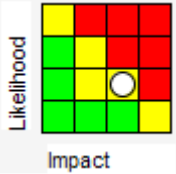
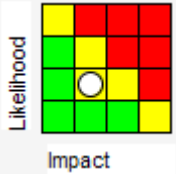
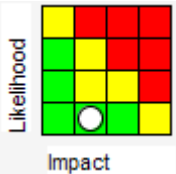
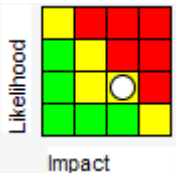
6.7 A further 27 indicators have targets which can only be assessed at the year end or are for monitoring purposes only.

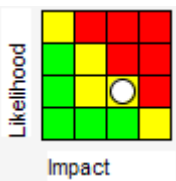
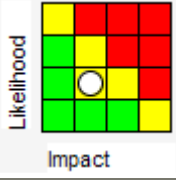
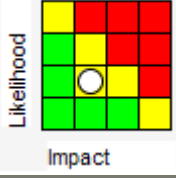
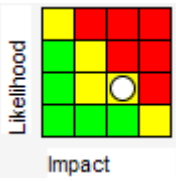
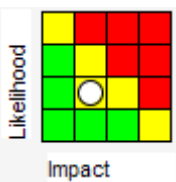
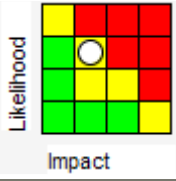
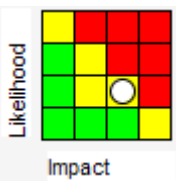
6.8 Today there are 19 risks on the accepted risk register within the Regeneration and Neighbourhoods Department and a further 19 on the actively managed risk register. The table below provides a summary of the position of the risks on the Actively Managed Risk Registers along with details as to what action is being taken with regards to these risks.

Table B: RND Actively Managed Risks 2012/13

| Code | Title | Current Risk Matrix | Latest Note |
|----------|--|---|--|
| RND R052 | Council liability for RTA related accidents resulting from employees driving whilst on council business (Actively Managed) |  | A policy is currently being written which will ensure that the Council is legally covered should a blameworthy collision occur as a result of an employee driving on official business. As part of this, options are also being explored regarding the introduction of an enhanced professional driver's eyesight tests. This would help ensure all drivers operating Council plant and vehicles are doing so with adequate vision and significantly reduce the associated risk. (NO CHANGE IN RATING) |
| RND R053 | Failure to effectively implement selective licensing (Actively Managed) |  | No change since last assessment all cases are actively managed. (NO CHANGE IN RATING) |

| Code | Title | Current Risk Matrix | Latest Note |
|----------|---|---|--|
| RND R054 | Failure to maintain highway infrastructure to acceptable standard resulting in additional cost implications through insurance claims (Actively Managed) |  | Again, insufficient maintenance budgets coupled with severe weather is leading to a larger extent of the highway network being in a poor condition. (NO CHANGE IN RATING) |
| RND R057 | Reduction in funding for Housing Investment (Actively Managed) |  | No change since last assessment, the funding period is 2011 to 2015. (NO CHANGE IN RATING) |
| RND R059 | Failure to provide a 'sound' Planning Policy Framework leading to a lack of clear planning guidance (Actively Managed) |  | <p>The Hartlepool Local Plan was submitted to the Secretary of State in 2012 for examination, the document has been out to consultation extensively. The Local Plan was subject to Examination in Public (EiP) on the 29 January 2013 this examination lasted 2 weeks. The examination was suspended by the Planning Inspector on the grounds that the gypsy and traveller site which was proposed as an allocation (for 6 pitches) was not suitable or deliverable. The suspension period is approximately 6 months and it is anticipated additional hearing sessions will take place in early September. The sole purpose of the suspension is to allow the Council to undertake further work in identifying a suitable site or sites for Gypsy and Traveller accommodation to meet identified needs and to carry out necessary consultation and sustainability appraisal. At the end of the period of suspension the Council will provide the Planning Inspector with its preferred option for meeting needs for Gypsy and Traveller accommodation both for a five year period and the plan period as a whole. Once the further hearings have taken place it is anticipated that the Local Plan will be found sound and the Council will be able to adopt the Local Plan possibly at the end of 2013 or beginning of 2014.</p> <p>However there is significant risks associated with the delay as previously reported if the Local Plan is not found 'sound' or not adopted by the Council there would be no up to date development plan and therefore no affordable housing policy which secures either affordable housing on site or a contribution to the housing team's projects to deliver affordable housing There would also be risk that the employment sites could be proposed for housing development and without a robust planning obligations policy it would be very difficult to secure other contributions for regeneration,</p> |

| Code | Title | Current Risk Matrix | Latest Note |
|----------|--|---|--|
| | | | community facilities etc and there would also be no opportunity to develop CIL (Community Infrastructure Levy) which is a way to secure funding to important strategic infrastructure e.g. schools, major highway junctions, etc. Essentially the place shaping of Hartlepool could be progressed outside of the aspirations of the Borough Council as a whole. The risk of not having an up to date development plan is currently amplified as an application from Wynyard Park for a significant amount of general housing on a site allocated for employment has been submitted prior to the completion of the EiP and it is anticipated that other housing applications are to be submitted (e.g. Upper Warren). Whilst the policy position is robust to refuse applications not in accordance with the emerging Local Plan if approved the developments could render the Local Plan unsound, thus any affordable housing contributions currently committed or which would be have been required from future housing schemes would be nil. (NO CHANGE IN RATING) |
| RND R060 | Failure to deliver current regeneration programmes (Actively Managed) |  | The Government has considered the City Deal EOI and has asked for a full application to be submitted. Workstreams have been set up with full representation from Hartlepool. Seaton Carew Regeneration programme has been approved by Cabinet and the planning application for Elizabeth Way, it is anticipated that the Heads of Terms will be re drafted for the final Development Agreement over the next month. (NO CHANGE IN RATING) |
| RND R061 | Inability to meet very high levels of local housing needs including affordable housing |  | Monitoring of impacts is still taking place no changes are required at present however this will be assessed actively during 2013/14. (NO CHANGE IN RATING) |
| RND R062 | Effective delivery of housing market renewal affected by external decisions and funding (Actively Managed) |  | Programme is well managed and constant monitoring takes place some further reduction in impact has taken place as a Land tribunal has been concluded this will be better reflected in quarter 1 of 2013/14. (NO CHANGE IN RATING) |
| RND R063 | Lack of resources to maintain building stock (Actively Managed) |  | 13/14 capital bid made for urgent works. Unallocated 12/13 revenue planned projects identified and 13/14 ongoing (NO CHANGE IN RATING) |

