

# CABINET AGENDA



**Friday 10th<sup>th</sup> February 2006**

**at 10:00 a.m.**

**in Committee Room B**

**MEMBERS: CABINET:**

The Mayor, Stuart Drummond

Councillors Fortune, Hill, Jackson, Payne and R Waller

Also Invited: Councillor James – Chair of Scrutiny Co-ordinating Committee  
Councillor Lilley – Vice Chair of Adult and Community Services and Health Scrutiny Forum

**1. APOLOGIES FOR ABSENCE**

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

**3. MINUTES**

- 3.1 To receive the Record of Decision in respect of the meeting held on 24<sup>th</sup> January, 2006 (previously circulated)

**4. BUDGET AND POLICY FRAMEWORK**

- 4.1 Budget and Policy Framework 2006/07 – 2007/08 – *Corporate Management Team*

**5. KEY DECISIONS**

- 5.1 Progress in preparing Hartlepool's Local Area Agreement (LAA) – *Chief Executive*

**6. OTHER ITEMS REQUIRING DECISION**

- 6.1 Audit Commission Annual Audit and Inspection Letter 2004/05 – *Chief Executive*  
6.2 Lyons Inquiry – *Chief Executive*  
6.3 Corporate Plan (BVPP) 2006/7 – Proposed Objectives and Actions – *Assistant Chief Executive*

## **7. ITEMS FOR DISCUSSION**

7.1 None

## **8. ITEMS FOR INFORMATION**

8.1 None

## **9. REPORTS FROM OVERVIEW OF SCRUTINY FORUMS**

- 9.1 Budget Consultation: Draft Budget and Policy Framework 2006/07 to 2007/08 Proposals – *Scrutiny Co-ordinating Committee* (to be presented by Councillor James, Chair of Scrutiny Co-ordinating Committee)
- 9.2 Pandemic Influenza - Contingency Planning – Draft Final Report - *Adult and Community Services and Health Scrutiny Forum* (to be presented by Councillor Lilley, Vice Chair of Adult and Community Services and Health Scrutiny Forum)

## **EXEMPT ITEMS**

Under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information as defined in the paragraphs referred to below of Part 1 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) Act 1985

## **10. EXEMPT KEY DECISIONS**

10.1 None

## **11. OTHER EXEMPT ITEMS REQUIRING DECISION**

11.1 None

# CABINET REPORT

10<sup>th</sup> February, 2006



**Report of:** Corporate Management Team

**Subject:** BUDGET & POLICY FRAMEWORK 2006/2007 TO 2007/2008

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## 1. PURPOSE OF REPORT

1.1 To enable Members to finalise details on the proposed 2006/2007 to 2007/2008 Budget and Policy Framework to be referred to Council on 16<sup>th</sup> February, 2006. The report covers:

- Outturn Strategy 2005/2006
- Capital Budget 2006/2007 and Prudential Code
- General Fund Budget Requirement and Council Tax 2006/2007
- General Fund Budget Requirement and indicative Council Tax 2007/2008

## 2. SUMMARY OF CONTENTS

2.1 This report brings together the various reports considered by Members over the last few in relation to the development of the budget strategy for the period 2005/2006 to 2007/2008.

2.2 In relation to the outturn strategy the report advises Members that there will be an underspend on corporate budgets, which is mainly owing to higher interest income on the Council's balances. It is suggested that Cabinet formally seeks Council's approval to use this amount to fund a number of additional commitments. The main commitment relates to Equal Pay costs.

2.3 The outturn strategy also details proposals for addressing the funding issues on the North Central Hartlepool area remodelling project arising from the expected delay in the capital receipt for this project.

2.4 With regard to the capital position it is suggested that Cabinet formally seeks Council's approval of the proposed Capital Programme for 2006/2007 as set out in Appendix B. Cabinet also needs to determine if it wants to seek Council's approval in relation to the following issues:

- The provision of funding of up to £98,000 for works to the war memorials in Victory Square and the Headland;

- The provision of funding of £90,000 for archaeology and related works at the Headland Town square development;
- The establishment on an ICT capital investment provision. This amount will only be used for projects which produce a revenue savings;
- Determine a strategy for funding the replacement of the existing cremators.

2.4 With regard to the 2006/07 General Fund and Council Tax level the report advises Members that at the time of preparing the report details of the final 2006/07 grant allocations had not been issued by the ODPM. Therefore, the forecasts in the report are based on the provisional grant allocation. Based on previous years settlements it is not expected that there will be any significant changes in grant allocations. Hopefully, the final allocations will have been released before your meeting and a verbal update will be provided. This will then enable Cabinet to finalise the detailed proposals for balancing the 2006/07, which include:

- the level of Council Tax increase; and
- the package of budget savings/cuts to be implemented in 2006/07.

2.5 There is a potential risk that the proposed Council Tax increase may be capped by the Government. On a purely financial basis, reflecting the initial announcements made by the Government in relation to capping and the proposed increases detailed in the report, I would suggest that at worst the Authority may be designated for 2007/2008. However, the Government may wish to take other factors into account and to take a hard line in 2006/2007. At this stage I am unable to advise Members with any degree of certainty.

2.6 The Government have also announced details of grant allocations for 2007/08 and require authorities to determine indicative Council Tax levels for this year. The report therefore enables Members to comply with this new requirement. The actual increase for 2007/08 will not be determined until this time next year.

### **3. RELEVANCE TO CABINET**

The report enables Cabinet to finalise the Budget and Policy framework proposals it wishes to put forward to Council.

### **4. TYPE OF DECISION**

Key Decision Test (i) applies.

### **5. DECISION MAKING ROUTE**

Council on 16<sup>th</sup> February, 2005.

### **6. DECISION(S) REQUIRED**

Cabinet is required to determine its proposals.

**Report of:** Corporate Management Team

**Subject:** BUDGET & POLICY FRAMEWORK 2006/2007  
TO 2007/2008

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**1. PURPOSE OF REPORT**

- 1.1 To enable Cabinet to finalise details of the 2006/2007 Budget and Policy Framework proposals to be referred to Council on 16<sup>th</sup> February, 2006. These details include the proposed Council Tax increase for 2006/2007 and the indicative 2007/2008 increase.

**2. BACKGROUND**

- 2.1 Detailed reports were submitted to Cabinet on 10<sup>th</sup> October, 2005 and 19<sup>th</sup> December, 2005, to advise Members of the key issues affecting the development of the budget strategy. The main issues include:
- the determination of an Outturn Strategy for 2005/2006;
  - the development of the Capital Strategy;
  - changes introduced by the Government to the Grant System;
  - constraint of public expenditure and Council Tax; and
  - local budget issues.
- 2.2 This report now enables Cabinet to determine the detailed Budget and Policy Framework proposals it wishes to put forward to Council. This will be achieved by pulling together the various issues considered by Cabinet over the past few months, including the impact of the 2006/2007 Local Government Finance Settlement.
- 2.3 At the time of preparing the report details of the final 2006/2007 grant allocation had not been released by the Government. Therefore, the forecasts in this report are based on the provisional figures released before Christmas. It is not expected that these allocations will change significantly and a verbal update will be provided at your meeting.
- 2.4 The report considers the following areas:
- Scrutiny Report on the Authority's Reserves;
  - Outturn Strategy 2005/2006;
  - Capital, Prudential Indicators and Treasury Management;
  - General Fund and Council Tax

### 3. SCRUTINY REPORT ON THE AUTHORITY'S RESERVES

- 3.1 Members have recently considered Scrutiny Co-ordinating Committee's report on the review of the Authority's Financial Reserves. Cabinet approved the recommendations detailed in this report including the proposal to return £2.197m of specific reserves to the Authority's General Fund Reserve. Whilst Scrutiny did not consider the usage for such funds, proposals for using this amount to partly fund unbudgeted Equal Pay costs are detailed later in this report.

### 4. OUTTURN STRATEGY 2005/2006

- 4.1 The initial 2006/2007 budget report identified the optimistic and pessimistic factors affecting the current year's budget. Further details were reported in the second quarters budget monitoring report.
- 4.2 These reports indicated there will be a favourable variance on corporate budgets, which mainly arise from reduced centralised estimate costs in 2005/2006. This position largely reflects the interest income earned on the Council's reserves and cash flows. The Council will also receive a one-off backdated population grant adjustment in the current year in relation to the 2003/2004 financial year.
- 4.3 On the downside the Council also faces a number of additional unbudgeted costs in 2005/2006. It is therefore suggested that these amounts be funded from the one-off resources available in 2005/2006, as follows:

**Available  
Resources/  
(Commitment)  
£'000**

Available Resources

Underspend on Corporate Budget	714
2003/2004 Backdated Population Grant	<u>334</u>
	1,048

Commitments

2005/2006 Unavoidable Commitments

- Contribution towards cost of greater integration between HBC and PCT (e.g. Director of Public Health) (40)
- Bulky Waste Service (20)
- Contribution towards Phase 2 Equal Pay Costs (787) \*

Invest to Save Proposals

Young People's Service	(30)
Access to Learning (A2L)	(81)
Broadband Implementation	<u>(90)</u>
	<u>0</u>

\* This contribution will partly meet the unfunded costs of the Phase 2 Equal Pay agreement. Further details on the strategy for funding the remaining costs are detailed in paragraph 13.4.

- 4.4 There are now also two capital issues that Members need to address in relation to the North Hartlepool Area Remodelling project and the impact of not proceeding with the Briarfields disposal.
- 4.5 **North Hartlepool Area Remodelling Project**
- 4.6 Cabinet and Council have previously been advised of the funding issues in relation this scheme and in particular the need to incur significant expenditure on site acquisition in advance of the capital receipt being received into the project.
- 4.7 In order to progress this scheme Council previously approved an increase in the 2005/2006 capital budget for this project of £2.612m. At that time Members were advised that it was anticipated that this increase would be funded from the capital receipt arising from the sale of the site. Although if the capital receipt was less than anticipated, or it would be received later than expected, a further report would be submitted to Council to enable Members to approve an alternative funding strategy.
- 4.8 Since that time a preferred developer has been appointed and a capital receipt agreed for the sale of this site, which is in line with the anticipated receipt. However, this process has taken longer than initially anticipated and at this stage there is a risk that the capital receipt will not be received (or be capable of being accrued) before the end of the financial year. Therefore, an alternative funding strategy is needed to address this potential delay.
- 4.9 On a practical basis the only option available to the Council is to use Prudential Borrowing, which will then be repaid once the capital receipt is received. This proposal will not impact on the 2005/2006 revenue budget as the cash flow costs arising from the timing difference between expenditure on this scheme and the receipt of the capital receipt has already been reflected in the forecast outturn.
- 4.10 Council at its meeting on 27<sup>th</sup> October, 2005, approved a similar arrangement for the NDC Area Remodelling project.

- 4.11 The only other alternative for bridging the temporary funding shortfall would be to use the Council's revenue reserves. However, the repayment of this loan will be received as a capital receipt and this cannot be used to reinstate revenue reserves. Consequently, this option would reduce the Council's Medium Term financial flexibility. Therefore, it would not be prudent to use revenue reserves on a temporary basis in this instance.

**4.12 Briarfields Disposal**

- 4.13 In 2004/2005 the Council's available capital receipts were earmarked to support existing projects. As expenditure on these projects was delayed until 2005/2006 the resources were reallocated to meet capitalised Equal Pay costs of £2m. It was recognised that these resources would need to be repaid from future capital from the sale of Briarfields and/or the York Road Flatlets/Bennidict House Site.

- 4.14 As the Briarfields disposal will not now proceed and the York Road Flatlets/Bennidict House Site disposal will not achieve a capital receipt of £2m this repayment cannot now be made in full. Therefore, this commitment will need to be funded by using Prudential Borrowing or from the Council's reserves.

- 4.15 At this stage it is anticipated that repayment will not need to be made until 2006/2007 as capital expenditure commitments in the current year have been delayed until 2006/2007.

- 4.16 It is therefore suggested that this issue is addressed as part of the 2007/2008 budget strategy. It is hoped that if the repayment has to be funded from Prudential Borrowing that resulting revenue costs can be funded from savings in Local Government Reorganisation borrowing costs which will begin to flow from 2007/2008.

**5. CAPITAL, PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT**

- 5.1 In accordance with the Government's Single Capital Pot initiative individual authorities can determine how they use the total resources allocated to them through the Single Capital Pot. In previous years the Council has determined to ring fence these allocations to individual services in line with the allocations included in the Single Capital Pot. This strategy ensures the Council is able to achieve the outputs specified in the service plans submitted to secure funding. It also ensures capital investment is aligned with the Council's own priorities and objectives. It is suggested that Members need to reaffirm their commitment to this strategy. Detailed allocations have now been issued by the Government as shown below.



	<b>Forecast Allocations</b>			
	<b>2006/2007</b>		<b>2007/2008</b>	
	<b>Grant</b>	<b>Supported</b>	<b>Grant</b>	<b>Supported</b>
	<b>£'000</b>	<b>Borrowing</b> <b>£'000</b>	<b>£'000</b>	<b>Borrowing</b> <b>£'000</b>
Housing Investment Programme	3,095		5,480	
Local Transport Plan		2,094		2,042
Children's Services	2,215	419	2,298	413
Adult Social Services		206		208

- 5.2 Members also need to re-affirm their commitment to use Unsupported Prudential Borrowing to continue the following initiatives:

	<b>Proposed Budget Allocation</b>	
	<b>2006/2007</b>	<b>2007/2008</b>
	<b>£'000</b>	<b>£'000</b>
Community Safety Programme	150	150
Disabled Access Adaptation	50	50
Neighbourhood Forum Minor Works Allocations	156	156

- 5.3 There are a number of specific capital issues, which also require a decision from Cabinet as follows:

- **Restoration and Cleaning of War Memorials**

The initial budget report identified a requirement to undertake repairs to the Headland War Memorial. It is estimated that these works will cost £44,000. Further investigation indicates that similar works to the Victory Square Memorial are also required. The estimated costs of these works are £54,000. These two schemes may be eligible for grant funding, from the Wolfson Foundation, of £10,000 per War Memorial. Cabinet needs to determine if they wish to include these schemes in the 2006/2007 Capital Programme. If these bids for grant funding are successful the cost to be funded by the Council will be £78,000, or £98,000 if the grant bids are unsuccessful. These amounts could be funded from the small Prudential Borrowing allocation included in the budget proposals from minor capital schemes.

Further details in respect of this proposal are detailed in Appendix A.

- **Replacement of Cremators**

Members need to develop a strategy for replacing the cremators. A detailed report has recently been submitted to the Adult and

Public Health Services Portfolio Holder outlining the implications of the Environmental Protection Act 1990. To comply with these requirements the Council will need to replace the existing cremators by 2012. It is estimated this work will cost £0.75m (at 2005/2006 prices). These costs will need to be funded from Prudential Borrowing and Members need to determine how the resulting loan repayment cost should be funded. There are three options:

- **Option 1 - Increase Crematoria and Cemetery Fees in the Year the Works are Completed**

This option will require a one off increase in fees of 15%.

- **Option 2 – Increase Crematoria and Cemetery Fees on a Phased Basis Commencing 2007/2008**

This option will require annual fee increase of 3%, in addition to the normal inflationary increase, commencing 2007/2008. Assuming the works are completed in 2010/2011 the additional fee income earned over the five years 2007/2008 to 2010/2011 will be earmarked to offset the capital cost of replacing the cremators. The remaining investment will be funded from Prudential Borrowing. The resulting repayment costs will be funded from the available fee income.

- **Option 3 – Meet Loan Repayment Costs from Overall Budget**

This option will require a specific budget savings of £71,000 (at 2005/2006 prices) to be identified in 2010/2011.

In view of the overall long term financial outlook and the need to protect core services it is suggested that Option 2 maximises the Council's long term financial flexibility.

- **Integrated ICT Strategy**

A detailed report was submitted to Cabinet on 6<sup>th</sup> July, 2005, which identified the current use of ICT by the Authority, outlined the future needs and how it is proposed to bridge the gap between the two. One of the key determinants of the ICT strategy is that it underpins and enables efficiencies to be achieved to assist the Council's budget process in the short, medium and longer term. The report advised Members that to date most ICT projects have been funded either through available grants, departmental funds or the Northgate Investment Fund. These funding sources will either not be available for future developments, or are almost fully committed. Therefore, future developments will need to produce

savings to cover the initial costs of development and contribute a net saving to the overall budget.

In order to achieve this objective it would be appropriate to establish a capital provision of £0.5m for 2006/2007 to fund the up front investment costs. This amount will only be used where the business case demonstrates the investment will produce a savings which will enable the investment to be repaid within a seven year period and also achieve a saving towards the overall efficiency target.

- **Headland Town Square**

The initial archaeology investigation of this site has discovered items dating back to mediaeval times. As a result of these discoveries additional archaeology investigations will need to be undertaken.

These works will have an additional cost of some £65,000. In addition, a number of additional items, each relatively small in their own right (e.g. enhanced electrical supply to cater for events, access improvements and localised ground condition difficulties) have resulted in the small contract contingency sum being exceeded. With the contract not yet at the halfway stage it is prudent to build in an additional contingency sum, although obviously efforts will be made to minimise the call on this latter sum. The overall cost increases can be partly offset by additional Interreg resources, efforts to find other resources of funding will continue, but the current identified shortfall is £90,000.

Therefore, in order to enable this project to proceed Cabinet needs to determine if they wish to make provision for these potential costs in the budget proposals. Council has already agreed to provide £105,000 to cover a shortfall on this scheme and to ensure grant funding of £1.431m is not lost.

- 5.4 For planning purposes it is assumed that Members will approve the above proposals. Therefore, the revenue budget forecasts include provision to meet the annual repayment costs of using Prudential Borrowing.

5.5 **Prudential Indicators**

- 5.6 The Council needs to approve a number of Prudential Indicators for the next three years to comply with the relevant Statutory Code of Practice. These indicators are dependent upon the estimated level of capital expenditure for 2006/2007. Therefore, in order to comply with these requirements it assumed that Members will approve the issues summarised above. In addition, an assessment of capital expenditure

wholly funded from grants has been made. These items are summarised at Appendix B.

- 5.7 The detailed Prudential Indicators are included at Appendix C and the key indicators are summarised below:

	Revised 2005/2006	Original Indicators 2006/2007	2007/2008	2008/2009
<u>Estimates of incremental impact Capital Decisions on Council Tax</u>	£12.95	£3.15	£2.77	£2.86

This shows the additional Council Tax requirement of Prudential Borrowing by the Council.

<u>Estimates of Financing Costs to meet Revenue Stream</u>	4.63%	4.62%	4.91%	4.91%
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This shows the total cost of pre 2004/2005 capital borrowing and new Prudential Borrowing as a percentage of the net budget.

<u>Estimates of Capital Expenditure (£'000)</u>	£33,646	£26,934	£15,868	£12,675
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This indicator sets the total value of capital expenditure for the year. Detailed proposals are summarised at Appendix B.

## 5.8 Treasury Management

- 5.9 In accordance with the Council's Constitution responsibility for approving the Treasury Management Strategy is allocated to the Finance and Performance Management Portfolio. However, CIPFA guidance recommends that the Treasury Management Strategy should be considered by full Council. In order to comply with this additional requirement details of the key issues to be included in the 2006/2007 Treasury Management Strategy are set out below. The full strategy will be reported to the Portfolio Holder before the start of 2006/2007.

## 5.10 2005/2006 Review

- 5.11 The initial Treasury Management Strategy for the current year indicated that the outlook for interest rates during 2005/2006 was uncertain, although it was anticipated that this uncertainty would reduce during the first half of the year. Information provided by three major independent forecasters in January, 2005, predicted that within eighteen to twenty four months of this date there will be a broad

convergence of base rates, ten year PWLB rates and twenty five year PWLB rates.

- 5.12 On the basis of these forecasts it was recommended that it would be appropriate to continue to fund the Council's borrowing requirement from short-term loans, until rates for long term rates fall. It was also recommended that if long term interest rates fell to around 4.5% then the Council should take on long-term borrowing.
- 5.13 In accordance with this strategy, £30m of short-term loans were replaced by long term loans from the PWLB at 4.6% for between twenty five and thirty years. This action was taken in March, 2005.
- 5.14 Since that time the outlook for long term interest rates changed and there was a greater expectation of further falls in long-term interest rates. The PWLB also unexpectedly introduced fifty year maturity loans. Therefore, a revised Treasury Management Strategy was submitted to the Finance and Performance Management Portfolio in November.
- 5.15 This report indicated that the Council needed to undertake further borrowing and there were two options available: -
- Borrow as the need arises and at the interest rate available at the time on either a short or long term basis. This option is unlikely to result in best value borrowing costs being obtained as the interest rates on loans would not be the result of strategic decision-making.
  - Borrow on a strategic basis, with an element of borrowing in advance of need, based on an assessment of when interest rates are likely to be at there lowest level. The objective of this strategy is to maximise the value of the Council's borrowing requirement, which is locked into historically low long-term interest rates. This is acceptable under the Prudential Code, which allows for borrowing to be undertaken up to three years in advance of need. To operate this strategy it is necessary to set a trigger point to determine when long term loans would be taken out. This was previously set at 4.5%. As it was expected long-term interest rates would reduce the trigger point was reduced to 4.3%.
- 5.16 It was determined that borrowing on a strategic basis was the most appropriate strategy. Therefore, in accordance with this strategy and following further reductions in long-term interest rates the following PWLB borrowings have been undertaken.
- £25m over 30 years at 4.25%;
  - £5m over 50 years at 4.1%.

#### 5.17 **2006/2007 Borrowing Strategy**

- 5.18 Following the Strategic Borrowing undertaken in 2005/2006 it is unlikely that the Authority will need to undertake any additional borrowing in 2006/2007.
- 5.19 However, as long-term rates are historically low, the position will need to be kept under review, particularly if the Authority receive additional Government supported Prudential Borrowing allocations during 2006/2007. Therefore, if it is expected that longer term interest rates will rise above 4.3%. It may be appropriate to undertake further Strategic Borrowing to protect the Council's long-term financial position.
- 5.20 **2006/2007 Investment Strategy**
- 5.21 The Council's Investment Strategy will reflect the ODPM's Guidance on Local Government Investment issued in March, 2004 and CIPFA's Treasury Management in Public Services Code of Practice. The Authority's investment priorities are:
- the security of sums invested; and
  - the liquidity of its investment.
- 5.22 The guidance requires the classification of investments into 'specified' and 'non specified' investments and outlines the specific reporting requirements for each classification. On a practical basis the statutory guidance formalises best practice which the Authority has followed for a number of years. The only change arising from the new regulations is a requirement to classify investments into 'specified' and 'non-specified'.
- 5.23 Specified investments include institutions that have obtained a credit rating, or Government Departments and other Local Authorities. The credit ratings are provided by standard credit reference agencies and these are used to determine the individual investment limits imposed.
- 5.24 The ratings are reviewed on a monthly basis and any changes will be reflected in the limits imposed.
- 5.25 While the non specified investments include all of the Banks and Building Societies by virtue of the maturity period of funds invested, it also includes those Building Societies that have not applied for credit ratings, as these organisation have determined this is not necessary for their normal business operations. The absence of a credit rating does not materially affect the financial standing of the organisation, but this fact is reflected in the reduced level of limits imposed.
- 5.26 The full list of financial institutions with which the Authority invests, classified as either specified or non-specified, will be reported to the Portfolio as the schedule contains exempt information relating to the

financial or business affairs of a particular person (other than the Council) (Paragraph 7).

## **6. GENERAL FUND AND COUNCIL TAX**

6.1 This section covers the following areas:

- Background;
- Policy Drivers;
- 2006/2007 Local Government Finance Settlement;
- Local Budget Issues 2006/2007;
- Revised Budget Requirement and Budget Gap 2006/2007;
- Strategy for Bridging Budget Gap;
- Budget Scrutiny and Consultation Feedback;
- Robustness of Budget Forecast, Risk Assessment and Reserve;
- Review of Reserve;
- Budget Scrutiny and Consultation Feedback;
- 2007/2008 Budget and Council Tax Forecasts.

## **7. BACKGROUND**

7.1 In previous years the Council has prepared rolling three year budget forecasts. These forecasts have been prepared against an uncertain financial position as the Government previously only issued funding allocations to individual authorities on an annual basis.

7.2 From 2006/2007 the Government will issue three-year grant settlements. Although the first three-year settlement will only cover two years starting 2006/2007, because of the timing of the Government's own three-year planning cycle. This change is welcomed, as it will provide a firmer foundation for planning services in future years.

## **8. POLICY DRIVERS**

8.1 The development of the Budget and Policy Framework reflects various national and local service priorities and is underpinned by a range of service specific and corporate policy drivers. These issues are detailed in various strategy documents, which the Council prepares, which set out the Council's key objectives. These documents include:

- the Best Value Performance Plan;
- the Efficiency Strategy;
- the IT Strategy;
- departmental service plans.

- 8.2 The Budget and Policy Framework details the financial implications of these various strategies and enables Members to prioritise services within the constraints of the Council's available resources.
- 8.3 The Efficiency and IT Strategies will have a key impact on the development of the budget over the next few years. These strategies specify how the Council will achieve the Gershon Efficiency targets set by the Government. On a practical basis the IT Strategy requires significant up front investment, which initially is being funded from The Way Forward. The efficiency saving from this investment will begin to flow through towards the end of 2006/2007 and the full year effects will be reflected in the 2007/2008 budget. As indicated earlier in the report future investment will need to be funded from Prudential Borrowing. The resultant repayment costs will need to be funded from savings achieved as a result on the capital investment.
- 8.4 The Efficiency Strategy will detail how the Council will achieve the annual efficiency targets of £2.184m, which equates to an efficiency target of 2.5%. At least half of these savings must be cashable. These cashable savings can either be reinvested in front line services or used to reduce the overall budget and/or Council Tax level. In view of the Council's overall financial position it is suggested that cashable efficiency savings be earmarked to reduce the budget gap. Further details of how this will be achieved are set out later in the report.
- 8.5 Another key policy driver is the Council's strategy for uplifting base budgets to reflect the impact of inflation and other cost pressures. In previous years all areas, excluding the former Education and Social Services budgets, were uplifted by 3%. The resource allocations for Education and Social Services were uplifted to reflect the local Formula Spending Share (FSS) increase. However, this does not adequately link policy aims and budget allocations. In addition, increasing local top ups have been required to meet specific cost pressures in these areas, particularly in relation to Social Services. Therefore, it is suggested that the initial budget allocations for all areas be calculated by applying a 3% inflation uplift, with additional top ups for specific policy driven expenditure priorities.
- 8.6 The forecasts included in the remainder of this report assume that Members will approve this proposal.
- 8.7 The strategy will also enable the Council to substantially achieve its objectives of protecting services to the most vulnerable in 2006/2007. This cannot be guaranteed for 2007/2008. Therefore Cabinet has determined to begin consultation on eligibility criteria during 2006/2007 to allow adequate lead in time for any changes that Members determine to make.
- 8.8 This proposal also reflects public feedback during last years budget consultation process which indicated that the majority of people



consulted believed that the overall balance of the budget is “about right”.

- 8.9 Clearly it is unlikely that this balance can be maintained in the current financial climate and Cabinet will need to determine those areas where it wishes to minimise service cuts. This issue is considered in more detail later in the report.

## **9. 2006/2007 LOCAL GOVERNMENT FINANCE SETTLEMENT**

- 9.1 The Government are introducing significant changes to the Local Government funding system from 1<sup>st</sup> April, 2006. Key details of the changes were reported to Cabinet in December, 2005 and are detailed at Appendix D.

- 9.2 In broad terms the new funding arrangements and grant allocation for 2006/2007 are better for Hartlepool than expected. However, there are a number of specific issues, which have an adverse impact on Hartlepool. Therefore a delegation consisting of the Mayor, Councillors Fortune and Jackson and the Chief Financial Officer met with the Local Government Minister, Phil Woolas, MP and Senior Civic Servants to highlight Hartlepool's concerns in relation to:

- Grant Floor Damping arrangements;
- Distribution of Grant using Population Forecasts;
- Council Tax Capping; and
- Equal Pay

- 9.3 The meeting with the Minister went extremely well and lasted significantly longer than the half-hour allocated to the Council. This factor and comments made by the Minister suggest that he was sympathetic to the issues raised and the proposals put forward for addressing these issues in the medium term. As expected the Minister indicated that it was extremely unlikely that these issues could be addressed in the 2006/2007 settlement. Hopefully, these concerns will be addressed in the three-year settlement for 2008/2009 to 2010/2011.

- 9.4 Details of the final grant allocations for 2006/2007 had not been released at the time this report was prepared. Therefore, the forecasts in this report are based on the provisional allocation of £41.816m. The overall grant allocation includes £0.527m of specific grants, which have now been mainstreamed.

- 9.5 The provisional settlement also indicated the Council will receive £0.645m for the 2004/2005 and 2005/2006 backdated Population Grant adjustment. It is suggested that this amount be earmarked to support the budget in 2006/2007.

- 9.6 Details of the 2007/2008 provisional grant allocation have also been issued and the Council will receive £43.181m, an increase on 2006/2007 of 3.3%. Details of the Council's overall financial position are detailed later in the report.

9.7 **Council Tax Capping**

The Government has not issued detailed capping criteria. However, in the statement to Parliament the Local Government Minister stated:

“We have provided a stable and predictable funding basis for local service. We expect Local Government to respond positively as far as Council Tax is concerned. Therefore, we expect to see average Council Tax increases in each of the next two years of less than 5%. There is, following today's announcement, no excuse for excessive increases.

Local Government should be under no illusion, if there are excessive increases, we will take capping action – as we have done over the last two years”.

10. **LOCAL BUDGET ISSUES 2006/2007**

- 10.1 The report to Cabinet on 19<sup>th</sup> December, 2005, provided a detailed assessment of the new budget issues facing the Council for 2006/2007. These issues fall into two broad categories:

- **Budget Pressures**

These items represent budget pressures in relation to the continued provision of existing services. In many cases these pressures cannot be avoided. In other cases the pressure can only be avoided by reducing the current level of service, which in some areas would not be without risk.

- **Budget Priorities**

These items are similar to budget pressures, but relate to areas where the Council has a greater choice. However, in some instances these priorities are closely aligned to the continuation of existing services and/or the achievement of the Council's overall aims.

- 10.2 Over the last few months Cabinet has completed a detailed review of the budget pressures and priorities. On the basis of this review Cabinet has determined which budget pressures and priorities it wishes to include in the 2006/2007 budget proposals. This package reflects the Council's overall policy aims and in particular provides significant additional resources for services, which protect vulnerable people, both children and older people.

- 10.3 The pressures also now include a commitment of £0.527m to cover specific grants, which have been mainstreamed. This change is budget neutral as there has been a corresponding increase in the 2006/2007 grant allocation. A provision has also been included in the pressures for potential additional equal pay costs. The inclusion of this amount increases the overall budget requirement.
- 10.4 Details of the pressures and priorities, which it is suggested need to be funded, are summarised below:

	<u>£'000</u>
Pressures	4,634
Priorities	386
Terminated Grants	240

- 10.5 Further details of these items together with the pressures and priorities which it is suggested are not funded, are summarised at Appendix E, as follows:
- Schedule 1 – Summary of Budget Pressures which it is suggested be funded.
  - Schedule 2 – Summary of Budget Priorities which it is suggested be funded.
  - Schedule 3 – Summary of Budget Pressures which it is suggested are not funded.
  - Schedule 4 – Summary of Budget Priorities which it is suggested are not funded.
- 10.6 The proposed priorities have been reduced by £0.22m. This reflects a reduction in the Economic Development pressures of £0.2m following the confirmation of ongoing grant support for 2006/2007 and the deletion of the Equality Strategy pressure of £20,000 at your last meeting.
- 10.7 In addition to the above issues Cabinet on 23<sup>rd</sup> November, 2005, considered the provisional findings of a study examining the need and scope for the establishment of a Groundwork Trust operation in Hartlepool. Groundwork is a national organisation, working through Local Trusts, which delivers a wide range of environmental improvement schemes, commonly allied to Youth and Community development work. The study, which has now been finalised, identifies a role for a Groundwork Trust to work with the Council, the Hartlepool Partnership and the community sector to tackle deprivation through the design and implementation of sustainable environmental projects. It was proposed to deliver this through the extension of the existing Groundwork East Durham Trust, with the addition of one full time and two part time posts. Premises in Hartlepool would be sought. The Trust's Board would be expanded to include two

members from Hartlepool Borough Council. Contributions of £300,000 over six years were sought from the Council, matched by £420,000 from ODPM. The Council's contributions could be flexibly profiled, to suit the overall budget position.

- 10.8 Cabinet on 23<sup>rd</sup> November, 2005, commented that at that time it would be difficult to commit to supporting the situation in the light of the (then) current budget uncertainty. Groundwork have been advised of this position and have since indicated that a reduced commitment from the Council, totalling some £15,000 to £20,000 per annum over three years, would be sufficient to at least provide a basis for involvement in Hartlepool with scope to attract external funding and expand the service over the future. Groundwork East Durham would be willing to present to Cabinet on these options. Cabinet needs to determine how it wishes to proceed. If Members determine to implement a local scheme this will be an additional commitment to the forecasts included in this report.

## **11. REVISED BUDGET REQUIREMENT AND BUDGET GAP 2006/2007**

- 11.1 After reflecting the review of the local budget pressures and priorities the gross budget gap, before increasing Council Tax and/or reducing services is £6.584m. This is a reduction of £0.22m on the initial gap. Details of the revised gross budget requirement are detailed in Appendix F.

## **12. STRATEGY FOR BRIDGING BUDGET GAP**

- 12.1 Cabinet has considered the options for bridging this gap and determined to bridge it through a combination of:

- efficiency savings and/or service cuts;
- the use of temporary resources; and
- increased Council Tax.

- 12.2 As previously reported the initial 2006/2007 budget forecasts have been revised and a number of permanent corporate budget savings totalling £1.120m have been identified, as follows:

**£'000**

Designated Authority Costs

200

This budget covers the Council's share of Designated Authority costs related to commitments inherited from the former County Council. Following the disaggregation of the former County Council debt portfolio an ongoing saving of £0.2m can be made on this budget.

Use of Stock Transfer Reserves 200

As part of the 2004/2005 outturn strategy £0.6m was set aside to meet diseconomies of scale arising from the loss of the Housing Revenue Account. This reserve will be used over the next three years pending the phased implementation of sustainable savings in the areas affected by the loss of the Housing Revenue Account.

Supporting People 320

It was previously anticipated that changes to the Supporting People grant regime would have an adverse impact on the grant received by the Council. Therefore, a provision of £0.4m was included in the base budget for this commitment. The latest announcement by the Government indicates that this provision can be reduced significantly.

Procurement Savings Target 300

It is suggested that a procurement savings target be set for cost reductions, which can be achieved from a review of large scale purchasing arrangements.

Contact Centre Savings Target 100

This saving will need to be achieved to offset the Prudential Borrowing costs of the Contact Centre.

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1,120

- 12.3 The review of the initial 2006/2007 budget forecasts has also identified a number of temporary corporate budget savings, totalling £1.645m, which can be made in 2006/2007. These items will help the Council manage the budget pressures over more than one year. However, these items are not sustainable and permanent replacement savings will need to be identified as part of 2007/2008 budget process. Further comments on the impact of this proposal in 2007/2008 are detailed later in the report. The proposed temporary corporate savings relate to the following items: -

**£'000**

Backdated Population Grant 645

As previously reported it was anticipated that the Council would receive backdated population grant for 2004/2005 and 2005/2006. This amount was uncertain and was therefore not committed. The Government has now released details of the amount payable to the Council.

Therefore, it is suggested that this amount be earmarked to support the 2006/2007 budget.

Centralised Estimates 250

It is anticipated that additional investment income will be earned on the Council's reserves and balances during 2006/2007. This income is not sustainable as reserves and balances will be reduced as they are used to fund specific commitments, including support for the revenue budget.

Insurance Credit 150

It has previously been reported that the Insurance Fund has sufficient resources to meet known liability. Further contributions may be required in the medium term if existing trends continue. However, in the short-term temporary savings can be achieved by not crediting investment income on the value of the fund.

Prudential Borrowing Mill House 300

This budget provision will support a capital contribution of £3m towards the replacement of the Mill House. The development of the proposed H2O Centre will cost significantly more than this amount. Therefore, additional funding will need to be secured if this development is to proceed. This funding will not be secured in the short-term. Therefore, the Council will not need this budget provision in 2006/2007.

Employees Pension Contributions 150

Increase in the employers pension contributions have been phased over a longer period than previously anticipated.

Administration Subsidy Income 150

Transitional grant funding to meet the additional administration costs in relation of rent allowances paid to Housing Hartlepool tenants.

1,645

12.4 After reflecting the above issues the revised budget gap is £3.819m, as summarised below:

**£'000**

Gross Budget Gap 6,584

<u>Less</u>	- Permanent Corporate Budget Savings	(1,120)
	- Temporary Corporate Budget Savings	(1,645)
Net Budget Gap		<u>3,819</u>

- 12.5 Cabinet has previously determined that they wish to bridge this net gap from a combination of an increase in Council Tax and cuts in services. The “mix” of these factors needs to take account of the Government’s comments in relation to Council Tax capping and maximise the Council’s resource base in 2006/2007 and future years. These factors indicate that the Council Tax increase should be maximised within the constraints of the expected “capping limit”.
- 12.6 As previously indicated this strategy protects the Council’s resource base in the Medium Term. The protection would not be achieved by having a low Council Tax increase, followed by a higher increase in the following year, as the year two increase would be capped. This strategy would therefore exacerbate the budget deficit in year two and would require further cuts to replace the ongoing reduction in the Council Tax base.
- 12.7 In view of the above comments three options were identified for Members consideration as detailed in the table below. These options also consider the impact of the proposals in 2007/2008, based on the 2007/2008 forecast budget position detailed later in the report.

	Spending cuts		Aggregate reduction in base budget £'000
	2006/07 £'000	2007/08 £'000	
Option 1 - Council Tax increase 4.9% 2006/07 and 2007/08	3,089 (4.9%)	2,644 (4.2%)	5,733 (9.2%)
Option 2 - Council Tax increase 4.9% 2006/07 and 2007/08	2,489 (4%)	3,244 (5.2%)	5,733 (9.2%)
Option 3 - Council Tax increase 3.5% 2006/07 and 2007/08	2,929 (4.7%)	3,720 (6%)	6,649 (10.7%)

The savings shown for 2007/08 are the gross requirement before deducting the 2007/08 efficiency savings of £1.1M. Appendix G details options for 5% savings.

Option 1 provides a Budget Support Fund of £0.6M to assist the 2007/08 budget position, this is not available under the other options.

- 12.8 At your meeting on 19<sup>th</sup> December, 2005, Members indicated a preference for Option 1, but expressed some concerns that some of the proposed 5% savings required redundancies in Children’s Services and Adult and Community Services. In addition, Members determined that they did not want to implement a number of specific savings. These items are summarised below:

**£'000****Total of Proposed 5% Savings**

3,127

**Savings Requiring Redundancies**

- Children's Services (447)
- Adult and Community Services (166)

**Savings Cabinet determined not to Implemented**

- Closure of Community Centre ( 42)
- Reduction in Community Pool (123)
- Reduction in Business Centre ( 40)

**Net Savings****2,309**

- 12.9 In view of the above concerns further work has been undertaken to identify alternative savings which can be implemented without requiring redundancies or impacting on service levels. The following proposals have been identified: -

**£'000**

- Net Savings 2,309
- Children's Services – Reduction in Children's Placement Budget 450

Member will recall that additional resources have been allocated to this area in previous years owing to the financial impact of the rising number of independent sector residential and foster care placements. This position reflected a reduction in the availability of Hartlepool foster placements and an increase in placement numbers.

A strategy to reduce dependency on the independent sector and to increase the recruitment of Hartlepool foster carers has been developed. It was anticipated that this strategy would not produce a financial benefit until 2007/2008.

In practice progress has been quicker than anticipated and this is owing to the expertise and experience of the consultant appointed to undertake this work. As a result of this action expenditure in the current year is expected to be within budget. It is also anticipated that action taken over the last six months will enable a saving of £450,000 to be achieved on this budget from



2006/2007. Whilst it is appropriate to take this saving this position is not without risk as individual placements can be extremely expensive. Therefore, this risk will need to be underwritten from balances.

- Adult and Community Services – Supporting People Contract 260

Following changes to the Supporting People funding regime it was initially anticipated that the services provided by the Adult and Community Services department would be ineligible for funding. Following a detailed review of the eligibility criteria it is now anticipated that some services are eligible for support. Therefore, this contract income can now be reflected in the budget proposals.

- Adult and Community Services – Miscellaneous Savings 71

Minor savings from cash freezing budgets or increased income.

**Revised Potential Savings** 3,090

12.10 As indicated in paragraph 12.4 the net budget gap has been reduced by £0.22m to £3.819m.

12.11 As a result of this reduction Cabinet needs to determine whether it wishes to use this amount to either:

- reduce the proposed 2006/2007 Council Tax increases detailed in paragraph 12.7; or
- reduce the level of savings to be implemented in 2006/2007 as detailed in paragraph 12.7; or
- a combination of the reduction in Council Tax and relevant costs.

12.12 It should be noted that this amount may reduce if the final grant allocation is less than the provisional allocation.

### **13. ROBUSTNESS OF BUDGET FORECAST, RISK ASSESSMENT AND RESERVES**

13.1 As indicated in previous years the Local Government Act 2003 introduced a statutory requirement on an Authority's Chief Financial Officer (CFO) to advise Members on the robustness of the budget forecasts and the proposed level of reserves. If Members ignore this advice the Act requires the Authority to record this position. This later provision is designed to recognise the statutory responsibilities of the

CFO and in practise is a situation that I would not expect to arise for this Authority.

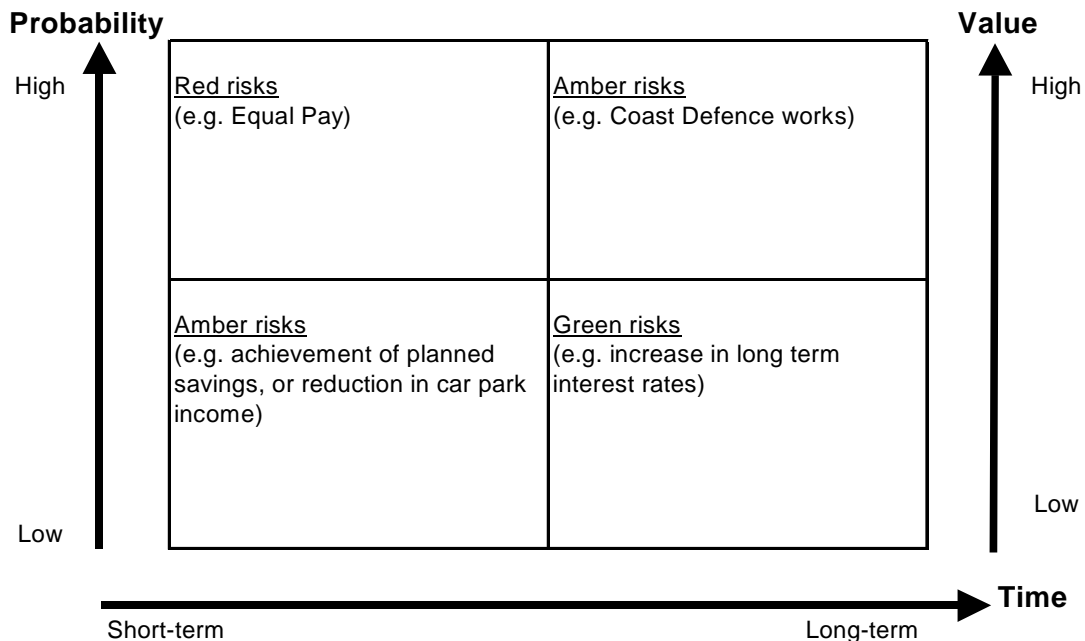
13.2 I would advise Members that in my opinion the budget forecasts suggested in this report for 2006/2007 are robust. This opinion is based on consideration of the following factors:

- The detailed work undertaken by individual Directors in conjunction with my staff regarding the preparation of detailed budget forecasts, including income forecasts;
- Full provision for pay awards agreed for 2006/2007 and a prudent estimate of inflation during 2006/2007;
- A prudent view of the net costs of the Authority's overall cash flow, including the repayment of Prudential Borrowing;
- The assumption that Members will approve the budget pressures, priorities and savings detailed in the report. If Members do not approve the pressures and priorities the budget forecasts will not be robust as expenditure in these areas will inevitably exceed the available budget. If the proposed savings are not approved, alternative savings will need to be identified before the start of the new financial year to balance the budget.

13.3 Further details of the key financial assumptions underpinning the budget are detailed at Appendix H.

13.4 The robustness of the budget forecast also takes account of the main areas of risk affecting the budget for 2006/2007 as detailed in Appendix I. In line with the Council's overall Risk Management Strategy the Authority takes an active and pragmatic approach to the management of risk. This approach acknowledges that the purpose is not to remove all risks, rather it is to ensure that potential "losses" are prevented or minimised. The attached schedule and the corporate Risk Register ensures the Authority has identified areas of risk and developed arrangements for managing these areas. These documents provide assurance that there are no significant financial risks to the proposed 2006/2007 budget.

- 13.5 The risk analysis categorises risks on the basis of an assessment of these factors - probability of risk, time scale of risk and value of risk as summarised below.



- 13.6 In financial terms the greatest risk facing the Council relates to Equal Pay claims and the implementation of Single Status. The position on Equal Pay claims is worse than previously anticipated following the Employment Tribunal decision reached for similar cases in other authorities. The Employment Tribunal judgement set a precedent and will increase the level of compensation the Council will need to pay. It is estimated that this will cost up to £2.4m. As these costs were not previously anticipated no funding has been set aside for these costs. As indicated previously it is suggested that the uncommitted reserves identified by Scrutiny Co-ordinating Committee could be allocated to partly fund these costs. This issue is considered in detail in paragraph 14.8. It is also suggested that if the actual 2005/2006 outturn is more favourable than currently anticipated that these resources be allocated for Equal Pay costs.
- 13.7 The position on Single Status is also uncertain as detailed Job Evaluations and the design of a new pay and grading structure will not be completed until later in the year. The revenue forecasts for 2006/2007 onwards include a provision of £1m to meet these costs. Based on experience in other authorities this amount is unlikely to be adequate. However, different authorities have different work forces and different mixes of internally and externally provided services. Therefore, a detailed costing exercise will need to be completed during 2006/2007 to reflect Hartlepool's specific position. This work will then need to be reflected in the 2007/2008 budget strategy.
- 13.8 The risk assessment also takes account of the Government's warning that they will use Council Tax capping powers. The ODPM will not

issue details of the capping criteria they will use for 2006/2007 until after all authorities have set their 2006/2007 Council Tax levels. However, they have indicated that they “expect to see average increases in each of the next two years of less than 5%”.

13.9 The majority of authorities seem to be considering increases at around 5%. The proposed increase detailed earlier in the report should not be capped, although this cannot be guaranteed.

13.10 It is appropriate to remind Members that significant temporary resources will be used to support the revenue budget over the next two years. These resources are not sustainable and will need to be replaced with permanent savings in 2007/2008 and future years. Details of this temporary support are summarised below: -

	<u>2006/2007</u> <u>£'000</u>	<u>2007/2008</u> <u>£'000</u>
<u>Contribution from FBR Reserve</u> This reserve will provide total support for the revenue budget of £1m per year over the period 2005/2006 to 2007/2008.	1,000	1,000
<u>Contribution from Budget Support Fund</u> This reserve was established from the Council's share of income from the site former Council houses by Hartlepool Housing. The Council will receive a total of £7m over a number of years. £4m of this amount has been committed to support the revenue budget over the period 2005/2006 to 2008/2009.	1,000	1,000
<u>Contribution from 2005/2006 Budget Support Fund</u> This amount was set aside last year to partly address the budget deficit in 2006/2007.	400	0
<u>Temporary Corporate Savings</u> As detailed in paragraphs 12.3.	1,645	0
Total Temporary Budget Support	<u>4,045</u>	<u>2,000</u>
Council Tax “Subsidy” from using temporary resources	13%	6%

## 14. REVIEW OF RESERVES

14.1 The Council's reserves have been established over a number of years. Members have approved contributions to reserves as part of each year's revenue budget process and/or within each year's outturn strategy. A detailed report was submitted to Cabinet on 24<sup>th</sup> January, 2004, to enable Members to develop a strategy for using reserves to support the budget over a number of years and the achievement of the Council's policy aims.

14.2 In accordance with the Local Government Act 2003 this review followed CIPFA's guidance note on Local Authority reserves and balances, which requires local authorities to adopt clear protocols setting out:

- the reason for/purpose of reserve;
- how and when the reserve can be used;
- procedures for the reserves management and control;
- a process and timescale for review of the reserves to ensure continuing relevance and adequacy.

These issues are covered in detail in Appendix J the key details are considered in the following paragraphs.

### 14.3 Specific Reserves

14.4 These are amounts that have been set aside to meet specific commitments. The main items are summarised below:

i) Capital Reserves:

These are earmarked to finance capital expenditure rephased from the previous financial year, or to meet future capital expenditure liabilities.

ii) Collection Fund Surplus:

Earmarked to support the revenue budget in 2005/2006 and 2006/2007.

iii) Schools Reserves:

These reserves have arisen from the local management of school budgets and enable schools to manage their activities over more than one year.

iv) Insurance Fund:

This provides for all payments that fall within policy excesses or relate to self-insured risks. The fund currently covers the

estimated value of unpaid outstanding claims. However, the value and number of claims is increasing as people increasingly seek compensation from public bodies. It is thereafter anticipated that additional contributions may be required from 2007/2008. These commitments have not yet been determined or reflected in the forecast budget deficits for future years.

v) Strategic Change Reserves:

These reserves have been established from previous years departmental underspends and are earmarked to meet one-off costs of strategic changes to improve services, or reduce costs.

#### 14.5 General Fund Balances

14.6 These reserves have also generally been set aside for specific purposes to enable the Council to manage its financial position over more than one financial year. However, whilst these reserves are needed for future commitments, these items do not meet the strict statutory definition of a Specific Reserve and are therefore carried as General Fund Balances. Details of these reserves are set out at Appendix J. The main reserves and proposals for using these reserves, where applicable, are detailed below: -

i) Unearmarked General Fund Balances:

Previous reports have recommended that this reserve should be maintained at a minimum of 2% of the net Revenue Budget. The Council is able to operate with reserves at this level owing to the availability of departmental reserves and the Council's Managed Under/Overspends policy. However, given the increasing nature of volatility. Particularly proposals for using other reserves, an increase to the 3% level may be required in the Medium Term. The reserve is available to meet unbudgeted emergency expenditure. However, any use of these reserves would need to be repaid in the following year.

ii) Revenue Managed Underspends and Strategic Change Reserves:

These reserves have been established from previous years departmental underspends and are earmarked to meet one-off costs, or strategic change costs, which will improve services, or reduce costs.

iii) Budget Support Fund:

This reserve is committed to support the revenue budget in 2006/2007 and 2007/2008 at the rate of £1m per year.

## iv) Fundamental Budget Review:

This reserve is also committed to supporting the revenue budget in the Medium Term. Subject to the timing of the receipt of future RTB sharing income it is hoped that this reserve will provide annual support of £1m through to 2008/2009 and £0.5m in 2009/2010.

It is envisaged that the Council may receive higher than anticipated grant income across a range of funding regimes. This may enable the Council to make further contributions to this reserve, which would sustain support of the revenue budget beyond four years. As this income is not guaranteed it would not be prudent to reflect it in the budget until it is more certain.

## v) The Way Forward Reserve:

The Mayor and Chief Executives report to Cabinet on 23<sup>rd</sup> August, 2004, advised Members of the need for “substantial investment in terms of time and money” to facilitate the necessary changes in the structure, workings and culture of the Council. The financial investment needs to deliver substantial savings to assist the Council’s Medium Term budgeting position.

This reserve is allocated to fund this development, which will begin to deliver efficiency savings towards the end of 2006/2007.

- 14.7 Scrutiny Co-ordinating Committee have also completed a detailed review of balances and recently presented a detailed report to Cabinet. This report recommended that as the following specific reserves are no longer needed they should be returned to the General Fund Reserve: -

	<b><u>£'000</u></b>
Coastal Defences	1,598
Benefit Subsidy Reserve	549
Council Tax Revaluation Reserve	<u>50</u>
	<b><u>2,197</u></b>

- 14.8 As indicated earlier in the report it is proposed that this amount be earmarked to partly fund unbudgeted Equal Pay costs. It would therefore, be appropriate to establish a specific Equal Pay cost reserve. This proposal would ensure compliance with accounting regulations. More importantly it maximises the potential for securing Government approval to capitalise these costs, as it would avoid increasing General Fund reserves above the threshold used by the Government when determining capitalisation approvals. This is because the Government only consider the level of General Fund

Reserves and not other earmarked reserves when making these decisions.

- 14.9 Scrutiny Co-ordinating Committee have expressed the view that these resources should not be transferred to a specific reserve, but should be held within the Authority's General Fund Reserve.
- 14.10 This issue has been discussed with the Council's External Auditors, who have indicated that owing to the complexity of this issue they would have no difficulty with either of the above options. Although, if the resources are transferred to the General Fund Reserve, they would require the Council specifically earmark this element for Equal Pay risks.
- 14.11 In view of the above comments it is suggested that the most beneficial treatment of these resources would be to transfer them to a specific reserve. In the unlikely event that the whole of this amount is not needed for Equal Pay costs any unused monies could be returned to the General Fund Reserve.

## **15. BUDGET SCRUTINY AND CONSULTATION FEEDBACK**

- 15.1 There is a detailed report elsewhere on your agenda from the Scrutiny Co-ordinating Committee detailing their comments on the initial Budget and Policy Framework proposals. This report identifies two issues which Cabinet have also discussed in relation to the Vacancy Monitoring Panel and the development of exit strategies for grant funded regimes.
- 15.2 In order to address the issues raised in relation to the Vacancy Monitoring Panel, it is suggested that a detailed report be submitted to Cabinet on 27<sup>th</sup> February, 2006, detailing revised arrangements to address the concerns raised by Members. This report will highlight that the base budget includes a vacancy saving target of £0.87m.
- 15.3 It is also suggested that Cabinet develops a strategy for grant funded regimes which terminate in 2007/2008 and beyond. This issue is particularly complex and will need to consider both the loss of grant received directly by the Council and by bodies the Council acts as Accountable Body for. It is suggested that this work commence in April, 2006.
- 15.4 Detailed consultation meetings have also been held with the Trade Unions and Business Sector. Minutes of these meetings are detailed at Appendix K. The key issues, which they wish Cabinet to consider are:



i) Trade Unions

- Concerned at initial saving proposals which would potentially require redundancies;
- Welcomed and appreciated the work that has subsequently been done to identify alternative savings, provided these are sustainable;
- To note their comments in relation to ensuring current Equal Pay claims are settled on an equitable basis and future payments in line with previous settlements;

ii) Business Sector

- Concerned that Business Support and Economic Development budgets are protected;
- Concerned at impact of floor damping arrangements and wrote to Local Government Minister to express their concerns;
- Concerned that there is a lot of mis-information about Council spending and suggested that the Council tries to address this issue through Hartbeat.

**16. 2007/2008 BUDGET AND COUNCIL TAX FORECAST**

- 16.1 In previous years the Council prepared rolling three-year budgets. The forecast for years 2 and 3 were based on estimated Government Grant, which made the forecasts volatile. The Government has moved to multi-year settlements. The first of these covers 2006/2007 and 2007/2008.
- 16.2 As indicated early the Council will receive grant funding of £43.181m in 2007/2008, an increase of 3.3% on 2006/2007.
- 16.3 The introduction of multi-year settlements also requires councils to provide an indicative Council Tax for 2007/2008.
- 16.4 In view of the above changes it is suggested that the Council align its Medium Term Financial Strategy with the Government's planning period. This will mean that the current Medium Term Financial Strategy covers 2006/2007 and 2007/2008.
- 16.5 Assuming Members approve this proposal the budget forecast has now been rolled forward to cover 2007/2008 as detailed in Appendix D. These forecasts include the following key issues:
- the continuation of 3% inflation updated for all;
  - a provision to meet the year 2 costs in relation to Social Services Care Home fees;
  - the withdrawal of 2006/2007 temporary savings.

16.6 The position for 2007/2008 will also be affected by the decisions taken in 2006/2007 in relation to the level of Council Tax and service cuts. The table detailed in paragraph 12.7 shows a range of saving's which will be required in 2007/2008, based on various options for Council Tax and service cuts in 2006/2007.

16.7 These forecasts indicate that savings of between £2.6m (4.2%) and £3.7m (6%) will be required in 2007/2008. These forecasts include the loss of £1.645m of temporary budget savings used to support the 2006/2007 budget. Part of the 2007/2008 savings, some £1.1m, will come from the third year of the Council's efficiency strategy.

## **17. CONCLUSION**

17.1 The introduction of multi-year grant allocations by the Government means that the Council knows how much grant it will receive for 2006/2007 and 2007/2008. Whilst this stability is welcomed, it indicates that the Council faces a difficult position over the next two years.

17.2 The 2006/2007 budget can be supported by additional one off temporary resources, but savings will still need to be made. However, this support is temporary and sustainable savings will need to be made in 2007/2008.

17.3 The report therefore seeks Cabinet's view on proposals for managing the budget position over a two year period. The recommendations set out the detailed issues Cabinet needs to consider.

### **17.4 Outturn Strategy**

17.5 It is suggested that Cabinet: -

- i) Approve the proposed outturn strategy detailed in paragraph 4.3.
- ii) Approve the proposal that in the event that that the capital receipt for the North Central Hartlepool Scheme is not received (or cannot be accrued) before 31<sup>st</sup> March, 2006, the potential temporary shortfall be funded from Prudential Borrowing, which will be repaid when the capital receipt is received.
- iii) Note the position in relation to the impact of Briarfields on the Capital Programme and the strategy for managing this position (paragraph 4.12).

### **17.6 Capital**

17.7 It is suggested that Cabinet: -

- i) Approve the capital allocations identified at Appendix B and authorise the relevant Portfolio Holder approves the detailed Capital Programmes for using these allocations.
- ii) Determine how they wish to fund the Prudential Borrowing cost in relation to the replacement of the cremators detailed in paragraph 5.3.
- iii) Determine if they wish to use Prudential Borrowing for the Restoration and Cleaning of the War Memorials and for the additional archaeology costs on the Headland Town Square development. (If Members approve the establishment of a Prudential Borrowing – Other Capital Issues provision within the revenue budget, part of this amount will be used for these schemes).
- iv) Approve the establishment of an ICT investment fund of £0.5m, subject to this amount only being used for projects achieving a seven year pay back and contributing a savings towards the overall efficiency target and detailed schemes being approved by Cabinet.
- v) Approve the Prudential Indicators detailed at Appendix C.
- vi) Approve the proposed Treasury Management Strategy, as detailed in paragraph 5.8.

#### 17.8 **2006/2007 Revenue Budget and Council Tax**

17.9 It is suggested that Cabinet:

- i) Confirm their agreement to increase all resource allocations by 3%, with specific top-up for specific pressures and/or priorities.
- ii) Confirm that they wish to fund the pressures and priorities identified in Appendix E, schedules 1 and 2.
- iii) Determine whether they wish to support the Ground Work Trust, as detailed in paragraph 10.8.
- iv) Confirm that they do not wish to fund the pressures and priorities identified in Appendix E, schedules 3 and 4.
- v) Confirm that they wish to fund the continuation of services funded from grants which have been terminated as identified in Appendix F note 3.
- vi) Approve the use of corporate savings of £1.12m to reduce the budget gap, detailed in paragraph 12.2.

- vii) Approve the use of additional temporary corporate savings of £1.645m to reduce the 2006/2007 budget gap, detailed in paragraph 12.3.
- viii) Determine the level of Council Tax increases for 2006/2007 and resulting total saving required, detailed in paragraph 12.7.
- ix) Determine which of the detailed service cuts identified in Appendix G will be implemented to achieve the total sum required.
- x) Approve the proposal to examine eligibility criteria to enable changes to be implemented from 1<sup>st</sup> April, 2007.
- xi) Approve the proposal to earmark LABGI income to support the 2007/08 budget.
- xii) Approve the establishment of a specific Equal Pay Risk Reserve from the resources identified by Scrutiny Co-ordinating Committee. In the event that the whole of this amount is not needed for Equal Pay costs any unused monies be returned to the General Fund.
- xiii) Approve the development of revised arrangements for the Vacancy Monitoring Panel and be considered at your meeting on 27<sup>th</sup> February, 2006.
- xiv) Approve the commencement of work to develop exit strategies for grant funded regimes be commenced in April, 2006.

**17.10 2007/2008 Revenue Budget and Council Tax**

17.11 It is suggested that Cabinet approves: -

- i) An indicative Council Tax increase for 2007/2008 of 5%.
- ii) Prepares options for bridging the 2007/2008 budget gap and submits these to Scrutiny Co-ordinating Committee by the end of September, 2007.

## APPENDIX A

### RESTORATION, CLEANING REPAIRS TO WAR MEMORIALS AT VICTORY SQUARE AND REDHEUGH GARDENS

#### 1. BACKGROUND

- 1.1 This report relates to the condition related elements of the Grade 2 listed war Memorials situated on the Headland within Redheugh Gardens and the Cenotaph situated within Victory Square.
- 1.2 The Headland memorial Winged Victory and associated stonework and plaques are displaying significant levels of patina staining. This patina is considered to be non-protective and will eventually cause significant structural deterioration to the bronze and is aesthetically displeasing. Local ward councillors and residents have expressed a strong desire for restoration of the Winged Victory and associated stonework and plaques. There is strong local interest in the proposal. Consultation on the proposals has taken place with Ward Councillors, residents and combined services representatives.
- 1.3 The Cenotaph situated within Victory Square is now displaying a tired appearance together with surrounding base granite slabs that have displaced. Bronze commemorative plaques require restoration and protection. There is a significant amount of local interest represented by the Combined Services who have been consulted on the proposals.
- 1.4 In order to assess the scale of the problems and the potential for grant aid a Conservation accredited Architect has been appointed to prepare specifications and obtain quotations from experienced Conservators within a competitive environment in accordance with the requirements of the Grants for War Memorials funded by the Wolfson Trust and English Heritage. Grant applications must be submitted by the end of March 2006. The next opportunity will be October 2006. If a March 2006 application is made the results will be announced in June 2006. Works could be undertaken during the summer.
- 1.5 Hartlepool Borough Council's Conservation Officer has also been consulted on and involved in the project proposals. Work on the Headland War Memorial is likely to require listed building consent but that on Victory Square may not.
- 1.6 Initial investigative works have recently been carried out to assess the scale of work to both the Headland Memorial and Victory Square cenotaph initially funded from the responsive maintenance budget for administration properties as the only source of funds available. These works identified urgent stabilisation to secure the long term stability of

the Winged Victory. This work was also funded from the same responsive maintenance budget.

- 1.7 This urgent work was completed prior to Remembrance Sunday in November 2005.
- 1.8 During the stabilisation work traces of previous gilding have been noted to the Headland Winged Victory. Consideration will be required, as part of the overall project consultation, on this aspect of restoration.
- 1.9 An initial consultation process has been carried out prior to submission to Cabinet which involved.
  - St Hilda Ward Councillors
  - Local residents
  - Soldiers Sailors and Air Forces association(SSAFA) Combined Services
  - Conservation Accredited Architect site presentations
- 1.10 More detailed consultations / displays will be arranged as required.

## **2.0 FINANCIAL IMPLICATIONS**

- 2.1 Costs estimates, before potential grant funding of £10,000 per war memorial are:  
Headland Memorial £44,000  
Victory Square Memorial £54,000
- 2.2 There are no specific budgets for the restoration or maintenance of these war memorials in 2005/2006. A funding provision review is required for 2006/2007.

## APPENDIX B

## FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2006/07 TO 2008/09

TABLE 1 - FORECAST CAPITAL RESOURCES 2006/07 TO 2008/09

	Forecast Resources 2006/2007					Forecast Resources 2007/2008 (Provisional)					Forecast Resources 2008/2009 (Provisional)				
	Supported Capital Expenditure (Revenue)	Supported Capital Expenditure (Capital Grant) SCE(C)	Other Capital Funding	Scheme Specific	Total	Supported Capital Expenditure (Revenue)	Supported Capital Expenditure (Capital Grant) SCE(C)	Other Capital Funding	Scheme Specific	Total	Supported Capital Expenditure (Revenue)	Supported Capital Expenditure (Capital Grant) SCE(C)	Other Capital Funding	Scheme Specific	Total
	SCE(R) £'000	£'000	£'000	£'000	£'000	SCE(R) £'000	£'000	£'000	£'000	£'000	SCE(R) £'000	£'000	£'000	£'000	£'000
<b>Supported Service Specific Allocations</b>															
- Local Transport Plan	2,094				2,094	2,042				2,042	2,024	0			2,024
- Children's Services	419	2,215			2,634	413	2,298			2,711	413	2,298			2,711
- Adult Social Services	206				206	208				208	208				208
Total Supported Service Specific Allocations	2,719	2,215	0	0	4,934	2,663	2,298	0	0	4,961	2,645	2,298	0	0	4,943
<b>Unsupported Corporate Prudential Borrowing</b>															
Community Safety Strategy			150		150			150		150			150		150
Neighbourhood Forum Minor Works Allocation			156		156			156		156			156		156
Enhanced Recycling			610		610										0
Civic Centre			1,900		1,900			1,000		1,000			0		0
Disabled Access Adaptations			50		50			50		50			50		50
Development of Grayfields			140		140										0
Refurbishment of War Memorials			98		98								0		0
Redevelopment Headland Town Square			105		105										0
Capital Contingency			657		657								0		0
Replacement of Mill House			0		0								3,000		3,000
	0	0	3,866	0	3,866	0	0	1,356	0	1,356	0	0	3,356	0	3,356
<b>Unsupported Departmental Prudential Borrowing</b>															
Contact Centre			1,000		1,000										
Replacement Wheelie Bins			45		45	0			45	45	0			45	45
IT Strategy			500		500										
Joseph Rowntree Development			750		750										
Vehicle Procurement			1,130		1,130	0			1,100	1,100	0			1,000	1,000
	0	0	3,425	0	3,425	0	0	0	1,145	1,145	0	0	0	1,045	1,045
<b>Usable Capital Receipts and RCCO</b>															
Education Planned Maintenance				580	580				597	597				615	615
Other - Net Target for Year (100% usable)			0		0	0		0		0	0		0		0
	0	0	0	580	580	0	0	0	597	597	0	0	0	615	615
<b>Specifically Funded Schemes</b>															
SRB 3 - North Hartlepool Partnership				957	957										
NDC				2,820	2,820				1,986	1,986				1,361	1,361
Integrated Children's Services				32	32				43	43				0	0
Youth Capital Fund				50	50				50	50					
Housing Market Renewal				1,375	1,375				4,375	4,375					
Housing SHIP				1,720	1,720				1,105	1,105				1,105	1,105
General Sure Start Grant				1,025	1,025					0					0
Extra Care Housing				5,900	5,900					0					0
Disabled Facilities Grant (DFG)				250	250				250	250				250	250
	0	0	0	14,129	14,129	0	0	0	7,809	7,809	0	0	0	2,716	2,716
Total Forecast Resources	2,719	2,215	7,291	14,709	26,934	2,663	2,298	1,356	9,551	15,868	2,645	2,298	3,356	4,376	12,675

## Notes

1) 2008/09 is outside of Governments current Spending Review period. Therefore, forecasts for this year are more uncertain and for planning purposes it is assumed that Government supported capital expenditure allocations will be in line with the 2007/08 allocations.

**FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2006/07 TO 2008/09**

TABLE 2 - FORECAST CAPITAL EXPENDITURE COMMITMENTS 2006/07 TO 2008/09

	Forecast Expenditure Commitments 2006/2007				Forecast Expenditure Commitments 2007/2008				Forecast Expenditure Commitments 2008/2009			
	Non-Specific £'000	Scheme Specific £'000	Match Funding £'000	Total £'000	Non-Specific £'000	Scheme Specific £'000	Match Funding £'000	Total £'000	Non-Specific £'000	Scheme Specific £'000	Match Funding £'000	Total £'000
<b><u>Specifically Funded Schemes</u></b>												
SRB 3 - North Hartlepool Partnership		957		957				0				0
NDC		2,820		2,820		1,986		1,986		1,361		1,361
Integrated Children's Services		32		32		43		43		0		0
Youth Capital Fund		50		50		50		50		0		0
Housing Market Renewal		1,375		1,375		4,375		4,375		0		0
Housing - SHIP		1,720		1,720		1,105		1,105		1,105		1,105
General Sure Start Grant		1,025		1,025								
Extra Care Housing Grant		5,900		5,900								
Disabled Facilities Grant (DFG)		250		250		250		250		250		250
	0	14,129	0	14,129	0	7,809	0	7,809	0	2,716	0	2,716
<b><u>Misc Schemes</u></b>												
Education Planned Maintenance	580			580	597			597	615			615
Managed Slippage from previous financial year				0	0			0	0			0
	580	0	0	580	597	0	0	597	615	0	0	615
<b><u>Unsupported Corporate Prudential Borrowing</u></b>												
Community Safety Strategy	150			150	150			150	150			150
Neighbourhood Forum Minor Works Allocation	156			156	156			156	156			156
Enhanced Recycling		610		610				0				0
Civic Centre	0	1,900		1,900	1,000			1,000	0			0
Disabled Access Adaptations	50			50	50			50	50			50
Development of Grayfields		140		140								
Refurbishment of War Memorials		94		94								
Redevelopment Headland Town Square		105		105								
Capital Contingency	561			657								
Replacement of Mill House				0	0			0	3,000			3,000
	917	2,849	0	3,866	1,356	0	0	1,356	3,356	0	0	3,356
<b><u>Unsupported Departmental Prudential Borrowing</u></b>												
Contact Centre		1,000		1,000								
Replacement Wheelie Bins		45		45		45		45		45		45
IT Strategy		500		500								
Joseph Rowntree Development		750		750								
Vehicle Procurement		1,130		1,130		1,100		1,100		1,000		1,000
	0	3,425	0	3,425	0	1,145	0	1,145	0	1,045	0	1,045
<b><u>Supported Service Specific Priorities</u></b>												
Local Transport Plan	2,094			2,094	2,042			2,042	2,024			2,024
Children Services	419	2,215		2,634	413	2,298		2,711	413	2,298		2,711
Adult Social Services	206			206	208			208	208			208
	2,719	2,215	0	4,934	2,663	2,298	0	4,961	2,645	2,298	0	4,943
Total Forecast Commitments	4,216	22,618	0	26,934	4,616	11,252	0	15,868	6,616	6,059	0	12,675



**Prudential Indicators 2005/06 to 2008/09****Appendix C****1 Estimates of the Incremental Impact of Capital Decisions on Council Tax**

This indicator is expressed in terms of the additional Council Tax at Band D tax, of the proposed capital programme.

The gross capital financing budget has been used in determining this estimate and ratio of financing to net revenue stream, it is assumed that the interest receivable remains constant on an annual basis.

2005/06 Revised Estimate £		2006/2007 Estimate £	2007/2008 Estimate £	2008/09 Estimate £
12.95	Ratio of Financing costs to net revenue decisions on Council Tax	3.15	2.77	2.86

The reduction in the ratio is the result of changes to the local government funding system.

**2 Estimates of Ratio of Financing Costs to Net Revenue Stream**

This indicator shows the proportion of the total annual revenue budget that is funded by the local tax payer and Central Government, which is spent on servicing debt. The upwards trend reflects the increasing costs associated with each years capital expenditure, and the replacement of operating leases with borrowing.

Estimates of the ratio of costs of servicing debt against the net revenue stream for the current and future years that are recommended for approval.

2005/2006 Revised Estimate £'000		2006/2007 Estimate £'000	2007/2008 Estimate £'000	2008/09 Estimate £'000
4.63%	Ratio of Financing Costs to Net Revenue Stream	4.62%	4.91%	4.91%

**3 Estimates of Capital Expenditure**

These estimates show the proposed capital expenditure programme for the forthcoming three years in addition to the current years capital programme.

2005/2006 Revised Estimate £'000		2006/2007 Estimate £'000	2007/2008 Estimate £'000	2008/09 Estimate £'000
33,646	Capital Expenditure	26,934	15,868	12,675

#### 4 Estimates of Capital Expenditure Financed from Borrowing

These estimates show the borrowing required to finance the capital expenditure programme for the forthcoming three years and the current years capital programme.

2005/2006 Revised Estimate £'000		2006/2007 Estimate £'000	2007/2008 Estimate £'000	2008/09 Estimate £'000
12,371	Capital Expenditure Financed from Borrowing	10,010	5,164	7,046

The reduced level of borrowing is owing to Housing borrowing approvals being replaced by central government grant funding.

#### 4 Estimates of Capital Financing Requirement (CFR)

The CFR is used to determine the minimum annual revenue charge for capital expenditure repayments (net of interest). It is calculated from the Authority's Balance sheet, and is shown below. Forecasts for future years are directly influenced by the capital expenditure decisions taken, and the actual amount of revenue that is set aside to repay debt.

2005/2006 Revised Estimate £'000		2006/2007 Estimate £'000	2007/2008 Estimate £'000	2008/09 Estimate £'000
74,840	Capital Financing Requirement	81,123	82,200	85,083

#### 5 Authorised Limit for External Debt

The authorised limit determines the maximum amount the authority may borrow at any one time, and the levels for each forthcoming year are detailed below. The authorised limit covers both long term borrowing for capital purposes and borrowing for short term cashflow requirements. The authorised limit is set above the operational boundary to provide sufficient headroom for operational management and unusual cash movements.

2005/2006 Revised Estimate £'000		2006/2007 Estimate £'000	2007/2008 Estimate £'000	2008/09 Estimate £'000
95,000	Authorised limit for external debt	105,000	115,000	125,000

#### 6 Operational Boundary for External Debt

The operational boundary is the most likely prudent, but not worst case scenario, level of borrowing without the additional headroom included within the authorised limit. The level is set so that any sustained breaches serve as an early warning that the Authority is in danger of overspending or failing to achieve income targets, and gives sufficient time to take any appropriate corrective action.

2005/2006 Revised Estimate £'000		2006/2007 Estimate £'000	2007/2008 Estimate £'000	2008/09 Estimate £'000
85,000	Operational limit for external debt	95,000	110,000	125,000

## 7 Actual External Debt

This level of debt is taken from the Council's balance sheet and for the financial year 2004/2005 it was £54,086,000 (2003/04 £63,065,000)

## 8 Treasury Management Code of Practice

The Council has adopted the CIFPA Code of Practice for Treasury Management. The detailed 2005/06 Treasury Management Strategy will be reported to the Finance Portfolio holder on 14th, March 2006. An overview of the proposed strategy is detailed in the main body of this report.

## 9 Interest Rate Exposures

This indicator is designed to reflect the risk associated with both fixed and variable rates of interest, but must be flexible enough to allow the Authority to make best use of any borrowing opportunities.

The upper limits for exposure to both fixed and variable interest rates are expressed in percentage terms and are set for the forthcoming three years at

2005/2006 Revised Estimate £'000	Upper limits on fixed and variable interest rate exposure	2006/2007 Estimate £'000	2007/2008 Estimate £'000	2008/09 Estimate £'000
100%	Fixed Rates	100%	100%	100%
100%	Variable Rates	20%	20%	20%

## 10 Maturity Structure of Borrowing

This indicator is designed to reflect and minimise the situation whereby the authority has a large repayment of debt needing to be replaced at a time of uncertainty over interest rates, but as with the indicator above, it must also be flexible enough to allow the authority to take advantage of any borrowing opportunities.

The limits on the amount of projected fixed rate borrowing maturing in each of the following period is expressed as a percentage of the total projected fixed rate borrowing.

	Upper Limit	Lower Limit
under 12 months	20%	0%
12 months and within 24 months	20%	0%
24 months and within 5 years	20%	0%
5 years and within 10 years	30%	0%
10 years and above	100%	20%

## 11 Estimated Net Borrowing

This shows the net of long and short term borrowing and investments.

2005/2006 Revised Estimate £'000		2006/2007 Estimate £'000	2007/2008 Estimate £'000	2008/09 Estimate £'000
32,749	Estimated Net Borrowing	45,893	50,309	55,763

## **SUMMARY OF CHANGES TO LOCAL GOVERNMENT FUNDING SYSTEM FROM 1<sup>ST</sup> APRIL, 2006**

Details of the changes to the Local Government funding system and key factors of the national settlement were reported to Cabinet on 19<sup>th</sup> December, 2005, as set out in the following paragraphs:

- **New Funding System**

Following detailed consultation over the summer the Government have determined to implement a new funding system for Local Government. The Government's reasons for this change were set out in a statement by the Local Government Minister to Parliament on 5<sup>th</sup> December, 2005, as follows:

### **Extract from Statement to Parliament – Grant Distribution System**

"It is also high time we overhauled the system we use to distribute the formula grant. For over twenty years successive Governments have used a system based on notional figures for spending and local taxation. In the 1990s, the Government described the old Standard Spending Assessments as "intended to represent the amount which it would be appropriate for the receiving Authority to calculate as its budget requirement".

But we no longer take that view. The formula is simply a means of distributing Government Grant. Notional spending and taxation figures are nonetheless still being misunderstood and misused for a variety of purposes, such as spending or tax targets, for which they were neither intended nor suitable.

Such notional figures get in the way of sensible budget setting – because Councils treat them as targets or going rates – and they get in the way of a more mature relationship with Local Government on doing business together. What I am proposing is a system that deals in an honest currency – cash grant – not fanciful assumptions about spending.

I accept that most responses to consultation were against our consultation proposal along these lines. However, the arguments supporting this position were not strong. Many stated that the new system would be more complex or use more judgement than the existing system; neither is the case.

The new system will retain the strengths of the old. It will continue to take account of the relative needs of an area and the relative ability of Councils' areas to raise Council Tax. There will be an element of grant that is distributed on a per head basis; and there will be a grant floor".

BUT the dampening mechanism jeopardises this and certainly penalises Hartlepool – whilst dampening can be understood and agreed to in the

short-term to give authorities time to adjust, it is wholly unacceptable where this increases over time, further penalising Hartlepool to the betterment of other Councils in more affluent areas.

The new grant distribution system has been referred to as the “four block” model because it is built upon four elements:

i) **Relative Needs Block**

This block is based on formulae, the Relative Needs Formulae (RNFs) which are similar in structure to the previous formula spending shares. The RNFs are designed to reflect the relative needs of individual authorities in providing service. They are not intended to measure the actual amount needed by an individual Authority to provide service.

The formula for each specific service is built on a basic amount per client; plus additional tops up to reflect local circumstances. The biggest top ups are provided for deprivation and area costs.

Individual authorities RNFs are expressed as a ratio of the total RNF, rather than as a monetary value as used under the old system.

This block allocates 60% of the available national resources.

ii) **Relative Resource Amount**

This block is a negative figure and it takes account of an individual Authority's ability to raise income locally from Council Tax. The block recognises the difference in the amount of local income, which individual Councils have the potential to raise. This is done by looking at authorities Council Tax base.

For authorities with a low tax base, such as Hartlepool, this adjustment is lower than for areas with a high tax base.

iii) **Central Allocation**

After taking account of the detailed needs and relative resources of local authorities, there is still an amount of money left in the overall grant pot. This amount is allocated on a per head basis.

iv) **Floor Damping Block**

The Government provides protection to individual authorities from detrimental grant changes by guaranteeing minimum grant increases, known as “floor” increases. The “floor” increases are funded by top slicing the grant allocated to all authorities above the floor. This mechanism is the same as the previous grant distribution system. However, one benefit of the new system is that they now become clear and explicit.

• **Total Support for Council Services**

Previous announcements by the Government indicated that the grant settlements for the next two years would be extremely tight. Total grant was anticipated to increase by 1.5% in 2006/2007 and 3.3% in 2007/2008. The Local Government Association and individual authorities had argued that this was insufficient to meet the significant pressures from rising costs of legislative and policy demands and demographic trends. Therefore, without additional funding it was argued that significant Council Tax increases and/or service rules would be required.

The Government have listened to these concerns as the actual settlement is better than previously forecast. The settlement provides an additional £305 million in 2006/2007 and £508 million in 2007/2008 to help keep Council Tax down. This equates to a grant increases of 3% in 2006/2007 and 3.8% in 2007/2008. The following table summarises the average increase in different areas: -

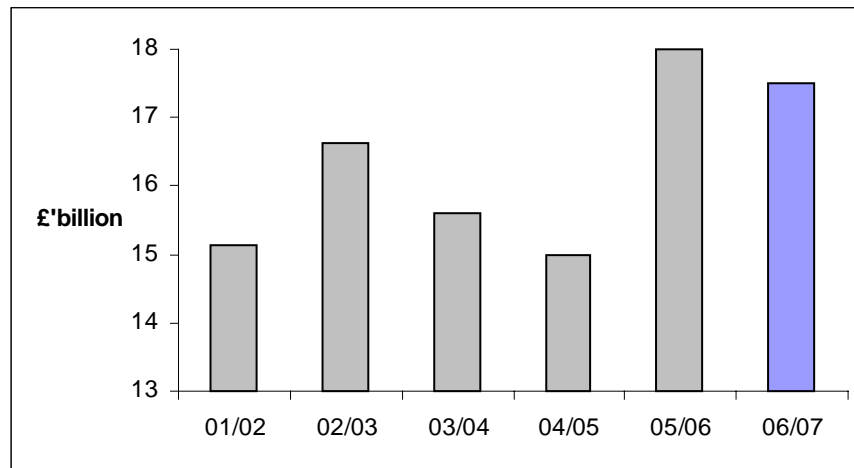
<b><u>Government Office Region</u></b>	<b><u>2006/2007</u></b>	<b><u>2007/2008</u></b>
South West	3.3%	4.2%
South East	3.1%	3.4%
London	2.7%	3.5%
Eastern	3.5%	4.1%
East Midlands	3.6%	4.5%
West Midlands	3.0%	4.0%
Yorkshire & Humber	2.8%	3.6%
North East	2.7%	3.5%
North West	2.9%	3.8%

The Government have calculated the above increase by restating the 2005/2006 base figures to provide a "like for like" comparison. These changes take account of the following issues:

- specific grants which have been mainstreamed;
- the introduction of the Dedicated Schools Grant; and
- the implementation of a new grant distribution system.

These changes mask the underlining benefits of new grant system for Hartlepool, as detailed in the following section.

The overall grant settlement includes Redistributed Business Rates of £17.5 billion, this amount will be maintained in 2007/08 and the additional support in this year will be provided through an increase in Revenue Support Grant. This compares to the £18 billion, which was provided in 2005/2006 to keep Council Tax levels down. Trends over the last six years are summarised below:



- **Concessionary Fares**

At a national level the Government have, as previously announced by the Chancellor, provided £350 million towards the cost of introducing a free concessionary fare scheme. As anticipated it is not possible to determine how much has been allocated to individual authorities.

- **LABGI Scheme (Local Authority Business Growth Incentives)**

Under this scheme local authorities retain a proportion of increased business rates generated locally. The amount the Council will retain is uncertain, as is the date when this amount will be announced by the ODPM. It is therefore suggested that this income be earmarked to support the 2007/08 budget, as the 2006/07 budget proposal is already supported by a significant amount of temporary funding.

- **Introduction of Three-Year Grant Settlement**

As previously reported the Government has now announced the first multi-year grant settlement for Councils. This first settlement will only cover two years; 2006/2007 and 2007/2008, thereafter settlements will cover three years.

## SCHEDULE 1 - SUMMARY OF 2006/07 BUDGET PRESSURES WHICH IT IS SUGGESTED BE FUNDED

	2006/07 £'000	2007/08 £'000	Comments
<b>Adult Services Portfolio</b>			
Assessment & Care Management	150	155	Demographic demand and increase in number of people supported at home.
Learning Disabilities Purchasing (demography)	400	412	Demographic demand.
Learning Disabilities Purchasing (fees)	120	124	
Physical Disabilities (fees)	120	124	
Environmental Standards	5	5	Climate Change strategy.
Env Standards	15	15	Cemetery drains - root maintenance.
Access and Systems Capacity	79	104	Grant mainstreamed.
	889	938	
<b>Culture, Housing &amp; Transportation Portfolio</b>			
Arts, Events & Museums	20	21	Income Gap Historic Quay
Countryside	10	10	Contract payments to replace NACRO input.
Loss income on TDC reserve used for HQ deficit	70	70	
	100	101	
<b>Performance Management</b>			
Accommodation - Energy Costs	180	185	Increase in global energy costs.
Contact Centre	13	50	2006/07 pressure reduced from £50, 000, but full amount needed 07/08
Corp Strategy & Public Consultation	8	8	
	201	244	
<b>Regeneration &amp; Liveability Portfolio</b>			
Environment - Bulky Waste	20	21	Funds continuation of existing service
Cont. towards TVR re. Victoria Harbour	50	52	Contribution towards cost of delivery team.
	70	72	
<b>Children's Services Portfolio</b>			
Home to School Transport	140	144	2006/07 pressure reduced from £180,000
Children with Disabilities	30	31	Staffing ratio pressure and small increase in direct payments
Young People's Service	50	52	Assumes pressure £220,000 reduced from cuts £170,000 detailed on schedule 3.
Raising Educational Achievement	80	82	Inflation not provided by DfES on grant programmes and shortfall in SIP funding.
Special Needs Services	177	182	Loss income from use HBC services and increased cost Independent school fees.
Use of Education Reserves	140	144	Replacement of temporary funding used in 2005/06 to balance budget.
Community Facilities on School Sites	30	31	
	647	666	
<b>Corporate</b>			
Contingency	2,000	2,060	(Covers Older People Purchasing, Concessionary Fares and ongoing Equal Pay Costs)
Prudential Borrowing - Contact Centre	100	100	Will be covered by specific efficiency saving.
Prudential Borrowing - Other Capital Issues	100	100	Note 1
	2,200	2,260	
<b>Total</b>	4,107	4,281	

1) This provision is partly committed to meet the repayment costs of using prudential borrowing for following initiatives. The uncommitted balance provides some flexibility to deal with minor capital issues which might arise in 2006/07.