| Code | Title | Current Risk Matrix | Latest Note |
|----------|---|---|--|
| RND R064 | Failure in asset management planning to make best use of assets in terms of acquisition, disposal and occupation (Actively Managed) |  | Medium and long-term accommodation strategy is constantly reviewed through the Council's corporate financial team. Key strategic reports to Cabinet and Scrutiny provide position statements/proposals to ensure active management of the portfolio (NO CHANGE IN RATING) |
| RND R079 | Failure to meet the statutory requirements of the Regeneration and Neighbourhoods department (Actively Managed) |  | Legislation continues to be monitored to identify changes and action where appropriate. (NO CHANGE IN RATING) |
| RND R080 | Failure to monitor and maintain Council owned trees (Actively Managed) |  | Issues with continue to be identified through the inspection programme with an issues identified addressed. (NO CHANGE IN RATING) |
| RND R081 | Failure to provide sound planning advice / enforcement in relation to waste sites in the borough (Actively Managed) |  | Waste sites are complex planning issues, whilst advice is given in good faith; we do not have specialist planning officers who deal with these as their main element of work. Where necessary we do use consultants or Counsel on particular contentious planning issues, as an example Niramax. Monthly meetings to discuss problem sites occur and multi agency visits carried out, group working well albeit some issues can be protracted. We have a Tees Valley Minerals and Waste DPD which was produced jointly with other Tees Valley Authorities this provides us with an up to date policy position. (NO CHANGE IN RATING) |
| RND R083 | Loss of personal or sensitive data resulting from a lack of information security (RND) |  | Risk rating reduced to 2:2 on the basis that a large number of departmental staff have now undertaken the training session on the new Information Governance policies during Q4 and further work has been carried out in several areas to improve systems and controls. (REDUCTION IN RATING) |
| RND R084 | Unsafe or unsatisfactory building conditions occurring due to lack of available maintenance resources (Actively Managed) |  | 13/14 capital bid made for urgent works. Unallocated 12/13 revenue planned projects identified and 13/14 ongoing (NO CHANGE IN RATING) |
| RND R085 | Failure to achieve the Council's Capital Receipts target because of the difficult economic climate and market conditions (Actively Managed) |  | Despite the economic climate being difficult sales have been agreed, with a number due to complete imminently, these capital receipts that are expected to complete in the coming financial years are expected to far exceed the capital receipts target. Provided that completions are achieved on 50% of the agreed sales then the risk is covered (NO CHANGE IN RATING) |

| Code | Title | Current Risk Matrix | Latest Note |
|----------|--|---------------------|---|
| | | | IN RATING) |
| RND R086 | Failure to achieve the required level of financial rebate through the NEPO arrangements (Actively Managed) | | No change to risk (NO CHANGE IN RATING) |
| RND R077 | Loss of Operators License | | Further development of Driver Assessment Process to be included in risk evaluations |

The final risk in the table above has recently moved from the Accepted Risk Register to the Actively Managed Risk Register on the request of the Departmental Management Team in order for this risk to be monitored on a quarterly basis. The risks in the table below have been moved from the Actively Managed Risk Register to the Accepted Risk Register as the Departmental Management Team no longer feel that they warrant being included on the Actively Managed Risk Register due to their low risk status.

| Code | Title | Current Risk Matrix | Latest Note |
|----------|---|---------------------|--|
| RND R051 | Failure to comply with DDA legislation in Council buildings | | Risk moved to accepted register - DMT 2/5/13 (NO CHANGE IN RATING) |
| RND R055 | Failure to provide an effective transport infrastructure for disabled people. | | Risk moved to accepted register. DMT 2/5/13 (NO CHANGE IN RATING) |

6.9 For the period up to 31 March 2013 the Regeneration and Neighbourhoods Department have identified a number of achievements including:

- Partnership working remains strong in Hartlepool. Despite the public service cuts and a significant reduction in grant funding, the Safer Hartlepool Partnership has continued to make Hartlepool a safer place to live, work and socialise. Over the last 12 months (2012/13) total recorded crime in Hartlepool has fallen by 10%, equating to 697 less crimes and a reduction in the number of victims. Those organisations responsible for the Safer Hartlepool Partnership; the Local Authority, Police, Fire Authority, Probation Trust and more recently the Clinical Commissioning Group have all pledged their continued support to improving community safety in the town, whilst recognising the key challenges ahead which include; further cuts to

public spending and the proposed changes to the way that criminal justice agencies deliver their services in the community.

- Volunteer and community input in local green space management has been encouraged by the Council with improvements undertaken most recently by volunteers in Seaton Carew Park, Stranton Cemetery, Clavering and Ward Jackson. This year has seen almost 700 volunteer days on local green space management.
- We have continued working with other sections of the Council as well as with schools across the town to promote free school meals, resulting in increased take up of meals in both primary and secondary schools over last year.

7 CHIEF EXECUTIVE'S DEPARTMENTAL PLAN UPDATE

7.1 The Chief Executive's Departmental Plan contributes to 7 outcomes, spread across 2 themes:

- Jobs and the Economy
- Organisational Development

7.2 Included in the departmental plan are 51 actions and 28 performance indicators spread across 7 outcomes. In addition the department has identified 35 risks that are included in the Council's Risk Registers.

7.3 As can be seen in chart 9, overall progress across the department is positive, with:

- Over 92% of actions (47 actions) having already been completed by their agreed due date.
- The 3 actions (6%) have been assessed as having made acceptable progress.
- One final action has been assessed as not being completed – see table 5

7.4 Chart 10 summarises officers' assessments of the 20 performance indicators that have targets **and** are measurable at this point in the year. It can be seen that, as at 31 March 2013, the position was also positive, with:

- 15 indicators (75%) have achieved their target;
- 2 indicators (10%) have made acceptable progress
- 3 indicators (15%) have not achieved target – see Table 6.

Chart 9: CED Overall Action Progress – to 31 March 2013.