	Revenue cost £'000	Capital Cost £'000
<b>Items approved by Council during 2005/06</b>		
Coronation Drive Site Investigation	10	100
Headland Town Square Development	10	105
Contribution towards Grayfields development	14	140
<b>Items identified during 2006/07 budget process</b>		
Headland Town Square Archaeology costs	9	90
Headland War Memorial	9	98
	52	533



SCHEDULE 2 - SUMMARY OF 2006/07 BUDGET PRIORITIES WHICH ITS IS SUGGESTED BE FUNDED

	2006/07 £'000	2007/08 £'000	Suggested Ranking	Comment
<b><u>Regeneration &amp; Liveability Portfolio</u></b>				
Economic Development	100	309	1	Withdrawal grant funding
	100	309		
<b><u>Adult Services Portfolio</u></b>				
Environmental Standards	28	29	2	Loss grant funding for Healthy food initiatives.
	28	29		
<b><u>Regeneration &amp; Liveability Portfolio</u></b>				
Environment - Bulky Waste	100	103	3	Extension of service.
Economic Development - promotion of tourism/business	80	82	4	Increase need to market Hartlepool.
Landscape & Conservation	50	52	5	Introduction of conservation grants scheme.
	230	237		
<b><u>Performance Management</u></b>				
Corp Strategy & Public Consultation	28	29	7	Increase support for scrutiny function.
	28	29		
<b>Sub Total</b>	386	604		

SCHEDULE 3 - SUMMARY OF 2006/07 BUDGET PRESSURES WHICH IT IS SUGGESTED ARE NOT FUNDED

	Maximum £'000	Comments
<b><u>Adult Services Portfolio</u></b>		
Learning Disabilities Support	70	Pressure traded off to prevent cut
	70	
<b><u>Culture, Housing &amp; Transportation Portfolio</u></b>		
Highways Services	35	Accommodate within mainstream budget/reduce SHM
	35	
<b><u>Regeneration &amp; Liveability Portfolio</u></b>		
Environment - Alternative weekly collection	100	Revision of recycling may remove need for cost.
Environment - Shuttle Service	30	Revision of recycling may remove need for cost.
	130	
<b><u>Finance Portfolio</u></b>		
Municipal Elections	30	Not in bill
	30	
<b><u>Children's Services Portfolio</u></b>		
A2L	40	One off costs to fund from 05/06 outturn
Young People's Service (first reduction)	40	
Admissions	12	
Young People's Service (second reduction)	30	Young People's Service Cumulative reduction £70,000
Youth Service/Connexions	45	AS to check
Youth Justice Team	30	
Young People's Service (third reduction)	30	Young People's Service Cumulative reduction £100,000
Young People's Service (fourth reduction)	70	Young People's Service Cumulative reduction £170,000
	297	
<b>Total</b>	562	

SCHEDULE 4 - SUMMARY OF 2006/07 BUDGET PRIORITIES WHICH IS SUGGESTED ARE NOT FUNDED

	Maximum £'000	Comments
<b><u>Culture, Housing &amp; Transportation Portfolio</u></b>		
Archaeology	2	Pressure traded off to prevent cut
Libraries	14	Pressure traded off to prevent cut
Highways & Transportation	60	Travel Plan issues
Housing Retained Services	60	
	136	
<b><u>Regeneration &amp; Liveability Portfolio</u></b>		
Environment - Navigation Point	30	Pressure funded from P&D income & adoption agreement
Town Care Management	37	
	67	
<b><u>Performance Management</u></b>		
Estates Management - War Memorial	40	One off - fund capital programme or 05/06 outturn strategy
Public Relations	17	Not needed until 2007/08
Personnel Health & Safety	20	
	77	
<b><u>Children's Services Portfolio</u></b>		
NRF	450	NRF funding ends - potential redundancy in schools
	450	
<b>Total</b>	730	

	2005/2006 PROJECTED BUDGET	2006/2007 PROJECTED BUDGET	2007/2008 PROJECTED BUDGET	DETAILED BUDGET PAGE COLOUR
	£m.	£m.	£m.	
<b><u>DEPARTMENTAL REQUIREMENTS</u></b>				
Children's Services- DSG	51.482	54.814	57.856	Yellow
Children's Services- LEA	5.108	5.299	5.458	Yellow
Children's Services- C Services/ S Services	10.481	10.831	11.156	Yellow
Neighbourhood Services	13.563	14.127	14.561	Green
Regeneration & Planning	3.392	3.516	3.621	Blue
Resources	4.012	4.171	4.297	Pink
Resources: Rent Allowances/C.Tax benefit not subsidised	1.180	1.216	1.252	Pink
External Finance - Rent Allowances Grant	(1.030)	(1.061)	(1.093)	Pink
Adult Services - SS Revenue expenditure	18.974	19.624	20.213	Beige
Adult Services - CS Revenue expenditure	6.120	6.339	6.529	Beige
Social Services - Care Home Fees	0.370	0.381	0.381	Beige
<b>TOTAL BOARD REQUIREMENTS</b>	<b>113.652</b>	<b>119.257</b>	<b>124.231</b>	
<b><u>EXTERNAL REQUIREMENTS</u></b>				
Magistrates, Probation and Coroners Court	0.158	0.168	0.178	
North Eastern Sea Fisheries Levy	0.018	0.019	0.019	
Flood Defence Levy	0.030	0.031	0.032	
Discretionary NNDR Relief	0.031	0.031	0.032	
<b><u>CORPORATE COMMITMENTS</u></b>				
I.T.	2.355	2.426	2.499	
Audit Fees	0.310	0.319	0.329	
Centralised Estimates	6.683	7.167	7.435	
Centralised Estimates saving	(0.180)	(0.040)	(0.040)	
Centralised Estimates Saving identified to fund SSD growth	(0.050)	(0.050)	(0.050)	
Insurances	0.345	0.353	0.360	
Insurance Credit	(0.160)	0.000	0.000	
Designated Authority Costs	0.315	0.371	0.382	
Pensions	0.424	0.437	0.450	
Members Allowances	0.318	0.328	0.338	
Mayoral Allowance	0.069	0.071	0.073	
Archive Service	0.007	0.007	0.007	
Emergency Planning	0.091	0.094	0.097	
<b><u>NEW PRESSURES</u></b>				
Increased Employers Pension Contributions	0.000	0.000	0.426	
Prudential Borrowing Costs	0.170	0.300	0.300	
Housing Stock Transfer Costs/Loss external income	0.330	0.573	0.589	
Contingency	0.020	0.021	0.021	
Housing Market Renewal Support	0.041	0.042	0.043	
Planning Delivery Grant terminated	0.000	0.150	0.154	
Contribution to Tees Valley Regeneration	0.000	0.050	0.050	
Support for Major Tourist Attraction	0.052	0.053	0.055	
Supporting People Pressure	0.400	0.400	0.400	
Extension of Recycling	0.000	0.110	0.110	
Strategic Contingency (note 1)	0.100	0.750	0.900	
2006/07 Budget Pressures	0.000	4.107	4.281	
2006/07 Budget Priorities	0.000	0.386	0.604	
2006/07 Mainstreamed grant (note 2)	0.000	0.527	0.543	
2006/07 Terminated Grants (note 3)	0.000	0.240	0.248	
2007/08 Budget Pressures	0.000	0.000	1.020	
2007/08 Mainstreamed grant	0.000	0.000	0.014	
<b>COUNCIL BUDGET REQUIREMENT</b>	<b>125.531</b>	<b>138.698</b>	<b>146.130</b>	
PARISHES PRECEPTS	0.019	0.020	0.021	
CONTRIBUTION FROM FBR RESERVE	(1.000)	(1.000)	(1.000)	
DEBT RESCHEDULING SAVING	(1.000)	(1.000)	(1.000)	
CONT. TO / (FROM) RTB INCOME RESERVE	(1.000)	(1.000)	(1.000)	
CONT. TO / (FROM) 2003/04 BUDGET SUPPORT FUND	(0.300)	0.000	0.000	
CONT. TO / (FROM) 2005/06 BUDGET SUPPORT FUND	0.400	(0.400)	0.000	
<b>GROSS BASE BUDGET REQUIREMENT</b>	<b>122.650</b>	<b>135.318</b>	<b>143.151</b>	
<b>Council Tax Percentage Increase</b>	<b>4.9%</b>	<b>0.0%</b>	<b>0.0%</b>	
Council Tax - base income	31.654	31.654	31.654	
Council Tax - reduction in non collection and inc. in tax base	0.000	0.250	0.250	
DSG	0.000	54.814	57.856	
External Finance - Revenue Support Grant	60.511	6.735	43.181	
External Finance - Redistributed Business Rates	30.045	35.081	0.000	
Total External Finance	90.556	96.630	101.037	
Collection Fund Surplus	0.440	0.200	0.200	
<b>BUDGET LIMIT</b>	<b>122.650</b>	<b>128.734</b>	<b>133.141</b>	
<b>GROSS DEFICIT/(SURPLUS) - Note 4</b>	<b>(0.000)</b>	<b>6.584</b>	<b>10.010</b>	

1) Strategic Contingency (details of total available per year)

	<u>2006/07</u>	<u>2007/08</u>
	<u>£'000</u>	<u>£'000</u>
Single Status	500	500
Civic Centre Maintenance (Prudential Borrowing provision)	200	300
Youth Service FSS	50	100
	750	900

2) 2006/07 Mainstreamed grant

	<u>2006/07</u>	<u>2007/08</u>
	<u>£'000</u>	<u>£'000</u>
Residential Allowances	501	516
Preserved Rights	23	24
Teachers Pay Grant (LEA employed staff)	3	3
	527	543

A further £14,000 of Preserved Rights grant will be mainstreamed in 2007/08, and this is shown separately in the overall budget summary.

3) 2006/07 Terminated Grants

	<u>2006/07</u>	<u>2007/08</u>
	<u>£'000</u>	<u>£'000</u>
Teenage Pregnancy grant	56	58
Safeguarding Children	184	190
	240	248

4) These figures show the gross deficit before taking account of the measures detailed in paragraphs 12.2 and 12.3 and of an increase in Council Tax and/or implementing service cuts.

## APPENDIX G

**SUMMARY OF PROPOSED SAVINGS AT 5%**

	Target	Proposed savings to be achieved from		
		Efficiency	Saving	Total
	£'000	£'000	£'000	£'000
Children's Services	737	75	665	740
Adult and Community Services	1271	477	793	1270
Regeneration and Planning	168	85	43	128
Neighbourhood Services	676	310	372	682
Chief Executives	273	195	75	270
	3125	1142	1948	3090

## SUMMARY OF POTENTIAL SAVINGS AND REDUCTIONS IN SERVICE LEVELS

## CHILDREN'S SERVICES

## APPENDIX G

Budget Heading	Description of Efficiency/Saving	Risk Assessment of implementing efficiency/saving	Impact of efficiency/saving on staffing levels	Value of efficiency/saving £'000	Description of One off cost of achieving efficiency/saving	One off cost of achieving efficiency/saving £'000
<b>A. Requirement to save £60k on restructure costs.</b>						
1. Strategic Management 22382	E	Non-filling of vacant post on new structure. Risk of unmet needs emerging as structure settles. Post was to be used partly to research availability of external grants, so potential loss of new income sources.	One post: Finance Officer PO1 (vacant)	32	None	0
2. Strategic Management 22377	E	Non-filling of vacant post on new structure. Risk of unmet needs emerging as structure settles and potential lack of capacity relating to commissioning.	One post: Review Officer PO1 (part post coded here - rest coded later)	28	None	0
				<b>60</b>		
<b>B. Savings target (additional to restructure saving)</b>						
Strategic Management: Children's Services Restructure 22377	E	Non-filling of vacant post on new structure. Potential risk of unmet service needs emerging as structure settles.	Part Review Officer PO1 (vacant post)	4	None	0
Strategic Management: Planning and Service Integration 22383	E	Non-replacement of shared management trainee: reduction in capacity to respond to new initiatives.	0.5 vacant post	16	None	0
Strategic management: Children's Services restructure - staff 22377	S	Efficiency savings on non-salary budgets (printing, postage, equipment, photocopying, advertising). Some risks as department has not yet operated for a full year to assess need.	None	43	None	0
Other school-related expenditure 22153 Existing premature retirement costs	S	Reduction in pension costs for staff from former authorities (budget reduces naturally over time)	None	55	None	0
22493 Existing premature retirement costs	S	Reduction in provision for residual costs of staff from FE colleges (budget reduces naturally over time)	None	5	None	0
22155 New premature retirement costs	S	Reduction in provision for future payment/pension costs. A potential risk if future restructures result in staff redundancy / retirement. Impact of falling rolls in schools.	None	17	None	0
Strategic Management: New premature retirement costs 22155	S	Further reduction in provision for future redundancy / retirements. A risk with further restructures possible.	None	20	None	0
Strategic Management: New premature retirement costs 22155	E	Third level of reduction in provision for future redundancy / retirements. A risk with further restructures possible.	None	13	None	0

SUMMARY OF POTENTIAL SAVINGS AND REDUCTIONS IN SERVICE LEVELSCHILDREN'S SERVICESAPPENDIX G

Budget Heading	Description of Efficiency/Saving	Risk Assessment of implementing efficiency/saving	Impact of efficiency/saving on staffing levels	Value of efficiency/saving £'000	Description of One off cost of achieving efficiency/saving	One off cost of achieving efficiency/saving £'000
Strategic Management Central Administration 22381	S	Reduction in general administration costs (postage, printing, photocopying, equipment, advertising). Impacts on standards, presentation, profile, morale, efficiency at time former departmental leaflets etc need replacing.	None	20	None	0
Access Asset Management Planning 22458	E	Reduced provision for feasibility studies / consultancy costs in relation to premises issues.	None in Children's Services - potential impact on Property Services	20	None	0
Strategic Management: ICT development 22384	E	Non-filling of vacant post on new structure - risk of unmet needs emerging as structure settles. More difficult to develop more efficient systems of working.	Systems Support Officer Scale 5 x 1 (vacancy)	22	None	0
Strategic Management: ICT development 22384	S	Non-filling of vacant post on new structure. Would reduce ability to develop and maintain new ICT systems and to develop more efficient systems of working.	Principal Systems Support Officer PO1 (vacant post)	33	None	0
Central support costs (unspecified)	S	Currently unspecified because of staff appointment procedures. Possible non-filling of vacant post or adjustment of duties between sections.	Possible deletion of post	22	None	0
Residential and Foster Placements	S	Risk Assessment of implementing saving indicates that cost could increase if additional placements required. This risk needs to be managed from General Fund balances.	None	450	None	0
<b>5% TARGET REACHED</b>				<b>740</b>		

Budget Heading	Description of Efficiency/Saving	Risk Assessment of implementing efficiency/saving	Impact of efficiency/saving on staffing levels	Value of efficiency/saving £'000	Description of One off cost of achieving efficiency/saving	One off cost of achieving efficiency/saving £'000
Support Services - departmental non pay heads	S Deletion of budgets for consultancy support, commissioning, and other non-pay items	Capacity to deal with service developments, change management, etc will be impaired	None	48		
Support Services - interdepartmental recharges	S Deletion of budget for additional work from central departments (HR)	Loss of capacity for workforce development etc	None	28		
Community Services - Arts events and Museums	E Increase income from Borough Hall bar	Uncertainties over demand and sensitivity to price, but facilities and use are expected to rise	None	30		
Community Services - Libraries	E Absorb inflation in book prices using regional procurement developments	Tenders not yet received Book Fund is c£285k	None	10		
Community Services - Sports and Leisure	E Reduce staffing in Health Suite at Mill House Leisure Centre	Increased risk and reduced value to public but comparable to commercial sector operations	2.1 ftes lost, likely to be managed through redeployment and natural wastage	22		
Community Services - Arts, Events and Museum	S Increase hire rates for Town Hall Theatre and Borough Hall theatre	25% increase would lose some community groups, but probably alternative demand	None	15		
Community Services - Parks and Countryside	S Close Summerhill (toilets) at 5.30 on summer evenings	Site will remain open, and centre is relatively lightly used	Seasonal staff would not be appointed	5		
	S Tree Maintenance Contract	Initial maintenance work achieved	None	10		
Adult Social Care - Learning Disability - Older people	S Increase charges to service users Day care meals etc Day care meals etc	These are discretionary charges, but must remain reasonable in relation to costs and ability to pay	None	5 10		
- Older people	S Home care charges	This is an assessed charge, and follows the policy of withdrawing the 'discount' applied to the new policy over a period of years	None	70		
Adult Social Care	S Negotiation of new Supporting People contracts across Adult Social Care		None	260		
Adult Social Care - Assessment and care Management - Mental health - Older people - Older people - Older people	S Reductions linked to higher eligibility threshold Equipment for disabilities Preventative services and advocacy Mobile Meals Service subsidy Anchor Community Support LD Support Team	Known budgetary pressure area Prevention is govt priority, and has a long term payback		60 20 25 60 60		
Adult Social care - Older people	E Absorb demographic pressure on residential placements and long term home care through intensive intermediate care	There is pressure on budgets from supply side (fee negotiations) and demand side demography) It is thought that the latter is being countered by improved practice and rapid response support following discharge, falls etc. However other factors bearing on demand may make achieving this saving difficult to sustain	None	240		
Adult Social Care - Older people	E Absorb pressure caused by reduction in Access and Capacity Grant through tighter control of placements and spending.	Increased pressure on staff and on community based provision.	None	190		



Budget Heading	Description of Efficiency/Saving	Risk Assessment of implementing efficiency/saving	Impact of efficiency/saving on staffing levels	Value of efficiency/saving £'000	Description of One off cost of achieving efficiency/saving	One off cost of achieving efficiency/saving £'000
Community Services - Libraries	S Close a branch library - eg Foggy Furze?	Library standards expect branches within easy reach of all residents - could be affected depending on branch closed. Drop in satisfaction levels in BVPI could affect CPA rating	Up to 3 ftes at risk, but would hope to absorb the staff elsewhere	65	Possible redundancy costs Security cost for vacant building	
Community Services - Sport and Recreation	S Close Eldon Grove Leisure Centre and potentially develop enhanced service from Brierton school	Full business case has not been worked up or negotiated with interested parties Could create availability problems at peak times	Up to 3.3 ftes at risk, may involve some redundancies, depending on arrangements with Brierton (Part Year Effect)	27	Possible redundancy costs Security cost for vacant building	
Community Services Community Support	S Development Fund	Non -Specific funding reduced on two individual schemes	Vacancy on staffing exists	10		
			5% subtotal	1270		

Budget Heading	Description of Efficiency/Saving	Risk Assessment of implementing efficiency/saving	Impact of efficiency/saving on staffing levels	Value of efficiency/saving £'000	Description of One off cost of achieving efficiency/saving	One off cost of achieving efficiency/saving £'000
Development Control	<b>E</b> - National fee increases introduced on 1.4.05 and relatively high numbers of applications compared with previous years. No increase in processing staff and targets and ODPM expectations met	Revised fee target is based on current income levels. This is a volatile budget that could be subject to a fall in income particularly if economic conditions become unfavourable. Any shortfall against the target would have to be managed by in year or future years savings elsewhere in the department's budget. Given the economic & property cycle a significant element of risk is involved in achieving the full amount identified.	None	60	None	0
Landscape Planning	<b>S</b> - Review of charging for the graphics design service	A small additional amount of income could potentially be generated by reviewing charges made for work done by the graphics design officer for other departments and partners. Quality of work produced may suffer affecting Council's & Hartlepool's image.	None	10	None	0
Community Safety	<b>E</b> - Contribution to mediation service	A modest unbudgeted income amount is currently being generated from Housing Hartlepool. This arrangement still needs to be formalised and achievement is uncertain.	None	10	None	0
Economic Development	<b>S</b> - Contribution to sub regional partnerships	A saving has been generated because of the revised arrangements following the merger of TVDC/TVR, though pressures elsewhere in sub-regional budgets eg LDF related work are unavoidable.	None	13	None	0
Youth Offending	<b>E</b> - Contribution from another local authority to share Youth Offending carer provision	Negotiations are ongoing to share access to a youth offending carer which would lead to a financial contribution being received from a neighbouring local authority. Some uncertainty as to whether this will be achieved.	None	15	None	0
Community Safety	<b>S</b> - Renegotiation of Security Contract	Renegotiation of the council's security contract is due to take place. Potential for some savings may exist. If not, a reduced service for a fixed price would have to be negotiated.	None	20	None	0
			5 % savings target	128		

**SUMMARY OF POTENTIAL SAVINGS AND REDUCTIONS IN SERVICE LEVELS**  
**NEIGHBOURHOOD SERVICES**

**APPENDIX G**

Budget Heading	Description of Efficiency/Saving	Risk Assessment of Implementing efficiency/saving	Impact of efficiency/saving on staffing levels	Value of efficiency/saving £'000	Description of one-off cost of achieving efficiency/saving	One-off cost of achieving efficiency/saving £'000
Car Parking <b>(Income increase)</b>	Increase range of charges (Sunday charges and more contract). Higher threshold for issuing PNs	There could be a backlash over the introduction of Sunday charges	None	120	Minimal set up costs (e.g advertising order) accommodate within existing budgets	0
Departmental Overspend <b>(administrative)</b>	Pay off remainder of overspend from balances	Precedent in dealing with overspends.	None	51	None	200
DSO <b>(Administrative/cut/efficiency)</b>	Remove line in budget for DSO	Trading account prices will rise a very small amount across the board putting small pressure on client and trading budgets	None	130	None	0
Environmental Action <b>(Income increase)</b>	Increase in fee income due to more enforcers	There could be public criticism over higher levels of enforcement	None	30	Utilising existing wardens to provide a greater enforcement presence	0
Public Protection fee income <b>(Income increase)</b>	Fees increase	There will be some public and member criticism. Portfolio Holder may not support this	0	20	None	0
Facilities Management <b>(Efficiency – one off)</b>	Remove funding support. (Redeploy into Community Security Contract)	May be difficult to gain acceptance to change of approach to delivery of security	0	40	None	0
3% achieved (almost)				391		

Budget Heading	Description of Efficiency/Saving	Risk Assessment of Implementing efficiency/saving	Impact of efficiency/saving on staffing levels	Value of efficiency/saving £'000	Description of one-off cost of achieving efficiency/saving	One-off cost of achieving efficiency/saving £'000
3% carried forward				391		
Transport, Mileage and Subsistence <b>(efficiency-transport)</b>	Housekeeping and section targets to be established. Set a 5% reduction target	Could be difficult to achieve and there may be staff resistance	0	20	None	0
Reduction in Admin and Support <b>(Saving-ICT/Finance system)</b>	Reduce the departmental admin and support. (Needs to be across the dept not just in the centre)	Corporate management may suffer. (e.g. IIP support/PM etc)	4 ( not identified as yet in the department)	80	Through natural wastage. There are posts which are filled with temporary support but may need part year support to introduce ICT	30
Vehicle Procurement Savings (including short term hire costs) <b>(efficiency-procurement)</b>	Internal housekeeping and possible joint procurement arrangements. Set a 5% reduction target	May be difficult to achieve in 06/07. reduced costs should be passed onto client budgets. Diffcult to administer	0	120	Unknown at this stage but likely to be accommodated within existing resources. May need part year support due to lead in time	60
Reduce Welfare/Community Transport to budget <b>(Cut/part efficiency – transport)</b>	Reduce level of service of find efficiency measure to deliver within budget. (or clients pay from their budgets)	A difficult and sensitive issue. Would assist trading position. Difficult to reflect in revenue budget	0	51	None	0
Consumer Services - Licensing Act <b>(Administrative)</b>	Claims support as central reserve and possible reduction of activity	Gaming legislation is to follow	0	20	Staff resources could be re-deployed into other areas e.g. TS	0
Total (5% achieved)				682		

Budget Heading	Description of Efficiency/Saving	Risk Assessment of implementing efficiency/saving	Impact of efficiency/saving on staffing levels	Value of efficiency/saving £'000	Description of One off cost of achieving efficiency/saving	One off cost of achieving efficiency/saving £'000
<b>Proposals to achieve 5% target of £273,000</b>						
Fraud	<b>E</b> - increase in DWP grant income from increase in fraud detection.	Levels of detected fraud are less than anticipated.	No reductions in staffing levels, although initiative will increase sections workload.	15	None	0
Revenues	<b>E</b> - increase in Council Tax income by reducing number of single person Ctax discounts.	Initiatives is untried and therefore income target cannot be guaranteed. There may also be a marginal adverse impact on in-year Ctax collection rates.	No reductions in staffing levels, although initiative will increase sections workload.	150	Costs of using data enquiries will be covered from saving.	0
Registrars	<b>S</b> - increase in income and reduction in cost base	Non achievement of income target	No reductions in staffing levels	18	None	0
Corporate Strategy and Dem. services	<b>E</b> - reduction in printing and distribution costs across a range of activities	None	None	30		0
Legal	<b>S</b> - Books & Publications - reduce avail able budget	Reduces source material available for research document preparation etc.		2	None	
Legal	<b>S</b> - Increase income by 4% - review range and levels of charging	Increase not achieved		2.5		
Legal	<b>S</b> - Give up part surplus from unfilled post	Unable provide additional support		20	None	
Human Resources/Purchasing	<b>S</b> - Increase income from NEPO	Needs some extension of use of NEPO contracts by Departments		3		
Human Resources/Purchasing	<b>S</b> - Increase income from NEPO	Needs significant extension of use of NEPO contracts by Departments		7		
Human Resources	<b>S</b> - Reduce Postal service within Civic Centre	Urgent post not delivered on time mitigated by depts. making separate arrangements if expecting urgent correspondence	Loss of one Agency employee	17		
Workforce Development & Diversity	<b>S</b> - miscellaneous training savings	May lead to employee dissatisfaction		3		
Human Resources	<b>E</b> - Not responding to unsuccessful candidates		None	2.5		
			Sub total - value of 5% savings	270		

## Appendix H

**SUMMARY OF KEY FINANCIAL ASSUMPTIONS UNDERPINNING THE BUDGET**

<b>Budget Assumption</b>	<b>Financial Standing and Management</b>
The treatment of inflation and interest rates	<p>The forecast resource allocations include annual increases for all areas of 3%. Provision of cost of living pay awards for all staff except teachers, which are funded from individual school allocations, have been provided in line with the agreed three year pay formula.</p> <p>The salary budgets include an allowance for staff turnover based on the level of turnover achieved in previous years. This varies to reflect individual department's specific circumstances.</p> <p>Provision has been made for the 1% increase in the Employers Pension contribution in line with the latest Actuarial valuation.</p> <p>Interest rates for 2006/2007 have been assumed at 4% for investments. During 2005/2006 the majority of the Council's borrowings were converted to fixed rate borrowings between 3.7% to 4.6. On the basis of previous years trends it is anticipated that the net budget for interest costs is prudent. The Council's Treasury Management Strategy details how the Authority will manage interest rate risks to ensure actual costs remain within budget.</p>
Estimate of the level and timing of capital receipts	<p>In 2004/2005 the Council's available capital receipts were earmarked to support existing projects. As expenditure on these projects was delayed until 2005/2006 the resources were reallocated to meet Equal Pay costs of £2m. It was recognised that these resources need to be repaid from future capital receipts from the sale of Briarfields and/or York Road Flatlets/ Benedict's House. As the Briarfields disposal will now not proceed and the disposal of York Road Flatlets/ Benedicts House will not achieve a capital receipts of £2m this repayment cannot be made in full. Therefore, this repayment will need to be made using additional Prudential Borrowing or from the Councils reserves. As this stage it is anticipated that repayment will not need to be made until 2006/2007 as capital expenditure commitments in the current year have been delayed. It is therefore suggested that this issue be addressed as part of the 2007/2008 budget strategy. See main report Para 4.12</p>

The treatment of demand led pressures	Individual Portfolio Holders and Directors are responsible for managing services within the limit of resource allocations and departmental Risk and Strategic Change Provisions. If these resources are inadequate the Council's Managed Under/Overspends Policy provides flexibility to manage the change over more than one financial year. In some key instances it will not be possible in 2006/2007 to absorb some demand pressures and appropriate provision has been included in the budget forecast as detailed in Appendix E.
The treatment of planned efficiency savings/productivity gains	All Directors have a responsibility to deliver services within the approved resource allocations. Where departmental efficiency savings/productivity gains are planned it is the individual Directors responsibility to ensure they are implemented. Any under achievement would be dealt with on a temporary basis through the managed overspend rules until a permanent saving is achieved.
The financial risks inherent in any significant new funding partnerships, major out sourcing arrangements or major capital development	The Council has also submitted a bid for Building Schools for the Future. Members have been appraised of the potential impact of this initiative on the revenue budget if the Council is required to undertake additional borrowing. Although, this will not occur until after 2007/2008 and will be on a phased basis. A strategy has been approved for funding the up front costs of this scheme and provision for the first years costs included in the 2003/2004 outturn strategy.
The availability of other funding to deal with major contingencies and the adequacy of provisions	<p>The Council's approved Managed Underspend and Strategic Risk and Change initiatives are well understood and provide service departments with financial flexibility to manage services more effectively. These arrangements help to avoid calls on the Council's corporate reserves.</p> <p>The Council's insurance arrangements are a balance between external insurance premiums and internal self insurance. The value of the Council's insurance fund has been assessed and is adequate to meet known reserves on outstanding claims.</p>
The strength of financial reporting arrangements and the Authority's track record of budget monitoring	The Council's financial reporting arrangements include the identification of forecast outturns for both revenue and capital areas. These arrangements ensure problems are identified and corrective action taken before the year end, either at departmental or corporate level. This includes the use of Managed Underspends from previous years or temporary corporate funding to enable departments more time to address adverse conditions. These arrangements have worked well and have enabled the Council to strengthen the Balance Sheet over the last few years. In addition, the Council's outturn strategy will address a number of specific issues arising in 2005/2006.

Single Status/Equal Pay Claims	<p>In financial terms the greatest risk facing the Council relates to Equal Pay claims and the implementation of Single Status. The position regarding Equal Pay claims is worse than anticipated following the decision reached by similar cases in other authorities. The Employment Tribunal judgement set a precedent and will increase the level of compensation the Council will need to pay. It is estimated that this will cost up to £2.4m. As these costs were not previously anticipated no funding has been set aside for these costs. As indicated previously it is suggested that the uncommitted reserves identified by Scrutiny Co-ordinating Committee could be allocated to partly fund these costs. It is also suggested that if the actual 2005/2006 outturn is more favourable than currently anticipated that these resources be allocated for Equal Pay costs.</p> <p>The position on Single Status is also uncertain as detailed Job Evaluations and the design of a new pay and grading structure will not be completed until later in the year. The revenue forecasts for 2006/2007 onwards include a provision of £1m to meet these costs. Based on experience in other authorities this amount is unlikely to be adequate. However, different authorities have different work forces and different mixes of internally and externally provided services. Therefore, a detailed costing exercise will need to be completed during 2006/2007 to reflect Hartlepool's specific position. This work will then need to be reflected in the 2007/2008 budget strategy.</p>
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## 2006/07 FINANCIAL RISK MANAGEMENT

### Risk Rating

A simplified version of the Risk Assessment criteria used in the Council's Risk Management Strategy has been used to rank budget risks. This assessment rates risk using the convention of green/amber/red, as defined below, although different levels of risk with each category have not been defined. The risk assessment helps inform the Council's budget monitoring process as it identifies areas that need to be monitored more closely than other budgets. These procedures help ensure that departments can manage budgets and services within the overall departmental resource allocation and the Council's overall financial management framework, which enable departments to establish reserves for significant risks and to carry forward under and over spends between financial years.

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

Green - these are unlikely events which would have a low financial impact.

Amber - these are possible events which would have a noticeable financial impact.

Red - these are almost certain to occur and would have a very significant impact. Provision would need to be made for such events in the budgets.

### EXPENDITURE ITEMS

#### CORPORATE RISKS

Financial Risk	Risk Rating	2006/07 Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Larger than expected pay increases	Green	46,393	34.3%	National cost of living increases for majority of Council's pay groups for the three years commencing 2004/05 have been agreed. This agreement defines fixed percentage increases for 2004/05 and 2005/06. Increase for 2006/07 is 2.95% .

Financial Risk	Risk Rating	2006/07 Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Single Status/Equal Pay Claims	Red	2,400	1.8%	<p>In financial terms the greatest risk facing the Council relates to Equal Pay claims and the implementation of Single Status. The position regarding Equal Pay claims is worse than anticipated following the decision reached by similar cases in other The Employment Tribunal judgement set a precedent and will increase the level of compensation the Council will need to pay up to £2.4m. The Employment Tribunal judgement set a precedent and will increase the level of compensation the Council will need to pay. It is estimated that this will cost up to £2.4m. As these costs were not previously anticipated no funding has been set aside for these costs. As indicated previously it is suggested that the uncommitted reserves identified by Scrutiny Co-ordinating Committee could be allocated to partly offset these costs. Its is also suggested that id the actual 2005/2006 outturn is more favourable than currently anticipated that these resources be allocated for Equal Pay.</p> <p>The position on Single Status is also uncertain as detailed Job Evaluations and the design of a new pay and grading structure will not be completed until later in the year. The revenue forecasts for 2006/2007 onwards include a provision of £1m to meet these costs. Based on experience in other authorities this amount is unlikely to be adequate. However, different authorities have different workforces and different mixes of internally and externally provided services. Therefore, a detailed costing exercise will need to be completed during 2006/2007 to reflect Hartlepool's specific position. This work will then need to be reflected in the 2007/2008 budget strategy.</p>

Financial Risk	Risk Rating	2006/07 Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Higher costs of borrowing and/or lower investment returns	Green	6,027	4.5%	<p>Interest payable on Council's borrowings or interest earned on investments could be higher/lower than forecast.</p> <p>The Treasury Management Strategy details how these risks will be managed and establishes an appropriate framework of controls for managing these risks. This strategy is based upon the CFO's assessment of future interest rates, which is itself supported by the detailed interest rate forecasts and market intelligence provided by the Council's Treasury Management Advisors.</p> <p>Borrowings are more certain after action during 2005/06 to convert variable rate borrowings to fixed rate borrowings. However, investment returns are lower than anticipated.</p>
I.T.	Green	2,426	1.8%	<p>The partnership contract is subject to an inflationary increase that is outside of the Council's control and this, together with the potential for agreed contract changes, mean this budget is subject to potential change in excess of the budget. However based on the contract value and current economic conditions this is not considered to be a significant risk.</p>

Financial Risk	Risk Rating	2006/07 Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Planned Maintenance Budget	Amber	198	0.1%	<p>Much of the Council's building stock is in poor condition and the Corporate Risk Register identifies this as a "red" risk. This includes the Civic Centre, Mill House Leisure Centre and a number of other public buildings. From 2002//03 the Council provided 2.5% real term growth for this budget to start addressing these issues. It was recognised that this would not be sufficient and at some point significant resources would need to be allocated to address these issues. As provision to support Prudential Borrowing to address the issues in relation to Mill House and the Civic Centre has now been made as follows, this risk is assessed as Amber for budget purposes:</p> <p>The 2004/05 to 2005/06 Revenue Budget Strategy includes provision to support phased Prudential Borrowing of £3M over a three year period for the replacement of the Mill House wet side. This provision has been rolled forward in the 2005/06 to 2007/08 Revenue Budget Strategy.</p> <p>The 2005/06 to 2007/08 Revenue Budget Strategy includes provision to support phased Prudential Borrowing of £3M over a three year period for improvements to the Civic Centre.</p>
Management of VAT Partial Exemption position	Amber	375	0.3%	<p>The position will continue to be monitored closely to ensure the VAT Partial Exemption limit is not exceeded. It is not expected that this area will be a problem for 2006/07. The Council has a specific reserves to partly cover this risk and the following item.</p>
Failure to comply with relevant local authority financial legislation/regulations, NI and taxation regulations	Amber	N/A	N/A	<p>The Council will take appropriate steps to ensure it keeps up to date with changing legislation and regulations. There is nothing to indicate that the Council faces any specific material risk in these areas.</p>

Financial Risk	Risk Rating	2006/07 Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Delivery of Planned Savings	Amber	3,090	2.3%	<p>Planned savings include a saving of £0.450m from the reduction of Residential Foster Placements, £0.260m from negotiating Supporting people Contracts, £0.120m increases in Parking income, £0.240m reductions in staffing levels across authority.</p> <p>Detailed savings are identified in Appendix G</p>

#### CHILDREN'S SERVICES

Individual School Budget	Amber	49,255	36.4%	These resources are delegated to individual schools who are then responsible for managing these resources. Schools maintain their own reserves to enable them to manage their financial position over more than one financial year. The Local Authority may need to provide additional support to assist schools that OFSTED has identified as being in difficulty and not meeting the required educational requirements. A provision was made as part of the 2004/05 Outturn Strategy to enable this support to be provided in 2005/06. In addition a Transitional Support Fund is maintained and managed through the Schools Forum, which may be available to assist schools who experience financial difficulties.
Individual Pupils Budget allocated during the year to schools for high level SEN pupils	Amber	1,045	0.8%	The Local Authority retains centrally, by agreement with schools, funding to support pupils with specific educational needs. No specific pressures have been identified for 2006/07 but as this service is needs led there is always a risk that unavoidable costs could arise during the year. New SEN monitoring procedures have been introduced to inform decisions on allocations from this fund.

Financial Risk	Risk Rating	2006/07 Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Transport costs not able to be controlled	Amber	1,346	1.0%	Increases in the contract price from NSD Fleet Management as fuel prices rise. There is currently no formal contract so this is subject to negotiation. The Transport division is proposing to take some cuts, which would mean removing some school routes, which is a significant problem for Children's services. Additional pressures are experienced as taxi companies quote high prices for additions to routes as placements for SEN pupils change and one to one escorts for children with special needs continue to increase. Pressures of £140,000 have been identified for 2006/07 and the introduction of the ringfenced Dedicated Schools Grant prevents the LEA from using school funding to cover pressures in this area. Routes are reviewed to combine journeys where possible but this is not always practical depending on type of need of individual pupils. The Transport review is ongoing and will examine all of the issues but changes will not be possible before September 06, and savings are expected to be reinvested in service improvements e.g. for extended schools.
Schools pulling out of broadband contract	Amber	317	0.2%	Schools expressing dissatisfaction with the broadband provision may seek to claim refunds. The existing agreement is for three years with significant subsidies from the LEA and Northgate investment fund. If schools withdraw, charges will still be payable to Northgate with little or no budget available to do so. Negotiations are taking place with schools and Northgate to identify the scale of the problem and measures to resolve it.
Increased demand in places at independent schools for pupils with high level of SEN	Amber	180	0.1%	The home LEA is responsible for fees at independent special schools, therefore should a family move into the area a budget pressure would result. A budget pressure of £66,000 has been identified in 2006/07 and a provision is held to fund additional pressures in the short term.

Financial Risk	Risk Rating	2006/07 Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Extra District charges and loss of income	Amber	386	0.3%	Charges for pupils from Hartlepool attending special schools in other LEA's may be subject to review resulting in additional costs. In addition pupils from other LEA's who attend special schools in Hartlepool could be moved to a school in their home LEA, resulting in a loss of income to the Council. A budget pressure of £70,000 has been identified for 2006/07 in this area.
Failure to recruit and retain sufficient numbers of staff	Green	653	0.5%	<p>There have been recent problems recruiting and retaining Youth Workers. As well as adversely affecting service delivery and the reputation of the Council, this could result in budget underspends.</p> <p>An increased training and development programme is now underway. This has been combined with regular advertising, a volunteer recruitment programme and a recruitment and retention action plan which includes an exit questionnaire for leavers.</p>
Market Pressures Children Independent Foster Placements	Amber	1,404	1.0%	<p>Foster Care market has become very competitive and breakdown of internal Foster Carer supply has led to children having to be placed with Independent providers.</p> <p>A strategy to recruit Foster Carers and review fee levels should allow movement from Independent placements by the end of 05-06 alleviating some of the financial pressure</p>

Financial Risk	Risk Rating	2006/07 Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
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#### NEIGHBOURHOOD SERVICES

Environment, Environmental Action and Town Care Management	Amber	6,703	5.0%	<p>Loss of LPSA funding creates pressure on the Environmental Action Team Budget pressure on the Street Cleansing Function exists.</p> <p>There are number of legislative changes that having an detrimental impact on this budget. These include the Waste Implementation Programme, Waste Incineration Directive and Waste Acceptance criteria. Pressures of £100k have been identified and it is planned to manage these through the budget management process in conjunction with the Central Finance Department.</p> <p>The implications of the introduction of the LATS scheme has been assessed. It is not expected that this will increase the Council's costs and there is potential to generate income from the sale of surplus permits to other authorities. As this is a new market and the price of permits is not know no provision for such income has been made in the 2006/07 budget. The position will be reviewed during 2006/07</p>
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Financial Risk	Risk Rating	2006/07 Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Property Services and Building Cleaning	Green	516	0.4%	There are risks involved with trading, recharge rates, recovery of overheads and achieving the budgeted level of fee income dependent on the capital programme
Supporting People, Retained Housing Services, Environmental Standards and Consumer Services	Amber	7,100	5.2%	A review of the Supporting People Service Contracts needs to be undertaken. Failure to adequately review this could lead to loss of grant.
Engineers, Traffic and Road Safety, Highways, Highways and Transportation and Transportation.	Amber  Amber  Amber	7,693	5.7%	Budget for highways maintenance insufficient. Will be managed through budgetary control. However continued deterioration of highways may lead to increase in litigation claims. Insufficient funding for coastal protection, will be managed through budgetary control process. Potential for extremely high legal fee's involved with managing the contaminated land identified within the borough. Uncertainty regarding the cost of the new dial-a-ride contract which will start in 2006/07

#### ADULT & COMMUNITY SERVICES

Demographic changes in Older People	Amber	6,154	4.5%	Increasing number of elderly people, percentage of chronic health problems and negotiation of new price formula for residential and nursing care.  Provision in medium term financial plans to minimise impact of increases generated from Independent sector.
Demographic changes in Learning Disability	Amber	927	0.7%	Increasing numbers of people with learning disabilities surviving into adulthood and old-age; expectations of improved quality of life; long-term effect of closure of long-stay hospitals  Investment in medium term identified along with development of alternatives to residential care

Financial Risk	Risk Rating	2006/07 Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Occupational Therapy Equipment	Amber	91	0.1%	Equipment for people with a disability - demand exceeding budget allocation as more people are supported to remain in their own homes. Position will be closely monitored throughout the year.
The Maintenance budget is insufficient to meet service requirements	Amber	251	0.2%	The maintenance budget which covers a large majority of the department's properties has only ever been increased by 'inflation'. This budget has consistently overspent in recent years and is likely to overspend by £30k in 2005-06. It may reach the point where buildings need to close as there is insufficient funding available. The responsible officer works closely with Property Services and is always seeking other funding sources.
Failure to recruit and retain sufficient numbers of staff	Green	119	0.1%	The new Beach Lifeguard season commencing in 2006 contains the risk that insufficient Lifeguards may be employed. As well as adversely affecting service delivery and the reputation of the Council, this could result in budget underspends.  A high profile recruitment campaign is underway.

#### INCOME ITEMS

#### ADULT & COMMUNITY SERVICES

Non-achievement of income targets	Green	1,381	1.0%	The nature of Community Services is such that the majority of income is generated through admissions/usage of the services on offer. If this usage falls below targets then income will be reduced.  Budget forecasts are based on revised charges and trends from previous years which indicate the budget should be achievable. Position will be monitored closely throughout the year.
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Financial Risk	Risk Rating	2006/07 Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
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#### NEIGHBOURHOOD SERVICES

Supporting People, Retained Housing Services, Environmental Standards and Consumer Services	Green	5,308	3.9%	No financial risks identified.
Engineers, Traffic and Road Safety, Highways, Highways and Transportation and Transportation.	Amber	1,939	1.4%	Reduction in car parking usage owing to increase in fees.  Budget forecasts are based on revised charges and actual income achieved in previous years. These trends indicate budget should be achievable. Position will be monitored closely throughout year.

#### REGENERATION AND PLANNING

Fee Income - Planning & Building Control	Amber	2,506	1.9%	Fee income target must be achieved to fund part of the department's expenditure budget. This income cannot be controlled or easily estimated. Achieving the target depends on sufficient numbers/size of applications being received, national economic conditions remaining reasonably favourable to encourage development and in the case of Building Control, the section being able to successfully compete with the private sector.  Prudent estimates taking into account previous income trends, prevailing economic conditions and potential new activity are set for both these areas.
External Funding - Economic Development Service	Amber	564	0.4%	The risk of reduced external funding being received for economic development activity from 2005/6 onwards is almost certain. Potential implications of these reduced resources on the continuation of the service in its present form are seen as significant and regarded as a 'red' risk in the department's operational risk register.

Financial Risk	Risk Rating	2006/07 Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
				Some reserves have been built up over recent years to delay the problem but these will be sufficient only for 2005/06 and the early part of 2006/07. Officers continue to seek new sources of external funding and explore opportunities to develop new external partnering arrangements
Rent Income - Economic Development Service	Green	157	0.1%	Rent income is paid by new/growing businesses in the Brougham Enterprise Centre and Industrial Units. Some risk of non payment and under occupancy exists. The former is addressed through the council's debtor and recovery procedures. The risk of future under occupancy is likely to be reduced once the major investment programme planned for Brougham is completed.

SUMMARY OF SPECIFIC RESERVES

Actual Balance at 31/3/2005 £'000	Fund	Estimated contribution to/(from) Reserve 2005/06 £'000	Estimated Balance at 31/3/2006 £'000	Estimated contribution to/(from) Reserve 2006/07 £'000	Estimated Balance 31/3/2007 £'000	Estimated contribution to/(from) Reserve 2007/08 £'000	Estimated Balance 31/3/2008 £'000	Estimated contribution to/(from) Reserve 2008/09 £'000	Estimated Balance 31/3/2009 £'000	Reason for/purpose of the Reserve	How and when the reserve can be used	Procedures for the reserves management and control
<b>Capital Reserves</b>												
2,028	Capital Funding	(2,028)	0	0	0	0	0		0	This reserve is fully committed to fund rephased capital expenditure.	It is assumed that this reserve will be used in 2005/06. Although if capital expenditure is rephased the reserve will be carried forward to match these commitments.	Through the overall management and control of the capital programme and the annual capital closure process.
1,598	Coastal Defences	0	1,598	0	1,598	0	1,598		1,598		Following Scrutiny Co-ordinating Committee's review of reserves, this reserve is no longer needed and proposals for its usage are detailed in the Budget & Policy Framework Report.	
89	Maritime Av Remedial	0	89	0	89	0	89		89	For road maintenance responsibilities within the Marina inherited from TDC.	Reserve will only be used available if works become necessary.	Ongoing review as issues arise.
3,715	<b>Total Capital Reserves</b>	<b>(2,028)</b>	<b>1,687</b>	<b>0</b>	<b>1,687</b>	<b>0</b>	<b>1,687</b>	<b>0</b>	<b>1,687</b>			
<b>Collection Fund Reserve</b>												
406	Collection Fund Surplus	(406)	0	0	0	0	0		0	Reserve established from increased Council Tax income arising from increase in Tax Base and improved recovery of Council Tax.	Reserve can only be distributed to precepting and billing authorities in proportion to respective precepts on the fund. HBC share of surplus is used to support the Budget by reducing the amount to be funded from Council Tax.	Reserve managed through the overall management and control of the Collection Fund and any surplus (or deficit) is taken into account in the budget setting process.
406	<b>Total Collection Fund Reserve</b>	<b>(406)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>			
<b>Schools Reserves</b>												
3,559	Schools	0	3,559	0	3,559	0	3,559	0	3,559	To enable individual schools to manage their budgets over more than one financial year.	Individual schools determine usage as part of their detailed budget plans. Forecasts for 2005/06 are difficult to determine.	Procedures determined by individual schools. Overall level of balances are monitored by the Children's Services department to ensure individual school balances are not excessive and plans are developed for using balances.
3,559	<b>Total Schools Reserves</b>	<b>0</b>	<b>3,559</b>	<b>0</b>	<b>3,559</b>	<b>0</b>	<b>3,559</b>	<b>0</b>	<b>3,559</b>			
<b>Specific Revenue Reserves</b>												
388	Lotteries Reserve	0	388	0	388	0	388		388	The Lotteries Reserve, consists of the proceeds of the civic lottery and donations received. It is used for grants and donations to local organisations.	Reserve can only be used for donations to local organisations. Individual requests are approved on a case by case basis.	Ongoing review as requests for grants and donations are received.
49	Museums Acquisition	(8)	41	(8)	33	(8)	25		25	To support the purchase of museums exhibits	Reserve maintained to provide funds if necessary	Reserve maintained to provide funds if necessary
2	Graves in Perpetuity	0	2	0	2	0	2		2			

4,099	Insurance Fund	(740)	3,359	(566)	2,793	(532)	2,261	(350)	1,911	<p>The Insurance Fund has been established to provide for all payments that fall within the policy excess claims. Most policies provided by the Council are subject to an excess. For motor vehicle own damage, the excess is £1,000. However, the excess is £100,000 for the Property/Combined Liability policy on each claim. The All Risks policy covers those items considered to be of value and at greatest risk of theft or damage. The Council's experience whilst operating with these excesses has been favourable. Nevertheless, the Council's total exposure in any one year has substantially increased and is currently £4.75m. The net value of this reserve consists of the insurance fund balances less amounts advanced to departments to fund service improvements. These amounts will be repaid over a number of years to ensure resources are available to meet insurance claims that will become payable.</p>	<p>The reserve is used to meet self insured claims as and when they arise.</p> <p>The Insurance Fund is subject to an annual review to ensure adequate funds are available to meet known liabilities when they amounts become payable. In practice there can be a significant lead time between a claim being recognised and the actual payment to the claimant. However, it is essential that resources are earmarked when a liability is identified to ensure resources are available to make payments when they become due. The value of the fund is currently matched by identified claims which have not yet been finalised. Interest is credited to this to ensure the fund is protected against inflation. The forecast reduction reflects the settlement of historic claims and not an unplanned fall in the value of the fund. However, if claims continue at current levels future contributions may required from 2006/07. These commitments have not yet been determined or reflected in the forecast budget deficits.</p>	
47	School Rates	0	47	0	47	0	47	0	47	<p>The Schools Rates Adjustment arose from reductions in school rates payable following the review of rateable values.</p>	<p>Reserve is used as a 'balancing' figure each year to ensure that there is a 'budget neutral' effect on schools ie. the Reserve is used to adjust the schools budget to equal actual rates costs.</p>	<p>Reserve maintained to provide funds as and when necessary</p>
291	Planned Maintenance	(291)	0	0	0	0	0	0	0	<p>To fund rephased planned maintenance expenditure.</p>	<p>When commitments become payable.</p>	<p>Reserve committed 2005/06</p>
541	Pension Equalisation Reserve	205	746	(746)	0	0	0	0	0	<p>This reserve has been created to meet the future costs of increases in the employers pension contribution rates over the next six years.</p>	<p>The latest Pension Fund Valuation determined the Employers Pension rates for 2005/2006 and the following two years. Based on these rates this reserve will not be needed to support the budget in the three years commencing 2005/2006. Therefore, these resources can be earmarked to fund the 2005/2006 Equal Pay "bridging the gap" payments. The remaining reserve will be used when employers contribution rate increases, above revenue budget provision, which is expected to occur in 2008/09. It should be noted that this proposal will mean that any additional increases in the employers pension contributions will need to be addressed as part of the overall budget strategy.</p>	<p>Reserve will be maintained until result of next Actuarial review of Pension scheme is known.</p>
86	Emergency Planning	0	86	0	86	0	86	0	86	<p>This reserve is held on behalf of the 4 districts under the joint arrangement, to meet potential additional costs arising under revised Civil Defence arrangements to be implemented from 1st April 2005.</p>	<p>Reserve will be used to meet additional costs identified.</p>	<p>Reserves will be used following approval by Emergency Planning Joint Committee.</p>
57	Legionella Reserve	0	57	(57)	0	0	0	0	0	<p>This reserve was created to part fund works on all council properties in order to comply with laws in relation to Legionella bacteria control.</p>	<p>Reserve will be used to finance compliance works as they arise.</p>	<p>Ongoing review as inspection programme is undertaken.</p>
5,560	Total Specific Revenue Reserves	(834)	4,726	(1,377)	3,349	(540)	2,809	(350)	2,459			

Strategic Change Reserves

Resources (Corporate)												
5	Ghost Ships	0	5	0	5	0	5		5	<p>Earmarked as part 03/04 Outturn Strategy for legal costs awarded against Council - was £83k, but settlement expected to be lower</p>	<p>Reserves will be used to fund costs when they become payable.</p>	
5	Total Resources (Corporate)	0	5	0	5	0	5	0	5			

Adult & Community Services												
31	Fairer Charging review consultancy fees	(31)	0		0		0		0	Created to provide for the costs of bringing outside consultants (Price Waterhouse Coopers) in order to a conduct a review and assessment of Fairer Charging within Social Services.	To be used during 2005/2006 to conduct Fairer Charging review.	To be used to fund costs of Fairer Charging review in Social Services.
37	Staff accommodation reserve	0	37	0	37	0	37		37	Created after identification that shortage of office accommodation threatens recruitment & retention, health & safety and effectiveness & efficiency of service	To finance improvements/alterations to existing accommodation to meet Health & Safety requirements	Amount of reserve utilised will be determined as and when H&S issues arise together with the possibility of securing additional accommodation
108	Seaton CC 'Management' - Some of this fund pertains to Childrens Services. However, the amount has yet to be determined by the overseeing board.	0	108	(50)	58	(58)	0		0	Balance carried forward from previous years	Ringfenced for Seaton CC Management Committee to be used when the running of Seaton CC is handed over to them	Reserve to be used when handover occurs Cultural Services Asst Director pursuing
300	Adult Education	(103)	197	(91)	106	0	106	0	106	Created to address short and long term pressures from within the Adult Education service as identified in Post Inspection Plan.	Reserve will be used to support and match fund service improvement projects as identified and agreed as part of the Post Inspection Plan.	Some commitments will be incurred in the short term. Reserves will be maintained in accordance with the timescales agreed in the Post Inspection Plan. Future reserves will be the subject of an annual review as part of the service outturn strategy in consultation with the CFO. Details will be reported to Cabinet as part of the final outturn report.
0	Maritime Festival	20	20	(20)	0	20	20		20	Created to enable the department to manage the budget over more than one financial year	To finance the Maritime Festival scheduled to occur every two years with the next expected to be in July 2006	Reserve to be used in 2006/2007
130	Homecare Redundancy Reserve	(65)	65	(65)	0		0		0	Created in order to provide for the costs of redundancies in the Home Care service following restructure. Anticipated that redundancy costs will continue in 2006-07.	To be used from 2005/2006 in order to fund the cost of Home Care redundancies.	To be used from 2005/2006 in order to offset the costs of Home Care redundancies in Social Services.
606	Total Adult & Community Services	(179)	427	(226)	201	(38)	163	0	163			

Childrens Services												
102	Youth Service	80	182	(140)	42	(26)	16	(16)	0	Youth Advisory Group Balances carried forward from previous years	140k to be used to finance the refurbishment of Boy's Welfare once lease agreed in 2006/2007 and 2007/2008 42k to be used to enhance the service and delivery to young people over the forthcoming years	Reserve to be used as detailed by 2008/2009
36	Staff accommodation reserve (	0	36	0	36	0	36	0	36	Created after identification that shortage of office accommodation threatens recruitment & retention, health & safety and effectiveness & efficiency of service	To finance improvements/alterations to existing accommodation to meet Health & Safety requirements	Amount of reserve utilised will be determined as and when H&S issues arise together with the possibility of securing additional accommodation
12	Jesmond Road TCF Bid	0	12	0	12	0	12	0	12	The reserve was created to meet the LEA Liability relating to the capital bid to replace the school building.	Reserve is matched by Capital expenditure commitments and will be used when these items are incurred.	Through the overall management and control of the capital programme and the
252	Standards Fund	0	252	0	252	0	252	0	252	This reserve is created to cover the LEA's match funding element of the Standards Fund Grant which is awarded for an 18 month period.	Reserve is used to cover any additional expenditure requirements following the calculation of charges for the coming year. A forecast of movement in reserves is not provided as it is uncertain what the requirement will be for each year.	This reserve will be created each year to cover any match funding requirements and applied in the following year.
402	Total Childrens Services	80	482	(140)	342	(26)	316	(16)	300			

Neighbourhood Services												
1,118	Supporting People Implementation	(146)	972	(423)	549	(300)	249	(249)	0	To manage reductions in grant funding on a phased basis.	To meet expenditure commitments no longer covered by grant income.	Ongoing Review, as funding regime changes.
1,118	Total Neighbourhood Services	(146)	972	(423)	549	(300)	249	(249)	0			

Regeneration & Planning												
100	Local Plan	0	100	(32)	68	(68)	0	0	0	To implement new Local Development Framework within Planning - £32k in 2006/07 and £68k in 2007/08. Offset	Expected to be spent in 2006/2007 & 2007/2008	
408	Youth Offending Reserve	(77)	331	(75)	256	(75)	181	(181)	0			
508	Total Regeneration & Planning	(77)	431	(107)	324	(143)	181	(181)	0	Created from planned underspends in previous years to fund YOS initiatives		

Resources												
30	Single Status	(30)	0	0	0	0	0	0	0	Equal pay costs, relating to the payments to cooks and legal fees.	To be spent in 2005/06	To be spent in 2005/2006
30		(30)	0	0	0	0	0	0	0			

2,669	Total Strategic Change Reserves	(352)	2,317	(896)	1,421	(507)	914	(446)	468
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15,909	Total Earmarked Reserves	(3,620)	12,289	(2,273)	10,016	(1,047)	8,969	(796)	8,173
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## SUMMARY OF GENERAL FUND BALANCES

Actual Balance at 31/3/2005 £'000	Fund	Estimated contribution to/(from) Reserve 2005/06 £'000	Estimated Balance at 31/3/2006 £'000	Estimated contribution to/(from) Reserve 2006/07 £'000	Estimated Balance 31/3/2007 £'000	Estimated contribution to/(from) Reserve 2007/08 £'000	Estimated Balance 31/3/2008 £'000	Estimated contribution to/(from) Reserve 2008/09 £'000	Estimated Balance 31/3/2009 £'000	Reason for/purpose of the Reserve	How and when the reserve can be used	Procedures for the reserves management and control
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## Unearmarked General Fund Balances

2,681	General Fund Balances	0	2,681	0	2,681	0	2,681		2,681	To provide a minimum level of resources to enable the Council to manage unexpected commitments.	Reserve will only be used to meet expenditure commitments that cannot be funded from the approved budget or other reserves. Any use of this reserve will need to be repaid within the following year.	Reserve is maintained at minimum prudent level and is reviewed as part of budget process and annual closure strategy. Owing to increased volatility, particularly in relation to government grants this reserve may need to be increased to 3% in the medium term.
2,681	<b>Total Unearmarked General Fund Balances</b>	0	2,681	0	2,681	0	2,681	0	2,681			

## Stock Transfer Related Reserves

600	Stock Transfer Reserve	0	600	(200)	400	(200)	200	(200)	0	This reserve was established to enable the Council to manage the impact of the Stock Transfer Process.	The reserve will be earmarked towards diseconomies of scale over 3 years commencing 2006/07.	Proposal approved by Cabinet
600	<b>Total Earmarked General Fund Balances</b>	0	600	(200)	400	(200)	200	(200)	0			

## Revenue Managed Underspend

## Resources (Corporate)

4	Corporate Levy	0	4	0	4	0	4	0	4	To support future year's budget pressures	As part of budget strategy	
(13)	Invest to Save Scheme	13	0	0	0	0	0	0	0	Represents value of outstanding loans (funded from temporary use of reserves) for "invest to save schemes".	Usable on any scheme submitted by departments that can demonstrate savings are achievable to fund the initial investment	Proposal approved by CFO
(9)	<b>Total Resources (Corporate)</b>	13	4	0	4	0	4	0	4			

## Regeneration &amp; Planning

403	Regeneration MRU	(173)	230	(37)	193	(193)	0	0	0	Created to enable department to manage budget over more than one year	£13k to fund Secretary to Divisional Heads Salary in 2006/07 £24k to fund Urban Policy Staffing in 2006/07 £44k for Seaton Carew Bus Station in 2007/08 £98k for Major Regeneration Project (Victoria Harbour) in 2007/08 £51k Contribution to North Hartlepool Partnership in 2007/08	Ongoing review to provide finance as required
10	Community Safety MRU	(10)	0	0	0	0	0	0	0	Created to enable department to manage budget over more than one year	Reserve to be used to fund Community Safety Projects with Safer Hartlepool Partnership in 2005/2006	Reserve to be used in 2005/2006
413	<b>Total Regeneration</b>	(183)	230	(37)	193	(193)	0	0	0			

## Resources

1601	Resources MRU	(635)	966	(857)	109	(109)	0	0	0	Created to enable department to manage budget over more than one year.	To be used as in 2005/6, 2006/7 and 2007/8 as follows: £188k - Resources MRU continued - £978k - Finance to be used for: The Way Forward (£16k) 2005/6, CODA Upgrade (£46k) 2005/6, Wireless Benefits Mobile Working Equipment (£150k) 2005/6, (£25k) 2006/7, (£59k) 2007/8, Workflow DIP (£250k) 2005/6, (£150k) 2006/7, Office Relocation (£49k) 2006/7, Rating and Council Tax Revaluations (£50k) 2007/8, Grant Flow Pilot (£30k) 2006/7, and 2004/5 contribution (£153k) 2006/7.	Ongoing review to ensure actual commitments do not exceed available resources.
91	Resources Revenue MRU	(91)	0	0	0	0	0	0	0		Finance CODA Upgrade - 2005/6	
1,692	<b>Total Resources</b>	(726)	966	(857)	109	(109)	0	0	0			
2,096	<b>Total Revenue Managed Underspend</b>	(896)	1,200	(894)	306	(302)	4	0	4			

Strategic Change Reserves											
Resources (Corporate)											
250	Income Tax and VAT Reserve	0	250	0	250	0	250	250	This amount is to cover against potential costs arising from various Inland Revenue reviews and the risks associated with managing the Council's VAT partial exemption position, the latter being more volatile owing to an increase in the number of schemes subject to VAT exemption rules and following housing stock transfer.	On completion of Inland Revenue Reviews or when VAT payments are required under partial exemption	Costs approved by CFO
308	Building Schools for the Future	0	308	0	308	0	308	308	Earmarked as part 03/04 Outturn Strategy for specialist support for BSF, but not contractually committed at 31/3/04	It is suggested that owing to the Council being in a later BSF phase than hoped that these resources may need to be allocated the existing stock.	Ongoing review by CFO and Director of Childrens Services
40	SRB Match Funding	0	40	(40)	0	0	0	0	Earmarked as part 03/04 Outturn Strategy for SRB match funding.	Expected to be committed 2006/07	
25	National Graduate Development Reserve		25		25		25	25			
2	Celebrating Success Event Reserve		2		2		2	2			
625	Total Resources (Corporate)	0	625	(40)	585	0	585	585			

Adult & Community Services											
65	Adult & Community Services General - Culture	(45)	20	(20)	0	0	0	0	Reserves created at year end or brought forward from previous years to finance specific initiatives	£8k Emergency Fund for Voluntary Orgs - used in 05/06 £11k Lifeguard Provision - to be used in 05/06 and 06/07 £1k Active Sport - to be used in 05/06 £3k Action for Jobs - to be used in 05/06 and 06/07 £22k Countryside - to be used in 05/06 and 06/07 £5k Sports Awards - to be used in 05/06 and 06/07 £15k Wingfield Castle Report - to be used in 05/06	Reserve to be used in 2005/2006 and 2006/2007 as detailed
176	Mill House	0	176	0	176	0	176	176	The reserve arose from a rates rebate following a review of the leisure centre ratable values	The reserve is earmarked to fund essential maintenance at Mill House Leisure Centre from 2006/07 onwards until it is replaced by the H2O Centre	Ongoing review to provide finance as required
241	Total Adult & Community Services	(45)	196	(20)	176	0	176	176			

Children's Services												
191	Carlton Refurbishment	(82)	109	(109)	0	0	0	0	0	Reserve created to cover the LEA contribution to the grant funded Capital project at Carlton Outdoor Centre.	Reserve is matched by Capital expenditure commitments and will be used when these items are incurred.	Through the overall management and control of the capital programme and the annual capital closure process.
167	Building Schools for the Future	(138)	29	0	29	0	29	0	29	Reserve originally created to contribute towards any LEA funding that may be required to support the Government's agenda for replacing school building stock	An announcement by DoE regarding the inclusion of Hartlepool in the BSF programme has resulted in a greater than anticipated timescale for the application of this reserve. The reserve will be used in 2005/06 to fund pressures identified in the Education Budget. Future provision may be identified depending on further announcements regarding the inclusion of Hartlepool. These reserves may be used to cover the costs in setting up LEP or other delivery mechanisms or to contribute towards land purchase costs.	Reserve partly committed in 2005/06
30	Community Facilities Board	0	30	0	30	0	30	0	30	To enable Community Facilities within Schools to manage their budgets over more than one financial year.	Individual schools determine as part of their detailed budget plans for Community Facilities. A forecast movement in reserves is not provided as it is uncertain what the outturn position will be.	Procedures determined by individual schools. Overall level of balances is monitored by Children's Services department to ensure balances are appropriate and deficits are recovered.
(4)	ICT Provisions	4	0	0	0	0	0	0	0	Created to cover annual maintenance charge for new PC's and subsidy towards the cost of installation of Broadband in schools	This reserve was required to support the installation costs of Broadband in schools.	Annual review once charges for additional PC's and Broadband costs are known.
25	Remedial Work to Swimming Pools	(25)	0	0	0	0	0	0	0	Created to contribute towards the cost of major condition work in swimming pools used in the Primary swimming programmes	Reserve will be used to support the costs incurred on the reinstatement of Brinkburn pool to an improved standard. Work is expected to be completed in 2005/2006.	Through the overall management and control of the capital programme and the annual capital closure process.

49	SEN Provision	(49)	0	0	0	0	0	0	0	Created to meet the potential additional cost of providing additional high cost placements in independent schools or other LEA special schools.	Reserve is used to cover additional expenditure requirements in any given year. This reserve may be required in 2005/06 to meet a shortfall in Extra District Fees received.	Annual review once charges for Independent School Fees and Extra District Fees are known.
25	Advisors	0	25	(25)	0	0	0	0	0	Created to meet the potential additional cost of providing additional high cost placements in independent schools or other LEA special schools.	Reserve is used to cover additional expenditure requirements in any given year. This reserve may be required in 2005/06 to meet a shortfall in Extra District Fees received.	Annual review once charges for Independent School Fees and Extra District Fees are known.
32	School Rates recovered	0	32	0	32	0	32	0	32	This reserve is fully committed to cover potential increases in School rates which are budget neutral for Schools.	Reserve is used to cover any additional expenditure requirements following the calculation of charges for the coming year. A forecast of movement in reserves is not provided as it is uncertain what the requirement will be for each year.	Annual review once charges for School rates are received.
71	Childrens General Reserve	53	124	(71)	53	(53)	0	0	0	Reserves created at year end to finance specific initiatives	115k to be spent on Information, Sharing & Assessment initiatives during 2006/07 and 2007/08 9k to be spent on Play & Care Early Years initiatives during 2006/07	Reserve to be used in 2006/2007 and 2007/2008 as detailed
586	<b>Total Children's Services</b>	<b>(237)</b>	<b>349</b>	<b>(205)</b>	<b>144</b>	<b>(53)</b>	<b>91</b>	<b>0</b>	<b>91</b>			

<b>Neighbourhood Services</b>												
12	Neighbourhood Service - Student Bursary	(6)	6	(6)	0	0	0	0	0	Student bursary funding	Spread over two years to fund trainee	Already committed
5	Environmental Partnership Reserve	(5)	0	0	0	0	0	0	0	Ring fenced monies to be spent in 05/06	Used in 05/06	Already committed
73	Licensing Act 2003 Reserve	114	0	(13)	101	(13)	88	13	101	To assist with implementation of new legislation	Funding was front loaded and will be spread over a number of years. Fee income needs to be spread over a 10 year cycle.	Already committed
12	Local air Pollution & Control Reserve	(12)	0	0	0	0	0	0	0	Unspent grant money carried forward	Possibly all used in 2005/06 but may need to carry some forward to 2006/07	Already committed
34	Private Landlord Scheme Reserve	(34)	0				0	0	0	Unspent grant money carried forward	Fully Utilised in 2005/06	Fully Utilised in 2005/06
136	<b>Total Neighbourhood Services</b>	<b>57</b>	<b>6</b>	<b>(19)</b>	<b>101</b>	<b>(13)</b>	<b>88</b>	<b>13</b>	<b>101</b>			

<b>Regeneration &amp; Planning</b>												
40	Housing Market Renewal Reserve	(40)	0	0	0	0	0	0	0	Reserves created to fund temporary additional technical support in relation to the implementation of the Housing Market Renewal strategy.	Committed to be spent 2005/06	Already committed
55	DAT Accommodation Reserve	(55)	0	0	0	0	0	0	0	Reserve brought forward from previous year to finance Drug Team Expansion	Used in 2005/06 to help finance the Drug Team expand accommodation	Reserve used in 2005/2006
276	Economic Development	(70)	206	(206)	0	0	0	0	0	To provide longer term job security for Economic Development staff funded by temporary programme money	£70k used in 2005/06 as major funding programmes begin to come to an end. The remaining balance will be required in future years as funding programmes come to an end.	Ongoing review to provide finance as required
371	<b>Total Regeneration &amp; Planning</b>	<b>(165)</b>	<b>206</b>	<b>(206)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>			

<b>Resources</b>												
111	Policy Reserve	(44)	67	(67)	0	0	0	0	0	To fund potential one off costs for Senior Mgt Pensions, which would be repaid from ongoing revenue savings over a three year period.	Commitments will not now be incurred , therefore reserve allocated to meet modernisation costs:£66.6k - CSS Divisional restructure - 2006/7 £44.4k - Finance The Way Forward - 2005/6	Expected to be committed 2005/06 and 2006/07.
111	<b>Total Resources</b>	<b>(44)</b>	<b>67</b>	<b>(67)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>			

2,070	<b>Total Strategic Change Reserves</b>	<b>(434)</b>	<b>1,449</b>	<b>(557)</b>	<b>1,006</b>	<b>(66)</b>	<b>940</b>	<b>13</b>	<b>953</b>			
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Revenue Reserves												
549	Benefit Subsidy Reserve	0	549	0	549	0	549	0	549	To protect the Councils financial position from reductions in grant criteria/targets not being meet.	Following Scrutiny Co-ordinating Committee's review of reserves, this reserve is no longer needed and proposals for its usage are detailed in the Budget & Policy Framework Report.	
2,139	Budget Support Fund :	(107)	2,032	(1,400)	632	(1,000)	(368)	(1,000)	(1,368)	To manage the overall budget over more than one financial year. Reserve established from RTB income to be received from Housing Hartlepool. Base budget anticipate using £1M per year. Net annual contribution to/(from) reserves reflects expected share income received from Housing Hartlepool, less £1m released to support revenue budget.	To support the overall budget.	Use approved as part of Medium Term Budget Strategy. Net contribution to reserve 2005/06 £100k and remaining balance committed to support 2006/07 budget.
4,100	Fundamental Budget Review	(1,000)	3,100	(1,000)	2,100	(1,000)	1,100	(1,000)	100	Established to support Revenue Budget over a 3/4 period.	The Budget Strategy proposes using £1M per annum.	Use approved as part of Medium Term Budget Strategy.
6,788	Total Earmarked General Fund Balances	(1,107)	5,681	(2,400)	3,281	(2,000)	1,281	(2,000)	(719)			

Revenue Reserves												
3	Corporate Funding Reserve	0	3	0	3	0	3		3	These minor reserves enable the Council to manage various specific issues	To support the commitments identified. The Asylum seeker reserve is now expected to be fully utilised in 06/07 when the impact of reduced contract income will have an impact	Review of reserves to be completed as part on 2005/06 detailed closure to identify if still required.
35	Asylum Seekers Reserve	0	35	(35)	0	0	0		0			
(1)	Inland Rev Provision	0	(1)	0	(1)	0	(1)		(1)			
20	Best Value Sensory loss	0	20	0	20	0	20		20			
5	H'Pool Partnership (code 25849)	(5)	0	0	0	0	0		0			
75	DSO Reserves	(75)	0	0	0	0	0		0			
15	Energy Saving Fund (climate Change Levy)	0	15	0	15	0	15		15			
80	Hart Quarry Judicial Review Reserve	(80)	0	0	0	0	0		0	This Reserve is in respect of legal costs awarded against HBC in respect of planning conditions in relation to Hart Quarry. Final costs could be from £50K to £80K, depending on whether Counsel decide to appeal decision.	Reserve to be used to meet these legal costs in 2005/2006	Decision of Planning Sub-Committee under Counsel advice.
211	Flint Walk Development Reserve	(211)	0	0	0	0	0		0	Revenue saving relating to delayed redevelopment of Flint Walk Children's Home (support service to foster carers) as well as delaying implementation of increased internal foster carer fees.	Use reserve in 2005/2006 to redevelop Flint Walk in order to avoid continued reliance on more expensive external service providers.	
70	Cabinet/Portfolio Initiatives Reserve	(64)	6	0	6	0	6		6	To specifically fund one-off Cabinet or Portfolio initiatives which contribute to the achievement of the Council's overall aims.	At the discretion of the Cabinet during 2005/2006	At the discretion of the Cabinet.
240	Carlton Centre Development Reserve	(120)	120	(120)	0	0	0		0	To fund the gap between the £1.1m capital investment required and the £0.86m grant secured to redevelop the Carlton Centre, in order to attract continued usage and income from other bodies.	2005/2006 & 2006/2007	Expected to be committed to redevelopment in 2005/2006 & 2006/2007
167	Corporate Social Services Risk Reserve	(167)	0	0	0	0	0		0	Reserve established to meet potential demand pressures on Children's Services which are expected to continue in 2005/06.	Expected to be committed 2005/06. Any unused reserves will be carried forward to help address position in future years.	Expected to be committed 2005/06.
50	Strategic Procurement Review Reserve	(50)	0	0	0	0	0		0	To fund the strategic review of corporate procurement practices and strategy in order to assess efficiency and effectiveness and develop new strategies for the future.	As costs of the review arise in 2005/2006	Fund costs of strategic review as they arise.
122	Educational Achievement Reserve	(122)	0	0	0	0	0		0	To temporarily fund an increase in the schools advisory team in order to help various schools address weaknesses which have led to lower performance.	Fund the costs of extra specialist advisor's in 2005-2006 & 2006-2007.	Expected to be committed 2005/06.

100	Children's Services Implementation Reserve	(15)	85	(85)	0	0	0	0	To fund one off costs of implementing the Children's Services department.	Committed 2005/06	Expected to be committed 2006/07.
484	Termination Costs Reserve	(484)	0	0	0	0	0	0	To fund one off of early retirements and/or redundancies.	These costs were previously funded through the capital programme. Following a change in Government regulations expenditure below a de-minimus level can no longer be capitalised. Therefore, provision was made to establish a revenue reserve to meet these costs in 2005/06.	Expected to be committed 2005/06.
220	Capital Support Contingency Reserve	(220)	0	0	0	0	0	0	To offset shortfalls/delays in the achievement of capital receipts.	Committed 2005/06	Expected to be committed 2005/06.
2,010	The Way Forward Reserve	(605)	1,405	(1,405)	0	0	0	0	Reserve established to meet potential future costs arising from implementation of Council's 'Way Forward' strategy.	As costs arise during 2005/6 and 2006/7.	Expected to be committed 2005/06 and 2006/07.
1,000	Stock Transfer Warranty Reserve	0	1,000	0	1,000	0	1,000	1,000	To meet potential insurance liabilities in respect of land transferred to Housing Hartlepool.	Timing of this ongoing potential liability is uncertain. Therefore, reserve needs to be maintained to provide some protection against potential liabilities.	Ongoing annual monitoring.
4,906	<b>Total Revenue Reserves</b>	<b>(2,218)</b>	<b>2,688</b>	<b>(1,645)</b>	<b>1,043</b>	<b>0</b>	<b>1,043</b>	<b>0</b>	<b>1,043</b>		
19,141	<b>Total General Fund Balances</b>	<b>(4,655)</b>	<b>14,299</b>	<b>(5,696)</b>	<b>8,717</b>	<b>(2,568)</b>	<b>6,149</b>	<b>(2,187)</b>	<b>3,962</b>		

## APPENDIX K

**Budget Consultation with Trade Unions  
20 December 2005**

**Attendees:**

S Drummond – Mayor  
 M Ward – Chief Financial Officer  
 C Little – Assistant Chief Financial Officer  
 E Jeffries - Secretary, HJTUC  
 SJ Williams - UNISON  
 AJ Watson - UNISON  
 A Navin - Amicus  
 M Sullivan - GMB (Chair HJTUC)  
 M Hill - UNISON (Regional Officer)  
 M Bartholomew - GMB (Regional Organiser)

No.	Minute
1	<b>Presentation</b> CL circulated a copy of the presentation and Cabinet Report and MW commenced a detailed presentation to the Trade Unions.
2	<b>Questions</b> <ul style="list-style-type: none"> <li> <i>EJ asked for further detail/reasoning for options 1 &amp; 2 and the possible effects of these options.</i>            MW replied that a 9% saving needed to be achieved over two years and that on an informal basis cabinet had indicated that some service areas would need to be protected. These options provided Members with a choice on timing of cuts. SD stated that his preferred option was option 1 and that he had asked for further detail on both options.         </li> <li>           EJ indicated that he felt that Officer should revisit the issue of cutting staff and that an option should be considered that did not involved cuts to frontline services.            MW replied that this issue is being looked into.         </li> <li>           It was asked what impact the proposed cuts were going to have on Adult &amp; Community Services.            MW reported that some areas may not have to make the 5% savings as the detail package of cuts has not been finalised. The details in the report are the initial put forward for consultation.         </li> <li>           EJ expressed is concerns on the implications of cutting frontline staff and expressed the need for further information. He went on to say that 22 staff cuts were not acceptable and the trade unions were very concerned about the proposed compulsory redundancies.         </li> </ul>

	<p>SD expressed that he shared the Trade Union's concerns and that further information was needed.</p> <ul style="list-style-type: none"> <li>EJ raised the point that services cannot be delivered without staff and stated that there is already problems in certain areas with understaffing. SD to take Trade Union views to Cabinet</li> <li>It was asked if HBC had joined any other authorities in lobbying. MW reported that a response to technical issues had already been sent by Tees Valley Chief Financial Officers and we will be seeking a meeting with the Local Government Minister to raise Hartlepool specific issues.</li> <li>EJ Stated that the balancing book needs to be made by 31/03/07 not 31/03/06 so therefore no redundancies need to be made in March 2006.</li> </ul>

### Budget Consultation with Local Businesses 20 December 2005

**Attendees:**

S Drummond – Mayor

M Ward – Chief Financial Officer

C Little – Assistant Chief Financial Officer

Business Sector Representatives

- B Beaumont, J Atkinson, P Olsen and A Liddell

No.	Minute
1	<p><b>Presentation</b></p> <p>CL circulated a copy of the presentation and Cabinet Report of 19/12/05 and MW commenced a detailed presentation to the Trade Unions.</p>
2	<p><b>Questions</b></p> <ul style="list-style-type: none"> <li>Could monies be put into the bank and interest made on them? MW reported that it this was the case and provision is made in budget for this income. Any excess income has been used to meet one off costs, thereby protecting front line services.</li> <li>What does supporting people cover? MW explained that Supporting People covered care costs for people who require assistance.</li> <li>Is Equal Pay was getting worse each year?</li> </ul>

	<p>MW reported than this is an ongoing issue and is likely to cost the Council more than initially anticipated.</p> <ul style="list-style-type: none"> <li>• Does Council Tax increase have to be limited to the capped? MW reported that it was not something to be considered lightly and stated that Middlesbrough had been capped in the past.</li> <li>• What is a Population Grant adjustment? MW reported that when the census was carried out in 2001 Hartlepool's population was under recorded with regards to children and therefore we were being paid back monies from 2003/4.</li> <li>• Is the Population Grant ongoing? MW replied that this was not ongoing beyond 2005/06 and was slowly eroding away as population is expected to decrease in the next ten years.</li> <li>• How does this years deficit figure compared to last years figure? MW reported that the figure is significantly greater than last years as additional pressure have been identified.</li> <li>• What controls implementation rates for Equal Pay? MW reported that it was the Courts effectively that made this decision. He also went onto say that Local Authorities that still provide refuse collection in-house are more at risk than others due to bonus schemes etc.</li> <li>• What the overall expenditure level of the Council? CL replied that it was approximately £80M, net of expenditure funded from the Dedicated School's Grant.</li> </ul> <p><b>Questions asked after the presentation</b></p> <ul style="list-style-type: none"> <li>• What is the purpose of this meeting? MW stated that the meeting was designed to be provide information on the Council's financial position and to seek views on the budget proposal which could be feedback to Cabinet.</li> <li>• Concerns were raised about Hartlepool Strategic Partnership could NRF Funding be used? MW reported that there is a fairly rigid timescale on grant monies and how these can be used.</li> <li>• How is LAA going to fix in with this? MW stated that the detailed position is unknown and is currently been worked through. In the short-term the LAA will not benefit the Council's financial position as all partners to the LAA are experiencing challenging financial positions.</li> <li>• What sort of pressures / lobbying is being looked at regarding damping? MW stated that the Council will be asking for a meeting with the Local Government Minister to raise this issue.</li> <li>• What can be done about the Cadcam commitment? MW reported that nothing could really be done as Cleveland Council signed a contract.</li> </ul>
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	<ul style="list-style-type: none"> <li>• Will the Police and Fire Authority be capped? MW stated that they will covered by capping regime, although in previous years different capping criteria have been used for Police and Fire authorities.</li> <li>• Could the next meeting be put back until after the provisional settlement has been issued? SD &amp; MW agreed to arrange.</li> </ul>
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**Budget Consultation with Trade Unions  
26 January 2006**

**Attendees:**

S Drummond – Mayor  
 M Ward – Chief Financial Officer  
 E Jeffries - Secretary, HJTUC  
 SJ Williams - UNISON  
 AJ Watson - UNISON  
 A Navin - Amicus  
 M Sullivan - GMB (Chair HJTUC)  
 M Hill - UNISON (Regional Officer)  
 M Bartholomew - GMB (Regional Organiser)

No.	Minute
1	<b>Presentation</b> MW circulated a copy of the presentation to all and commenced a detailed presentation to the Trade Unions. MW stated that he had hoped to provide and update on final settlement but it had not yet been issued.
2	<b>Questions</b> <ul style="list-style-type: none"> <li>• EJ stated that the work that had been done was welcomed and appreciated, as long as it was sustainable. He went on to state that he did however, have concerns about what affects cuts in budgets have on maintenance staff. He asked that these potential risks be recorded in departmental reports next year.</li> <li>• EJ went on to discuss Equal Pay. He reported that of all Equal Pay claims approximately half would not have a good chance of being successful and that he hoped that the Authority was not planning to settle with these claims. He suggested that another meeting to discuss the matter would be beneficial. MW stated that we won't know where we stand with Claims until the hearing takes place which is scheduled for June. MW reported that we are currently in the process of identifying which claims have a significant chance of success. EJ stated that he would come back if it was felt that payments were out of line with previous settlements. MW stated the</li> </ul>

	<p>costs could be significant and funds have been put aside as a contingency provision. EJ reminded all to be aware that not all claimants will choose to settle.</p> <ul style="list-style-type: none"> <li>• EJ raised the issue of the pay and grading structure that is due to come into affect in April 2007. He said that currently the backdating of monies had not been looked at and it could have cost implications. MW also stated that another issue that may arise from this would be that protection periods may increase the risk for Equal Pay. EJ stated that the union are looking for a protection period for salaries for 3-5 years – no less. EJ also stated that following the implementation of the new pay and grading structure workforce development would need to be looked at. MW reported that given the known deficit for 2007/8 it would be a difficult year.</li> <li>• EJ thanked MW &amp; SD for the presentation and stated that he looked forward to receiving the final settlement. MW said that he hoped that there would be some more information on floor damping.</li> </ul>
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### Budget Consultation with Local Businesses 27 January 2006

**Attendees:**

S Drummond – Mayor

Councillor R Waller

M Ward – Chief Financial Officer

Business Sector Representatives

- B Beaumont, J Atkinson, P Olsen and A Liddell

No.	Minute
1	<p><b>Presentation</b></p> <p>MW circulated a copy of the presentation commenced a detailed presentation. MW stated that he had hoped to provide and update on final settlement but it had not yet been issued.</p>
2	<p><b>Questions</b></p> <ul style="list-style-type: none"> <li>• What is the expected prognosis for the settlement? MW replied that at the moment there were no clues to suggest what it would be, but following discussions with the Minister he said that it was unlikely that any significant change would be made for 2006/07.</li> <li>• Is there likely to be any change with regards to floor damping? MW reported that he had not heard anything with regards to this and stated that if an acknowledgement of error was made</li> </ul>

	<p>it would probably not be corrected until future years. CL added that the range between the minimum and maximum increase isn't that great and therefore Ministers are unlikely to make any changes.</p> <ul style="list-style-type: none"> <li>• The Group was surprised to see Capital receipts being used for Equal Pay costs. MW reported that special permission had been granted by the Government to Hartlepool and other authorities in the same position.</li> <li>• Has Business Support and Economic Development been protected? MW replied that it had been recorded as a pressure for 2006/07. Cabinet have not yet made final decisions, but have initially determined not to reduce proposed cut in business grants budget.</li> <li>• The group were disappointed and surprised that we had not been successful at LEGI. SD reported that a meeting had been arranged to discuss the reasoning behind this decision.</li> <li>• Is there any further news on LAAs? MW reported that there was no further news at the current time.</li> <li>• Is Equal Pay an ongoing cost? MW replied that Single Status would not be implemented until April 2007 and until then would be an ongoing cost.</li> <li>• Are we expecting a Council Tax increase of around 5%? MW replied that there are three options in the proposal for Cabinet two suggest a Council Tax increase of 4.9% one suggests a Council Tax increase of 3.5%.</li> <li>• The group had some concerns about LAAs and Floor Damping. MW reported that LAA will not affect Floor Damping and that LAA commitment will leave little room for savings to be made.</li> <li>• The group stated that there was a lot of mis-information and bad-publication in the local press and suggested informing them of the budget pressures to allow the public to be more informed. SD reported that until the settlement had been made information couldn't be publicised.</li> <li>• How does the Council manage vacancies? W stated that all were currently involved actively in Human Resource Management and that often redundancies create more costs in the short term. MW also reported that all vacancies were currently monitored but a lot of problems arise from perceptions from adverts in the local press, that aren't necessarily funded with council tax budget. MW went on to say that all departments had a target of making 2.2% savings on their salary budgets each year.</li> </ul>
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# CABINET REPORT

10th February 2006



**Report of:** Chief Executive

**Subject:** PROGRESS IN PREPARING HARTLEPOOL'S LOCAL AREA AGREEMENT (LAA)

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## SUMMARY

### 1. PURPOSE OF REPORT

To consider and agree Hartlepool's Local Area Agreement (LAA) submission to the Government Office for the North East. This is a key decision - type (ii) test applies.

### 2. SUMMARY OF CONTENTS

Hartlepool was successful in its application to be involved in the second round of Local Area Agreements and is required to prepare an agreement by February 2006.

The LAA has been developed in partnership with other agencies and the voluntary and community sector. The draft agreement is attached as appendix 1 and includes:

- priority outcomes, both national and local with associated baselines, indicators and targets;
- from among these priorities, about 12 priority outcomes for improvement, where stretched performance will be delivered over the following three years in return for the payment of reward grant (formerly the LPSA and now to be known as the reward element of the LAA);
- details of how the partnership will operate and the performance monitoring and management arrangements in place
- details of how local people and the VCS have been involved in the design and will be involved in the delivery of the LAA;
- an explanation of why funding streams are being proposed for inclusion; and
- the reasoning behind the requests for freedoms and flexibilities.

## **RELEVANCE TO CABINET**

The LAA provides a strategic framework for the work of Hartlepool Partnership for the next 3 years and will be incorporated in the Council's own service planning and performance management frameworks for 2006/7.

### **3. TYPE OF DECISION**

Key decision (test ii)

### **4. DECISION MAKING ROUTE**

After consideration by Cabinet, the draft will be submitted to GONE and delegated authority is sought in the recommendation to agree any changes arising from negotiation with GONE. Hartlepool Partnership will consider the LAA on 24 February. The chair of Hartlepool Partnership and the Mayor will formally sign the agreement on behalf of Hartlepool.

### **6. DECISION(S) REQUIRED**

Subject to any amendments it may wish to make, Cabinet is asked to approve the draft LAA for submission to GONE and authorise the Chief Executive, in consultation with the Mayor, to agree any further amendments required as a result of negotiations with GONE.

**Report of:** Chief Executive

**Subject:** PROGRESS IN PREPARING HARTLEPOOL'S LOCAL AREA AGREEMENT (LAA)

---

## **1 PURPOSE OF REPORT**

- 1.1 To consider and agree Hartlepool's Local Area Agreement (LAA) submission to the Government Office for the North East. This is a key decision - type (ii) test applies.

## **2 BACKGROUND**

- 2.1 Local Area Agreements are a Government initiative, launched in 2004. LAAs are aimed at delivering a better quality of life for people through improving performance on a range of national and local priorities.
- 2.2 Local Area Agreements are being developed by a number of Local Authorities with central government. They form a key part of the government's 10 year strategy for Local Government and aim to streamline bureaucracy between central government and local deliverers and improve service outcomes.
- 2.3 Hartlepool was successful in its application to be involved in the second round of Local Area Agreements and is required to prepare an agreement by February 2006.
- 2.4 In June 2005, the government published revised guidance for second round LAAs and this describes the basic components that make up an LAA as:
- priority outcomes, both national and local with associated baselines, indicators and targets;
  - from among these priorities, about 12 priority outcomes for improvement, where stretched performance will be delivered over the following three years in return for the payment of reward grant (formerly the LPSA and now to be known as the reward element of the LAA);
  - details of how the partnership will operate and the performance monitoring and management arrangements in place
  - details of how local people and the VCS have been involved in the design and will be involved in the delivery of the LAA;
  - an explanation of why funding streams are being proposed for inclusion; and
  - the reasoning behind the requests for freedoms and flexibilities.

- 2.5 The guidance stated that the LAA should reflect the local Community Strategy and the Neighbourhood Renewal Strategy and suggested areas may want to bring together the Community Strategy (setting out the longer-term vision for the area) and the LAA (the practical expression of the Community Strategy). Hartlepool's draft LAA is attached as Appendix 1.

### **3 HARTLEPOOL'S DRAFT LAA**

#### **Priority outcomes and reward element targets**

- 3.1 The LAA includes 36 priority outcomes which are structured around the seven Community Strategy Themes. Details of the proposed outcomes framework is set out in section 5 of the LAA.
- 3.2 Theme Partnerships have taken the lead, working with staff from the Partnership Support Team and Community Network representatives, to prepare outcomes for their theme of the Community Strategy/LAA. This process has been informed with reference to the priorities and objectives already set out in the Community Strategy, the Neighbourhood Renewal Strategy and the LSP Performance Management Framework. The LAA outcomes therefore closely reflect the existing Community Strategy objectives which consultation has shown to have widespread support across the town.
- 3.3 A number of the outcomes include targets which will be eligible for up to £1.5m reward grant depending on performance achieved by March 2009. Cabinet has previously considered these proposals as part of the process for developing the LPSA 2.

#### **LAA Governance and performance management arrangements**

- 3.4 Details of the proposed governance arrangements are set out in section 3 of the LAA.
- 3.5 The Hartlepool Partnership will play a key role as the LSP. The proposals recognise the existing well-regarded arrangements for the partnership and build on those arrangements to meet the challenge and opportunities presented by the LAA approach. In particular there is a proposal for the LSP to move from an advisory role to a commissioning or delivery coordination role. The processes in place for developing a strengthened LSP include a review of the LSP Board and development of a new executive to act as a key driver in delivering performance management and service improvement.
- 3.6 The LAA outcomes relevant to the Council will be incorporated in the Corporate Plan for 2006/7 (see elsewhere on this agenda) and performance reporting and management handled through the existing corporate and departmental arrangements which include quarterly reporting to Cabinet.