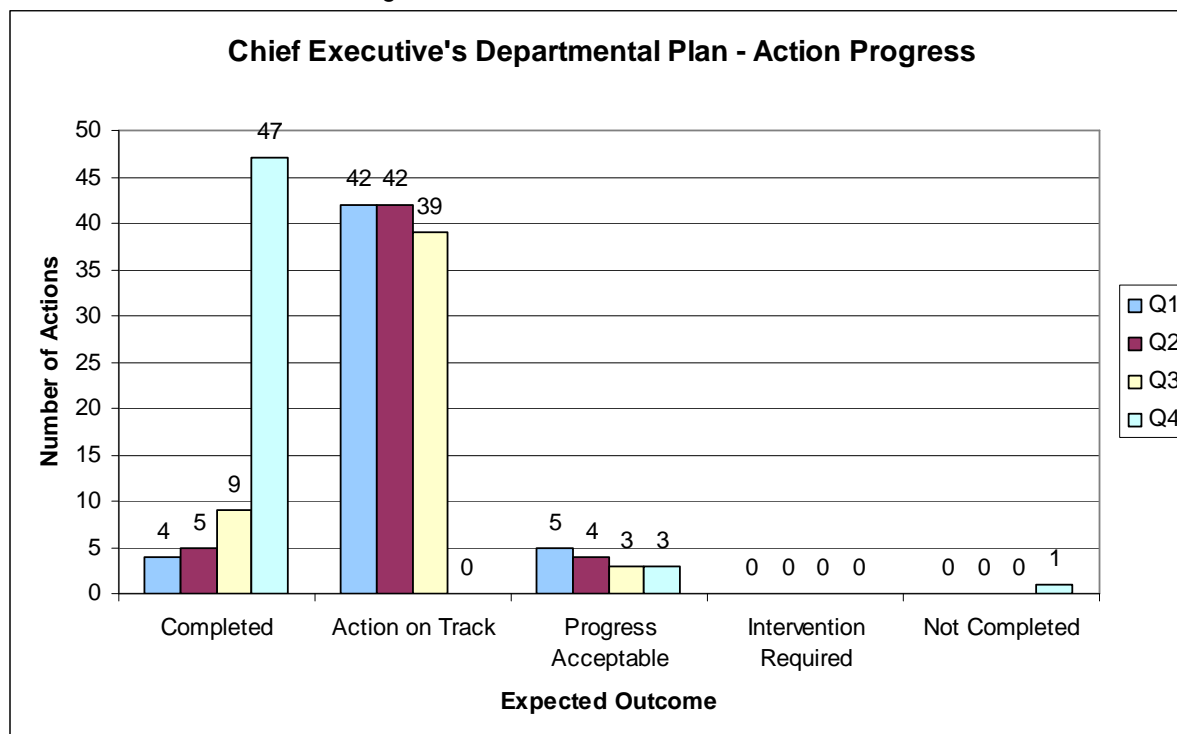


Table 5: CED Actions assessed as 'not completed'

| Outcome: 28. Deliver effective customer focused services, meeting need of diverse groups and maintaining customer satisfaction | | | |
|--|---|-------------|---|
| Ref | Action | Due Date | Note |
| CED12/13 OD11 | Implement Customer Service and Channel Strategy Action Plan | 31-Mar-2013 | Birth and death registrations successfully transferred to contact centre. Service changes relating to welfare reform implemented. Transfer of further services to contact centre put on hold until decisions are made in relation to the corporate Advice & Guidance Project. |

Chart 10: CED Overall PI Progress – to 31 March 2013

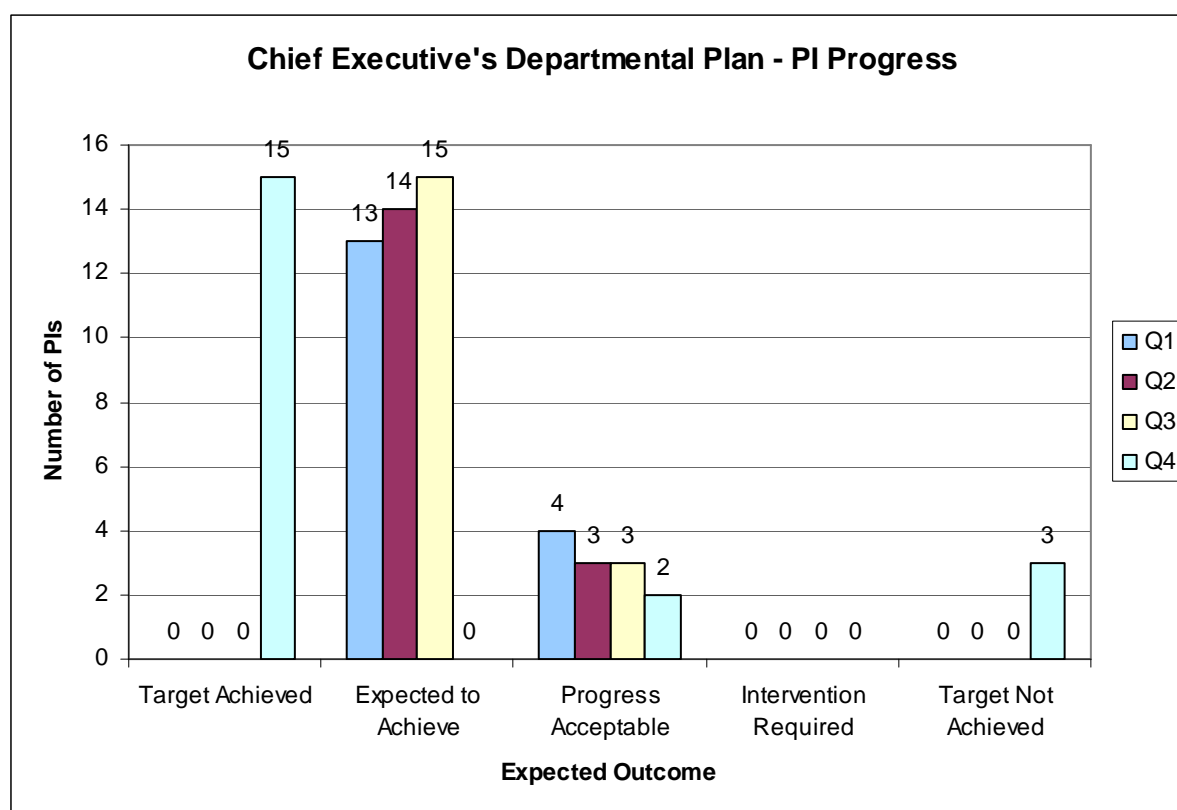


Table 6: CED Indicators assessed as not meeting target

| Outcome: 28. Deliver effective customer focused services, meeting need of diverse groups and maintaining customer satisfaction | | | | |
|---|--|-------------------------|------------------------|---|
| Ref | Indicator | Q4 12/13 Outturn | Year End Target | Note |
| CEDCAWS P002 | Average wait, in minutes, for face to face visitors without an appointment | 11.91 mins | 8 mins | PI progress acceptable as service desk contacts have continued to increase due to welfare reform changes. |
| CEDCAWS P003 | Percentage of e-mails responded to the same day | 89.00 | 90.00 | Target missed by 1% due to a high service peak (Welfare Reform changes) in March 2013. It has been necessary to transfer staffing resources to deal with telephone and service desk enquiries during this period and therefore keeping waiting times to a minimum. |
| CEDHR P008 | Percentage of satisfied customers dealt with by Hartlepool Connect | 90% | 85% | Satisfaction survey that is usually undertaken annually during Q4 delayed this year. Survey redesigned and to be undertaken throughout the year to provide ongoing feedback. Questionnaire will be available via Survey Monkey and included as link in responses to all email enquiries |

- 7.5 A further 8 indicators have targets which can only be assessed at the year end or are for monitoring purposes only.
- 7.6 There are 28 risks on the Accepted Risk Register within the Chief Executive's Department and a further 7 on the Actively Managed Risk Register. The table below provides a summary of the position of the risks on the Actively Manager Risk Register along with details to show what action is being taken with regards to these risks.