### **Involvement of the voluntary and community sector**

- 3.7 The LAA must include details of how local people and the VCS have been involved in the design and will be involved in the delivery of the LAA and this is set out in the Statement of Community Involvement.
- 3.8 Hartlepool's LAA clearly builds on the Community Strategy and the annual action planning undertaken for the last three years as part of the Partnership's Performance Management Framework. The involvement of the voluntary and community sector has effectively contributed to the strong evidence base, both qualitative and quantitative, ensuring outcomes reflect local priorities.
- 3.9 Most recent involvement of the VCS has been through a series of workshops for the sector. In October 2005 the sector was invited to initial workshop outlining the theory and practicalities of LAA and invited to develop outline VCS priorities for each LAA theme. These initial priorities were fed into Theme Partnerships who then led the preparation of theme outcomes. During January 2006 the sector was again invited to participate in outcome development by attending a series of workshops, one per LAA Theme, where progress on previous priorities was outlined together with detail on the proposed LAA outcomes.
- 3.10 Feedback from the January workshops was broadly supportive of the proposed outcomes though concern was expressed at the nature of some of the mandatory outcomes, the perceived ambiguity of Government terminology and the lack of specific project information included in the agreement. A more detailed action plan will be developed to provide the basis of managing performance.

### **Funding proposed for inclusion in the LAA**

- 3.11 A key element of the LAA approach is the identification of funding streams which can be pooled (i.e. grouped together from a number of accountable bodies and paid to the local authority, as a single accountable body, in a single payment) or aligned (i.e. the individual funding streams remain with their own accountability arrangements but funding is mapped against LAA outcomes).
- 3.12 In developing the LAA we have taken the approach that inclusion of special and mainstream funding in the single pot would be sought only where there were clear local advantages to be secured. In practice this has meant aligning rather than formally pooling funding. The original statutory financial accountability requirements of pooled funds would still apply to the bodies pooling funds, creating additional work for the local authority and partners pooling the funds.
- 3.13 This fits with Hartlepool's approach to partnership working and minimises additional bureaucracy.



### **Freedoms and flexibilities**

- 3.14 Hartlepool has set out powerful arguments for a modernising approach to the allocation of public funding and the establishing/devolving of accountability to the locality level, whilst accepting and understanding that there are frameworks within which the Local Area Agreement will have to operate.
- 3.15 Central to the proposed approach is the aim of maximising the subsidiary of funding and decision-making to a locality level (Hartlepool) to narrow inequality gaps and create sustainable communities. The ultimate ambition is for public funding (revenue and capital) to be allocated, integrated and governed at this level through a "Locality Plus" approach. Importantly, this approach would bring the potential to enhance local democratic accountability for the provision of public services.
- 3.16 At this stage in the development of LAAs GONE has been unable to progress this ambition as a freedom or flexibility with Central Government. In the longer-term context of the public sector reform agenda (regionalisation and neighbourhood management) it is considered that the LAA will provide a platform for developing locality based governance with enhanced democratic oversight of services in Hartlepool.
- 3.17 Whilst this cannot be pursued as an immediate freedom or flexibility it remains a longer term aspiration for the LAA in Hartlepool and is a matter to progress with GONE as LAAs develop.
- 3.18 In the short term the freedoms and flexibilities sought as part of the LAA will focus on developing a single simplified and concise performance management framework giving sufficient confidence in the direction of travel without unnecessary and indigestible detail.

### **4. NEXT STEPS**

- 4.1 The draft LAA will be submitted to GONE after the Cabinet decision. There will follow a short period of negotiation with GONE with the aim of having the LAA signed by the end of February. The draft LAA will be considered by the Hartlepool Partnership on 24 February.
- 4.2 GONE have indicated that there will be some scope to change the LAA after the formal signing and the document will be subject to a six month review in October 2006.

### **5. RECOMMENDATION**

- 5.1 Subject to any amendments it may wish to make, Cabinet is asked to approve the draft LAA for submission to GONE and authorise the Chief Executive, in consultation with the Mayor, to agree any further amendments required as a result of negotiations with GONE.



hartlepool**partnership**

**Hartlepool**

**Local Area Agreement**

**Draft Formal Submission**

**February 2006**

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# 1. Foreword

**“Our Vision is that Hartlepool will be a prosperous, caring, confident and outward looking community, in an attractive environment, realising its potential.”**



The Hartlepool Partnership's ability to deliver this vision is demonstrated by a combination of:

- Our past record on making a positive difference to local people;
- Our ambition to improve still further; and
- The pragmatic and practical approach we adopt.

The physical face of Hartlepool has changed beyond recognition in the last 15 years. Our effective and highly rated partnership work has a track record of delivery that cannot be denied – Hartlepool was selected as a single pot LAA because performance across the range of delivery services was good.

Our approach to partnership and delivery is built on mutual trust and challenge. Preparing and delivering a Local Area Agreement will provide all agencies working in Hartlepool with the opportunity to concentrate their efforts on delivering further improvements for local people.

Hartlepool is a compact town, with a strong sense of community and identity. Co-terminous boundaries with the Local Authority, Primary Care Trust, Police and Fire Brigade districts, in conjunction with a highly effective and well developed voluntary sector, provide the basis for practical solutions that meet local needs.

Ultimately we are aiming to maximise the subsidiarity of funding, decision-making and priority setting to a locality level. Our ambition is for public funding (revenue and capital) to be allocated, aligned and governed for Hartlepool through a “Locality Plus” approach. Resources should be allocated directly to the locality of Hartlepool with funding levels determined for at least three years. Priorities for the use of this funding should be determined at the locality level within national and regional frameworks.

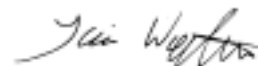
Hartlepool offers a unique set of circumstances for a successful Local Area Agreement and opportunities to develop the concept further. Together with local residents and service providers, we share a strong political will to work together to secure the maximum benefits the delivery of a Local Area Agreement has to offer.

Signed:



Mayor Stuart Drummond  
*On Behalf of Hartlepool Borough Council*

Signed:



Iain Wright, MP  
*On behalf of the Hartlepool Partnership*

## 2. Frameworks

### 2.1 Context

Hartlepool is located on the North East coast and is an integral part of the Tees Valley City Region. It is a compact Borough with a population of 91,000. The Index of Multiple Deprivation (IMD) places Hartlepool as the 14th most disadvantaged area in the country.

The town has seen a major physical transformation over the last 15 years through regeneration programmes and private sector investment. The public, voluntary sector and private sector agencies and organisations have a strong track record and reputation for quietly getting on and delivering for the people of the town. However there is clearly more to do and the LAA is a means to do even more.

Hartlepool has all the necessary building blocks in place to make a success of a single pot Local Area Agreement. These were set out in our initial submission and include strong local leadership, effective strategic partnership working, public sector excellence, community engagement and practical advantages such as common administrative boundaries.

### 2.2 Our Vision for LAAs

We see the signing of this LAA as a first step on a longer journey and we have a clear vision where we want to get to. The current LAA framework is unduly restrictive for a single pot LAA. It is extremely limiting and does not provide the context for building confidence between partners to allow the flexibility of a single pot LAA to be used to its full potential in the medium to longer term. Two key limits relate to the nature of the freedoms and flexibilities on offer and the short term life of potential funding.

- The nature of the freedoms and flexibilities on offer. Freedoms and flexibilities focussed largely on individual outcomes and targets are unlikely to deliver the improvements desired at national and local level. This is particularly the case for a single pot LAA. For example, the funding relationships between local and regional delivery organisations need to be clarified and put on a longer term footing but appear to be off limits.
- The short term life of potential funding. A significant proportion of potential funding streams expire in the next 12-18 months e.g. BCU Fund March 2007 and this does not provide the context for making strategic decisions.

Ultimately we believe that the drive within LAA's should reflect both short term practical issues, which further focus performance and delivery at a local level and the longer term strategic and systemic considerations which require a locality based approach to service delivery.

The current focus provides for variations within priority areas but does not fundamentally address the potential for a sea change in the proactive and flexible targeting of local services and developments (thereby considering capital and revenue funding) through locality based governance.

We accept that the journey needs to be staged but this requires a framework, commitment from all sides and confidence that common direction is agreed. The LAA framework needs to be further developed. Within the limitation of the existing approach we have set out below proposals for the LAA 2006/7-2008/9.

### **2.3 Summary of priorities –national and local**

The seven aims of the Hartlepool Community Strategy and Neighbourhood Renewal Strategy provide the long-term vision, aims and objectives for managing the delivery the LAA. These were subject to extensive public consultation and agreed in 2002 by the LSP.

These themes are more comprehensive than the four blocks identified for non-single pot authorities in the LAA programme overall. The seven themes provide alignment with established priorities in the Community Strategy and provide the flexibility to accommodate the new cross cutting agendas such as “Respect”. The Respect agenda is ideally suited to the LAA approach because of the range of communities and agencies actively involved.

The recent national focus on “Respect” is mirrored by a long standing local concern to strengthen neighbourhood communities and improve the quality of every day living for residents. A number of activities included in the LAA are directly relevant to the “Respect” agenda, addressing underlying causes and dealing with unacceptable behaviours.

#### **Activities relevant to Respect agenda**

- Improving employment prospect for drug offenders and offenders
- Preparing young people for world of work,
- Improved neighbourhood safety
- Prevention of anti social behaviour
- Reducing domestic violence
- Empower local people to have a greater voice and influence over local decision

Hartlepool’s Community Safety partnership will be seeking to use new Government initiatives to deliver on this important local priority.

These Community Strategy themes are not intended to be rigid blocks but rather a convenient and locally appropriate structure to organise activity, accountability and performance management. Cross cutting issues will be emphasised and the outcomes and expenditure will be presented as a single entity single pot.

Jobs and the Economy	Develop a more enterprising, vigorous and diverse local economy that will attract investment, be globally competitive, and create more employment opportunities for local people.
Lifelong Learning and Skills	Help all individuals, groups and organisations realise their full potential, ensure the highest quality opportunities in education, lifelong learning and training, and raise standards of attainment.
Health and Care	Ensure access to the highest quality health, social care and support services, and improve the health, life expectancy and well being of the community.
Community Safety	Make Hartlepool a safer place by reducing crime, disorder, and fear of crime.
Environment & Housing	Secure a more attractive and sustainable environment that is safe, clean and tidy; a good infrastructure; and access to good quality and affordable housing.
Culture & Leisure	Ensure a wide range of good quality, affordable and accessible leisure, and cultural opportunities.
Strengthening Communities	Empower individuals, groups and communities, and increase the involvement of citizens in all decisions that affect their lives.

The LAA outcomes (see section 5) are structured around this local framework.

### **National outcomes**

The LAA submitted strongly reflects national agenda because it has a clear relevance to Hartlepool's own priorities.

The mandatory national outcomes, indicators and targets are clearly identified in section 5 and include those relating to:

- Children and Young People – Every Child Matters
- Older People – Independence, Wellbeing and choice
- Neighbourhood Renewal – Neighbourhood Renewal Unit
- Community Safety – Home Office
- Safer Stronger Communities Fund – Home Office

### **Locally determined outcomes**

The locally determined outcomes reflect Hartlepool's priorities and these are set alongside national priorities to focus on key issues and include outcomes relating to:

- Provision of high quality learning and skills opportunities
- improving mental health
- reducing the harm caused by illegal drugs and alcohol
- preventing anti-social behaviour
- improving housing conditions
- meeting housing and support needs
- improving energy efficiency of houses

## **2.4 Funding streams**

The funding streams to be included are listed below along with the explanation for their inclusion.

**2.5 LAA reward element**

Our LAA reward element is aligned to the Council's strategic aims, and focuses on three key areas that have been championed by the Local Strategic Partnership as priorities for action:

- Jobs and the Economy
- Health and Care
- Community Safety
- Housing and the Environment

However, rather than simply focusing on individual elements within each of these areas, in order to maximise impact, we intend to target resources and improve performance on areas where action to address one priority will affect at least one other. By concentrating on these cross-cutting areas, we aim to break a create opportunities for further progress. A good example of this are the targets related to the "Respect agenda".

A number of the targets will contribute directly to the achievement of the Government's recently announced "Respect action plan". In particular steps to improve the employment prospects of drug users and offenders, reduce under age drinking and domestic violence.

<b>Outcome Framework – LAA reward element</b>			
	<b>Target</b>	<b>Theme</b>	<b>LAA Outcome Ref</b>
1	Reducing burglary and car crime across Hartlepool	Community Safety	16
2	Provide training & improved employment prospects	Jobs & the Economy	6
3	Reduce the number of young people, who as a result of under-age drinking commit Anti-social behaviour in Hartlepool.	Community Safety	18
4	Reduce the incidents of common assault and wounding in Hartlepool.	Community Safety	16
5	Reduce the incidence of domestic violence in Hartlepool	Community Safety	19
6	Increasing financial resources within family environments to provide lifestyle opportunities	Strengthening Communities	34
7	Provide training & improved employment prospects for carers	Jobs & the Economy	6
8	Improving the advice and support provided to homeless people and helping them to access employment, training and educational opportunities	Housing & the Environment	26
9	To improve the health & well-being of patients referred by health practitioners via a GP referral scheme by increasing patients' levels of participation in both physical and cultural related activities	Health & Care	9
10	Increasing the amount of children in Hartlepool who have access to, and utilise, a number of healthy eating options throughout the school day	Health & Care	10



## **2.6 Statement of the involvement of local people and the Voluntary and Community Sector**

National Guidance states that a LAA should include a Statement of Involvement setting out *“How local people and the Voluntary and Community Sector have been informed, consulted, given the opportunity to participate in the LAA process and the delivery of outcomes.”* The full statement is included in full at Annexe A.

Studies by Hartlepool Voluntary Development Agency (HVDA) show that the Hartlepool VCS comprises:

- 500 groups in total
- 5000 volunteers
- 50 groups with paid staff
- 400 people in paid employment.

Their research shows that most of Hartlepool's population will benefit from the services of at least one group in any one year.

HVDA plays a key role supporting the work of the Hartlepool Community Network. The Network engages the VCS in the work of the Hartlepool Partnership through a variety of mechanisms:

- Representation on partnerships;
- Initiating and presenting research of the VCS and its role
- The delivery of service and as such is a source of expertise; and
- Involvement in working groups and attendance at consultation meetings.

A key feature of resident and Community & Voluntary sector involvement in developing the LAA has been through a series of workshops for the sector. In October 2005 the sector was invited to initial workshop outlining theory and practicalities of LAA and invited to develop outline VCS priorities for each LAA Theme. These initial priorities were fed into Theme Partnerships who then led the preparation of theme outcomes. During January 2006 the sector was again invited to participate in outcome development by attending a series of workshops, one per LAA Theme, where progress on previous priorities was outlined together with detail on the proposed LAA outcomes.

Hartlepool's LAA clearly builds on the Community Strategy and the annual action planning undertaken for the last three years as part of the Partnership's Performance Management Framework. This draws on a strong evidence base, both qualitative and quantitative, ensuring outcomes reflect local priorities. Mechanisms for reflecting local priorities include:

**2.7 The partners involved in the LAA and how the partnership will operate**

The Hartlepool Partnership established the strategic framework for service delivery – the Hartlepool Community Strategy – and will oversee the implementation of the LAA. Recent Audit Commission validation found the Partnership to have appropriate performance management systems in place and the July 2004 Annual Review by the Government Office for the North East rated the Partnership as A – Green.

The Hartlepool Partnership is chaired by the town's MP and works through a Board and a set of Theme Partnerships. It brings together a range of local organisations to give the town a strong united voice (list of partners). Hartlepool has an impressive track record of developing partnerships that deliver. From a strong, visionary local strategic partnership to local thematic partnerships that co-ordinate service delivery, partners from the town's key service providers work closely to ensure maximum benefit for service users and local residents.

**Thematic Partnership Delivery**

The Board's Theme Partnerships will drive delivery of LAA that drive its delivery and manage performance.

<b>Community Strategy Theme</b>	<b>Delivery Driver(s)</b>
Jobs and the Economy	The Economic Forum
Lifelong Learning and Skills	Hartlepool Lifelong Learning Partnership Hartlepool Sure Start Partnership
Health and Care	Health and Care Strategy Group
Community Safety	Safer Hartlepool Partnership
Environment & Housing	Environment Partnership Housing Partnership
Culture & Leisure	Culture & Leisure Partnership
Strengthening Communities	Hartlepool Community Network

More detailed information on the governance arrangements can be found in section 3.

**2.8 Performance monitoring and management arrangements**

The Hartlepool Partnership has carried out considerable work in the last two years to develop a Performance Management Framework to oversee the implementation of the Community Strategy and the Neighbourhood Renewal Strategy. The framework clearly sets out priorities, indicators to monitor progress and targets to assess performance.

The current approach is well regarded. The framework was validated by the Audit Commission as meeting national Core Requirements and in the recent Government Office for the North East Annual Review the Partnership received Green ratings for both Partnership Working and Improvement Planning elements of the assessment process. The existing framework therefore provides a sound basis for achieving the Government's aim to streamline, simplify and integrate existing performance management arrangements into one area based framework.

The theme partnerships will take responsibility for maintaining a strategic overview of the outcomes from the LAA which fall within their remit. Specific partners will take responsibility managing progress for particular work streams within the outcome framework. These monitoring and managing performance will be based on partners existing arrangements; adopt a risk based approach; and include arrangement for designing and implementing improvement plans where targets not being achieved.

Performance will be monitored, reviewed and reported on to the LSP Executive with scrutiny of Theme/Client & Area Partnerships by the Executive and the Borough Council.

## 3. Governance arrangements

### 3.1 Introduction

The key role of the Hartlepool Partnership as the Local Strategic Partnership (LSP) is to implement and review the vision for the locality (Hartlepool Unitary Authority area), through the Sustainable Community Strategy and a to develop and implement 'delivery contract' through the Local Area Agreement (LAA). The LAA incorporates the priorities for the Hartlepool locality agreed between central government/government office and a locality represented by the LSP and Hartlepool Borough Council (HBC). Appropriate partners are being involved in the negotiations and see collaboration as the only way to achieve efficient and coherent services. The objective is to ensure fit for purpose efficient and effective governance arrangements that are needed to support the case for resource allocation and decision-making at the locality level and underpin the LAA and its outcome delivery. The LSP recognises that partnership working brings risks as well as opportunities and that governance can be problematic. There is a need to build upon what has been achieved and make a clearer distinction between statutory and voluntary partnerships and to highlight further the roles and responsibilities of the different partners.

The need for the LSP to ensure that governance and accountability, leadership, decision-making, scrutiny and processes such as risk management are strong & properly developed is recognised and being addressed. The LSP in brings together the thematic partnerships in the local area; providing the governance framework for the delivery of the LAA.

### 3.2 Background

Hartlepool Partnership is made up of an LSP board together with the seven thematic partnerships in the locality. The LAA priorities are structured around these and the partnerships will take responsibility for individual outcomes providing clear accountability. The LSP is Green A rated, the Borough Council is 4 star and improving well and the PCT is 3 star, with excellent local integration of Police Basic Command Unit (BCU) and Further Education. The development of strategy and performance management through the LSP has helped increase accountability between partners. There is a need for the LSP to build upon its significant achievements and move further from an advisory role to a commissioning or delivery co-ordination role.

### 3.3 The Local Area Agreement & the Locality

The Hartlepool Partnership recognises the need to emphasise the role of locality through the LAA. The aim is to strengthen locality accountability. It is regarded as essential that the principle of subsidiarity is achieved at the "lowest" appropriate level within the partnership arrangements at all levels regional, sub-regional, locality and neighbourhood. The LSP considers that the LAA should ultimately provide a framework through which "goals and priorities, differently geared for different parts of the country, can be agreed

through a negotiation of equals.” It should enable the Borough Council and its partners to deliver national outcomes in a way that reflects local priorities, particularly those identified in the Sustainable Community Strategy. This will give the flexibility to find local solutions to local problems, and to prioritise spending to achieve the outcomes identified in the LAA. Better outcomes will result from increases in local discretion and reduced bureaucracy. This provides an opportunity to integrate local service provision and to define and deliver local priorities across the area rather than work being confined to separate agencies. The desirability of local leaders taking a more cross-disciplinary and integrated approach to social, economic and environmental issues is recognised.

### **3.4 The Sustainable Community Strategy & the LAA**

The Hartlepool Community Strategy, which includes the Neighbourhood Renewal Strategy, sets out the longer-term vision and agenda for the Hartlepool locality. This is expressed in an Action Plan and monitored through the performance management framework. The Strategy sets the agenda for priorities in the LAA. The LAA is regarded as the practical expression of this. The LAA will be part of the Sustainable Community Strategy’s action plan. It is envisaged that the current Community Strategy Action Plan and the LAA delivery plan will become one and the same.

### **3.5 Governance Framework Principles and Proposals**

In Hartlepool it is recognised that the future role of LSPs is central to the Government’s vision for the future of local decision-making, in particular to developing a strong leadership role for local authorities. The LSP will continue to effectively identify and deliver against the priorities for joint action in an increasingly accountable way.

Hartlepool Partnership will become increasingly a commissioning LSP, making decisions, commissioning action and actively coordinating the delivery of the Sustainable Community Strategy and targets including the Neighbourhood Renewal floor targets. The shift from focusing on process to the delivery of outcomes through the embedding of the LSP performance management framework is reinforced by the LAA with its focus on outcomes.

It is recognised that there needs to be increasingly effective, transparent and accountable governance and scrutiny arrangements for the LSP to enable partners to hold each other to account and for local people to hold the partnership to account.

### **Regional & Sub Regional Bodies**

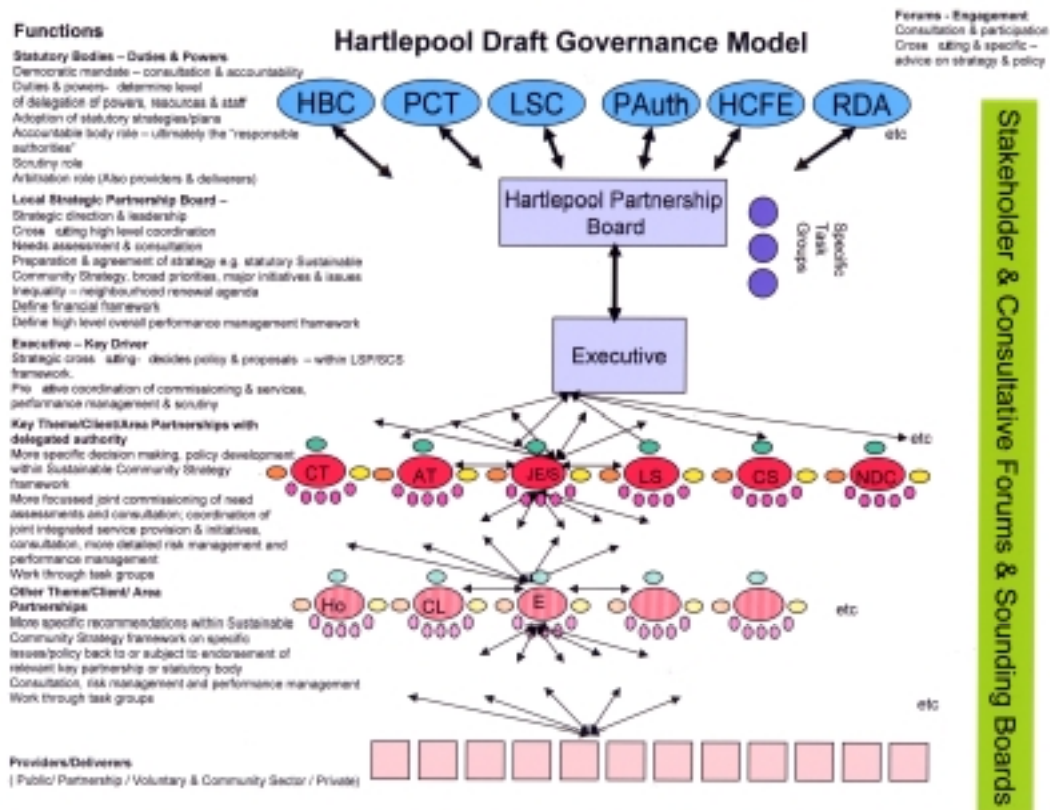
Commitment amongst central government departments and regional organisations to the LSP system of partnerships and the Sustainable Community Strategy is regarded as essential. It is envisaged that as far as practicable local governance boards for regional public services will be incorporated at the locality level within the LSP. In view of regionalisation trends there is a need to reinforce the locality role i.e. at a unitary authority level. It is proposed that there should be maximum subsidiarity of resources and decision making with particular emphasis on the locality level where

responsibility and accountability for progress to wards improving services, inequality, health and well-being, community safety, education attainment and economic prospects is focused. Hartlepool and Tees Valley LAAs will be aligned recognising cross-boundary issues.

### The Hartlepool Partnership

The Hartlepool Partnership is the “partnership of partnerships” within Hartlepool. The proposed Hartlepool Draft Governance Model is shown on Diagram 1 below. This framework is not exhaustive but shows some of the key relationships. It is presented in a hierarchical format but each element is crucial for the operation of the partnership overall and it is intended to be a partnership of equals while recognizing relative powers and roles and having clear responsibilities and accountabilities that are fit to drive forward the Sustainable Community Strategy and the integrated LSP/LAA action plan and performance management processes. This will involve a common approach to commissioning across the partnership, the principles and terminology for which have been agreed by the LSP. The key elements of the Hartlepool Draft Governance Model are described below.

Diagram 1



### Statutory Bodies

The statutory bodies have a democratic mandate, a strong basis of accountability to the community and key roles in consultation and priority setting. Statutory bodies remain responsible and accountable at law. They adopt statutory plans prepared by or with the involvement and crosscutting

lead of the LSP. They have the duties and powers and can determine the level of delegation of powers, resources and staff to the LSP board, executive and key theme/client/area partnerships. They have an accountable body role and are ultimately the “responsible authorities”. The special responsibilities of statutory authorities and members need to be more fully recognised. They have a scrutiny role and the Borough Council has a potential arbitration role. The Borough Council will also continue to have an evolving role as community leader and LSP facilitator. Elected members need to be properly involved at all levels where decisions are taken.

### **The Hartlepool Partnership Board**

The Hartlepool Partnership Board’s key role is providing oversight, strategic direction and leadership particularly through the Sustainable Community Strategy process and the related action plan and performance management framework. It provides crosscutting high-level coordination and integration. It has to ensure effective consultation and needs assessment through a range of methods. It prepares the statutory Sustainable Community Strategy and related strategies and takes high-level strategic decisions on broad priorities, major initiatives and issues. It also has a key role in the inequality agenda and the neighbourhood renewal, neighbourhood action plans (NAPs), and other arrangements. It will increasingly define the broad financial framework allocating resources and ensuring that budgets are aligned and pooled as appropriate. It will define the high-level performance management framework integrating the community strategy performance management framework and the LAA performance framework as a single simplified entity. The Board will also have a broad high-level scrutiny role.

The LSP Board is being reviewed to ensure an appropriate balance between inclusiveness, manageability, accountability and strategic capacity. It will continue to be made up of the key interests in the locality: elected representatives, the local authority Chief Executive, senior public sector officials, voluntary and community representatives and business sector representatives reflecting the diversity of the locality. The lead representative from each of the main thematic/client/area partnerships, such as the Children’s Trust and Community Safety Partnership will be members of the board. It is envisaged that it will continue to be chaired by the Hartlepool MP and the Elected Mayor will continue to be the vice chair with member representatives from both the Council’s Executive and backbench councillors. A key area for review and development is the relationship to sub-regional and regional bodies and a scrutiny process is currently underway within the Borough Council. It will be supported by time limited task groups. The Board will need to ensure that the lines of responsibility between partners and partnerships are clearly drawn and that duplication is avoided.

### **The Hartlepool Partnership Executive**

The LSP will have a new Executive, which will be a key driver in performance and service improvement. This smaller body will need to integrate through key representatives from the theme/client/area partnerships and responsible authorities. It is envisaged that it will have delegated powers from the LSP Board and the statutory bodies and that it will make decisions on policies and

proposals within the LSP Sustainable Community Strategy framework. It will be proactive in the coordination of commissioning and services, and in terms of overall performance management and scrutiny.

The outcomes from the LAA will be the responsibility of specific individuals, partnerships or statutory bodies. These will be monitored, reviewed and reported on to the LSP Executive with scrutiny of Theme/Client & Area Partnerships by the Executive and the Borough Council. It may also set up task groups.

### **Theme/Client/Area Partnerships**

Overall it is proposed that theme partnership coverage of activity is maintained in a comprehensive way as structures evolve. It is envisaged that the seven theme partnerships will develop with the changed agenda within the principles outlined. At every stage however there will be clear responsibility for outcomes at a partnership, organisation or individual level. It is proposed that there is a clearer distinction recognized between key partnerships, which have a degree of delegation and the others, which are more advisory.

The Key Theme/Client/ Area partnerships would be able to make policy decisions within the Sustainable Community Strategy framework. There will be two-way linkages between the LSP Board/ Executive and the Theme/Client/Area partnerships and between the Theme/Client/ Area partnerships. These will include influencing the work of other partnerships their strategies and services and also commissioning or delegation of responsibilities for services and performance. They will be expected to be integrated within the LSP system of partnerships whilst retaining their responsibility for co-ordinating the specific services for which they are responsible.

The Key Theme/Client/Area partnerships will be more focused on joint commissioning of need assessments and consultation, coordination of joint integrated service provision and initiatives, consultation, more detailed risk assessment and performance management. They will tend to work through task groups, Theme/Client/ Area partnerships and providers and deliverers. In some cases special delivery vehicles will be established e.g. Hartlepool Revival. Choice will be exercised by individual clients and/or their carers when commissioning targeted and specialist services for children and adults. Universal education services will be determined by schools in consultation with children and parents.

Of equal importance the “Other Theme/Client/ Area Partnerships” will make more focused recommendations within the Sustainable Community Strategy framework on specific policies/issues back to the or subject to endorsement of the relevant key partnership or statutory body. They will recommend need assessments and consultation, coordination of joint integrated service provision and initiatives, more detailed risk assessment and performance management. They will tend to work through task groups and the rest of the Theme/Client/Area partnerships and providers and deliverers. In some cases special delivery vehicles will be recommended.



### **Providers and Deliverers**

There are a range of providers and deliverers in the public, partnership, community and voluntary and private sectors. These will be responsible for delivering commissioned services and providing aligned services towards specific outcomes.

### **Community Engagement**

Stakeholder and Consultative Forums and sounding boards are essential for effective consultation and engagement at all levels within the LSP and feedback. This will ensure specific and crosscutting advice on strategy, policy and service provision. The LSP Board and Executive will ensure effective coordinated consultation and engagement with the local community through a range of methods. Each element of the LSP will give explicit consideration to consultation and feedback strategy. The involvement of the Community Network and the integration of protocols and compacts are essential. This also provides an important opportunity to build upon the Neighbourhood Action Plan (NAPs) to realise increasingly better quality neighbourhood engagement within realistic expectations and to bring together the resulting neighbourhood arrangements. New arrangements need to be considered to provide greater choice for environmental/liveability/safety services, requiring the further development of neighbourhood/area governance and neighbourhood/area commissioning. A best value review is currently underway regarding the Council's contribution to strengthening communities, one of the seven Hartlepool Sustainable Community Strategy themes.

### **The Hartlepool Partnership Support Team**

A chief officer level manager and a small team are responsible for the review, monitoring and coordination of implementation of the Sustainable Community Strategy and provide support to the LSP board. This is integrated alongside the local development framework team. Their role involves planning, co-ordinating action, performance management, programme and project appraisal and coordination, analytical capacity and communication. The capacity of this team will be reviewed.

## 4. Freedoms and flexibilities

The Council and its key partners consider that the Hartlepool LAA will bring significant opportunities to establish simplified and streamlined local governance arrangements in which local agencies have the freedom and flexibility to get on and deliver for the people of the town. In the longer-term context of the public sector reform agenda it is considered that the LAA will provide a platform for developing locality based governance with enhanced democratic oversight of services in Hartlepool. The potential to enhance local democratic accountability for the provision of public services is a major development which would ensure a continued local focus on achievement within regional or sub regional frameworks. Whilst this is not an immediate freedom or flexibility it is a longer term aspiration for the LAA in Hartlepool and is a matter we would wish to progress with GONE as part of the negotiation process.

The inclusion within the LAA of special and mainstream funding in the single pot will be sought where there are clear local advantages to be secured.

The emerging areas where freedoms and flexibilities will be required are as follows:

### 4.1 Performance Management arrangements

At present there are numerous centrally determined performance management arrangements which are generally unaligned in terms of timescale and requirements. These create an unnecessary burden on services deliverers in an area where there is confidence in the local agencies ability to deliver.

The freedoms and flexibilities sought as part of the LAA are to:

- submit the Hartlepool Partnership Performance Review in July 2006 rather than as currently required in April 2006;; and
- work with central government and the Government Office for the North East to bring together Performance Management arrangements into a single unified area based performance management framework for Hartlepool. The level of detail and timescales for reporting to be related to the risk and principles of streamlining, simplifying and integrating.

The objective is that there will be a single simplified and concise framework giving sufficient confidence in the direction of travel without unnecessary and indigestible detail.

#### **4.2 Maximising Subsidiarity**

The framework for LAA's provides a significant opportunity to further drive a locality based approach to delivery. One major opportunity in this context is to maximise the subsidiarity of funding and decision-making to a locality level (Hartlepool) to narrow the inequality gaps and create a sustainable community. Our ambition is for public funding (revenue and capital) to be allocated, integrated and governed at this level through a "Locality Plus" approach.

Resources should be allocated directly to the locality of Hartlepool with funding levels determined for (a minimum of) three years and rolled forward annually. Priorities for the use of this funding should be determined at the locality level within national and regional frameworks.

Governance arrangements in this new framework should be fit for purpose and based on the high level of trust earned as a result of past achievement of outcomes and the strong governance arrangements based around our LSP.

In these circumstances we envisage accountability would be managed at the locality level, through existing audit arrangements and a single simplified and integrated performance management framework.

This is an area we would wish to explore further with GO-NE in the first year of our LAA.

## **5. Outcomes framework**

## 5. Outcomes framework

## 5.1 Introduction

This document, the **Local Area Agreement draft Outcome Framework - summary**, is one in a series of reports that has been prepared following the Government's announcement (Summer 2005) that Hartlepool had been successful in its application to join the second round of Local Area Agreement (LAA) development.

In June 2005, the government published revised Local Area Agreement guidance that replaced guidance produced for the first phase (2004-2005). Further information on Local Area Agreements and a copy of the guidance can be found on the Improvement and Development Agency's website [www.idea-knowledge.gov.uk](http://www.idea-knowledge.gov.uk) and on the Hartlepool Partnership website [www.hartlepoolpartnership.co.uk](http://www.hartlepoolpartnership.co.uk)

This guidance sets out the basic principal that LAAs are made up of **outcomes, indicators** and **targets** aimed at delivering a better quality of life for people through improving performance on a range of national and local priorities. The guidance states that the LAA should reflect the local Community Strategy and the Neighbourhood Renewal Strategy and in Hartlepool it has been agreed that the Local Area Agreement will act as the Action Plan for Community Strategy and Neighbourhood Renewal Strategy.

Hartlepool was successful in being awarded **single pot status** and granted additional flexibilities in the way in which it develops its LAA. **It has been agreed that Hartlepool's LAA**

**will be structured around the seven themes of the Community Strategy:**

- Jobs and the Economy
- Lifelong Learning and Skills
- Health and Care
- Community Safety
- Environment and Housing
- Culture and Leisure
- Strengthening Communities

The process of preparing Hartlepool's Local Area Agreement began with the Hartlepool Partnership agreeing a process and timetable for preparing the agreement at its September 2005 meeting. Since then work has taken place with theme Partnerships including the Hartlepool Community Network to develop an outcome framework comprising outcomes, indicators and targets.

In addition to this outcome framework, the Local Area Agreement will include:

Local Context – highlighting Hartlepool's strong partnership working and outlining the vision for future service delivery in the town.

Governance – what structures will be in place to implement the agreement

# DRAFT

## Freedoms and Flexibilities Finance

The agreement will need to be finalised by the end of January 2006 to allow consideration by the Hartlepool Partnership and the Borough Council's Cabinet.

## A Cross-Cutting Outcome Framework

The LAA is structured to reflect Hartlepool's Community Strategy, however for ease of reference the tables below bring together the outcome frameworks for the LAA reward element, Every Child Matters and Independence, Wellbeing & Choice.

Outcome Framework – Local Public Service Agreement 2			
	Target	Theme	Outcome Reference
1	Reducing burglary and car crime across Hartlepool	Community Safety	16
2	Provide training & improved employment prospects	Jobs & the Economy	6
3	Reduce the number of young people, who as a result of under-age drinking, commit Anti-social behaviour in Hartlepool.	Community Safety	18
4	Reduce the incidents of common assault and	Community Safety	16

	wounding in Hartlepool.		
5	Reduce the incidence of domestic violence in Hartlepool	Community Safety	19
6	Increasing financial resources within family environments to provide lifestyle opportunities	Strengthening Communities	34
7	Provide training & improved employment prospects for carers	Jobs & the Economy	6
8	Improving the advice and support provided to homeless people and helping them to access employment, training and educational opportunities	Housing & the Environment	26
9	To improve the health & well-being of patients referred by health practitioners via a GP referral scheme by increasing patients' levels of participation in both physical and cultural related activities	Health & Care	9
10	Increasing the amount of children in Hartlepool who have access to, and utilise, a number of healthy eating options throughout the school day	Health & Care	10

Outcome Framework – Every Child Matters		
Outcome	Theme	Reference
Be Healthy	Health & Care	10
Stay Safe	Community Safety	18
Enjoy and Achieve	Lifelong Learning	7
Making a positive contribution	Strengthening Communities	32
Achieve economic well-being	Jobs and the Economy	5

Outcome Framework – Independence, Wellbeing and Choice		
Outcome	Theme	Reference
Improved health	Health & Care	9
Improved quality of life	Strengthening Communities	33
Making a positive contribution	Strengthening Communities	32
Exercise of choice and control	Health & Care	11
Freedom from discrimination or harassment	Strengthening Communities	35
Economic well-being	Jobs and the Economy	5
Personal dignity	Health & Care	11



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### 5.2 Outcomes and indicators

## Jobs and the Economy

### Outcome 1 Increase skill levels of the local population with clear reference to local business need

Community Strategy Objectives: Jobs and Economy 2	Information

Indicator(s)		Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
	<b>Number of adults who are supported in achieving at least a full first level 2 qualification or equivalent</b> (Hartlepool)	343	381	423	469	
	<b>Number of adults who are supported in achieving at least a full first level 2 qualification or equivalent</b> (Neighbourhood Renewal narrowing the gap)	Not Available at this time. To be developed with LSC	Not Available at this time. To be developed with LSC	Not Available at this time. To be developed with LSC	Not Available at this time. To be developed with LSC	

Pooled Funding Stream			Allocation 2007/08	2008/09	Total
		2006/07			
	Neighbourhood Renewal Fund	51,956	£52,690	0	£104,646
	Total	51,956	£52,690	0	£104,646

Aligned Funding Stream			Allocation 2007/08	2008/09	Total
		2006/07			
	None				

## Outcome 2 To attract appropriate inward investors and support indigenous growth, making use of local labour resource and supporting local people in gaining maximum benefit from the economic regeneration of the town, including all people of working ages especially the young

Community Strategy Objectives:  
Jobs and Economy 4 and 6

### Information

Mandatory where areas receive LEGI

Indicator(s)		Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
	Number of businesses attracted to the area (Hartlepool)	N/A	5	5	5	*Subject to LEGI approval
	Employment rate (Hartlepool)	66.2% - March 2005	66.8%	67.4%	68%	75% by 2016 *Subject to LEGI approval
	Employment rate (Neighbourhood Renewal narrowing the gap)	58.5% - Aug 2005	62.8%	63.6%	64.5%	67% by 2012 Community Strategy
	Unemployment rate (Hartlepool)	3.9% - November 2005	3.5%	3.1%	2.8%	2.3% by 2011 *Subject to LEGI approval
	Unemployment rate (Neighbourhood Renewal narrowing the gap)	5.5% - Aug 2005	4.9%	4.3%	3.9%	3.1% by 2012 Community Strategy
	Youth Unemployment rate (Hartlepool)	36% - November 2005	31%	30.5%	30%	29% by 2012 Community Strategy
	Youth Unemployment rate (Neighbourhood Renewal narrowing the gap)	36% - Aug 2005	31.6%	31%	30.4%	29.2% by 2012 Community Strategy

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Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	NRF	£124,456	£125,190	-	£249,646
	LEGI * Subject to approval	327,906	715,958	1,092,889	2,136,753
	Total	891,442	1,277,772	1,092,889	3,262,103

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	New Deal for Communities	326,727	65,000	32,500	424,227
	Single Regeneration Budget	26,500	-	-	26,500
	Building Futures Single Programme (Hartlepool element)	150,602	187,114	70,172	407,888
	Tees Valley Works LSC Co-financing (Hartlepool element)	111,847	61,686	-	173,533
	Hartlepool Action Team for Jobs	*Awaiting confirmation of Action Team continuation post 2006	*Awaiting confirmation of Action Team continuation post 2006	*Awaiting confirmation of Action Team continuation post 2006	*Awaiting confirmation of Action Team continuation post 2006
	Total				

**Outcome 3 To support the sustainable growth, and reduce the unnecessary failure, of locally-owned business, promoting the growth and sustainability of enterprise and small businesses and to increase total entrepreneurial activity amongst the local population**

Community Strategy Objectives:  
Jobs and Economy 5, 6

**Information**

Mandatory where areas receive LEGI

Indicator(s)		Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
	<b>VAT Registrations (Hartlepool)</b>	120 - 2004	134	141	150	240 per annum by 2016 *Subject to LEGI approval
	<b>Net change in business stock (registrations – de-registrations) (Hartlepool)</b>	25 - 2004	43	42	57	Increase net VAT stock to 1817 by 2016 *Subject to LEGI approval
	<b>Number of new businesses created (Hartlepool)</b>	116 – March 2005	150	155	160	200 per annum by 2016 *Subject to LEGI approval
	<b>Number of businesses attracted to the area (Hartlepool)</b>	N/A	5	5	5	*Subject to LEGI approval
	<b>Increase GVA (Hartlepool)</b>	79% - 2002	80%	81%	82%	*Subject to LEGI approval

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Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	NRF	£200,792	£187,590	-	£388,382
	LEGI * Subject to approval	£4,028,048	£6,467,296	£6,139,969	£16,635,313
	Total	£4,228,840	£6654,886	£6,139,969	£17,023695

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	New Deal for Communities	£1,151,553	£1,168,140	£75,023	£2,394,716
	Total	£1,151,553	£1,168,140	£75,023	£2,394,716

## Outcome 4 For those living in the wards with the worst labour market position in areas in receipt of NRF, significantly improve their overall employment rate and reduce the difference between their employment rate and the overall employment rate for England

Community Strategy Objectives:  
Jobs and the Economy 12

### Information

Mandatory NRF outcome on Worklessness

Indicator(s)		Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
	Employment rate (Neighbourhood Renewal narrowing the gap)	58.5% - Aug 2005	62.8%	63.6%	64.5%	67% by 2012 Community Strategy
	Unemployment rate (Neighbourhood Renewal narrowing the gap)	5.5% - Aug 2005	4.9%	4.3%	3.9%	3.1% by 2012 Community Strategy
	Youth Unemployment rate (Neighbourhood Renewal narrowing the gap)	36% - Aug 2005	31.6%	31%	30.4%	29.2% by 2012 Community Strategy

Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	NRF	772,796	634,530	-	1,407,326
	LEGI * Subject to approval	327,906	715,958	1,092,889	2,136,753
	Total	1,100,702	1,350,488	1,092,889	3,544,079

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Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	New Deal for Communities	326,727	65,000	32,500	424,227
	Single Regeneration Budget	26,500	-	-	26,500
	Building Futures Single Programme (Hartlepool element)	150,602	187,114	70,172	407,888
	Tees Valley Works LSC Co-financing (Hartlepool element)	111,847	61,686	-	173,533
	Hartlepool Action Team for Jobs	*Awaiting confirmation of Action Team continuation post 2006	*Awaiting confirmation of Action Team continuation post 2006	*Awaiting confirmation of Action Team continuation post 2006	*Awaiting confirmation of Action Team continuation post 2006
	Total				

## Outcome 5. Achieve Economic Well Being

Community Strategy Objectives: Jobs & the Economy - 2,5,11, 12, 14 Lifelong Learning & Skills – 2, 5, 8,10, 15	Information
	ECM outcome Independence Well-being and Choice outcome

Indicator(s)	Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
(Hartlepool)					
Young people are supported in developing self confidence, team working skills and enterprise		95% of young people receive support to develop self confidence and to prepare them for the world of work	96% of young people receive support to develop self confidence and to prepare them for the world of work	100% of young people receive support to develop self confidence and to prepare them for the world of work	100% of young people receive support to develop self confidence and to prepare them for the world of work
Hartlepool enterprise activities are available to all key stage 4 pupils in Hartlepool Secondary schools		95% of young people receive support and are provided with 5 days of enterprise education at key stage 4	96% of young people receive support and are provided with 5 days of enterprise education at key stage 4	100% of young people receive support and are provided with 5 days of enterprise education at key stage 4	100% of young people receive support and are provided with 5 days of enterprise education at key stage 4
All key stage 4 pupils undertake work related learning and useful work experience		98%key stage 4 pupils undertake work related learning and useful work experience	99%key stage 4 pupils undertake work related learning and useful work experience	100% key stage 4 pupils undertake work related learning and useful work experience	100%key stage 4 pupils undertake work related learning and useful work experience
Careers education and guidance is		Careers education	Careers education	Careers	Careers education and



# DRAFT

	provided to all young people aged 13-19		and guidance is available to 99% of young people aged 13-19	and guidance is available to 99.5% of young people aged 13-19	education and guidance is available to 100% of young people aged 13-19	guidance is available to 100% of young people aged 13-19
	Provision is planned to ensure the number of young people classified as Not in Education Employment or Training (NEET) is reduced		The percentage of young people classified as NEET is reduced from 10% to 8.7%	The percentage of young people classified as NEET is in line with DfES target	The percentage of young people classified as NEET is in line with DfES target	The percentage of young people classified as NEET is in line or below the DfES target
	To be confirmed					

Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Neighbourhood Renewal Fund	£215,000	£215,000	0	£430,000
	Total	£215,000	£215,000	0	£430,000

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	None				

## Outcome 6 Improving training and employment prospects for targeted groups (LPSA2 Target)

Community Strategy Objectives:	Information
	LPSA 2

Indicator(s)		Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
	Number of Carers accessing Employment, Education and Training (Performance expected <b>without</b> reward)	38 (6.8%) (2004/05)	56 (10%)	67 (12%)	79 (14%)	N/A
	Number of Carers accessing Employment, Education and Training (Performance expected <b>with</b> reward)	38 (2004/05)	67 (12%)	90 (16%)	112 (20%)	N/A
					<b>Target at end of LPSA (Three year cumulative from April 2006 to March 2009)</b>	
	Numbers of drug users given structured work experience/employment opportunities of at least 13 weeks (Performance expected <b>without</b> reward)	15 (2004/05)			45	N/A
	Numbers of drug users given structured work experience/employment opportunities of at least 13 weeks (Performance expected <b>with</b> reward)	15 (2004/5)			120	N/A

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Number of offenders from Hartlepool being helped into employment with the assistance of HBC and being sustained in the job for a minimum of 13 weeks (Performance expected <b>without</b> reward)	8 (2004/05)			24	N/A
Number of offenders from Hartlepool being helped into employment with the assistance of HBC and being sustained in the job for a minimum of 13 weeks (Performance expected <b>with</b> ward)	8 (2004/05)			36	N/A
Number of offenders that have gained basic skills at level 1 or level 2 (Performance expected <b>without</b> reward)	13 (2004/05)			39	N/A
Number of offenders that have gained basic skills at level 1 or level 2 (Performance expected <b>with</b> reward)	13 (2004/05)			75	N/A
Employment Rate (16-24) % (Performance expected without reward)	48.9% - March 2005	51.1%	52.2%	53.3%	N/A
Employment Rate (16-24) % (Performance expected with reward)	48.9% - March 2005	51.6%	52.7%	53.8%	N/A

Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	LPSA	110,667	110,667	110,666	332,000
	Total	110,667	110,667	110,666	332,000

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	To be finalised				

## Lifelong Learning and Skills

**Outcome 7 Enjoy and Achieve - raise achievement and standards of children and young people in the early years, primary and secondary phases of education.**

Community Strategy Objectives:  
2,3,4,5

**Information**

Floor Target, ECM national outcome

Indicator(s)		Baseline 2005	2006/07	Targets 2007/08	2008/09	Longer Term Target
	Early Years Improve children's communication, social and emotional development so that by 2008, 50% of children reach a good level of development at the end of the Foundation Stage	36.1%	40%	45%	50%	In line with or above national averages
	<i>Early Years</i> Increase the percentage of 3 and 4 year olds who attend an early years and childcare place to 96% (BVPI?)	93.4%	96%	96%	96%	Hold at 96%
	<b>Key Stage 2</b> Increase the percentage of children achieving Level 4 or above at age 11 in: - Mathematics (BVPI 40) - English (BVPI 41)	78% 80%	86% 80%	86% 83%	86% 84%	In line with or above national averages

# DRAFT

Indicator(s)		Baseline 2005	2006/07	Targets 2007/08	2008/09	Longer Term Target
<b>Key Stage 3</b> Increase the percentage of children achieving Level 5 or above at age 14 in:	- English (BVPI 181a)	71%	73%	72%	75%	In line with or above national averages
	- Mathematics (BVPI 181b)	75%	76%	77%	78%	
	- Science (BVPI 181c)	68%	76%	75%	78%	
	- ICT (BVPI 181d)	61%	73%	73%	75%	
<b>Key Stage 4</b> Increase the percentage of young people aged 16 achieving:	- 5+ GCSE A*-C (BVPI 38)	53%	55%	54%	55%	In line with or above national averages
	- 5+ GCSE A*-G including English and Maths (BVPI 39)	88%	91%	92%	93%	
	- 5+ GCSE A*-C including English and Maths	35.8%	?	?	?	