Table C: CED Actively Managed Risks 2012/13

| Code | Title | Current Risk Matrix | Latest Note |
|----------|---|---------------------|--|
| CED R059 | Failure to integrate equality into all aspects of the Council's work leading to non compliance with legislation and Council aims (Actively Managed) | | The likelihood of this risk has remained the same. The corporate steering group continues to operate to both support departments in the consideration of and integration of equality issues in the development of policy and plan (NO CHANGE IN RATING) |
| CED R088 | Future and Current Equal Pay Claims including settlement of, or adverse findings in ET of existing equal pay claims (Actively Managed) | | On-going case right of all Equal Pay claims. Risk assessment of terms and conditions arrangements reported to CMT for action. (NO CHANGE IN RATING) |
| CED R089 | Experiencing failure or lack of access to Critical ICT systems (Actively Managed) | | This remains the same. system availability remains high and is monitored through the monthly service reports (NO CHANGE IN RATING) |
| CED R090 | Failure to meet the statutory requirements of the Chief Executive's department (Actively Managed) | | New constitutional arrangements approved by Council on 6/3/2013, for implementation during forthcoming municipal year (NO CHANGE IN RATING) |
| CED R091 | Failure to have corporately adequate arrangements in place to manage and deliver the budget strategy and the savings programme (Actively Managed) | | Reports have been submitted to Cabinet and Council to approve 2013/14 savings programme, Achievement of saving will be monitored during 2013/14. (NO CHANGE IN RATING) |
| CED R094 | Failure to deliver a new ICT Contract (Actively Managed) | | there has been no change in the risk rating and the project is being delivered to time and is expected to result in a positive conclusion in line with the framework established by Cabinet and Council (NO CHANGE IN RATING) |
| CED R095 | Failure to have in place effective governance arrangements (Actively Managed) | | Governance arrangements based on committee system (as approved through a Further Referendum and subsequent Council reporting) in place for the municipal year and coinciding with the cessation of the Elected Mayor's term in office. (NO CHANGE IN RATING) |

7.7 For the period up to 31 March 2013 the Chief Executive's Department have identified a number of achievements including: -

- Further Money Matters Event planned for central library - 9 May 2013
- Take up campaign for free school meals has been identified in 8 schools across the borough.
- In response to the Welfare Reform changes 1650 tenants at risk from Bedroom Tax changes have been identified. All claimants received a letter W/C 21.1.13.
- The MTFs has been considered and agreed by Cabinet and Council
- Reviewed and enhanced existing procedures in relation Registration Service and undertook major training exercise across whole team to ensure acceptable level of service delivery in relation to welfare reform and refuse/recycling scheme changes.
- DHP Administration Framework reported to Cabinet 4 March 2013 including protection for Foster Carers and tapering support for those affected by Benefit Cap
- The Council continues to coordinate the corporate complaints process and responds to complaints from the Local Government Ombudsman (LGO) as and when received. A review of the Corporate Complaints Policy was started in quarter 4 in order to ensure that the policy reflects the Council's new governance arrangements and the national changes to standards committee requirements. It is intended that a revised policy will be considered and approved by Finance and Policy Committee during quarter 1.
- The results from Viewpoint 39 have been produced and a report will be taken to Finance and Policy Committee in due course. Preparations for the Household Survey are underway and this will be out in the field in May 2013 with funding coming from a range of partner organisations.
- Birth and death registrations have been successfully transferred to contact centre.
- The Terms of Reference for the Safer Hartlepool Partnership and Children's Strategic Partnership have been reviewed during quarter 4. The Terms of Reference for the new Health & Wellbeing Board are being developed and are expected to be agreed by the Board at their first formal meeting in May/June 2013. Preparation is now underway for the review of the Strategic Partners Group and an update of the Terms of Reference for the Housing Partnership and Economic Regeneration Forum. These will be completed in early 2013/14.
- Governance of current ICT arrangements continues to work effectively. Re-tender project for any new arrangements after the end of the current contract are progressing well and are in line with the Project Plan. Competitive Dialogue process is nearing completion with an anticipated preferred bidder to be identified in July 2013.
- The Accounts have been completed before statutory deadline of 30/06/12, and will be reported to Audit Committee 20/07/12.
- The Council Plan was updated to take on board comments made at Scrutiny Forums in January and the final version was taken to full Council on 11th April where it was approved.

- Updated and amended Constitution agreed at Council on 6 March 2013 for implementation, publication and circulation to all Members immediately following Annual Council on 2 May 2013.

8. RECOMMENDATIONS

- 8.1 The Finance and Policy Committee are asked to note the current position with regard to performance.

9. REASONS FOR RECOMMENDATIONS

- 9.1 Finance and Policy Committee have overall responsibility for the monitoring of the Corporate Plan and the three Departmental Plans.

10. BACKGROUND PAPERS

- 10.1 There were no background papers used in the preparation of the report.

11. CONTACT OFFICER

- 11.1 Kerry Trenchard, Strategy and Performance Officer
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FINANCE AND POLICY COMMITTEE

31st May 2013



Report of: Corporate Management Team

Subject: PEER REVIEW ACTION PLAN UPDATE

1. TYPE OF DECISION/APPLICABLE CATEGORY

- 1.1 The report is for information.

2. PURPOSE OF REPORT

- 2.1 The purpose of the report is to update Finance and Policy Committee on the progress made to date on the Peer Review Action Plan.

3. BACKGROUND

- 3.1 In September 2012 a Peer Review of the Local Authority was undertaken by a Team comprising elected members and senior officers from other Councils with a member of the Local Government Association Peer Review Team. The final report was presented to Council on 6th December 2012. Within the report the Peer Review Team identified a range of issues that they strongly recommended that the Council addressed immediately if the positives which they identified were not to be lost. The issues raised were the culmination of their considerations and reflected the experience and knowledge that they brought to the exercise. In response an action plan was developed to provide the framework and expected outcomes for this work and this was agreed at Council on the 6th December 2012.