# DRAFT

Indicator(s)		Baseline 2005	2006/07	Targets 2007/08	2008/09	Longer Term Target
<i>Neighbourhood Renewal narrowing the gap</i>						
	<i>Early Years</i> Improve children's communication, social and emotional development so the gap between NRS and Hartlepool is reduced for a good level of development at the end of the Foundation Stage.	23.5% gap = 12.6%	Gap = 10%	Gap = 8%	Gap = 6%	0%
	<b>Early Years</b> Reduce the gap between NRS and Hartlepool for participation rates of 3 year olds in good quality, free early years education to 3% by 2007 and 0% by 2012.	6%	3%	3%	2%	0%
	<b>Key Stage 2</b> Reduce the gap between children from NRS area and Hartlepool to under 5% by 2012 for those achieving Level 4 or above in: - English - Mathematics	6% 5.2%	5% 5%	4% 4%	3% 3%	0% 0%

Indicator(s)		Baseline 2005	2006/07	Targets 2007/08	2008/09	Longer Term Target
	<b>Key Stage 3</b>					
	Reduce the gap between children from the NRS area and Hartlepool to under 5% by 2012 for those achieving Level 5 or above in:					
	- English	10.6%	10%	8%	6%	<5%
	- Mathematics	8.6%	8%	6%	5%	<5%
	- Science	9.5%	9%	7%	5%	<5%
	- ICT	?	?	?	?	<5%
	<b>Key Stage 4</b>					
	Reduce the gap between young people from the NRS area and Hartlepool to under 5% by 2012 for those achieving:					
	- 5+ A*-C	10.4%	10%	8%	6%	<5%
	- 5+ A*-G (including English and maths)	?				<5%
	- 5+ A*-C (including English and maths)	?				<5%

## DRAFT

Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Funding Stream x				
	Funding Stream y				
	Funding Stream z				
	Total				

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Organisation a				
	Organisation b				



## Outcome 8 Provision of high quality learning and skills opportunities that drive economic competitiveness, widen participation and build social justice.

Community Strategy Objectives:  
Lifelong Learning & Skills 2,3,4,5,11,13,14

### Information

LSC Agenda for Change  
LSC Statement of Priorities for 2006/07

Indicators		Baseline 2003/2004	2006/07	Targets 2007/08	2008/09	Longer Term Target
	No. of new Skills for Life qualifications (Hartlepool)	520				
	No. of new Skills for Life qualifications (Neighbourhood Renewal Area)	274 (53%)		<p>Currently under development in collaboration with LSC</p> <p>Anticipated availability March 06</p>		
	Level 1 Qualifications (Hartlepool)	3934				
	Level 1 Qualifications (Neighbourhood Renewal Area)	1874 (48%)				
	Level 2 Qualifications (Hartlepool)	1474				
	Level 2 Qualifications (Neighbourhood Renewal Area)	691 (46%)				
	Level 3 Qualifications (Hartlepool)	2414				
	Level 3 Qualifications (Neighbourhood Renewal Area)	770 (31%)				

# DRAFT

Indicators		Baseline 2003/2004	2006/07	Targets 2007/08	2008/09	Longer Term Target
	Level 4 Qualifications (Hartlepool)	80				
	Level 4 Qualifications (Neighbourhood Renewal Area)	23 (29%)				
	Modern Apprentices Framework Completions (Hartlepool)	29%				
	Modern Apprentices Framework Completions (Neighbourhood Renewal Area)	27%				

Indicators		Baseline 2004/2005	2006/07	Targets 2007/08	2008/09	Longer Term Target 2012/2013
	Number of learners participating in Adult Education Programmes	2830	3100	3200	3300	4000
	Number of individuals trained to deliver activities within clubs and the community	106	145	150	155	175 by 2012

NB all years are academic years 2004/05

Pooled Funding Stream			2006/07	Allocation 2007/08	2008/09	Total
	Neighbourhood Renewal Fund		JS to add in			
	Total					

Aligned Funding Stream			2006/07	Allocation 2007/08	2008/09	Total
	Funding Stream x					

## Health & Care

### Outcome 9 Improved health - reduce premature mortality rates and reduce inequalities in premature mortality rates between wards/neighbourhoods.

Community Strategy Objectives:  
Health & Care 1,2,3,7

#### Information

Floor Target, Mandatory NR outcome  
Independence, Well-being and Choice

Indicators	Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
Life Expectancy Females (Hartlepool)	78.0 1995-1997	79.1 2002-2004	79.3 2003-2005	79.5 2004-2006	80.5 years by 2009- 2011
* Gap in Hartlepool and England life expectancy - female	1.8 years 1995-1997	1.9 years 2002-2004	1.9 2003-2005	1.9 2004-2006	1.8 2009-2011
Life Expectancy Males (Hartlepool)	72.5 1995-1997	73.7 2002-2004	74.0 2003-2006	74.3 2004-2006	75.7 years by 2009- 2011
* Gap in Hartlepool and England life expectancy - male	2.3 years 1995-1997	2.8 years 2002-2004	2.8 years 2003-2006	2.8 2004-2006	2.9 2009-2011

\* The Public Health Observatory analysis illustrates that the trend is for the life expectancy gap between Hartlepool and England will continue to widen (to 3.9 years based on current trends). Therefore the modelled trend required to stop the gap widening has been used to set more realistic targets (maintain the current gap).

Projected reductions in cardiovascular disease and cancer for under 75s would not prevent the life expectancy gap widening even though we are exceeding the targets in these areas. What is required to hold the gap at current levels is a 20% reduction in all cause mortality spread evenly across all age groups (see Floor Target Action Plan).

# DRAFT

Indicators		Baseline Year & Data	Targets			Longer Term Targets
			2006/07	2007/08	2008/09	
	Life Expectancy Females (NRA)	77.5 2001-2003	77.6 2002-2004	77.8 2003-2005	77.9 2004-2006	78.6 2009-2011
	** Gap in NRA and Hartlepool Females	1.4	1.5	1.4	1.4	1.4
	***Life Expectancy Males (NRA)	70.6 2001-2003	70.8 2002-2004	70.9 2003-2004	71.1 2004-2006	71.8 2009-2011
	Gap in NRA and Hartlepool Males	2.8	2.8	2.8	2.8	2.8
<p>** The trend indicates a widening gap in female life expectancy between the NRA and Hartlepool as a whole (to 1.8 years by 2009-2011). The targets reflect a more realistic aim to maintain the gap at 1.4 years.</p> <p>*** The trend indicates a widening gap in male life expectancy between the NRA and Hartlepool as a whole (to 3.8 years by 2009-2011). The targets reflect a more realistic aim to maintain the current gap at 2.8 years.</p>						

# DRAFT

Indicators		Baseline Year & Data	2006-07	Targets 2007/08	2008/09	Longer Term Target
	Mortality rates from heart disease, stroke and related diseases in people under 75 (Hartlepool)	185 per 100,000 in 1995-97 (1996) 143 per 100,000 2001-2003 (2002)	135 per 100,00 2002-2004 (2003)	127 per 100,000 2003-2005 (2004)	118 per 100,000 2004-2006 (2005)	109 per 100,000 2005 - 2007 (2006) 100 per 100,000 2006-2008 (2007) 91 per 100,000 2007-2009 (2008)
	Mortality rate from cancer amongst people aged under 75 (Hartlepool)	184 per 100,000 in 1995-97 (1996) 157 per 100,000 2001-2003 (2002)	154 per 100,000 2002-2004 (2003)	151 per 100,000 2003-2005 (2004)	148 per 100,000 2004-2006 (2005)	145 per 100,000 2005-2007 (2006) 142 per 100,000 2006-2008 (2007) 139 per 100,000 2007-2008 (2008)
The targets for life expectancy incorporate the narrowing of the gap between NRA and Hartlepool for cardiovascular disease mortality and cancer mortality as these are the major killers and will need to be reduced proportionately more in the NRA for the life expectancy gap targets to be achieved.						

# DRAFT

Indicators		Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Targets
	* The prevalence of smoking among adults (Hartlepool)	40% 2000 39% 2002 34% 2004	33% (2006) [ next MORI survey]	32% (2008) [ next MORI survey]		30% 2010
	**The prevalence of smoking among adults (NRA + NDC)	43% 2002 44% 2004	42% (2006) [ next MORI survey]	40% (2008) [ next MORI survey]		38% 2010
<p>* Source – Commissioned MORI Survey undertaken every 2 years  N.B. The sample for the survey is skewed in that there is a bigger proportion from the NRA and NDC areas (2002 85% respondents from NRA + NDC, 2004 74% respondents from NRA + NDC). This means that the actual prevalence of smoking for all Hartlepool is likely to be less than the survey indicates.  ** Source – MORI Survey - sample size from NRA + NDC = 2,274 in 2002 and 1,006 in 2004.</p>						
	Number of 4 week smoking quitters (NRA + NDC)		385 (2006-2007)	400 (2007-2008)	415 (2008-2009)	
	Number of 4 week smoking quitters (rest of Hartlepool)		315 (2006-2007)	300 (2007-2008)	285 (2008-2009)	

# DRAFT

Indicator(s)		Baseline Year & Data	Target at end of LPSA (Three year cumulative from April 2006 to March 2009)		
*	Number of patients completing a 10 week programme of referred activity as a result of health practitioner recommendation (Performance expected <b>without</b> reward)	333 in 2004/05		0	
*	Number of patients completing a 10 week programme of referred activity as a result of health practitioner recommendation (Performance expected <b>with</b> reward)	333 in 2004/05		1350	
*	Of those completing a 10 week programme, demonstration of positive change to health (Performance expected <b>without</b> reward)	Information not collected		0	
*	Of those completing a 10 week programme, demonstration of positive change to health (Performance expected <b>with</b> reward)	Information not collected		1012 (75% of total)	
*	Of those completing a 10 week programme, the percentage going onto mainstream activity (Performance expected <b>without</b> reward)	Information not collected		0	
*	Of those completing a 10 week programme, the percentage going onto mainstream activity (Performance expected <b>with</b> reward)	Information not collected		675 (50% of total)	

## DRAFT

Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Neighbourhood Renewal Fund	£331,000	£284,000	Not known	£615,000
	Reward Element Pump Priming Grant	TBD	TBD	TBD	TBD
	Total				

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Funding Stream ???				
	Total				



## Outcome 10 Be healthy

Community Strategy Objectives: Health & Care Community Strategy Objectives: 3, 4 & 7 Mental, Emotional & Sexual Health	Information
	Every Child Matters – Key Judgements NSF – Children, Young People & Maternity Services

Indicators	Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
Immunisation rates - % uptake of 2 doses of MMR at 5 years of age (Hartlepool)	79% (at Oct 2005)	83%	87%	90%	95% 2010
* Immunisation rates - % uptake of 2 doses of MMR at 5 years of age (NRA)	74% (at Oct 2005)	79%	83%	87%	93% 2010
* NRA calculations have been made based upon aggregated data from the 9 wards (pre 2005 boundaries) in the 10% most deprived in the country. It is hoped that the development of the IT systems will allow for 2006/7 analysis to undertaken using the actual neighbourhood renewal area boundary. This will require the baseline and targets for the NRA to be adjusted accordingly.					
U18 conception rates (Hartlepool)	75.6 per 1000 (1998)	64 per 1000 (2005)	58 per 1000 (2006)	52 per 1000 (2007)	34 per 1000 (2010)
* U18 conception rates (NRA)	97 per 1000 (1998)	82 per 1000 (2005)	76 per 1000 (2006)	69 per 1000 (2007)	44 per 1000 (2010)
* NRA calculations have been made based upon aggregated data from the 9 wards (pre 2005 boundaries) in the 10% most deprived in the country.					

# DRAFT

Indicator(s)		Baseline Year & Data	Target at end of LPSA		
	Number of schools achieving the new Healthy Schools Status (performance <b>without</b> reward)	21 as at 31 August 2005 (Note: this figures relates to the number of schools achieving Level 3 of the Healthy Schools Standard – not directly comparable).		20	
	Number of schools achieving the new Healthy Schools Status (performance <b>with</b> reward)	21 as at 31 August 2005 (Note: this figures relates to the number of schools achieving Level 3 of the Healthy Schools Standard – not directly comparable)		36	

Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Neighbourhood Renewal Fund	£159,000	£147,000	0	£306,500
	Funding Stream x				
	Total				

## DRAFT

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	General Sure Start Grant	145,000	???	???	
	CAMHS Grant	177,000	TBA	TBA	

## Outcome 11 Exercise of choice and control and retention of personal dignity

Community Strategy Objectives:  
Health & Care 1, 9, 4, 6, 14, 16, 17, 18, 19

### Information

National outcome - Independence, Well-being and choice

Indicator(s)		Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
Vulnerable Adults helped to live at home per 1000 population:	- physical disabilities (C29)	2004/5 9.71	11.0	11.0	11.0	Maintain levels
	- learning disability (C30)	3.45	3.7	3.7	3.7	
	- mental health problems (C31)	3.37	4.5	4.5	4.5	
	- older people (C32)	118.82	125	125	125	
Vulnerable adults, or their carers receiving direct payments per 100,000 adults (D51)		45.53	114	149	184	Continuing Increases
Number of people receiving intermediate care:		900 (2004/05)	700	800	?	

Pooled Funding Stream			2006/07	Allocation 2007/08	2008/09	Total
	Neighbourhood Renewal Fund		£137,000	£124,500	0	£261,500
	Total					

Aligned Funding Stream			2006/07	Allocation 2007/08	2008/09	Total
	Learning Disability Development Fund		£84,000	Not known	Not known	£84,000

## Outcome 12 Mental Wellbeing

Community Strategy Objectives:  
Health & Care 13

### Information

National Service Framework

Indicators		Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
FT	Suicide rates (per100,000 population)	10.4  (1996 i.e. 95-97 3 year average)	9.1 (2006)	8.9 (2007)	8.8 (2008)	Reduce by at least 20% by 2010
	Prescribing of high level antidepressants (ADQ*/PU) (Hartlepool)	427.68 (04/05)	423.4	419.17	414.98	Increased GP take up of alternatives to anti- depressants
	Number of emergency psychiatric re- admissions as a percentage of discharges (A6)	15.71 (2004/05)	12	9	6	Keep at this low level
	Adults aged 18-64 with mental health problems helped to live at home per 1,000 population aged 18-64 (C31)	3.37	4.5	4.5	4.5	Maintain levels
	Direct payments to people with mental health needs as at 31 <sup>st</sup> March	1	6	8	10	Continuing increases

Pooled Funding Stream			Allocation 2007/08	2008/09	Total
	2006/07				
Neighbourhood Renewal Fund	£179,000		£168,000	0	£347,000

Aligned Funding Stream			Allocation 2007/08	2008/09	Total
	2006/07				
None					

## Outcome 13 Access to Services

Community Strategy Objectives:  
Health & Care 13

### Information

Key National Outcome  
Key outcome for Hartlepool Vision for Care

Indicators		Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
	Emergency Bed Days	58,171 (2003/04)	55,858	54,456	Not yet set	Maintain Level
	Waiting times in A& E	96.8% (2004/05)	98%	98%	Not yet set	Maintain Level
	Outpatient waiting times:					
	Not waiting longer than 11 Weeks	110 (Dec 05)	0	0	0	Maintain Level
	Not waiting longer than 5 Weeks	607 (Dec 05)	555	0	0	Maintain Level
	Diagnostic waiting times:					
	Not waiting longer than 13 Weeks	Revising Waiting Time Targets: Diagnostic – anticipated availability May 2006 MRI/CT – anticipated availability March 2006				
	Not waiting longer than 6 Weeks					
	MRI/CT waiting times:					
	Not waiting longer than 13 Weeks					
	Not waiting longer than 6 Weeks					

# DRAFT

Indicators		Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
	Inpatient and Daycase waiting times:					
	Not waiting longer than 20 Weeks	58 (Dec 05)	0	0	0	??
	Not waiting longer than 11 Weeks	323 (Dec 05)	240	0	0	
	Cancer waiting times:					
	31 days	91.4% (Mar 05)	95%	95%	95%	??
	62 days	61.5% (Mar 05)	95%	95%	95%	
	Access to Equipment and Telecare:	74	85	85	85	Maintain level
	- % equipment delivered in 7 days (D54)	0	100	200	300	?
	- users with telecare eqpt	(YEAR??)				
	Access to social care services:					
	- % receiving services following assessment or review (E50)	32.22	35	35	35	Maintain level
	Services provided to carers:					
	- Carers receiving service as a % of Community based clients (C62)	7.6	8	8	8	Maintain level

## DRAFT

Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Neighbourhood Renewal Fund	£119,000	£106,000	0	£225,000
	Total	£119,000	£106,000	0	£225,000

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Preventative Technology Grant	£61,000	£101,000	Not known	£162,000
	Carers Grant	£386,000	£394,000	Not known	£780,000
	Total	£447,000	£495,000	Not known	£942,000



## Community Safety

**Outcome 14 To reduce total crime (as measured by 10 BCS comparator crimes) and narrow the gap between Neighbourhood Renewal area and Hartlepool**

Community Strategy Objectives: Community Safety	<b>Information</b>
	<ul style="list-style-type: none"> <li>Neighbourhood Renewal Floor Target</li> </ul>

Indicator(s)		Baseline 2004/05	2006/07	Targets 2007/08	2008/09	Longer Term Target
	Total Crime (10 BCS comparator crimes)	6841			6331	
	Domestic burglary (Hartlepool)	821			671*	
	Domestic burglary (NRS)	584 (71.1%)			436 (65%)	
	Vehicle crime (Hartlepool) (theft of and theft from motor vehicle)	1271			1060*	
	Vehicle crime (NRS) (theft of and theft from motor vehicle)	819 (64.4%)			636 (60%)	
	Local Violence (common assault and wounding)	1826			1804*	

\* LPSA2 stretched target being negotiated

## DRAFT

Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Safer and Stronger Communities Fund	Allocation unknown			
	NRF				
	LPSA pump priming grant				
	Total				

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Cleveland Police (Hartlepool BCU)?				
	BCU Fund?	Allocation unknown			

## Outcome 15 To reduce the harm caused by illegal drugs and alcohol

Community Strategy Objectives: Community Safety	Information
	<p>Problem drug user numbers currently being re-calculated by GONE/NTA</p> <p>Alcohol strategy being developed – complete and approved by end of 2005/06. Action Plans and service developments required</p>

Indicator(s)		Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
	Increase number of problem drug users in treatment		Subject to agreement by NTA	Subject to agreement by NTA	Subject to agreement by NTA	
	% problem drug users retained in treatment for 12 weeks or more		Subject to agreement by NTA	Subject to agreement by NTA	Subject to agreement by NTA	
	Percentage change year on year etc	42% (2004/05) 10.1% target for 2005/06				
	Alcohol measure?					

Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	(Part) DIP?				
	NRF?				
	Funding Stream z				
	Total				

## DRAFT

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	DAT Pooled budget?				
	Organisation b				

**Outcome 16**

Improved neighbourhood safety, leading to greater resident involvement, less people worried about crime, more people who think Police do good job, and less deliberate fires and criminal damage in neighbourhoods

Community Strategy Objectives:  
Community Safety

**Information**

Indicator(s)		Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
	How safe people feel out in the neighbourhood after dark					
	How worried people are about specific crime types					
	% people who think Police do good job	45% (2003/04) Force area				
	Deliberate fires (Hartlepool)	1384 (2003/04)				10% reduction by 2010
	Deliberate fires (NRS)					
	Accidental fire-related deaths	0	0	0	0	0
	Criminal damage					

## DRAFT

Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	NRF				
	SSCF?				
	Total				

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Neighbourhood Policing Fund				
	BCU?				

## Outcome 17 Prevention of anti-social and criminal behaviour

Community Strategy Objectives:  
Community Safety

### Information

Reward element relating to Indicators ? and ? (need to complete after numbering exercise)

Indicator(s)		Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
	Personal, social and community disorder reported to Police (Hartlepool)	9498 (2004/05)	9716	9230	8769	
	Personal, social and community disorder reported to Police (NRS)					
					<b>Expected Performance 2009/10 BVPI General Survey</b>	
	% of residents stating that 'Teenagers hanging around on the streets' is a problem. Performance expected <b>without</b> reward.	66% (BVPI general survey 2003/04)			66%	
	% of residents stating that 'Teenagers hanging around on the streets' is a problem. Performance expected <b>with</b> reward.	66% (BVPI general survey 2003/04)			61%	
	% of residents stating that 'People being drunk or rowdy in public places' is a problem. Performance expected <b>without</b> reward.	57% (BVPI general survey 2003/04)			57%	
	% of residents stating that 'People being drunk or rowdy in public places' is a problem. Performance expected without reward. Performance expected <b>with</b> reward.	57% (BVPI general survey 2003/04)			52 %	
	Re-offending rate by young offenders					

## DRAFT

Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	NRF				
	LPSA pump priming grant				
	Total				

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	YJB Prevention funding?				
	Organisation b				



## Outcome 18 Stay Safe

Community Strategy Objectives, Community Safety: 3, 4 & 7  
Vulnerable Children – Safe Environment & Child Protection

### Information

Every Child Matters – Key Judgements

Indicator(s)	Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
% of children on the Child Protection Register who have previously been registered PAF/A3	16.7% (2005)	15%	14%	12.5%	12.5%

Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Funding Stream x				
	Funding Stream y				
	Funding Stream z				
	Total				

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Organisation a				
	Organisation b				

## Outcome 19 Reducing incidents of Domestic Violence (LPSA2 Target)

Community Strategy Objectives:  
Community Safety

### Information

**Targets have not been agreed with Police**

Indicator(s)		Baseline Year & Data	Performance at End of LPSA	1 Jan – 31 Dec 2008	Longer Term Target
	Number of repeat referrals to the police as a proportion of overall referrals for incidences of domestic violence (performance without reward)	35.44% = 1001 repeat referrals from total of 2824 (1 July 2004 to 30 June 2005)		35.44%	N/A
	Number of repeat referrals to the police as a proportion of overall referrals for incidences of domestic violence (performance with reward)	35.44% = 1001 repeat referrals from total of 2824 (1 July 2004 to 30 June 2005)		30.87%	N/A
	Number of perpetrators attending a perpetrator programme not re-offending within 6 months of completing the programme (performance without reward)	0		0	N/A
	Number of perpetrators attending a perpetrator programme not re-offending within 6 months of completing the programme (performance with reward)	0		45	N/A

## DRAFT

Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Funding Stream x				
	Funding Stream y				
	Funding Stream z				
	Total				

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Organisation a				
	Organisation b				

## Environment

Outcome 20 Delivering sustainable communities through protecting natural resources and enhancing the local environment and the community's enjoyment of it

Community Strategy Objectives: Environment 1and 2

### Information

Part of the wider cleaner, greener and safer public spaces agenda

Indicator(s)		Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
	Number of volunteer days spent working on nature conservation in Hartlepool	220 (2004/05)	320	350	350	Maintain at 350
	Number of Tees Valley Biodiversity Action Plan points relevant to Hartlepool achieved	11 (2004/05)	42	46	50	

Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Funding Stream x				
	Funding Stream y				
	Funding Stream z				
	Total				

## DRAFT

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Organisation a				
	Organisation b				

# DRAFT

Outcome 21 Improve the quality of the local environment by having cleaner, greener and safer public spaces and by reducing the gap in aspects of liveability between the worst wards/neighbourhoods and the district as whole, with a particular focus on reducing levels of litter and detritus

Community Strategy Objectives: Environment 6	<b>Information</b> Mandatory Neighbourhood Renewal Liveability Outcome - To have cleaner, greener and safer public spaces (mandatory where liveability funding and targeted neighbourhood funding is included)
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Indicator(s)	Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
Cleanliness of the neighbourhood - % of tra for (H	8% fell below a	6%	5%	4%	3% to fall below satisfactory standard by 2011
Cl tra for litter and detritus (Neighbourhood Renewal narrowing the gap)			5%	4%	3% to fall below satisfactory standard by 2011
% of people who think letter and rubbish in th	51% (2004)				
% of in th (Neighbourhood Renewal narrowing the gap)					
Increase the proportion of people satisfied with their local area as a place to live (Hartlepool)	78% satisfied (2002)	80.8%	81.5%	82.2%	85% satisfied by 2012
Increase the proportion of people satisfied with their local area as a place to live (Neighbourhood Renewal narrowing the gap)	77% satisfied (2002)	80.2%	81%	81.8%	85% satisfied by 2012

## DRAFT

Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	NRF, Environmental Task Forces	128,000	105,000	0	233,000
	Total	128,000	105,000	0	233,000

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	NDC, Environmental Task Force	122,686	90,000	60,000	272,686
	Total	122,686	90,000	60,000	272,686

# DRAFT

## Outcome 22 Provide a safe, efficient, effective and accessible transport system

Community Strategy Objectives: Environment 7, 8 9, and 10

### Information

- Government Floor Target to reduce road casualties in NRF areas
- Key outcomes in Local Transport Plan

Indicator(s)		Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
	Increase/maintain the number of bus passenger journeys	2004/05: 5,984,000	To be confirmed by end of January 2006	To be confirmed by end of January 2006	To be confirmed by end of January 2006	To be confirmed by end of January 2006
	Bus passenger satisfaction	65%	50%	No survey	No survey	2009/10: 70%
			<b>2006</b>	<b>2007</b>	<b>2008</b>	
	Reduce the number of deaths and serious injuries	46.2 (4 year average 1994-98)	33.88	32.34	30.80	27.72 (2010)
	Reduce the number of children killed or seriously injured	11.80 (4 year average 1994-98)	7.86	7.37	6.88	5.9 (2010)

Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Funding Stream x				
	Funding Stream y				
	Funding Stream z				
	Total				



## DRAFT

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Organisation (Hartlepool BC LTP Capital – Total Allocation)	2,084,000	2,060,000	2,087,000	6,231,000
	Organisation (Hartlepool BC Revenue Support – Provisional)	2,802,000	2,802,000	2,802,000	8,406,000

# DRAFT

Outcome 23 Make better use of natural resources, reduce greenhouse gases, minimise energy use and reduce the generation of waste and maximise recycling

Community Strategy Objectives:  
Environment 11, 12 and 14  
Housing 19

## Information

Indicator(s)	Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
Targets need updating – Dave Stubbs				21.9%	25% by 2010/11
Improve the energy efficiency of housing stock	SAP rating of 50 in 2002	55	56.25	57.5	60 by 2010
Climate Change indicator – reduction in Greenhouse Gas emissions	To be established in Climate Change Strategy (March 2006)				

Pooled Funding Stream	2006/07	Allocation 2007/08	2008/09	Total
Funding Stream x				
Funding Stream y				
Funding Stream z				
Total				

## DRAFT

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Environment Agency*	3,000	3000		6000
	TADEA*	1,300	1,400		2,700
	Renew Tees Valley*	4,000	4000		8,000
	Scottish Power*	2,000	2,000		4,000
	Waste Performance Grant	177,000	186,000		36,3000
	Total	187,300	196,400		38,3700

\* Tees Valley Climate Change Officer Funding contributions

## Housing

**Outcome 24** As part of an overall housing strategy for Hartlepool, improve housing conditions within the most deprived neighbourhoods/wards, with a particular focus on ensuring that all social housing is made decent by 2010

Community Strategy Objectives:  
Housing 15

### Information

- Housing Strategy
- National Targets

Indicator(s)		Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
	Achieving decent homes standard in <b>social</b> housing sector (Hartlepool)	45% Council 98% RSL 2002				100% by 2010
	Achieving decent homes standard in <b>private</b> sector housing sector	63.7% in 2005				70% by 2010

Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	None				

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Hartlepool Borough Council SHIP allocation	£500,000	£500,000	u/k	£1m
	Organisation b Housing Hartlepool	£19m	£16.5m	£13.24m	£48.74m
	Organisation c – other RSLs	Currently u/k	Currently u/k	Currently u/k	tba
	Total	19,500,000	17,000,000	13,240,000	49,740,000

## Outcome 25 Meeting Housing and Support Needs

Community Strategy Objectives:  
Housing 20 and 21

### Information

Housing Strategy  
Homelessness Strategy  
Housing Renewal Strategy  
SP Strategy

Indicator(s)		Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
	Increase support to enable residents to live independently in their own homes	2005/6 = 2383	2403	2433	2488	2621 by 2015 subject to continued SP funding
	Increase the number of people receiving floating support services	2005/6 = 352	387	488	584	786 by 2015 (subject to SP funding)
	Increase the number of adaptations carried out to enable vulnerable people to remain living independently in their own home	2005/6 DFGs = 125 HH (minor) works & HIA handyperson = 600 Total = 725	743	767	797	833 by 2015

Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	None				

## DRAFT

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	HBC - SHIP allocation	£280,000	£280,000	£280,000	£840,000
	Government DFG allocation	£192,000	£192,000 (tbc)	£192,000 (tbc)	£576,000
	HH Minor Works & Adaptations	£350,000	£300,000 (tbc)	£250,000 (tbc)	£900,000
	NDC, Housing Advice & Tenancy Support	43,488	0	0	43,488
	Total	865,488	772,000	722,000	2,359,488

## Outcome 26 Improving the advice and support provided to homeless people and helping them to access employment, training and educational opportunities (LPSA2 Target)

Community Strategy Objectives:	<b>Information</b>
	Housing Strategy Homelessness Strategy

Indicator(s)	Baseline Year & Data	Targets			Longer Term Target
		2006/07	2007/08	End of LPSA 2008/09	
BV 213 the number of households considering themselves homeless who approached the housing advice service and where intervention resolved their situation	New indicator	20%	25%	30%	35%
The percentage of new tenants receiving support from HBC sustaining their tenancies for 6 months	2005/6 = 70%	75%	80%	85%	95% by 2012
The percentage of RSL tenants evicted without personal contact from their landlord	Figure not yet established, currently working with RSLs				Nil % by 2010

Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	None				

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Council – ODPM Homelessness Grant (subject to confirmation)	£52,000	£52,000	£52,000	£156,000

## Outcome 27 Improving the energy efficiency of houses

Community Strategy Objectives:

**Information**

Housing Strategy  
Fuel Poverty Strategy

Indicator(s)		Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
	Improve the energy efficiency of housing stock	SAP rating of 50 in 2002	55	56.25	57.5	60 by 2010

Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	None				

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	HBC SHIP funding	£140,000	£100,000	u/k	£240,000
	Power companies contributions	£130,000 (estimated)	£95,00 (estimated)	u/k	£225,000 (estimated)
	Total	270,000	195,000	0	465,000



## Outcome 28 Balancing Housing Supply And Demand

Community Strategy Objectives:  
Housing 17

### Information

2006 –2011 Housing Strategy Core Priority  
Housing Regeneration Strategy

Indicator(s)		Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
	Number of houses cleared in HMR intervention area	2005 baseline= 25	200	200	200	Future clearances and new homes will be determined through a sensitive 'plan, monitor, manage' approach as advocated in the Housing Regeneration Strategy
	Number of new homes constructed in HMR intervention area	2005 baseline= 0	50	150	150	
	*Tees Valley Living will agree the finalised list of indicators relating to monitoring sub-regional HMR activity by June 2006. We will replicate the main core indicators from this list for Hartlepool (to ensure appropriate strategic alignment) by September 2006, and amend this outcome accordingly					

Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Neighbourhood Renewal Fund	£128,000	£105,000	u/k	£233,000

## DRAFT

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Single Housing Investment Pot (North East Housing Board)	£1.72m	£1.105m	Allocation likely to be confirmed by end 2007	£2.825m
	Housing Market Renewal Fund (ODPM/Tees Valley Living)	£1.375m	£4.375m	Allocation likely to be confirmed by end 2007	£5.75m
	NDC, Hartlepool Revival running costs	£305,964	£315,142	£324,597	£945,703
	NDC, Investing in Housing	£750,000	0	0	£750,000
	Total	£4,150,964	£5,795,142	£324,597	£10,270,703

## Culture and Leisure

**Outcome 29 Enrich individual lives, strengthen communities and improve places where people live through enjoyment of leisure, culture and sport**

Community Strategy Objectives:  
Culture and Leisure 2, 3

### Information

Hartlepool Museums the Tees Valley lead for the Regional Hub – Renaissance in the Regions various external partners and agencies e.g. Sport England provide revenue support for sport and physical activity development.

Indicator(s)		Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
Engagement in museum outreach activity by under-represented groups		2004/5 271	300	325	325	350
	Visits by C2DE visitors to the Museum of Hartlepool (based on Renaissance funded MORI visitor survey)	2004/5 39%	40%	41%	42%	43%
Number of individuals trained to deliver activities within clubs and the community (Local Indicator)		106 (2004/05)	145	150	155	175 by 2012

Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Funding Stream				
	Total				

## DRAFT

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Renaissance in the Regions	£90,500	£99,500	unknown	£189,500
	Sport England – Active England	33822	35645	37533	107000
	Football Foundation (revenue)	8090	8653	9281	26024
	NDC (Football Development)	38012	38832	39628	116472
	LPSA Reward Grant & Children's Services (Swim Development)	32000 TBC	32000 TBC	32000 (TBC)	96000 (TBC)
	LDPB (Disability Officer)	20000	-	-	20000
	Total				

NB. Funding figure below relates to Renaissance in the Regions budget allocated to Hartlepool as lead partner for the Tees Valley hub, for delivery of outreach projects across the Tees Valley (14 museums / 5 local authorities). This figure includes the Renaissance audience development manager, who is not involved in direct delivery. Renaissance funding in place to March 2008. Level of support beyond that unknown. Outputs based on 20% of the Renaissance target (200 per annum), plus additional figures based upon the fact that target was comfortably exceeded in 2004/5.

## Outcome 7 Enjoy and Achieve

Community Strategy Objectives:  
Culture and Leisure 2, 3  
Education?  
Health?

### Information

- Every Child Matters – enjoy and achieve outcome

Indicator(s)	Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
Indicator from Every Child Matters – take-up of sporting activities by 5-16 (DfES/DCMS)?	Education				
Taken up of cultural and sporting opportunities among > 16 (DCMS)	Education				

Pooled Funding Stream	2006/07	Allocation 2007/08	2008/09	Total
Funding Stream x				
Funding Stream y				
Funding Stream z				
Total				

Aligned Funding Stream	2006/07	Allocation 2007/08	2008/09	Total
Organisation a				
Organisation b				

## Outcome 30 Cultural and leisure services, including libraries, better meet the needs of the community, especially disadvantaged areas

Community Strategy Objectives:  
Culture and Leisure 5 and 6

### Information

Significant contributions to the wider corporate agenda  
Culture and Leisure provide the lead in Quality of Life  
within the community and play a major role in Health  
and Well Being and Economic Regeneration.