4. PROGRESS UPDATE

- 4.1 The Peer Review Action Plan, included as **appendix 1**, sets out the progress made against each of the actions at the beginning of May 2013. Members will see that significant progress has been made over the last 5 months with a number of actions having been completed, the majority through the revised Constitution.

5. RECOMMENDATIONS

- 5.1 Members are requested to note the progress made to date on the Peer Review Action Plan.

6. REASONS FOR RECOMMENDATIONS

- 6.1 The report is for information only and Members are not requested to make any decisions.

7. BACKGROUND PAPERS

- 7.1 Item 15 – Business Report, Council, 6th December 2012

8. CONTACT OFFICER

- 8.1 Andrew Atkin, Assistant Chief Executive
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Peer Review Action Plan – May 2013 Update

| Current Position | Issue Raised | What we are already doing / planning to do | The Outcome | Who | Who's leading & Latest Update |
|--|--|--|---|---------------------------------------|---|
| Community Engagement | | | | | |
| Green Further review 6 months into new constitution | The Neighbourhood Forums are not seen as adding value. | A review of the neighbourhood Forums is currently being undertaken as planned when the arrangements were changed at the beginning of the Municipal Year. This review will take account of the matters raised by the Peer Review. | We will have reviewed the Neighbourhood Forums as part of our approach to engaging the community and have in place robust mechanisms. These may be different from the current arrangements. | CMT (Dir R& N) Elected Members | Denise Ogden (Dir. R&N) A report is scheduled to go to Finance & Policy Committee in May on the review of Neighbourhood Forums. From May Neighbourhood Forums will include a Face the Public item on their agenda's where the Chairs of the Policy Committees will feedback on the work of their committee, update on their planned work including future challenges and plans, consult on key strategies and plans and consult on their budget proposals each year. At this stage and given the changes to the constitution the arrangements, as they will relate to Community engagement will be reviewed further when the constitution has had the opportunity to bed in. |

APPENDIX 1

| Current Position | Issue Raised | What we are already doing / planning to do | The Outcome | Who | Who's leading & Latest Update |
|--|---|---|---|--|---|
| Policy and Planning | | | | | |
| Green Review of requirements in 3 months time | It is clearly imperative... that the council is reflecting community needs within its policy-making and resource allocation. However, in considering the... MTFS.. community strategy...corporate plan, we struggled to identify the evidence base underpinning either the setting of these priorities and targets or decisions and proposals around resource allocation. This raises the question of the extent to which there is a shared understanding of need, what the evidence base is... and how it is being used to inform decisions. | <p>Over the next 6 months and in preparation for future years planning and budget rounds consideration will be given to the extent to which available information, census, JSNA, other intelligence and data can be utilised to better demonstrate the evidence base underpinning decisions.</p> <p>As part of individual decision making it is felt that the information base is generally robust but this is not to say it cannot be improved. Consideration needs to be given to the added value this will provide but it will be considered,</p> <p>In addition and to note as part of the detailed budget proposals reports compiled and reported to Cabinet in December and then considered by Scrutiny Forums in January. The report structure and inclusions have been revised. This had already been undertaken but was not brought to the attention of the Peer Team. This review is in part a reflection of the work undertaken by the Children's Services Scrutiny Forum last year in respect of Social Return on Investment (SRoI).</p> <p>This will incorporate, into the reports to be considered, service aims,</p> | We will have reviewed and have in place the requirements for the information to be utilised as part of any decision making. | Policy Committee Chairs CMT (ACE) | <p>Dave Stubbs (CEX), Denise Ogden (Dir. R&N), Jill Harrison (Ass. Dir C&A), Sally Robinson (Ass. Dir C&A), Andrew Atkin (Ass. CEX) and Chris Little (CFO)</p> <p>Information provided to Scrutiny in January. Success and value of this approach to be considered by CMT.</p> <p>As part of the move to new governance arrangements there have been a range of discussions in respect of the information which is beneficial to effective decision making. This has resulted in a range of training provided to approximately 150 officers in respect of both the new constitutional arrangements and the requirements in terms of the provision of information in reports to enable such effective decision making This approach will be reviewed in approximately 3 months time.</p> |
| | When it comes to delivering financial, policy and organisational change there would appear to be limited use of evidence to inform decisions, assessment of the possible impact and evaluation of the outcomes | | | | |

APPENDIX 1

| Current Position | Issue Raised | What we are already doing / planning to do | The Outcome | Who | Who's leading & Latest Update |
|---|---|--|--|-----------|--|
| | | users, engagement, inputs, outputs, outcomes, options considered and impact of proposed change. | | | |
| Green Review in 6 months time | As regards understanding the possible impact of decisions, some officers spoke of... Equality Impact assessments having tailed off... whilst... some councillors spoke about a lack of rigour within the council around measuring the impact of initiatives and decisions in order to assess their effectiveness. | Equality & Diversity Implications are undertaken in a variety of guises and reported as part of a range of decisions. Clear guidance has been made available to all staff with a network of officers in departments to provide ongoing support for their preparation and use. | We will have clarified and provided further guidance to those responsible for completing Equality Impact Assessments | CMT (ACE) | Christine Armstrong (CED), Leigh Keeble (CAD) and Angela Read (RND) Further clarification and support has been provided to departments to clarify the requirements and support available. We will reinforce the requirement to undertake such assessments at the beginning of development proposals so appropriate issues can be taken into account whilst providing suitable support and guidance to staff in their preparation. |
| Green Recruitment process underway | The urgent need for a decision regarding who will hold the statutory officer roles for children's and adults' services when the acting Chief Executive, who currently holds both, departs. | | We have in place clear arrangements | Complete | Dave Stubbs (CEX) A report has been considered by Cabinet and Council and the Chief Executives proposals for the recruitment of a Director of Child and Adults has been agreed. This process is now underway. |

APPENDIX 1

| Current Position | Issue Raised | What we are already doing / planning to do | The Outcome | Who | Who's leading & Latest Update |
|--|---|--|--|------------------------------|---|
| Communications | | | | | |
| Amber Survey findings considered by CMT & work underway to develop response | Staff at middle manager level spoke of good communication from the corporate management team level of the organisation. However, staff at other levels in the council indicated they are experiencing major variations in the quality of internal communications across the organisation | The staff survey (which has recently been undertaken) includes questions for all staff of methods and type of communication. This information will be utilised to inform a review of the communications frameworks which are in place and how they may be developed to ensure clear, but concise and efficient communications. | Staff at all levels feel informed and CMT have appropriate mechanisms in place to communicate with staff. | CMT (Ch Ex) | Andrew Atkin (ACE) The Workforce Survey was completed and an initial report has been considered by CMT Potential management and officer communication models in the light of the findings are being determined. |
| Collaboration | | | | | |
| Amber | There are certain critical hurdles still to be overcome ahead of the collaboration arrangements becoming a reality In addition to these issues, which have been seen to de-rail collaboration discussions between councils elsewhere in the country, a huge amount of detailed work is needed in order to deliver collaboration successfully | The challenge posed in relation to collaboration has not been underestimated and the detailed work referred to (in terms of service, staffing, legal and financial requirements) has been scoped and initial consideration given to the likely implementation process (dependant up political decisions). It has been important, and is reflective of the findings of the review team, that work is undertaken at an appropriate juncture and is not wasted effort. A Gateway review has been undertaken as part of the overall management of the project to ensure that key issues are reflected in any subsequent stages of the development process. | We will have in place plans to address the detailed issues relating to the implementation and ongoing management and accountability of the current proposals for collaboration subject to political approval and a plan in place to manage these changes | CMT (Ch Ex and Dir C & A) | Dave Stubbs (CEX) Currently working to collaborate on 6 work streams within Child and Adult Services for 2013/14 with the aim of full collaboration by 2014/15. |

APPENDIX 1

| Current Position | Issue Raised | What we are already doing / planning to do | The Outcome | Who | Who's leading & Latest Update |
|--------------------------------------|---|---|---|-------------------------------------|--|
| | | There have been reports to Cabinet and Council (in conjunction with Scrutiny involvement) in the consideration (and potential approval) of the possible and preferred models of delivery and the staged and incremental approach suggested as part of these reports has been agreed | | | |
| Partnership Working | | | | | |
| Amber Review to be undertaken | The council and partners are in a period of transition around the formal partnership arrangements in the borough. We understand that this has involved some changes in the organisations and individuals represented.. and clearly this will have an unsettling effect... it is too early to judge things but it is obvious with such changes that making the new arrangements work to good effect will require significant effort. | <p>The arrangements in respect of formal partnership frameworks are, as has been stated new and developing.</p> <p>The Council will undertake a review of these in early 2013 to ensure right people/organisations are involved & the new arrangements are working well.</p> <p>This review will also take the opportunity to reflect on the arrangements in the light of the overall governance of the council</p> | We will have reviewed the formal partnership arrangements to ensure that they are fit for purpose, align with other constitutional changes and reassure partners of our continued intent to joint working | CMT (ACE) Partnership Chairs | <p>Catherine Grimwood (CED), Louise Wallace (CAD) and Denise Ogden (RND)</p> <p>Review of new partnership arrangements to be undertaken with the intention of reporting to the Finance & Policy Committee in June/July.</p> <p>The terms of reference and membership of the Health & Wellbeing Board will be developed for agreement by the new Board at their first meeting in June.</p> <p>Also, the terms of reference for the Safer Hartlepool Partnership have been refreshed to reflect new arrangements including the CCG and P&CC.</p> |

APPENDIX 1

| Current Position | Issue Raised | What we are already doing / planning to do | The Outcome | Who | Who's leading & Latest Update |
|--|--|--|--|---------------------------------------|--|
| Commissioning and the Voluntary Sector | | | | | |
| Green May need to review dependent on wider VCS understanding of HBC approach to commissioning. | <p>The voluntary and community sector feel there has been a significant deterioration in their relationship with the council over the last two years. Perhaps the .. issue behind this is the shift from a grants-based approach to a set of commissioning arrangements. However, such change is necessary if the council is to be able to demonstrate that it is securing value for money. It is important for the council to support organisations in this sector make the transition required by the implementation of commissioning.</p> <p>It is important to highlight the anxieties that a number of people expressed to us regarding the effectiveness and transparency of the council's commissioning and grant-funding arrangements for the voluntary and community sector. Whilst the changes (from grant funding to commissioning) that are being worked through will establish greater rigour than there has been before, there is still a way to go. This generates a specific risk for the council and individuals within it, given the</p> | <p>Through Objective 2 of the VCS Strategy the Council has already established that it will:</p> <ul style="list-style-type: none"> - 'Have open, transparent and timely commissioning process ensuring that the same information and guidance is available and applies to all potential providers ensuring a level playing field for the VCS' - 'Provide clarity on procurement systems and regulations to improve understanding of processes' <p>An Action Plan for the VCS Strategy is to be developed which will include some actions around this work. The issues raised were covered again at the first meeting of the VCS Strategy Group and work is underway by relevant officers to respond.</p> <p>In addition the Community Pool Category 3 – The Provision of Capacity / Resource Building contract service specification included a requirement for the successful organisation (HVDA) to provide training to VCS organisations including 'specific training and development work to effectively enable the VCS to tender for areas of service delivery'. A</p> | <p>We will have undertaken a process of communication with the voluntary sector to clearly communicate the</p> | <p>CMT</p> <p>Mayor (Dir R&N)</p> | <p>Denise Ogden (Dir. R&N)</p> <p>No further action required.</p> <p>The Peer Review was undertaken immediately after changes to the Community Pool were introduced i.e. a move from a grant based application system to one of commissioning. Understandably the changes have impacted upon some organisations, however the commissioning process has ensured the Council focuses upon its priorities and also allows for VCS organisations to apply for grants to support running costs (see category 4) and emergency funds where appropriate.</p> <p>A VCS implementation group introduced, membership comprises of VCS representatives including HVDA, Elected Members (appointed by full Council, including the Portfolio Holder and Officers representing all three departments).</p> <p>VCS Strategy agreed by Cabinet and draft VCS</p> |