Indicator(s)		Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
	Increase annual Leisure Centre attendances (Hartlepool)	397479 (2004/05)	362500	365000	367500	375000 by 2012
	Increase annual Leisure Centre attendances (Neighbourhood Renewal narrowing the gap)	54% (2004/05)	55%	56%	57%	60% by 2012
	Increase proportion of residents satisfied with museums/arts (Hartlepool)	63% (2003/04 Best Value Narrowing the Gap)	64%	65%	66%	67% by 2012
	Increase proportion of residents satisfied with museums/arts (Neighbourhood Renewal narrowing the gap)	9%	8%	7%	7%	6% by 2012
	Increase residents satisfaction with public parks and open spaces (Hartlepool)	? Best Value Figure not MORI ?				
	Increase residents satisfaction with public parks and open spaces	? Best Value not				

# DRAFT

	(Neighbourhood Renewal narrowing the gap)	Mori ?				
	Increase residents satisfaction with libraries (Hartlepool)	77% (BVPI data 2003/04)	78%	78%	79%	80%
	Increase residents satisfaction with libraries (Neighbourhood Renewal narrowing the gap)	BVPI Data 2003/2004	4%	3%	3%	2%
	Increase leisure card holders attendance (Hartlepool)	1348 (2004/05)	1750	2000	2250	2500 by 2012

Pooled Funding Stream			Allocation		
		2006/07	2007/08	2008/09	Total
	Total				

Aligned Funding Stream			Allocation		
		2006/07	2007/08	2008/09	Total
	*	NDC- Libraries (Remnant % for Sunday Opening)	5,750		

## Strengthening Communities

**Outcome 31 To empower local people to have a greater voice and influence over local decision making and the delivery of services**

Community Strategy Objectives: Strengthening Communities 1, 2, 3, 4, and 5	<b>Information</b>
	Mandatory SCCF outcome

Indicator(s)		Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
	Maintain the level of involvement in the Community Network (Hartlepool)	50 Groups and 70 People (2002)	75 Groups and 105 People (2005)	75 Groups and 105 People (2005)	75 Groups and 105 People (2005)	Maintain at 2005 Level (75 Groups and 105 People)
	Percentage of adults who feel they can affect decisions that affect own area (Hartlepool)	26 % (MORI survey 2004)				
	Percentage of adults who feel they can affect decisions that affect own area (Neighbourhood Renewal narrowing the gap)	27 % (MORI survey 2004)				

Targets to be established

Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Neighbourhood Renewal Fund	£95,000	£125,000	0	£310,000
	Funding Stream y				
	Funding Stream z				



	Total				
Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Organisation a				
	Organisation b				

## Outcome 32 Make a positive contribution

Community Strategy Objectives:  
Strengthening Communities 2  
Lifelong learning and Skills 2,15

### Information

- Every Child Matters
- Independence Well-being and Choice Outcome

Indicator(s)		Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
	Percentage of people who have been helped by others (unpaid and not relatives) i) over the past year and ii) one a month over the past year (Hartlepool)	To be established in MORI survey to be undertaken in 2006		To be established		
	Percentage of people who have been helped by others (unpaid and not relatives) i) over the past year and ii) one a month over the past year (Neighbourhood Renewal narrowing the gap)	To be established in MORI survey to be undertaken in 2006				
	Increase the proportion of people undertaking voluntary work/community activity (Hartlepool)	9% (2002)	9.2%	9.4%	9.6%	10% by 2012
	Increase the proportion of people undertaking voluntary work/community activity (Neighbourhood Renewal narrowing the gap)	9% (2002)	9.2%	9.4%	9.6%	10% by 2012
	<b>Increase the number of looked after children participating in their reviews</b>	67.4%	80%	90%	97.5%	Maintain 95%-100%
	<b>Indicator to developed relating to adults, LD and social enterprise</b>					

## DRAFT

Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Funding Stream x				
	Funding Stream y				
	Funding Stream z				
	Total				

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Organisation a				
	Organisation b				

## Outcome 33 To improve the quality of life for the most disadvantaged neighbourhoods and ensure service providers are more responsive to neighbourhood needs and improve their delivery

Community Strategy Objectives: Strengthening Communities 3	Information
	<ul style="list-style-type: none"> <li>○ Mandatory where targeted neighbourhood funding is included</li> <li>○ Neighbourhood Action Plans</li> </ul>

Indicator(s)		Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
	Increase the proportion of people satisfied with their local area as a place to live (Hartlepool)	78% satisfied (2002)	80.8%	81.5%	82.2%	85% satisfied by 2012
	Increase the proportion of people satisfied with their local area as a place to live (Neighbourhood Renewal narrowing the gap)	77% satisfied (2002)	80.2%	81%	81.8%	85% satisfied by 2012
	Increase the proportion of people satisfied with their local area as a place to live (Neighbourhood Element Area)	77% satisfied (2002)	80.4%	81.4%	82.6%	86% satisfied by 2012
	Burbank – Health Neighbourhood Element Target to be included					
	Dyke House/Stranton/Grange – Community Safety Target to be included					
	Owton – Target to be included					
	North Hartlepool – Target to be included					

## DRAFT

Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Neighbourhood Element	£412,800	£516,000	£412,800	£1,341,600
	Neighbourhood Renewal Fund	£430,000	£340,000	0	£770,000
	Total				

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Organisation a				
	Organisation b				

## Outcome 34 Increasing financial resources within family environments to provide improved lifestyle opportunities (LPSA2 Target)

Community Strategy Objectives:	Information

Indicator(s)		Baseline Year & Data		Performance at end of LPSA (2007/08)	Longer Term Target
	Number of Council Tax Disabled Reductions (performance <b>without</b> reward)	177 (February 2005)		190	N/A
	Number of Council Tax Disabled Reliefs (performance <b>with</b> reward)	177 (February 2005)		255	N/A
	Number of Council Tax Carer Reductions (performance <b>without</b> reward)	32 (February 2005)		34	N/A
	Number of Council Tax Carer Reductions (performance <b>with</b> reward)	32 (February 2005)		120	N/A
	Number of Severely Mentally Impaired Reductions (performance <b>without</b> reward)	83 (February 2005)		87	N/A
	Number of Severely Mentally Impaired Reductions (performance <b>with</b> reward)	83 (February 2005)		108	N/A

## DRAFT

Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Funding Stream x				
	Funding Stream y				
	Funding Stream z				
	Total				

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Organisation a				
	Organisation b				

## Outcome 35 Freedom from discrimination or harassment

Community Strategy Objectives: Jobs & Economy 12, 13, Lifelong Learning & Skills 5, 11 Health & Care 13, 14, 15, 16, Community Safety 6, 7, 10 Environment & Housing 7, 9, 20, 21 Strengthening Communities 8	Information
	Independence, Well-being and Choice Outcome

Indicator(s)		Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
	Percentage of people who feel that their local area is a place where people from different backgrounds get on well together (Hartlepool)	To be established in MORI survey to be undertaken in 2006				
	Percentage of people who feel that their local area is a place where people from different backgrounds get on well together (Neighbourhood Renewal narrowing the gap)	To be established in MORI survey to be undertaken in 2006				
	Reducing the proportion of people feeling no involvement in the community (Hartlepool)	37% feeling no involvement (2002)	36%	35.8	35.6%	35% feeling no involvement by 2012
	Reducing the proportion of people feeling no involvement in the community (Neighbourhood Renewal narrowing the gap)	37% feeling no involvement (2002)	36%	35.8	35.6%	35% feeling no involvement by 2012



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Indicator(s)		Baseline Year & Data		Targets		Longer Term Target
	Proportionate Assessment: - % of older service users receiving an assessment that are from minority ethnic groups, compared to the % of older people in the local population that are from such groups (E47)	0.63 (2004/05)	1.00	1.00	1.00	Maintain equal proportions
	Proportionate service provision: - % of older service users receiving services following an assessment that are from a minority ethnic group, compared to the % of users assessed that are from such groups (E48)	0.33 (2004/05)	1.00	1.00	1.00	Maintain equal proportions

Pooled Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Funding Stream x				
	Funding Stream y				
	Funding Stream z				
	Total				

Aligned Funding Stream		2006/07	Allocation 2007/08	2008/09	Total
	Organisation a				
	Organisation b				

## Outcome 36 Creating a fairer world

Environment & Housing 11, 12, 13  
Strengthening Communities, 8

### Information

**Securing the Future - UK Government sustainable development strategy**

Indicator(s)		Baseline Year & Data	2006/07	Targets 2007/08	2008/09	Longer Term Target
	Number of retail establishments offering Fairtrade as an alternative	9 (2003/04)	18	19	20	21 (2010/11)
	Number of catering establishments offering Fairtrade as an alternative	4 (2003/4)	9	10	11	12 (2010/11)

Pooled Funding Stream			2006/07	Allocation 2007/08	2008/09	Total
	None					

Aligned Funding Stream			2006/07	Allocation 2007/08	2008/09	Total
	None					

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## **6. Contact Details**

Any views on this draft will be very welcome and should be directed to:

Hartlepool Partnership  
Bryan Hanson House  
Hartlepool  
TS24 7BT

Or e-mailed to John Potts on [john.potts@hartlepool.gov.uk](mailto:john.potts@hartlepool.gov.uk)

If you would like to discuss the emerging outcome framework please contact:

Joanne Smithson	01429 284161 or
John Potts	01429 284320

Further information on the draft can be obtained by contacting:

Joanne Smithson  
Head of Community Strategy

Tel. 01429 284161

[Joanne.smithson@hartlepool.gov.uk](mailto:Joanne.smithson@hartlepool.gov.uk)

Additional information on Hartlepool Borough Council can be found at  
[www.hartlepool.gov.uk](http://www.hartlepool.gov.uk)

Further information about the work of the Hartlepool Partnership can be found  
at [www.hartlepoolpartnership.co.uk](http://www.hartlepoolpartnership.co.uk)

# Annexe A - Statement of the involvement of the Voluntary and Community Sector (VCS) and local people in the design and delivery of Hartlepool's Local Area Agreement

## Introduction

National Guidance on LAAs states that the Statement of Involvement should set out:

*How local people and the Voluntary and Community Sector have been informed, consulted, given the opportunity to participate in the LAA process and the delivery of outcomes.*

ODPM, July 2005

Studies by Hartlepool Voluntary Development Agency (HVDA) show that the Hartlepool VCS comprises:

500 groups in total  
5000 volunteers  
50 groups with paid staff  
400 people in paid employment.

Their research shows that most of Hartlepool's population will benefit from the services of at least one group in any one year.

HVDA plays a key role supporting the work of the Hartlepool Community Network. The Network engages the VCS in the work of the Hartlepool Partnership through a variety of mechanisms:

## Representation on partnerships

Initiating and presenting research of the VCS and its role

The VCS is a deliver of service and as such is a source of expertise

Involvement in working groups and attendance at consultation meetings

Principals of Involvement

In the preparation and the delivery of the Hartlepool LAA all partners work to apply the agreed principles established in the Hartlepool Community Strategy:

Principles	
Accountability	Maximise Opportunity
Community Involvement	Maximise Resources
Co-ordination	Partnership
Equality & Social Inclusion	Sustainability
Integrity	Quality Services & Continuous Improvement

## DRAFT

The Policy framework for resident and VCS involvement in the LAA  
In addition to the principles established in the Community Strategy, three documents in particular provide a policy framework for VCS and resident involvement in the LAA preparation and delivery.

Hartlepool Partnership / Hartlepool Community Network Protocol  
Statement of Community Involvement (SCI) in the Planning Process)  
COMPACT

### **1. The Hartlepool Partnership Hartlepool Community Network Protocol**

Agreed in January 2005 and refreshed in October 2005, the Protocol sets out the working arrangements between the Hartlepool Partnership and the Hartlepool Community Network. It covers key areas including:

Community and Voluntary sector representation on the Hartlepool Partnership  
Consultation activity  
Hartlepool Partnership Board administrative arrangements  
Mediation  
Measuring progress

### **2. Statement of Community Involvement (SCI) in the Planning Process**

The Statement of Community Involvement sets out how Hartlepool Borough Council intends to involve the community, including voluntary and community groups, local residents, businesses, landowners, statutory agencies and others with an interest, in the new planning system - Hartlepool's Local Development Framework. Hartlepool Borough Council's adoption of a Statement of Community Involvement reflects the intentions of Central Government to encourage greater public involvement in the planning process, at both an early stage and throughout. The SCI builds on the Hartlepool Partnership/Hartlepool Community Network Protocol and is consistent with the Government's Code of Practice on Consultation. It has eight Guiding Principals:

- i. there will be a variety of consultation mechanisms but all exercises will be inclusive with every effort made to encourage the participation of the widest relevant interests;
- ii. consideration will be given to the publication of a forward plan of consultation exercises to help people get involved;
- iii. each consultation exercise will make clear its purpose and scope and will provide background information and contact details for additional information;
- iv. information will include details of the time scale, any decisions already made, arrangements for expressing views and clarification on what influence those views will have and any other contributory factors to the final decision making;
- v. there will be use of a comprehensive range of verbal and written exercises to ensure that views can be collected from all sectors and communities as appropriate (different formats like languages, Braille, talking tapes, translators, large prints, readers for the visually impaired etc, will be made available, if requested);

## **DRAFT**

- vi. once consultation is complete there will be clear and honest feedback setting out reasons for decisions made or the adoption of the specific approach. If there is a long term or ongoing process there will be regular updates;
- vii. to avoid duplication and consultation fatigue, and to ensure the best use of resources, existing networks and forums will be utilised to publicise and organise consultation;
- viii. there will be respect and confidentiality in relation to the privileged information that may be exchanged.

### **3. COMPACT**

In January 2003 Hartlepool Borough Council agreed a COMPACT with the Community and Voluntary Sector. This covered issues such as communication, funding, representation and contracting. In addition to providing a framework for engagement, the COMPACT included a 3 year Action Plan. During 2005, Hartlepool Borough Council carried out a best value review of how it contributed to the delivery of the Strengthening Communities Theme of the Community Strategy. One of the key areas for improvement highlighted in the resulting Action Plan was the review of the current COMPACT arrangements.

#### **Process of Hartlepool LAA negotiation**

The Hartlepool Partnership Board and the Council's Cabinet have led the development of the LAA.

A key feature of resident and Community & Voluntary sector involvement has been a series of workshops for the sector. In October 2005 the sector was invited to initial workshop outlining theory and practicalities of LAA and invited to develop outline VCS priorities for each LAA Theme. These initial priorities were fed into Theme Partnerships who then led the preparation of theme outcomes. During January 2006 the sector was again invited to participate in outcome development by attending a series of workshops, one per LAA Theme, where progress on previous priorities was outlined together with detail on the proposed LAA outcomes.

Feedback from the January workshops was broadly supportive of the proposed outcomes though concern was expressed at the nature of some of the mandatory outcomes, the perceived ambiguity of Government terminology and the lack of specific project information included in the agreement.

The processes by which residents and the voluntary & community sector (VCS) have been involved in identifying the local priorities for the LAA Hartlepool's LAA clearly builds on the Community Strategy and the annual action planning undertaken for the last three years as part of the Partnership's Performance Management Framework. This draws on a strong evidence base, both qualitative and quantitative, ensuring outcomes reflect local priorities. Mechanisms for reflecting local priorities include:

## DRAFT

- The Community Network has significant representation on the Hartlepool Partnership Board and is able to input directly into LAA discussions;
- The Community Network has representatives on all Theme Partnerships and has been able to be involved in more detailed discussions relating to theme outcomes for the agreement;
- The Community Network had lead responsibility for the development of the Strengthening Communities LAA outcomes;
- Recent household surveys have been used to establish baseline information;
- Priorities established in recent consultation e.g. Children and Young People's plan, Audit of Crime and Disorder, Older People's Strategy, Social Inclusion Strategy and Neighbourhood Renewal Fund Programme evaluation have shaped outcomes;
- Resident's priorities outlined in Neighbourhood Action Plans have informed the process;
- A seminar for Elected Members on Local Area Agreements;
- Community & Voluntary Sector LAA workshops in January.

### **The scope of the VCS in the final LAA**

Although the scope of the VCS involvement in the final LAA is perhaps most clearly seen in the Strengthening Communities chapter of the LAA, their contribution to delivering the outcomes is evident across all seven themes of the agreement.

Throughout the LAA negotiation, the Community Network has emphasised the importance of the support provided by VCS infrastructure organisations such as Hartlepool Voluntary Development Agency, in the delivery of the LAA. HVDA has been able to provide the following support: (figures are for 2004/05).

- Advice and information on a wide range of topics. (220 groups).
- Recruit volunteers and provide guidance on how to recruit and deploy volunteers. (649 volunteers interviewed).
- Funding support. (£640k distributed to local groups).
- Legal/financial advice and other technical support.
- Provide the role and voice of the VCS.

The Community Network is of the opinion that there is not enough understanding at a strategic level of why voluntary sector infrastructure support is important to the VCS and believes that there is a need for partners to support HVDA in relation to the above role.

In relation to contracting, the Community Network has stressed that in some cases, the sector can be more effective at delivering public services, this can arise for a number of reasons:

The ability to lever in additional funds, HBC identified that for

## DRAFT

each £1 invested in the 25 groups supported by the Community Pool in 2003/04, resulted in a further £8 being accessed from other sources. Motivate volunteer involvement, in a study of the Hartlepool VCS in 2001, of those groups with paid staff for each 1 full time paid staff member, there were the equivalent of 8 full time volunteers. Flexibility of response, local groups are usually quick to respond to need.

The Community Network believes that consideration should be given by Partners to the role of the Sector as potential providers of services and to full cost recovery when contracting with the VCS as recommended by Government in the Home Office/OGC guidance "Think Smart, Think Voluntary Sector"

Signed on DATE

Keith Bayley	Iain Wright MP	Mayor Stuart Drummond
On behalf of the Hartlepool Community Network	On behalf of the Hartlepool Partnership	On behalf of Hartlepool Borough Council



# CABINET REPORT

10<sup>th</sup> February, 2006



**Report of:** Chief Executive

**Subject:** AUDIT COMMISSION ANNUAL AUDIT AND  
INSPECTION LETTER 2004/05

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## SUMMARY

### 1. PURPOSE OF REPORT

- 1.1 To inform the Cabinet of the content of the Audit Commission Audit and Inspection Letter 2004/05.

### 2. SUMMARY OF CONTENTS

- 2.1 Attached is the Audit Commissions Audit and Inspection 'Annual Letter' for members, which incorporates the Annual Audit Letter for 2004/05. The letter summarises the conclusions and significant issues arising from the Audit Commissions recent audit and inspections of the Council.

### 3. RELEVANCE TO CABINET

- 3.1 The Audit and Inspection Letter 2004/05 includes the Councils rating in relation to the new CPA process as well as judgements regarding the Councils performance and direction of travel, opinion on the Councils accounts and governance issues.

### 4. TYPE OF DECISION

- 4.1 Non-Key

**5. DECISION MAKING ROUTE**

- 5.1 The Audit Commission Audit and Inspection Letter 2004/05 has been considered by the Audit Committee at its meeting of the 17.01.06 and will be considered by the Scrutiny Co-ordinating Committee at its meeting of the 10.02.06.

**6. DECISION(S) REQUIRED**

- 6.1 It is recommended that Members of the Cabinet:-
- (a) Note the content of this report; and
  - (b) Consider the content of the Audit Commission Audit and Inspection Letter 2004/05.

**Report of:** Chief Executive

**Subject:** AUDIT COMMISSION ANNUAL AUDIT AND  
INSPECTION LETTER 2004/05

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**1. PURPOSE OF REPORT**

- 1.1 To inform the Cabinet of the outcome of the Audit Commission Audit and Inspection Letter 2004/05.

**2. BACKGROUND**

- 2.1 This report advises Members that under the new CPA assessment criteria the Council's performance has been judged as four-star (the highest rating). The report indicates that the Council's priorities are clearly defined and informed by effective community engagement.
- 2.2 The CPA judgement has been made using the revised methodology, "CPA – The Harder Test", which is a more stringent test with more emphasis placed on outcomes for local people and value for money. A direction of travel judgement is now part of the test and measures how well the Council is improving. Under the new framework the Council is judged as improving well (the second highest rating).

**3. RECOMMENDATIONS**

- 3.1 It is recommended that Members of the Cabinet:-
- (a) Note the content of this report; and
  - (b) Consider the content of the Annual Audit and Inspection Letter 2004/05.

# **Annual Audit and Inspection Letter**

**Hartlepool Borough Council**

**Audit 2004-2005**

The Audit Commission is an independent body responsible for ensuring that public money is spent economically, efficiently and effectively, to achieve high-quality local services for the public. Our remit covers around 11,000 bodies in England, which between them spend more than £180 billion of public money each year. Our work covers local government, health, housing, community safety and fire and rescue services.

As an independent watchdog, we provide important information on the quality of public services. As a driving force for improvement in those services, we provide practical recommendations and spread best practice. As an independent auditor, we ensure that public services are good value for money and that public money is properly spent.

### **Status of our reports to the Council**

Our reports are prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. Reports are prepared by appointed auditors and addressed to members or officers. They are prepared for the sole use of the audited body, and no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

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For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 020 7828 1212 Fax: 020 7976 6187 Textphone (minicom): 020 7630 0421

[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

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## Key messages

### Council performance

- 1 Under a new assessment process the Council has been judged to be four-star overall (the highest rating) and consistently above minimum requirements - performing well in most aspects of use of resources. The Council's priorities are clearly defined and are informed by effective community engagement. However, the Council is not delivering efficiency gains in all areas and there is a need to further develop understanding of the new governance arrangements and scrutiny amongst all members.

### Financial position

- 2 The Council's accounts for 2004/05 presented fairly its financial position. The Council's overall financial standing is sound, but is facing a significant budget gap in two year's time and cannot rely on its reserves and general fund balances to support the budget.

### Other accounts and governance issues

- 3 The Council's arrangements for corporate governance and internal control meet or exceed minimum standards. However, some areas of weakness still need to be addressed.

### Action needed by the Council

- 4 The key issues for members are to:
  - challenge the way services are provided and find efficiency savings across the Council to ensure future plans are sustainable;
  - monitor the application of reserves and balances and periodically review levels of reserves to ensure that they are still required or sufficient for purpose; and
  - ensure that the Council's internal control framework is mapped and evaluated in 2005/06 and that action plans to address identified weaknesses are implemented.



## Performance

Services in most priority areas are improving and are providing good value for money with high public satisfaction. The Council's change management programme has identified capacity which will allow continued improvement but this needs to be allied to a robust programme of efficiency savings to ensure a sustainable future.

### CPA scorecard

- 5 The CPA judgements this year have been made using the revised methodology: CPA - the harder test. CPA is now a more stringent test with more emphasis on outcomes for local people and value for money. A Direction of Travel judgement is part of this test and measures how well the Council is improving. Under the new framework the Council is improving well and its overall CPA category is four-star.

**Table 1 CPA scorecard**

Element	Assessment
Direction of Travel judgement	3: improving well
Overall	Four-star
<b>Current performance</b>	Out of 4
Children and young people	3
Social care (adults)	3
Use of resources	3
Housing	4
Environment	3
Culture	4
Benefits	4

(Note: 1=lowest, 4=highest)

- 6 Services in most priority areas are improving and achievement against key targets is good. Educational achievement is improving at most levels. There are improvements in services for looked after children and child protection, but the educational attainment of care leavers is well below the national average. Adult social services continue to perform well against national indicators. There is continued improvement in high performing environmental, benefits and cultural services. The Council, with partners, is making progress across wider community outcomes, including increased employment, reduced crime and improvement in community housing. Consultation arrangements with all sections of the community are developing and the accessibility to services continues to improve. The Council is providing good value for money and high public satisfaction, but not delivering efficiency gains in all areas.
- 7 The Council is well-placed to deliver further improvement. It is currently looking to further strengthen and modernise its governance and scrutiny, where understanding by members requires further development and financial planning to deal with emerging budget pressures is also developing.

## Direction of Travel report

- 8 The Council is improving in most of its priority areas which are clearly defined and informed by effective community engagement. Public satisfaction with services remains in the best quartile. Sixty four per cent of key PIs have improved with 51 per cent now in the best quartile.
- 9 Educational achievement is improving at most levels. Improvements have been made at Key Stage 2, but these are not yet reflected at Key Stage 3. GCSE results improved in line with national trends. The number of those with grades A\* to C is broadly average, but those with grades A\* to G is low. There is good capacity to improve services further.
- 10 Social care is a council priority and this has resulted in increased funding for both children and adult services. This has led to improvements in some aspects of services for looked after children and child protection, but the educational attainment of care leavers remains poor. Social care services are serving most adults well and Council's capacity to improve these services is promising. Performance against national indicators is generally good with a number of improvements this year.
- 11 Crime levels overall have reduced by 21 per cent. The Drug Intervention Programme consistently achieves high performance and the Youth Offending Service performance has improved to top quartile in 2004/05. The number of people feeling unsafe has reduced over the past two years.
- 12 Environmental services have high levels of satisfaction in all areas. All key operational waste PIs are top quartile performance and continue to improve. The planning service is performing well. Increased investment has improved performance in community housing to top quartile in key areas. The benefits service has been judged as excellent, exceeding standards for the three performance measures of user focus, quality and accessibility.

- 13 There is continued improvement in cultural services. With 22 of 24 national library standards met, the service now has an 'excellent' rating. User satisfaction is high and usage has increased across all cultural facilities. Leisure centre attendance from nine of the most disadvantaged wards is up by 54 per cent, exceeding targets set by the Council.
- 14 The Council is contributing well to wider community outcomes, resulting in significant external investment in economic and community development. The gap between local and national unemployment rates has continued to reduce, with council assisted business start-ups and VAT registrations in 2004/05 both up on the previous year. The LSP has been awarded the highest category in the LSP validation exercise for two years.
- 15 Systematic consultation by the Council is strong, through a citizen's panel, focus groups, external research and three neighbourhood forums. Young people are regularly consulted.
- 16 There is an appropriate range of opportunities for young people, including those with disabilities. The numbers from black and minority ethnic backgrounds (BME) who are assessed or receive adult social services is lower than expected from the population profile, but the Council is developing engagement with BME groups.
- 17 The Council is providing good value for money. It is investing effectively in priority areas and delivering good quality services, some well above minimum standards, with high levels of resident satisfaction, but for relatively high costs as it is a small unitary authority. The Council's efficiency gains have increased from £0.3 million to £2.184 million but this is delivered inconsistently across all services. Financial capacity is strong and a medium-term financial strategy is in place, but emerging budget pressures may affect this in the future.
- 18 The 'Way Forward Change Programme' represents a robust approach to the Council's programme of modernisation and improvement. Key performance measures have been identified for each improvement priority and the Council is developing its performance management framework. A number of strategies are in the process of implementation, for example the approach to neighbourhood planning and a best value review into how local communities can be strengthened.
- 19 Key milestones are being achieved. Of the 24 LPSA targets for March 2005, only 5 are identified as not being met. The proportion of PI targets achieved increased to 59 per cent. At the end of the first quarter of 2005/06, 75 per cent of the corporate plan improvement priorities were on target to be achieved.
- 20 The Council has a good record of joint procurement with a range of partners in the public, private and community sectors to improve quality of services and achieve savings. External funding is used effectively to support local priorities. National Procurement Strategy milestones are being met and plans are in place to meet targets up to 2006. A revised risk strategy has been approved and risk registers at service level enhanced.

- 21 The Council has much of the capacity it needs to sustain further improvement and is building additional capacity through the implementation of its change programme. Management development is being rolled out to 400 managers together with, a restructure from six to five departments, the implementation of an ICT strategy and a programme of business process re-engineering. All external assessments report a strong ability to deliver programmed change.
- 22 A development programme for members is in place and the Mayor has strengthened the link between the executive and scrutiny. However, these changes are at an early stage and more understanding of the new governance arrangements and scrutiny is required by all members.
- 23 There are no significant weaknesses in arrangements for securing continuous improvement that would prevent improvement levels being sustained.

## Performance indicators

- 24 We are required to give an opinion on your best value performance plan (BVPP) and certify the performance indicators specified by the Audit Commission. We gave an unqualified opinion on the BVPP and although a very small number of PIs were amended, none were qualified.

## Working with other inspectorates and regulators

- 25 An important aspect of the role of the relationship manager is to work with other inspectorates and regulators who also review and report on the Council's performance. These include:
  - Ofsted;
  - Commission for Social Care Inspection (CSCI);
  - Benefits Fraud Inspectorate (BFI);
  - DfES; and
  - Local Government Office contact.
- 26 We share information and seek to provide 'joined up' regulation to the Council. During the last year, the Council has received the following assessments from other inspectorates:
  - Annual Performance Assessment for Adult Social Care;
  - Annual Performance Assessment for Children's Services including social care and education; and
  - Benefit Fraud Inspectorate Annual Assessment.

## Accounts and governance

We have given an unqualified audit opinion on the Council's accounts for 2004/05.

Your overall corporate governance arrangements meet or exceed minimum standards in most areas. However, there has been a lack of leadership from the Council in reviewing the effectiveness of the system of internal control and improvements are required in the way the Council appraises the projects it includes in the capital programme. Both of these areas adversely impacted on the use of resources judgement.

## Use of resources judgements

- 27 The use of resources assessment is a new assessment which focuses on financial management but links to the strategic management of the Council. It assesses how the financial management is integrated with strategy and corporate management, supports Council priorities and delivers value for money. It will be carried out annually, as part of each council's external audit. For single tier and county councils, the use of resources assessment forms part of the CPA framework.
- 28 For the purposes of the CPA we have assessed the Council's arrangements for use of resources in five areas.

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**Table 2**

Element	Assessment
Financial reporting	3 out of 4
Financial management	2
Financial standing	3
Internal control	2
Value for money	3
Overall	3 out of 4

(Note: 1=lowest, 4=highest)

- 29 In reaching these judgements, we have drawn on the wider audit and supplemented this with a review against specified key lines of enquiry.
- 30 The Council is assessed as 'consistently above minimum requirements - performing well' in three areas and as 'only at minimum standard - adequate performance' in two areas.

- 31 The Council has recognised that action is required to strengthen arrangements and has recently established an Audit Committee to evaluate the systems of internal control. In addition, the 2006/07 budget and service planning process is more closely linked and the developments in the performance management system and budget monitoring should link financial and operational activity in reports to members. This will enable members to see clearly the impact of investment decisions.
- 32 The most significant areas where further development is needed are:
- embedding arrangements for financial management and corporate governance across the range of community partners involved in the LAA;
  - improving the way the asset base is managed and introducing arrangements for appraising projects for inclusion in the capital strategy to comply with the Prudential Code; and
  - ensuring the Council undertakes an annual review of the effectiveness of internal control.

## **Audit of 2004/05 accounts**

- 33 We gave an unqualified opinion on the Council's accounts on 27 October 2005. The Statement of Internal Control was revised to reflect only significant weaknesses in the control environment. The statement was re-approved by members on 26 October.
- 34 The published accounts are an essential means by which the Council reports its stewardship of the public funds at its disposal and its financial performance in the use of those resources. Members approved the Council's annual accounts on 20 July 2005.
- 35 Due to time pressures and staff shortages, a large number of minor errors and disclosure issues in the statements were identified during the audit. Most were corrected within the amended accounts. The majority of these issues would have been identified by the Council if it had undertaken its own review or quality assurance process before the accounts were presented for audit. This issue is not expected to re-occur in 2005/06.
- 36 In last year's Annual Audit and Inspection Letter we emphasised that timeliness in producing the accounts will become increasingly important over the next few years as the deadline for completion of the accounts is brought forward in line with the Government's requirement. Officers have already started to review processes to ensure that the deadline of 30 June 2006 can be met.
- 37 The Council needs to consider how it can improve accountability to council tax payers and citizens. The accounts could be made more widely available by placing the statements of account or a summary version on the website.

## Report to those with responsibility for governance in the Council

- 38 We reported to those charged with governance (in this case General Purposes Committee) that there were no outstanding matters of concern before we gave an opinion on the financial statements.

### Financial standing

The Council has built up significant levels of reserves which have allowed it to manage fluctuations in revenue funding without emergency cuts in services. However, the Council faces a significant budget gap in two year's time and cannot rely on those reserves to support the budget in the longer term. Members need to establish priorities for resources and implement a robust programme of efficiency savings to ensure future plans are adequately resourced.

### General fund spending and balances

- 39 At the end of the financial year 2002/03, the Council's reserves and balances stood at £23 million, rising to £28 million in 2003/04, and to £35 million at 31 March 2005. Of this amount £16.7 million is set aside in specific reserves and the remainder is general balances. The 2003/04 Annual Audit and Inspection Letter stressed the need for the Council to have a clear strategy for the use of these reserves and balances.
- 40 The general fund balances at 31 March 2005 of £19 million represent 16 per cent of the net operating expenditure of the Council. Of this £19 million officers have identified £15 million as needed to meet identified risks and contingencies. The contribution to reserves of some £6 million arose from one-off receipts or underspends which were greater than anticipated when the original budget was determined.
- 41 The Council has a plan in place to spend the majority of its reserves and balances over the next three years. A review of the plan identified some areas of weakness.
- There is not always a formal risk assessment documented for each reserve although we acknowledge that officers do carry out an informal assessment of risk.
  - Although there is generally a timescale in place for the use of each reserve, these are not explicitly monitored throughout the year.
  - There is not always a clear link between each reserve and the Council's key business plans.



- 42** The Council has reported a significant budget gap in 2006/07 of between £4.7 million and £8 million with further budget pressures identified in 2007/08. Given the commitments and risks identified against the reserves held by the Council, these reserves are not available to support the revenue account to any greater extent than planned. Consequently the Council needs to prioritise its services and need for resources. It also needs to ensure that robust plans are in place to achieve real efficiencies in either cash terms and at the same time obtain improvements in services for the same level of resource. The Council also needs to regularly review the risks attached to each reserve, earmarked and unearmarked, to ensure the risk is still relevant and that the reserve is sufficient.

## Systems of internal financial control

The Council has an adequate overall control framework. However, there are weaknesses in parts of the framework which need to be addressed.

- 43** The Council has not ensured that members are engaged with the process for reviewing the effectiveness of system of internal control as required by the Accounts and Audit Regulations 2003. The Audit Committee did not sit for the financial year 2004/05 and Resources Scrutiny Committee decided not to receive Internal Audit reports for the financial year. The Council has not undertaken any self assessments of its control framework and a number of the actions to address weaknesses contained in the 2003/04 Statement of Internal Control have not been implemented.
- 44** In last year's letter we identified that action was required to improve risk management arrangements and information security. The Council has responded to both these issues and has:
- embedded risk management into the working practices of the Council resulting in action plans to deal with a number of key issues which previously had been lower priority; and
  - employed a client IT officer who has been proactive in negotiating a better deal for the Council with the IT supplier.

## Internal Audit

- 45** Our assessment indicates that Internal Audit provides an effective service except in the area of their coverage and assessment of IT controls in key financial systems. We did not obtain adequate assurance that key controls were identified, evaluated or tested from the sample of files we reviewed.
- 46** Much of the evidence in the files indicated that where system controls were tested this was limited to:
- verbal confirmation of controls with end users responsible for the applications; and
  - reliance placed on previous audits completed over two years ago.



- 47 No review of interfaces between systems had been completed for any of the sample of files reviewed.
- 48 Because of this we had to undertake further audit work to gain assurance that controls within key financial systems were operating as they should.

### **Key system IT controls**

- 49 Overall, the arrangements for access controls and disaster recovery supporting the key systems were assessed as weak:
- password and access controls did not comply with recommended standards; and
  - a lack of proactive monitoring, review or testing by the Council of the security of systems.
- 50 The Council has now addressed the weaknesses identified around passwords and access controls and is working with suppliers to further strengthen these controls.
- 51 The interface process is largely manual and time consuming and could therefore present risks of data inaccuracy. Although compensating controls are in place to detect material errors, these would not detect small value fraud or error.
- 52 The Council has now completed the tendering process for the replacement of the FM system and appointed a supplier. It is planned to implement the system from 1 April 2006. The Council, supplier and Northgate assess that this is a challenging timescale, but with appropriate project management arrangements this deadline is achievable. The Council needs to ensure that the project management arrangements are sufficiently robust to deliver this complex project.

### **Strategic housing management**

- 53 In recent years, the Government has emphasised the strategic role local authorities must play in housing as a result of their stock transfer plans. The wider agenda of neighbourhood management, regeneration, social inclusion and supporting people highlights this role. Our approach to assessing the Council's strategic housing arrangements focused on:
- role of members and accountability;
  - capacity;
  - information systems and organisational structures; and
  - partnerships and commissioning.
- 54 Our work was undertaken in February 2005 and identified the following issues. Action was agreed with officers and the table overleaf indicates where actions have been implemented.

**Table 3 Strategic housing**

Findings and recommendations

<b>Findings</b>	<b>Recommendation</b>	<b>Action agreed/implemented</b>
The promises made at transfer are not clear or well documented therefore it is not known if the objectives of the stock transfer and consequent improvements in service will be achieved.	Develop and agree clear outcome measures with Hartlepool Housing, including the quality and frequency of performance information.	Outcome measures and monitoring arrangements have been agreed with Housing Hartlepool and information is to be supplied quarterly.
No detail has been agreed for the investment programme to meet decent homes standards.	Ensure Housing Hartlepool put in place and agree stock investment programmes to achieve decent homes standard.	Information now received on the programme to 2011.
There are capacity issues within the current structure where lack of dedicated resources has lead to delays in production of the housing strategy and development of 'supporting people' services. There is confusion amongst front line staff as to the Council's responsibilities in this area.	Ensure staffing levels in the housing service to meet statutory requirements and raise the profile of the service within the Council.	Additional resources obtained to develop the strategy for July 2005. Training programme for staff to be implemented by October 2005.

## Standards of financial conduct and the prevention and detection of fraud and corruption

We have not identified any significant weaknesses in arrangements to prevent and detect fraud and corruption, but to strengthen arrangements further the Council should consider anti fraud publicity campaigns and provide better evidence to ensure successful benefit fraud prosecutions.

## National Fraud Initiative

- 55 In 2004/05, the Council took part in the Audit Commission's National Fraud Initiative (NFI). The NFI, which is undertaken every two years, aims to help identify and reduce fraud by bringing together data from NHS bodies, local authorities and government departments and other agencies, to detect a wide range of frauds against the public sector. These include housing benefit fraud, occupational pension fraud, tenancy fraud and payroll fraud as well as, new for 2004/05, right to buy scheme fraud and providing new contact details for former tenants with arrears in excess of £1,000.
- 56 The Council has adequate arrangements to follow up issues arising from the NFI and almost 400 high-risk matches are being investigated and some £20,000 of savings realised.

## Legality of transactions

- 57 We have not identified any significant weaknesses in the framework established by the Council for ensuring the legality of its significant financial transactions.

## Grant claims

- 58 In accordance with strategic regulation, the Audit Commission has continued with a more risk-based approach to the certification of grant claims. We have reduced our audit of these claims but our ability to reduce further depends on the adequacy of the Council's control environment.
- 59 The Council's arrangements for managing and quality assuring grant claims submitted for audit has improved in recent years and there are no issues for members.

## Looking forwards

### Future audit and inspection work

- 60** We have an agreed plan for 2005/06 and we have reported in this letter those aspects that have already been completed. The remaining elements of that plan, including our audit of the 2005/06 accounts, will be reported in next year's Annual Letter. Our planned work, together with that of other inspectorates, is included on both the Audit Commission and LSIF (Local Services Inspectorates Forum) websites.
- 61** The Council's services for supporting people are currently undergoing inspection and the joint area review/corporate performance assessment is planned for late 2006/early 2007. The Council will need to begin its preparations for this important review early in the new financial year.
- 62** We have sought to ensure, wherever possible, that our work relates to the improvement priorities of the Council. We will continue with this approach when planning our programme of work for 2006/07. We will seek to reconsider, with you, your improvement priorities in the light of the latest CPA assessment and your own analysis, and develop an agreed programme by 31 March 2006. We will continue to work with other inspectorates and regulators to develop a co-ordinated approach to regulation.

### Revision to the Code of Audit Practice

- 63** The statutory requirements governing our audit work, are contained in:
- the Audit Commission Act 1998; and
  - the Code of Audit Practice (the Code).
- 64** The Code has been revised with effect from 1 April 2005. Further details are included in our Audit Plan which has been agreed with Resources Scrutiny Committee in March 2005. The key changes include:
- the requirement to draw a positive conclusion regarding the Council's arrangements for ensuring value for money in its use of resources; and
  - a clearer focus on overall financial and performance management arrangements.

## Closing remarks

- 65 This letter has been discussed and agreed with officers. A copy of the letter will be presented at the Cabinet and Scrutiny Co-ordinating Committee in the new year.
- 66 The Council has taken a positive and constructive approach to our audit and inspection I would like to take this opportunity to express my appreciation for the Council's assistance and co-operation.

## Availability of this letter

- 67 This letter will be published on the Audit Commission's website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk) and also on the Council's website.

Steve Nicklin  
District Auditor/Relationship Manager  
December 2005

# Appendix 1 – Background to this letter

## The purpose of this letter

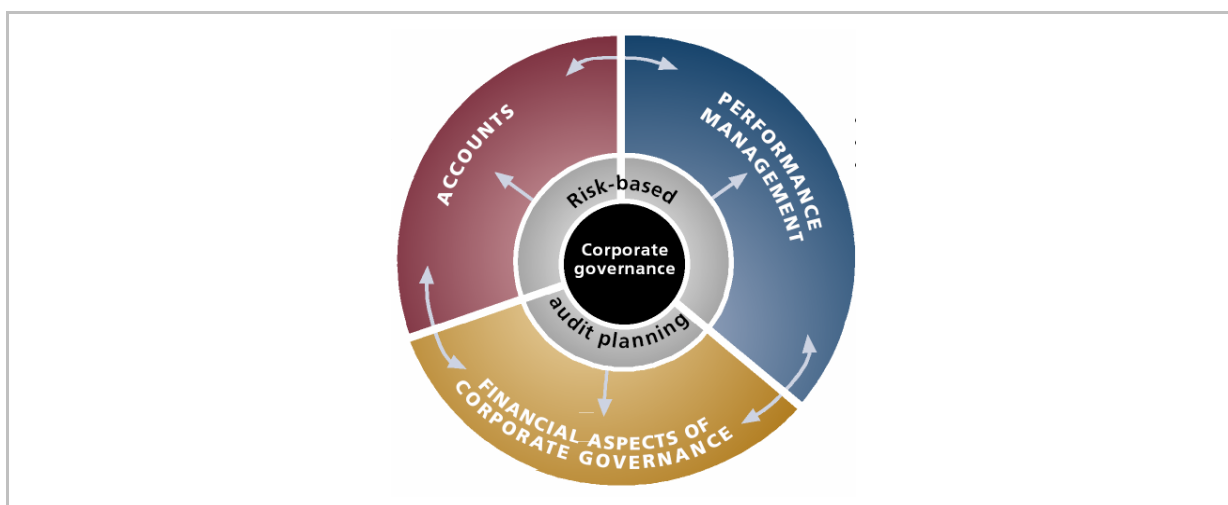
- 1 This is our Audit and Inspection 'Annual Letter' for members which incorporates the Annual Audit Letter for 2004/05, which is presented by the Council's Relationship Manager and District Auditor. The letter summarises the conclusions and significant issues arising from our recent audit and inspections of the Council.
- 2 We have issued separate reports during the year setting out the findings and conclusions from the specific elements of our programme. These reports are listed at Appendix 2 for information.
- 3 The Audit Commission has circulated to all audited bodies a statement that summarises the key responsibilities of auditors. Our audit has been conducted in accordance with the principles set out in that statement. What we say about the results of our audit should be viewed in the context of that more formal background.
- 4 Appendix 3 provides information about the fee charged for our audit and inspections.

## Audit objectives

- 5 Our main objective as your appointed auditor is to plan and carry out an audit that meets the requirements of the Code of Audit Practice. We adopt a risk-based approach to planning our audit, and our audit work has focused on your significant financial and operational risks that are relevant to our audit responsibilities.
- 6 Central to our audit are your corporate governance arrangements. Our audit is then structured around the three elements of our responsibilities as set out in the Code and shown in Figure 1.

**Figure 1 Code of Audit Practice**

Code of practice responsibilities



- 7 Central to our audit are your corporate governance arrangements. Our audit is then structured around the three elements of our responsibilities as shown below.

### **Accounts**

- Opinion.

### **Financial aspects of corporate governance**

- Financial standing.
- Systems of internal financial control.
- Standards of financial conduct and the prevention and detection of fraud and corruption.
- Legality of transactions.

### **Performance management**

- Use of resources.
- Performance information.
- Best value performance plan.

## Appendix 2 – Audit reports issued

**Table 4**

<b>Report title</b>	<b>Date issued</b>
Audit Plan	March 2005
Interim Memorandum	July 2005
Report on the 2004/05 Financial Statements to Those Charged with Governance (SAS 610)	October 2005
Strategic Housing	June 2005
Review of Internal Audit's Coverage of IT Controls	June 2005
Risk Management Follow-up	May 2005
BVPP Opinion	October 2005
Key System IT Controls	November 2005
Final Accounts Memorandum	November 2005
Direction of Travel Report and Scorecard	November 2005
Use of Resources Assessment	November 2005



## Appendix 3 – Audit fee

**Table 5      Audit fee update**

<b>Audit area</b>	<b>Plan 2004/05 (£)</b>	<b>Actual 2004/05 (£)</b>
Accounts	58,811	68,311
Financial aspects of corporate governance	104,966	104,966
Performance	39,659	39,659
<b>Total Code of Audit Practice fee</b>	<b>203,436</b>	<b>212,936</b>

### Inspection fee update

- 8 The full year inspection fee is £11,600. The work reported in this Audit and Inspection Letter has been funded by an element of the fee covering 2004/05 and by an element of the fee covering 2005/06. In both years the actual fee will be in line with that planned.

# CABINET REPORT

10th February 2006



**Report of:** Chief Executive

**Subject:** LYONS' INQUIRY

---

## SUMMARY

### 1. PURPOSE OF REPORT

To consider the invitation from Sir Michael Lyon to participate in, and provide views for, his Inquiry into local government.

### 2. SUMMARY OF CONTENTS

- 2.0 The Lyons' Inquiry into Local Government is a broad ranging review into the future of local government. Attached to this report is a letter from Sir Michael Lyons' (Appendix 1).
- 2.1 The attachment identifies that there are three main issues central to the enquiry. These are:
- The strategic role of local government
  - Devolution and decentralisation
  - Funding
- 2.2 The authority is being encouraged to respond to this however the timescales are very tight. Submissions have to be provided to the enquiry by 13 March 2006.
- 2.3 The issues raised in the Lyons' Inquiry are closely allied to the considerations, which have been inherent in the development of The Local Area Agreement (LAA).
- 2.4 Attached to this report as Appendix 2, is a draft response, which will provide the enquiry with written views to inform the debate. The draft response has been compiled using, in part, the LAA submission which is clearly focussed on the need to ensure devolution to a locality (Hartlepool) level, determination of local priorities within natural and regional frameworks and the enhancement of local democratic control. These principles are very closely allied to the terms of reference for the Lyons' Inquiry.

**3. RELEVANCE TO CABINET**

- 3.1 The consultation phase of the Lyons' Inquiry in Local Government is an important potential development for local government and a response to this would be appropriate.

**4. TYPE OF DECISION**

- 4.1 Non Key

**5. DECISION MAKING ROUTE**

Cabinet 10<sup>th</sup> February 2006

**6. DECISION(S) REQUIRED**

Cabinet are requested to:

- I. Determine whether they wish to respond to the Lyons' Inquiry
- II. Identify if there are any additions or amendments they require prior to submission
- III. Give the Chief Executive authority to make amendments to the submission if necessary.

**Report of:** Chief Executive

**Subject:** LYONS' INQUIRY

---

**1. PURPOSE OF REPORT**

To consider the invitation from Sir Michael Lyon to participate in, and provide views for, his Inquiry into local government.

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Cabinet 10<sup>th</sup> February 2006

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Cabinet are requested to:

- IV. Determine whether they wish to respond to the Lyons' Inquiry
- V. Identify if there are any additions or amendments they require prior to submission
- VI. Give the Chief Executive authority to make amendments to the submission if necessary.

# LYONS INQUIRY

## into Local Government

Room 3/12  
1 Horse Guards Road,  
London, SW1A 2HQ

Tel: 020 7270 5214  
Fax: 020 7451 7673

**To Chief Executives of all English local authorities**

**By E mail**

20<sup>th</sup> January 2006

Dear Chief Executive

I am writing to seek your assistance with my Inquiry in developing a clearer picture of the future role and functions of local government, in particular by drawing on your understanding of what the public want from local government. As you may know, I published a consultation paper and interim report on 15 December 2005. The full document is available to download on [www.lyonsinquiry.org](http://www.lyonsinquiry.org) but a copy of the summary report is attached for your information. The report includes a number of questions on which I am particularly seeking responses by **Monday 13 March 2006** and I would welcome any formal response that your authority might wish to make to those questions. Please could you copy it to your leader, and note that I am also approaching the political parties through the LGA.

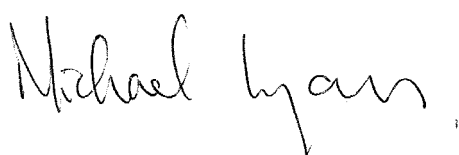
However, I am writing now to encourage you to engage with your local community and assist in providing information on some issues central to my Inquiry's remit. In my view, the timing is auspicious - I sense we are approaching a "tipping point" towards consensus around the need for change for local government. But in order to make that change a reality I believe it is essential that an informed debate be held with the public and that every council needs to engage in this debate. I am particularly interested in any written views and evidence that you can provide either through holding a public debate within your authority or in providing case studies relating to the three main issues central to my inquiry:

- The strategic role of local government;
- Devolution and decentralisation; and
- Funding.