APPENDIX 1

| Current Position | Issue Raised | What we are already doing / planning to do | The Outcome | Who | Who's leading & Latest Update |
|------------------|--|--|---|------------------|---|
| | strong links between some elected members and the voluntary and community sector. The council has a responsibility to ensure the position of elected members is protected by having robust arrangements in place. Without absolute transparency about what is being grant-funded or commissioned from where and the outcomes being achieved in return for such spend, it is easy for conjecture to arise and perceptions to be formed that can be damaging to the reputation of the council and this is clearly already happening. | <p>training package is being provided by Skillshare who are working with HBC procurement to cover commissioning.</p> <p>These are the arrangements in place currently to support this change. In addition there is a need for further potential reassurance and communication of the reason for the change and the clarification of this support. This will be undertaken by a jointly agreed group of members as part of a process of communication</p> <p>As part of the ongoing development of the commissioning approach to services which has been agreed by Cabinet arrangements will be further developed to ensure that the outcomes framework and services commissioned from the voluntary sector are clear, that the achievements and value for money in respect of these arrangements is understood and reported as part of the ongoing approach to commissioning and informs decision making</p> | <p>plans and intentions of the Council and the support available to manage this transition process</p> <p>We will have developed our approach to commissioning with the voluntary sector to ensure there is a clear demonstration of evidence for decision making based on outcomes and value for money</p> | CMT (Dir R&N) | <p>Action Plan developed.</p> <p>VCS Group have received a presentation from Officers (representing all 3 departments) providing clarity on Commissioning and Procurement systems and regulations to improve understanding of processes'</p> <p>Skillshare training continues to be provided and encouraged by LA officers.</p> <p>The Community Pool Commissioning process was reviewed by Cabinet and improvements made to take account of some of the concerns expressed by the VCS organisations.</p> |

APPENDIX 1

| Current Position | Issue Raised | What we are already doing / planning to do | The Outcome | Who | Who's leading & Latest Update |
|---|--|--|---|---|---|
| Finance and Budgeting | | | | | |
| Green New reporting arrangements will be implemented | One area that we would wish to highlight, although we understand the council already has plans in place to address it, is the limited in-year reporting of budget trends to elected members, at both Cabinet and overview and scrutiny level | <p>Work has been ongoing, and is reflected in the Peer Review findings, to establish a revised timetable for financial reporting through any financial year. As part of this it is planned to report at the end of the second quarter and then bi-monthly through the rest of the year.</p> <p>An initial report to Cabinet and then referred to Scrutiny Coordinating Committee detailed additional one off risks / commitments facing the council. The report proposed a strategy of setting targets for reviewing reserves and in year managed under spend targets to identify funding for these issues which aims to avoid higher budget cuts in 2013/14 and subsequent years.</p> | We will have in place a process for more regular reporting of budget trends to all elected members in line with the schedule identified | Finance and Policy Committee CMT (CFO) | <p>Chris Little (CFO)</p> <p>New reporting arrangements to be introduced in new committee system with bi-monthly reports to Finance and Policy Committee on the overall financial position of the Council. Additionally, bi-monthly reports will also be submitted to individual Policy Committees on their defined areas of budget responsibility.</p> |

APPENDIX 1

| Current Position | Issue Raised | What we are already doing / planning to do | The Outcome | Who | Who's leading & Latest Update |
|---|---|---|--|--|---|
| Green for 2013 /14 Need to review for proposals for 14 / 15 | To date there has been good dialogue at officer level regarding savings proposals for 2013/14 and 2014/15 but the challenge and ownership of them by Cabinet members needs to be much clearer. Political leadership of the necessary savings and the budget generally is vital - finance needs to be much more strongly owned and led by Portfolio Holders. | | | | This recommendation as it stands has been negated in its current form due to the change in Governance arrangement |
| Governance | | | | | |
| Green Complete – new constitution agreed by Council in March | We see a need for a revised set of governance arrangements, irrespective of the outcome of the Mayoral referendum... With the council having seen the number of elected members reduced from 47 to 33 in May and yet pretty much retain the same number of committees and forums, we were not surprised to find that councillors are being required to sit on as many as eight committees, groups or sub-groups. This is not sustainable. | <p>There are a number of component parts to this action which is important for the ongoing and better governance of the organisation.</p> <p>A Governance Working Group was established for the review of the Constitution and the revised constitution has been agreed BY Council</p> <p>This new model of governance has clarified</p> <p>i) functions and responsibilities – this will clarify the delineation between members and officers and clarify the roles of officers and members</p> <p>ii) decision making – this will</p> | <p>We will have in place a constitution and associated arrangements which have been revised to</p> <ul style="list-style-type: none"> Take account of the reduced number of councillors Reflect the outcome of the referendum Be robust and clear in respect of functions and responsibilities for decision making Reflect the | <p>Mayor and Group Leaders</p> <p>(CMT / Ch Ex / Ch Sol)</p> | <p>Dave Stubbs (CEX), Peter Devlin (CS) & Andrew Atkin (Ass. CEX)</p> <p>A new Constitution has been agreed through an Extraordinary meeting of Council held on 6th March 2013, following on from the discussions held within the Governance Working Group and through representations received, which builds in clarity around the roles of members and officers particularly around delegation, responsibilities and decision making routes.</p> <p>The number of committees is reduced with the</p> |

APPENDIX 1

| Current Position | Issue Raised | What we are already doing / planning to do | The Outcome | Who | Who's leading & Latest Update |
|--|--|---|--|---|---|
| | | <p>clarify decision making routes and responsibilities</p> <p>iii) process for review – this will determine the most effective and efficient route for review (see next 2 actions)</p> | <p>respective roles of Council, the Executive and officers</p> | | <p>membership numbers being reduced to a more sustainable level.</p> |
| <p>Green</p> <p>Complete – new constitution agreed by Council in March</p> | <p>As a result of the confusion that has crept in regarding the political leadership and governance, the role of officers has become increasingly difficult and there has been a blurring of decision-making and accountability.</p> | <p>As part of the review of the constitution identified above there was a concurrent review of the officer member protocol (which details the required arrangements in respect of the relationships and behaviours between officers and members)</p> | <p>Clear decision making routes are known and accepted.</p> | <p>Mayor and Group Leaders</p> <p>(CMT / Ch Ex)</p> | <p>Dave Stubbs (CEX) & Peter Devlin (CS)</p> <p>The Officer/Member Protocol has been refreshed and is included within the new Constitution.</p> |

APPENDIX 1

| Current Position | Issue Raised | What we are already doing / planning to do | The Outcome | Who | Who's leading & Latest Update |
|---|---|---|--|---|---|
| Green Complete – new constitution agreed by Council in March | Inadequacies within the Constitution and council governance that have not been appropriately resolved... frequency with which the council's Constitution Committee meets in order to clarify issues relating to the Constitution or consider potential changes to it – which both reflects and adds to the confusion and uncertainty... what [people] see as the significant 'power' that lies within the overview and scrutiny function... We would therefore encourage the council, through the Monitoring Officer, to look at how other councils with the Elected Mayor model approach things in a way that enables them to either avoid or address the governance issues being experienced in Hartlepool. | | We will have determined a mechanism for the review of the constitution that is efficient and effective, takes account of best practise and the findings of the review team | Mayor / Group Leaders CMT (Ch Ex and Ch Sol) | Dave Stubbs (CEX) & Peter Devlin (CS) The review of the Constitution has been lead by the Monitoring Officer alongside a Member Governance Working Group and an Officer Working Group. The Constitution Committee has been removed from the governance structure in the new Constitution and the Monitoring Officer will have responsibility for updating the Constitution and recommending changes to Council on an annual basis, or more frequently if required. |
| Not applicable any more | The capacity of Cabinet being extremely limited at the present time, with only independent elected members now being willing to serve on it... responsibilities now shared across the Elected Mayor and just three Portfolio Holders... which clearly represents a huge set of demands. | Further consideration required in respect of this finding | N/A | | Dave Stubbs (CEX) & Peter Devlin (CS) The new committee arrangements have taken this concern into consideration and there are to be 4 Policy Committees based around the service structure of the Council consisting of 7 members, with a Finance & Policy Committee consisting of 7 |

APPENDIX 1

| Current Position | Issue Raised | What we are already doing / planning to do | The Outcome | Who | Who's leading & Latest Update |
|--------------------------------------|--|---|---|---|---|
| | | | | | members and the Chairs of the other policy committees entailing an overall composition of 11 members. |
| Amber Public Inquiry underway | Another area of concern regarding the governance of the council is a perceived lack of rigour around the declaration of interests at elected member level. | <p>This is a perception but is important in the context of the operation of the Council and relations with external partners which does need to be addressed as ultimately it affects the overall reputation of the Council.</p> <p>Further guidance (incorporating training where required) will be provided to members and this will be reinforced through the Political Groups and with all elected members to reinforce the current arrangements in respect of the declaration of Interests to ensure that there is clarity in terms of ;</p> <p>i) what is expected from elected members ii) the role which officers will play in supporting this process iii) the ongoing publication of those interests declared</p> | We will have reinforced and further clarified the requirements in respect of declarations of interest and have in place arrangements and agreements in respect of the support of this to ensure that there is a clear and perceived rigour in this regard | <p>Group Leaders</p> <p>CMT (C Sol)</p> | <p>Dave Stubbs (CEX) & Peter Devlin (CS)</p> <p>Council endorsed a report at their meeting on 14th February to instigate a 'Public Inquiry' to investigate these concerns. An independent Chair has been appointed and hearing sessions commenced on 25th April 2013.</p> <p>Training for members on the new constitutional arrangements (in addition to separate training for staff) has been undertaken with an emphasis on the role and expectations of members.</p> |

FINANCE AND POLICY COMMITTEE

31 May 2013



Report of: Assistant Director (Education)

Subject: Support for Secondary Schools

1. TYPE OF DECISION/APPLICABLE CATEGORY

Key Decision (i) and (ii) applies. Forward Plan Reference No. CAS008/13

2. PURPOSE OF REPORT

2.1 Following the publication of the validated 2012 GCSE results and pupil progress data for secondary schools in February 2013, the Council decided to allocate up to £200,000 of the net forecast uncommitted 2012-13 underspend, subject to the provision of a detailed business plan, to support Hartlepool secondary schools in bringing about improvements in pupil outcomes over the next three years and to ensure all schools are judged by OFSTED to be Good or Outstanding by September 2015.

2.2 This report details the proposals that emerged from the Children's Committee meeting of 22nd May 2013 where a number of options were considered for supporting secondary schools in Hartlepool.

2.3 The report provides the Children's Services Committee with the information to enable them to:

- consider the proposals from the Children's Committee
- agree to the accompanying costs associated with these actions.

3. BACKGROUND

3.1 **OFSTED Inspections:** In the 2012 Annual Report of Her Majesty's Chief Inspector of Education, Children's Services and Skills, it was reported that only 46% of Hartlepool secondary age pupils attended a school judged by OFSTED to be 'Good' or 'Outstanding' at their last inspection. This placed Hartlepool LA 136th out of 150 Local Authorities.

3.2 **Pupil Attainment:** The national measure is the percentage of pupils achieving five 'good' GCSE passes at A* - C, including mathematics and English. Hartlepool secondary schools have, over the last six years,

significantly increased the percentage of pupils obtaining 5 GCSE A*-C including mathematics and English from 39% in 2008 to 57% in 2011 before falling to 48% in 2012. At its highest in 2011, attainment in Hartlepool matched but did not exceed the national average.

- 3.3 **Pupil Progress:** Rates of pupil progress through secondary education, as measured by progress from Key Stage 2 SATs to GCSE have, over the last five years, ranged from 6% below the national average to 18% below the national average.

4. PROPOSALS

- 4.1 A number of proposals were agreed by the Children's Services Committee. These include:
- All five secondary schools to have a review carried out in the academic year 2012-2013 or as soon as possible thereafter. This review will follow the OFSTED inspection schedule and will be carried out by an external review team commissioned by the Local Authority. Where a school has been inspected by OFSTED within the prescribed time period, then the final OFSTED report will be regarded as the external review. Each external review will cost between £4000 and £6000.
 - Following the review / inspection, a costed action plan will be agreed with the Local Authority to address the school improvement issues identified, with each school assessed individually to ascertain how much Local Authority funding is required to support the improvement plan. This would then be match funded by the school.
 - The Local Authority will match-fund the agreed priorities to support school improvement up to approximately £20,000 per school.
 - The creation of a new post of Secondary School Improvement Officer for Teaching and Learning be considered once the outcome of the reviews were known.
 - From 1st September 2013, the Assistant Director (Education) post will no longer be shared with Darlington. The loss of income to the Local Authority will be approximately £30,000. Hartlepool Education Officers will, however, continue to support Darlington at an agreed daily rate when requested.

5. RISK IMPLICATIONS

The risk to the council is reputational should any secondary school be judged to be Grade 4 'Inadequate' by OFSTED or for pupil attainment or pupil progress in any of its schools fall below the DfE floor targets.

6. FINANCIAL CONSIDERATIONS

To meet the proposals from the Children's Services Committee, it is estimated that the cost of the external reviews and support for the action plans is approximately £125,000 in the first year. The full year cost of a School Improvement Officer, if appointed, is approximately £60,000. Loss of income from Darlington is approximately £30,000.

7. RECOMMENDATIONS

The Finance and Policy Committee:

- Initially approve funding to pay for the independent reviews
- Authorise the Children's Services Committee to allocate the remaining fund, school by school, as each action plan is agreed between officers, the school management and the Chair of Children's Service Committee with the expectation that the school match the LA funding and that there will be measurable improvement outcomes.
- Agree that the shared Assistant Director position with Darlington terminates on 31st August 2013.

8. CONTACT OFFICER

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