In recent conversations and meetings I have been struck by your interest and enthusiasm for this agenda. I would like to emphasise that it is only through drawing on the evidence and information you can provide that I can ensure my work is robust and convincing to Ministers and the public. **Annex A** attached to this letter sets out in more detail how I would like your help. Some of you have asked me how these discussions relate to the agenda of David Miliband and his colleagues at ODPM. Whilst my work is independent, it is clearly in the common interest that my emerging thinking informs ministers work on related issues. I will therefore ensure that my clients, the Deputy Prime Minister & Chancellor are made aware of my ongoing work and consultation in order that they may take it into account when developing the local government white paper and indeed the comprehensive spending review.

If you are able to contribute to my work as set out in Annex A, I would be grateful if you could let me know on the above number by **Thursday 2 February 2006**. If you would like to discuss your contribution in more detail please contact my Inquiry team head, Sally Burlington, on 020 7270 5157.

Yours sincerely,



**Sir Michael Lyons**

*From Sir Michael Lyons.  
The Lyons Inquiry into Local Government: an independent inquiry jointly  
commissioned by the Deputy Prime Minister and Chancellor of the Exchequer*

## Ways to assist the Inquiry

### 1) Public debate within your authority

Local government has always had a major and unique role to play in helping to define and deliver successful communities, making decisions and trade-offs on behalf of all local people, and developing a strategic view of the area and its future. I would welcome cross party views from within your council as to how successfully members feel that they fulfill this role and what, in their view, might make a difference. I have also made it clear in my interim report that it is essential to develop a better understanding of what the public want – as citizens, service users and taxpayers.

Many local authorities have citizens panels or fora, which might be well placed to provide that better understanding. Several of you will already be carrying out public engagement work in which we would be interested if you would be happy to share your results; if your authority and/or its citizens panel has already considered the role of local government or other issues of relevance to the Inquiry which has not already been submitted to the Inquiry we would be very happy to receive it by **13 March 2006**.

On the other hand, if you are about to consult or engage with your community - on budget issues, reorganisation or on other relevant topics - could this opportunity also be used to simultaneously ask about some of the key issues around the functions of local government, such as those identified below:

#### ***What is the strategic role of local government?***

Covering such issues as:

- Which elements of this role extend beyond services for which the council is directly responsible?
- Does this role vary between different types of council?
- How could councils perform this role more effectively?
- How important is democracy or accountability in this process?
- What should local government do for local people and how can we ensure that it is fit for purpose?
- How has the government's approach to devolution and decentralisation affected local services?
- What are the barriers to public confidence – are there capability issues?
- What gives people in your area a sense of community?

#### ***Which services should meet national standards, which should meet minimum standards and which should be down to local choice?***

Covering matters such as:

- What is the right balance between national standards and local variation?
- How has the Government's approach to decentralisation and devolution affected your authority and local services?
- How could responsibility for local services be made clearer between local government, central government and other agencies?

#### ***How can pressures on local services be managed more effectively?***

Including:

*From Sir Michael Lyons.  
The Lyons Inquiry into Local Government: an independent inquiry jointly  
commissioned by the Deputy Prime Minister and Chancellor of the Exchequer*

- Would greater devolution of responsibility enable pressures to be managed more effectively?
- What, in your area are the top three priorities for you as citizens (or councillors) given the cost of each of them to your authority?
- Does confusion about responsibility and duplication of effort contribute to pressures?
- If services were cost limited, how could they be prioritised?

Alternatively, you may be interested in setting up something more bespoke. I, and the team, would welcome the opportunity to learn from and engage in this work to inform my Inquiry and forthcoming publications. We will refine the questions we focus on as we develop our work and learn from our engagement with you and other colleagues. We are currently developing a more detailed public engagement strategy for use in a few councils and will be very happy to share this with you during February. If you would be willing to engage with the Inquiry team more interactively in this respect please contact Sally Burlington on 0207 270 5157 with your suggestion and timescale.

## **2) Providing specific case studies**

Many of you will have implemented new and innovative ways of working at the local level that are of relevance to my inquiry. I am very keen to collate as many of these specific case study examples as possible. If you are able to provide information and evidence on any specific work you have carried out that might illuminate any of the issues above and which you would like to showcase or be happy for the Inquiry to use, please contact Alison Morris on 0207 270 5208 to discuss the most appropriate format and timescale to provide this in.

*From Sir Michael Lyons.*

*The Lyons Inquiry into Local Government: an independent inquiry jointly commissioned by the Deputy Prime Minister and Chancellor of the Exchequer*



## EXECUTIVE SUMMARY

### Key points:

- This document aims to stimulate a public debate on what we want local government to do, and how that should be paid for. I believe that effective funding reforms must be based on a clear view of what we expect from local government.
- I would like this to go wider than a debate between central and local government. We need to know what the public want – as citizens, service users, and taxpayers.
- This is not a new debate – its roots go back a long way, most notably to the Layfield report in 1976. Layfield's conclusions are still relevant, and lead us to ask quite fundamental questions about the type of society we want.
- I believe we want to see communities which are socially cohesive, economically vibrant, and able to celebrate their distinctiveness. Local government is not just about the provision of services. It has a major and unique role to play in helping to develop and deliver vision for its communities, making decisions and trade-offs on their behalf, and shaping a strategic view of the area and its future – a role we might refer to as 'place-shaping'.
- This role requires local government to have the trust of its citizens, and effective structures and processes to support it. This document asks how we can ensure that local government has the capability to perform this role effectively into the future.
- There is a strong rationale for devolution and decentralisation to ensure a better fit with local needs and to allow local communities to exercise choice over priorities. This was recognised in the Government's Devolving Decision Making Review and elsewhere, but there is an ongoing debate about the appropriate balance between the need for devolution (which will produce diverse results and local choices), and the desire to see national standards for some services to avoid pronounced variations in service standards across the country.
- Changes to the performance management and inspection framework over recent years have clearly contributed to improvements in services. However, the current system of delivering to national standards, driven by central government in a variety of ways including targets, inspection and specific grants, appears to have some drawbacks in terms of confusion and complexity. This might hinder effective service delivery and choice at the local level, as well as producing inefficiencies. Such pressures may also divert local government from its strategic place-shaping role. I am also interested in examining whether the combined weight of central and local expectations might be adding to significant pressures on local services.
- I am interested in views on how we can strike the right balance between ensuring adequate national standards in service provision for all citizens, and allowing sufficient local variation to meet the diverse needs of local communities and to allow them to exercise choice over their own priorities.

- Discussion has to embrace the whole system – it cannot separate local government priorities from central government's concerns about the management and performance of the public sector as a whole, or from the contribution of other agencies involved in public service delivery, or from local people as service users and taxpayers. Changes to the local government system of funding, activities and structures, as well as those of other parts of the public sector such as the police and health, may all affect council tax bills. We therefore need a disciplined discussion of potential reforms as part of a more effective approach to managing pressures.
- Growing pressures and expectations on local government from a range of sources are likely to be unsustainable, and I intend to explore ways of managing these better as part of the foundation for a more sustainable base for the future. However, this must include a debate about what people are willing to pay for.
- This report also sets out the issues raised by my work to date on the system of local government funding. I will set out further analysis and make recommendations on funding issues, in light of my work on the role and function of local government, in my final report next year.
- I hope you will contribute your views to this debate. It affects us all, and the right way forward can only be found if we understand what the public want and are prepared to debate some difficult questions and hard choices.

## Draft response to Sir Michael Lyons

I am writing in response to your invitation to provide evidence for your inquiry into the future role and functions of local government. This is an area of debate which is integral to the successful, and effective, implementation of Local Area Agreements, the debate on City Regions and which may give rise to more fundamentally testing the Community Leadership role of local government.

To set some of my responses in context I think it would be useful if I provided some context on Hartlepool and the Council. Hartlepool Council is the second smallest unitary council in the country, we have an Elected Mayor (Stuart Drummond), who was re-elected in 2005 with a greatly increased majority 10,000, we have been an excellent council since CPA was introduced and have worked effectively both as a council and with partners to address many of the fundamental problems which Hartlepool ( along with many other councils) faced ; unemployment, ill health, low attainment levels etc.

In direct response to the questions posed in your letter we believe that maximising the subsidiarity of funding and decision-making to a locality level (Hartlepool) would provide a significantly enhanced ability to narrow inequality gaps and create sustainable communities. It is our view that public funding (revenue and capital) should be allocated, integrated and governed at this level through a “Locality Plus” approach.

Resources should be allocated directly to the locality of Hartlepool with funding levels determined for an agreed number of years and rolled forward annually. Priorities for the use of this funding should be determined at the locality level within national and regional frameworks.

Governance arrangements in this new framework should be fit for purpose and based on agreed levels of trust earned as a result of past achievement of outcomes and a track record of strong governance. Hartlepool is in an ideal position to deliver this. In these circumstances we envisage accountability would be managed at the locality level, through existing audit arrangements and a single simplified and integrated performance management framework.

There are a number of examples, in the current environment of change, which should be taken into account and are central to any debate on the role and function of local government. In general they are areas of provision which are currently aligned, primarily through close working practices, but which would significantly benefit from substantial integration. For example

### **“Community Health” Functions**

Currently exercised by the PCT (currently coterminous boundary with HBC)

- Children’s health care – District Nurses, Physiotherapists etc. to be integrated within our Children’s Services Department.
- Similar services for adults to be incorporated within our Adult & Community Services Department.
- Public Health and Environmental Health Services to be brought together within our Neighbourhood Services Department.
- Drugs treatment, already coordinated by the Council through the Crime and Disorder Partnership but could be more efficient and effective under direct Council Management.

### **Neighbourhood and Community Policing**

(Basic Command Unit boundary currently coterminous with HBC)

- As our police force is likely to move up to a sub-regional or regional level, there is a need to pick up the democratic deficit at locality level by providing for the governance of neighbourhood and community policing through the Council.

### **Preventative Fire Services**

(Fire Service divisional boundary currently coterminous with HBC)

- As the fire service moves into prevention they are working much more closely with the police and the Council’s anti-social behaviour unit (already co-located with relevant police staff). It seems logical therefore, that governance of fire prevention services is placed with the Council.

In addition to this and on the topic of finance, I would suggest that all Government Departments’ capital funding streams/mechanisms be coordinated centrally within Whitehall and then allocated directly to councils in one block, covering a periods of years, on the basis of agreed outcomes. Again, I will use Hartlepool as an example of why this is necessary.

We work on a neighbourhood basis providing services and facilities where they are needed. We have an Extended Schools and Children’s Centres strategy which will be implemented through the Building Schools for the future programme. We don’t yet know when that will start (hopefully Wave 4) but it will be funded through the PFI route.

However, extended schools should be more than just educational establishments. They could incorporate, for example:

- Health facilities – funded through LIFT, similar process to PFI but administered /approved by 7 PCTs in Durham and the Tees Valley.
- Community Police bases – funded through Police Authority borrowing approvals
- Anti-Social Behaviour teams bases – funded through prudential borrowing / capital receipts.
- Branch libraries – funded as above.
- Community Parks and Gardens – funded as above.

You will note the different bidding regimes and timescales for the different types of scheme and funding arrangements which results in efficient and effective local coordination being virtually impossible. If you add to this list the tortuous route we have to follow to obtain economic regeneration funding through the RDA, I trust you accept the whole capital funding system is ripe for review.

What must be factored into any debate are the factors which differentiate mayoral authorities from the rest of the local government family. Our Mayor, Stuart Drummond and Ray Mallon at Middlesbrough, are the two most highly known Council Leaders (to their own constituents) throughout the Country (See NLGN Research). Speaking on behalf of Hartlepool, it is certainly the case that Stuart is seen to be the “community leader” for the whole town, not just the Council. Stuart deals with issues right across the public service spectrum including issues on the Hospital Trust, PCT, Public Health, policing, crime and disorder, schools and further education and so on. We believe this differentiates mayoral authorities from the rest of the local government family. At present, he uses the goodwill related to his status to persuade, negotiate, and cajole our public sector partners to fulfil these locally defined needs. However, this is not always easy given that this approach is completely voluntary and that our partners’ priorities are to meet national targets.

The perception amongst residents of the role and functions of the local authority is much broader than the Council's statutory base for service provision, in this respect we are no different from a large number of other local authorities. We do however have to factor in the regionalisation of a number of public services and the question of accountability and local influence become more important (among both residents and elected members). There is a perception that local accountability for public sector service provision is being significantly diminished through proposals currently either being developed or consulted upon (in relation to Police, Primary Care Trust, Fire Brigade and Learning and Skills Council), this is in relation to both citizens and what is increasingly being seen as a democratic deficit.

The basic principal inherent within the maximizing of subsidiarity concept will enable a closer link with the local community and service users improving sensitivity to local needs so as to maximise the benefits and outcomes from service provision whilst enhancing local accountability. In addition it provides for a closer relationship between decision-making, accountability for regional performance and the factors which typify success at a locality level.

# CABINET REPORT

10th February 2006



**Report of:** Assistant Chief Executive

**Subject:** CORPORATE PLAN (BVPP) 2006/7 – PROPOSED OBJECTIVES AND ACTIONS

---

## SUMMARY

### 1. PURPOSE OF REPORT

To enable Cabinet to discuss the objectives and actions proposed for inclusion in the Council's Corporate (Best Value Performance) Plan for 2006/7.

### 2. SUMMARY OF CONTENTS

This report proposes objectives and actions for each of the seven community strategy aims and the council's organisational development priorities. The purpose of the plan is to describe the Council's priorities for 2006/7, including how weaknesses will be addressed, opportunities exploited and better outcomes delivered for local people.

### 3. RELEVANCE TO CABINET

The Corporate (Best Value Performance) Plan is part of the Council's Budget and Policy Framework. It is a key document that sets out the Council's priorities and contribution to achieving the Community Strategy aims, which are also the Council's corporate objectives. The Corporate Plan is being developed alongside the Local Area Agreement to ensure the outcomes included in the Local Area Agreement are embedded in the Council's Corporate Plan. The draft LAA is considered elsewhere on this agenda.

The Corporate Plan is an important document because it formally communicates the council's vision and priorities. The clarity and ambition of the council's vision and priorities will be assessed later this year as part of the CPA corporate assessment.

**4. TYPE OF DECISION**

Non-key.

**5. DECISION MAKING ROUTE**

The production of the Corporate (Best Value Performance) Plan by 30 June each year is a statutory requirement.

After consideration by Cabinet, the Scrutiny Co-ordinating Committee will consider the proposed Council priorities identified in the Plan at their meetings on 24 February, 10 March and 19 May 2006. Cabinet will consider the Plan again in May 2006, with final approval of by Council in June 2006. Dates for Cabinet and Council meetings in May and June are still to be decided.

**6. DECISION(S) REQUIRED**

Subject to any amendments it may wish to make, Cabinet is asked to approve the objectives and actions identified for inclusion in the draft Council's Corporate (Best Value Performance) Plan for 2006/7 prior to consideration by Scrutiny.



**Report of:** Assistant Chief Executive

**Subject:** CORPORATE PLAN (BVPP) 2006/7 – PROPOSED  
OBJECTIVES AND ACTIONS

---

**1. PURPOSE OF REPORT**

- 1.1 To enable Cabinet to discuss the objectives and actions proposed for inclusion in the Council's Corporate (Best Value Performance) Plan for 2006/7.

**2. BACKGROUND**

- 2.1 The Government introduced the Best Value regime as part of its programme to modernise local government and the Corporate (Best Value Performance) Plan for 2006/7 must be approved and published by the Council by June 30th 2006. This is the Council's top-level corporate plan. It sets out the Council's top priorities and contributions for delivering the Community Strategy aims in 2006/7.
- 2.2 The Corporate Plan is an important document because it formally communicates the council's vision and priorities. The clarity and ambition of the council's vision and priorities will be assessed later this year as part of the CPA corporate assessment. The process for producing the plan has been designed to ensure the risk is minimised and that the Corporate Plan is fit for purpose.
- 2.3 This year the Corporate Plan is being developed in parallel with the Local Area Agreement to ensure the outcomes included in the Local area Agreement are embedded in the Council's Corporate Plan. The draft LAA is considered elsewhere on this agenda.
- 2.4 The Corporate Plan will continue to be based around the Hartlepool Partnership's seven Community Strategy aims, which have been adopted by the Council as its corporate objectives. It also includes a section describing activities to achieve the Council's five organisational development priorities. See appendix 1 for the proposed list of objectives and actions.
- 2.5 The Corporate Plan objectives and actions approved by Council in June will be incorporated into the Council's performance management database and progress reported quarterly to Cabinet.
- 2.6 The focus of the Corporate Plan for 2006/7 is on priority activities for improvement at a strategic level rather than day to day service delivery objectives. The operational service delivery objectives are picked up through Departmental service plans which are reported to individual portfolio holders. A

number of the objectives are mandatory national objectives linked to Neighbourhood Renewal and other government programmes. These are flagged up in the list of objectives and action.

- 2.7 Cabinet is asked to consider whether the objectives and actions identified, properly reflect the council's priorities for the year ahead and if they wish, suggest amendments.

### **3. TIMETABLE FOR CONSIDERING THE PLAN AND NEXT STEPS**

- 3.1 The key dates for completing the plan are as follows.
- 3.2 The Scrutiny Co-ordinating Committee will consider the proposed Council priorities identified in the Plan at its meetings on 24 February, 10 March and 19 May 2006. Cabinet will then consider the Plan to consider scrutiny's recommendations. Final approval of the Plan will be by Council in June 2006. Dates for Cabinet and Council meetings in May and June are still to be decided.
- 3.3 At this stage some information that will be included in the Corporate Plan is not yet available (e.g. key achievements from 2005/6, end of year PI figures and some targets for subsequent years). This is unavoidable given the June deadline for publishing the plan and requirement to include information which cannot be collected until after 31 March. Over the next 3 months this information will be collected and included in the final draft presented to Cabinet in May. The only exception will be the financial PI information which is not usually available until end of May.

### **4 RECOMMENDATION**

- 4.1 Subject to any amendments it may wish to make, Cabinet is asked to approve the objectives and actions identified for inclusion in the draft Council's Corporate (Best Value Performance) Plan for 2006/7 prior to consideration by Scrutiny.

Corporate Plan Objectives  
Draft for Cabinet 10 February 2006

<a href="#"><u>Jobs and the Economy</u></a>	2
<a href="#"><u>Lifelong Learning and Skills</u></a>	4
<a href="#"><u>Health and Care</u></a>	5
<a href="#"><u>Community Safety</u></a>	7
<a href="#"><u>Environment and Housing</u></a>	9
<a href="#"><u>Culture and Leisure</u></a>	11
<a href="#"><u>Strengthening Communities</u></a>	12
<a href="#"><u>Organisational development priorities</u></a>	14
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<b>Jobs and the Economy</b>		
<b><u>Objectives</u></b>	<b><u>Actions</u></b>	<b><u>Lead dept</u></b>
To increase skill levels of the local population with reference to local business need (CS LLS4) (LAA 1)	Continue to work with residents, businesses and other support agencies to ensure local residents have the skills, qualifications and practicable support to compete effectively in the local jobs market.	RPD
To support local people in gaining maximum benefit from the regeneration of the town (CS JE11) (LAA 2)	Hartlepool Working Solutions	RPD
To help build an enterprise society, support indigenous growth and attract inward investment (CS JE5-6) (LAA 3)	Continue the development of a support system for the development of new businesses including social enterprise, with the completion of Brougham Enterprise Centre and effective linkage to the UKSE Business Centre.	RPD
	Continue to support business development within Hartlepool Quays, Wynyard and Queens Meadow in the Southern Business Zone.	
	Support the implementation of the River Green Development	
	To develop and improve the resilience of businesses in Hartlepool through the promotion of Business Continuity	NSD
Achieve Economic Well Being - Young people are supported to gain suitable employment. (LAA 5)	Work with Connexions service and other agencies to achieve NEET targets agreed with GO:NE .	CSD
To maximise the opportunities for disabled people to enter paid employment	To develop effective partnerships with Connexions and Job Centre Plus to increase the number of disabled people in employment.	ACSD
To place local Colleges and the Universities at the heart of the local economy and encourage the development of a knowledge driven economy (CS JE1-2)	Continue to work with partners to expand further and higher education opportunities within Hartlepool.	RPD
	Help to facilitate and support HCFE bringing forward development proposals	
To promote a positive image for the town as tourism, investment and residential location (CS JE7)	Undertake marketing initiatives	RPD
	Publish a business orientated Investment Prospectus	
	Continue to improve the environment and facilities of Hartlepool Headland.	

<b>Jobs and the Economy</b>		
<b><u>Objectives</u></b>	<b><u>Actions</u></b>	<b><u>Lead dept</u></b>
Improve the vitality and viability of the town centre (CS JE9)	Complete the Local Plan	RPD
	Seek to secure the re-use of key vacant property	
To encourage the development of flagship sites and improve property and the physical environment (CS JE3-4)	Develop proposals to improve the condition of key town centre open spaces and seek funding	NSD
	Work with Tees Valley Regeneration and PD Ports to establish the development framework for the redevelopment of Victoria Harbour within Hartlepool Quays and facilitate an appropriate planning permission and section106 Agreement.	RPD
	Secure recognition of Hartlepool Quays in major strategy documents – e.g. RSS & RES	
	Test market interest in H2O project	

<b>Lifelong Learning and Skills</b>		
<b><u>Objectives</u></b>	<b><u>Actions</u></b>	<b><u>Lead dept</u></b>
Enjoy and Achieve – Raise achievement and standards of attainment for children and young people in the early years, primary and secondary phases of education (LAA 7)	<p>Challenge and support schools to improve performance at Key Stage 1 faster than national rate.</p> <p>Challenge and support schools to improve performance at Key Stage 3 faster than national rate in English, science and ICT. Targets agreed with DfES are achieved.</p> <p>Work with schools to increase the percentage of 16 year olds achieving grades A*-G and A*-C increases in English and mathematics faster than the national rate.</p> <p>Work with schools and other agencies to increase the performance of looked after children; LAC make better than expected progress.</p>	CSD
Increase percentage adults holding nationally recognised qualifications. (LAA 8)	<p>Increase the participation of adults in learning, particularly amongst priority groups.</p> <p>Develop new models of integrated service delivery.</p>	ACSD
Pupils excluded from schools are successfully reintegrated into mainstream settings.	Work with schools and other agencies to increase the percentage of excluded pupils reintegrated into mainstream settings.	CSD
Number of young people engaged in education and training, including higher education, is improved.	Work with schools, colleges, training providers and other agencies to achieve NEET targets agreed with GO:NE and Connexions.	CSD

<b>Health and Care</b>		
<b><u>Objectives</u></b>	<b><u>Actions</u></b>	<b><u>Lead dept</u></b>
Improved health - reduce premature mortality rates and reduce inequalities in premature mortality rates between wards/neighbourhoods. (Independence, Well-being and Choice outcome) (LAA 9)	Develop pro active approaches to prevention of ill health (being worked up in Dept Plan)	ACSD
	Complete and launch the Hartlepool public health strategy in partnership with the Director of Public Health	NSD
	Develop joint delivery arrangements for public health in partnership with the PCT	NSD
Be Healthy – health and care issues in relation to children and young people are addressed (LAA 10)	Work with partner agencies, young people, schools and families to reduce under 18 conception rate by 55%	CSD
	Engage in further discussion with partner agencies regarding improvements in Child and Adolescent Mental Health Services (CAMHS).	
Be Healthy - specific care issues in relation to children and young people who are looked after are addressed (LAA 10)	Increase the number and range of foster and adoptive placements to meet local needs.	CSD
	Reduce the number of placement moves for looked after children and increase the stability of placements	
Support vulnerable adults to exercise choice and control and to retain dignity in all aspects of their life. (LAA 11)	Implement the public engagement strategy to ensure all service developments have involvement from service users and their carers.	ACSD
	Increase the proportion of people who commission their own services by a variety of means such as Direct Payments or individualised budgets.	
	Work with Registered Social Landlords and Supporting People to increase the number and range of supported accommodation options, e.g. Joseph Rowntree Extra Care Housing.	
	Promote a culture of person centred practice to ensure that service users and their carers are at the centre of planning their support.	
Mental Wellbeing – Promote a positive approach to the Mental Wellbeing of Hartlepool residents (LAA 12)	Support the development of a strategy to increase the social inclusion for people with mental health issues	ACSD
	Enhance the role of Community Services in the preventative mental wellbeing agenda by ensuring services are easily accessible to vulnerable groups.	

<b>Health and Care</b>		
<b><u>Objectives</u></b>	<b><u>Actions</u></b>	<b><u>Lead dept</u></b>
Access to Services – To support easier access to services which are integrated and tailored to individual need. (LAA 13)	<p>To work with the community in Owton to design and implement a Connected Care Scheme.</p> <p>To implement Vision for Care in conjunction with Hartlepool Primary Care Trust so that key elements such as integrated locality teams, single assessment processes and joint commissioning arrangements are put in place.</p> <p>To ensure that services are culturally sensitive and are able to respond flexibly to the diverse needs of the community.</p> <p>To ensure services are fully compliant with the Disability Discrimination Act.</p>	ACSD
To develop the capacity of the voluntary independent and community sector to respond to the challenges of the White Paper in supporting vulnerable members of society.	<p>To maximise the opportunities for additional resources through the development of appropriate partnerships with the voluntary sector.</p> <p>To ensure that carers are supported effectively to support their family members for as long as they wish.</p>	ACSD



<b>Community Safety</b>		
<b><u>Objectives</u></b>	<b><u>Actions</u></b>	<b><u>Lead dept</u></b>
To reduce total crime and narrow gaps between the NR area and Hartlepool (CS CS1-4) (LAA 14)	Ensure all Council Departments, understand and deliver their responsibility to prevent and reduce crime and disorder when delivering their services – Implement s17 plan	RPD
	Working in partnership, reduce the levels of town centre violence associated with the night-time economy	RPD
To reduce the harm caused by illegal drugs and alcohol misuse and reduce harm (CS CS5) (LAA 15)	Continue to work in partnership to implement a comprehensive drugs treatment strategy and take lead responsibility for commissioning services for drug using offenders in order to reduce their re-offending and criminal activity Begin to implement a “shared care model” for drugs treatment	RPD
	Introduce “Tough Choices” initiative for Drug Interventions Programme (DIP)  Working in partnership, develop and commission appropriate services to treat those who abuse alcohol  Develop Action Plans to deliver the Alcohol Harm Reduction Strategy	
Improve neighbourhood safety, leading to greater resident involvement, less people worried about crime, more people who think Police do good job, and less deliberate fires and criminal damage in neighbourhoods (CS CS10-11) (LAA 16)	Improve re-assurance so as to reduce fear of crime.	RPD
	Realign the Community Warden Service with a stronger focus on prevention of environmental crime and contribute to the success of the Neighbourhood Policing Pilot across Hartlepool  Develop the warden and other street services link to contribute to reducing fear of crime	NS/RPD  NSD
To reduce disorder and antisocial and criminal behaviour (CS CS7) (LAA 17)	Co-ordinate a problem solving approach to tackling antisocial behaviour.	RPD
	Develop ASB strategy for town in conjunction with police and other partners  Investigate the establishment of an ASB court in Hartlepool	

<b>Community Safety</b>		
<b><u>Objectives</u></b>	<b><u>Actions</u></b>	<b><u>Lead dept</u></b>
Stay safe – add summary words (LAA 18)	<p>Develop partnership arrangements to address the concerns of children and young people about bullying</p> <p>Agree actions with partners leading to reduction in the incidence of street crime, assaults etc against children and young people</p> <p>Increase the number of staff trained to identify risks of harm and how to manage them.</p> <p>Develop the work of the Local Safeguarding Children Board</p>	CSD
To reduce incidents of domestic violence and the effects on children and families (CS CS2) (LAA 19)	<p>Establish multi agency group</p> <p>Improve coordination of services</p> <p>Introduce voluntary perpetrators programme</p>	RPD
Children and young people are diverted from anti-social behaviour and crime.	<p>Work with Youth Offending Service and Crime and Disorder Partnership to provide services designed to reduce the incidence of social exclusion and offending behaviour.</p> <p>Review the working of the joint protocol with the Youth Offending Service in light of the number of offenders who are looked after.</p>	CSD

<b>Environment and Housing</b>		
<b><u>Objectives</u></b>	<b><u>Actions</u></b>	<b><u>Lead dept</u></b>
To protect and enhance the countryside and natural environment, the built environment and the historic environment and have cleaner, greener and safer public spaces (CS EH1-4) (LAA 20&21)	Introduce the new land use development framework to the agreed programme and adopt the local plan.	RPD
	Introduce a Conservation Area Advisory Committee system.	
	To reduce the amount of derelict and underused land and buildings through the pursuit of regeneration activities (CS EH5)	RPD
	To maximize the proportion of new dwellings built upon brownfield land.(CS EH16)	NSD
To provide a safe and effective integrated transport system and improved accessibility(CS EH7-10) (LAA 22)	Develop an integrated capital and asset strategy to maintain and develop buildings land highways and coastal structures	
	Introduce the new land use development framework to the agreed programme and adopt the local plan and local transport plan.	RPD
	Improve access by public transport <b>ool to key facilities through the core routes and interchange strategy, complemented by improvements to other services</b>	NSD
	<b>Develop a revised approach to procuring socially necessary bus services.</b>	
To make better use of natural resources in a sustainable manner and seek to achieve sustainable communities (CS EH11-14 &19) (LAA 23&20)	Reduce road casualties in line with the 2010 target	
	Introduce the new land use development framework to the agreed programme and adopt the local plan.	RPD
To rebalance the supply and demand for housing and address housing market renewal and improvement of existing stock (CS EH17 & 19) (LAA 24&28)	Pursue a programme of strategic housing market renewal in partnership with Tees Valley Living, Housing Hartlepool and Hartlepool Revival.	RPD
	To ensure adequate provision of new housing (CS EH15) Introduce the new land use development framework to the agreed programme and adopt the local plan and housing strategies.	RPD
	To achieve national decent homes standard by 2010: Social Housing – 100% Private Sector – 70%	NSD

<b>Environment and Housing</b>		
<b><u>Objectives</u></b>	<b><u>Actions</u></b>	<b><u>Lead dept</u></b>
To meet housing needs and provide opportunities for vulnerable residents to live independently (CS EH 20-21) (LAA 25-26)	Facilitate the development of the Joseph Rowntree Care Village	RPD

<b>Culture and Leisure</b>		
<b><u>Objectives</u></b>	<b><u>Actions</u></b>	<b><u>Lead dept</u></b>
Enrich individual lives, strengthen communities and improve places where people live through enjoyment of leisure, culture and sport (LAA 29)	<p>Provide knowledge, information and contact points for the community through the network of libraries</p> <p>Develop major new sports and leisure facilities and events</p> <p>To improve the health and well being of patients referred by health practitioners via a GP referral scheme by increasing patient levels of participation in both physical and cultural related activities (LPSA target 9)</p>	ACSD
Enjoy and Achieve - Quality and range of recreational activities for children and young people improved. (Every Child Matters) (LAA 7)	<p>Increase the number and quality of safe and accessible places for Hartlepool children and young people to play and socialise.</p> <p>Work with partners, especially the voluntary sector, to provide a range of affordable, accessible, challenging and rewarding recreational activities for all children and young, especially those who are socially excluded.</p>	CSD
Cultural and leisure services, including libraries, better meet the needs of the community, especially disadvantaged areas (LAA 30)	To increase opportunities for participation in a wide range of cultural and leisure activity	ACSD

<b>Strengthening Communities</b>		
<b><u>Objectives</u></b>	<b><u>Actions</u></b>	<b><u>Lead dept</u></b>
To empower local people to have a greater voice and influence over local decision making and the delivery of services (LAA 31)	Work with Hartlepool Participation Network to ensure that children and young people are central to the development of a participation strategy that sets standards and includes involvement in democratic processes.	CSD
Increase opportunities for everyone to participate in consultation, especially hard to reach groups and young people and enable people and communities to make a positive contribution (CS SC2-4) (LAA 32)	Develop the "Talking with Communities" consultation initiative	CE/ RPD
Improve quality of life for most disadvantaged neighbourhoods and ensure service providers are more responsive (LAA 33)	Continue a programme of Neighbourhood Action Plan (NAP) preparation, implementation monitoring and review in the context of the NRS  Operate a strategic NRF programme and related regeneration programmes	RPD
Increase financial resources within family environments to provide improved lifestyle opportunities (CS NRS) (LAA 34)	Being developed as part of LPSA 2	
Encourage freedom from discrimination and harassment (CS SC8) (LAA 35)		RPD
To develop the community planning approach at a town-wide and neighbourhood level (CS SC5)	Coordinate the implementation and monitoring of the Sustainable Community Strategy  Prepare the Local Area Agreement (LAA) and integrate its outcome framework with the Performance Management Framework (PMF)  Complete a review of the Sustainable Community Strategy  Continue a programme of Neighbourhood Action Plan (NAP) preparation, implementation monitoring and review in the context of the NRS  Restructure the Neighbourhood Services Department to provide a Neighbourhood management framework consisting of three neighbourhood management areas with appropriate operational capacity to deliver services at a neighbourhood level	RPD       NSD

<b>Strengthening Communities</b>		
<b><u>Objectives</u></b>	<b><u>Actions</u></b>	<b><u>Lead dept</u></b>
Children and young people from minority communities are engaged and enabled to participate.	Children's Services Race Equality Group will develop strategies to ensure that children and young people from black and minority ethnic communities, travellers, asylum seekers and refugee communities have opportunities to gain full access to services and that the needs of all children growing up in an increasingly diverse society are met.	CSD
Enhance partnership and consultative structures and community involvement (CS SC1-3)	<p>Completion of Best Value Review (BVR) of role of Council in Strengthening Communities Theme</p> <p>Support the Scrutiny Review of the Council's involvement in Partnerships</p> <p>Facilitate a review of Partnership Governance as part of LAA</p> <p>Continue a programme of Neighbourhood Action Plan (NAP) preparation, implementation monitoring and review in the context of the NRS</p>	RPD
Improve accessibility of services and information (CS SC6-7)	<p>Improve physical access to buildings buy completing programme of improvement works.</p> <p>Improve access to information and services</p> <p>Develop corporate access policy</p> <p>introduce access statements / policies</p>	RP/NS D
Ensure communities are well prepared to respond to emergency incidents	<p>Continue to develop and review emergency planning arrangements</p> <p>Provide local information to residents on responding to and dealing with emergencies</p>	NSD

<b>Organisational development priorities</b>		
<b>Objectives</b>	<b>Actions</b>	<b>Lead dept</b>
<b>Improved management and governance</b>		
Development of Service Planning and Performance Management Arrangements	Complete updated 2007/8 Corporate Plan/Local Area Agreement	CE Corp Strat
	Quarterly reporting to Cabinet on Corporate Plan/(LAA and budget position	CE Corp Strat
	Propose improvements to service planning process for 2007/8	CE Corp Strat
	Manage achievement of continuous improvement 2006/7	CE Corp Strat
Prepare for Comprehensive Performance Assessment	Co-ordinate completion self assessments	CE Corp Strat
	Management of on-site element and reporting	CE Corp Strat
Ensure robust risk management arrangements are in place	Maintain register of strategic risks	CE Corp Strat
	Embed awareness and use of risk management across Council	CE Corp Strat
	BC plans in place and exercised for all departments and corporate issues such as flu pandemic	CE Corp Strat
	Implementation of anti money laundering arrangements	CE Legal
Develop and implement information security plans	Complete development and roll-out of information security plans	CE Corp Strat
	Achieve ISO 17799 compliance	CE Corp Strat
Complete scrutiny work programme 2006/07	Compilation of Scrutiny Work Programme	CE Corp Strat
	Implement the Communications Policy	CE Corp Strat
	To deliver the content of the Scrutiny Work Programme 06/07 to prescribed timescales	CE Corp Strat
Improve and develop effectiveness of the overview and scrutiny process	Raising the profile of scrutiny	CE Corp Strat
	Review operational arrangements around scrutiny	CE Corp Strat
	Further develop links between Executive and Scrutiny	CE Corp Strat
	Evaluate the work / add value to the O&S arrangements in Hartlepool	CE Corp Strat
	Develop community engagement within the scrutiny programme	CE Corp Strat
Statement on Internal Control	Programme to ensure further improvement to ensure embedded in detail.	CE Finance
Restructuring the Authority	Implement the Way Forward Programme and associated milestones	CE Corp Strat
Ensure arrangements in place to deal with new and existing legislation	Priorities include Freedom of Information Act, DPA and the Environmental Information Regulations and Human Rights Act	CE Legal
Develop ethical arrangements	Development, agreement and implementation of the ethical framework	CE Legal
	Revision of the Members Code of Conduct	CE Legal



<b>Organisational development priorities</b>		
<b><u>Objectives</u></b>	<b><u>Actions</u></b>	<b><u>Lead dept</u></b>
	Introduction of the Officer's Code of Conduct.	CE Legal
<b>Improved access to and understanding of the public</b>		
Develop the Contact Centre to increase the range of services provided	Accommodation changes completed	CE HR
	Programme of service integration on-going	CE HR
	Financial and efficiency measures in place with targets	CE HR
	Communication strategy implemented	CE HR
	Partner organisation engaged	CE HR
Implement the "Communicating with your Council" policies	Review communications with Councillors	CE Corp Strat
	Raise the profile of Hartlepool regionally, nationally and internationally	CE Corp Strat
	Review and report on the impact of the Communicating with your Council policies	CE
Implement communication plans relating to key issues	Communications of the Way Forward programme to members, officers and partners	CE Corp Strat
	Contact Centre – during accommodation changes, roll out programme, evaluation stages, launch of contact centre and new partnering arrangements.	CE HR
	Job evaluation – during evaluation, pay modelling proposed grading. Implementation and follow up.	CE HR
Enable public feedback and consultation and put learning into practice	Manage Viewpoint panel and deliver x surveys through the year	CE Corp Strat
	Undertake series of "Talking with Communities" events	CE Corp Strat/HR
	Plan programme of BVPI Surveys	CE Corp Strat
	Implementation of workflow (EDRM) system for complaints	CE Corp Strat
	Implement complaints Strategy	CE Corp Strat
<b>Improved understanding, skills, competencies and contributions of elected members and staff</b>		
Implement elected Member Development Strategy	Have in place a Member development strategy	CE HR
	Secure external accreditation for the strategy and programme	CE HR
	Ensure that there is in place and Annual Development programme	CE HR
	Undertake an Evaluation of Member development strategy	CE HR
	Training and briefing on new and developing legislation, corporate governance arrangements	CE legal

<b>Organisational development priorities</b>		
<b><u>Objectives</u></b>	<b><u>Actions</u></b>	<b><u>Lead dept</u></b>
	for members	
Enhance workforce development arrangements	Review workforce development plan	CE HR
	Develop knowledge and skills of officers in workforce planning	CE HR
	Integrate workforce plans into 2007/08 service plans	CE HR
	Publish Children's Workforce Plan	CE HR
Diversity and Equality	Publish Annual Diversity Report	CE HR
	Diversity Steering Group Annual plan – specifics	CE HR
Implement Single Status arrangements	Arrange equal pay claim risks	CE HR
	Complete job evaluation	CE HR
	Undertake an Equal Pay Audit	CE HR
	Implement revised pay and grading structure	CE HR
	Harmonise terms and conditions	CE HR
<b>The innovative implementation of key efficiency drivers</b>		
Develop Efficiency Strategy	Development of Efficiency Strategy co-ordinated with VFM assessment	CE Finance
	Complete Efficiency Statement	CE Finance
	Completion/implementation of 5 year efficiency strategy	CE Finance
	Manage the Council's Asset base via an integrated Capital and Asset Strategy.	CE Prop
Implement the Business Process Re-engineering programme	Determine prioritised BPR work programme	CE Finance
	Deliver the work programme to prescribed timescales	
	Integrate reviews with corporate IT developments in electronic records / document management / workflow and the Efficiency Strategy	
	Monitor the implementation of changes to operational / administrative arrangements	
Implement 5 year Procurement Plan	Complete spend analysis in key areas	CE Prop
	Review on / off contract spend	CE Prop
	E-procurement implementation (via. FMS)	CE Prop
	Review procurement strategy	CE Prop
Delivery of the ICT strategy to support corporate objectives	Review ICT Strategy	CE Corp Strat
	Implement phased programme to modernise infrastructure	CE Corp Strat
	Implement phased desktop standardisation programme	CE Corp Strat

<b>Organisational development priorities</b>		
<b><u>Objectives</u></b>	<b><u>Actions</u></b>	<b><u>Lead dept</u></b>
	Implement key programmes	CE Corp Strat
<b>The effective management, governance and development of financial arrangements</b>		
Develop Strategic Financial Plans	Realign existing Medium Term Financial Plans with central government multi year grant settlement periods	CE Finance
	Determine Strategy for bridging 2007/8 forecast budget gap.	CE Finance
Development of Governance Arrangements	Develop revised Internal Audit Statement of Purpose, Responsibility and Authority and linkages with SIC	CE Finance
	Consolidate CIPFA Audit Code of Practice into Internal Audit Manual and Management Arrangements	CE Finance
Use of Resources and Value for Money	Review risks, level and planned use of balances and reserves	CE Finance
	Incorporate VFM assessment with Efficiency reviews	CE Finance
	Monitor the delivery of budget savings	CE Finance
	Co-ordinate VFM analysis utilising benchmarking / focus group / analytical information sources	CE Finance

# CABINET REPORT

10<sup>th</sup> February, 2006



**Report of:** Scrutiny Co-ordinating Committee

**Subject:** SCRUTINY CO-ORDINATING COMMITTEE'S FORMAL RESPONSE TO THE BUDGET CONSULTATION: DRAFT BUDGET AND POLICY FRAMEWORK PROPOSALS 2006/07 TO 2007/08

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## 1. PURPOSE OF THE REPORT

- 1.1 To inform the Cabinet of the Scrutiny Co-ordinating Committee's formal response to the Draft Budget and Policy Framework Proposals for 2006/07 to 2007/08, as part of the Authority's budget consultation process.

## 2. BACKGROUND INFORMATION

- 2.1 Members of the Scrutiny Co-ordinating Committee have met formally between 21 October 2005 to 27 January 2006, to enable consideration to be given to the Authority's budget consultation exercise currently being undertaken for the Budget and Policy Framework for 2006/07 to 2007/08.
- 2.2 Having considered various sources of information throughout this process, Members of the Scrutiny Co-ordinating Committee agreed to submit their formal response to the Cabinet at this meeting.

## 3. FORMAL RESPONSE OF THE SCRUTINY CO-ORDINATING COMMITTEE TO THE CABINET

- 3.1 Whilst Members of the Scrutiny Co-ordinating Committee agreed that it would be inappropriate for them at this stage of the budget setting process to make recommendations with regard to service reductions to the Cabinet, the Scrutiny Co-ordinating Committee does accept that it is an appropriate use of the Committee's expertise that they should advise the Cabinet on those areas of service that the public would expect to be protected. The following

observations/comments should be taken into account by the Cabinet and Council thereafter:-

- (a) That the delivery of services to the public, in particular vulnerable groups, must be of the utmost importance when finalising the Budget and Policy Framework Proposals for 2006/07 to 2007/08;
- (b) That there should be sufficient provision with the Budget and Policy Framework for 2006/07 to 2007/08 to protect frontline services including Libraries and Community Centres;
- (c) That the Authority's Overview and Scrutiny Function be adequately resourced in relation to a dedicated budget and additional scrutiny officer support;
- (d) That every effort must be made to protect the proposed reduction to the Community Pool budgetary allocation, given the very nature of its work;
- (e) That the use of Gershon efficiency savings should continue;
- (f) That there is a need for the Authority to pro-actively manage the exit strategies of grant funded staffing positions;
- (g) That the work of the Vacancy Monitoring Panel should continue to scrutinise the need to fill vacant posts as and when they arise;
- (h) That every effort should be made to fill job vacancies internally;
- (i) That the use of consultants and agency workers across the Authority is far greater than realised, with some individuals being employed on a temporary basis for in excess of 2 years. Concerns were expressed with regard to a recent Employment Tribunal currently pending appeal which argues a strong case for agency workers to potentially gain employment rights as directly employed staff. Members were advised that the judgement was anticipated in late February 2006, hence depending on the outcome of such appeal, it is suggested that this Authority explores the compilation of an exit strategy for its agency staff arrangements in light of the possible financial implications to the Authority;
- (j) That it is the role of Council to set the Authority's Budget and Policy Framework for 2006/07 to 2007/08 in consultation with the Cabinet and the Scrutiny Co-ordinating Committee.

#### **4. RECOMMENDATION**

- 4.1 That the Cabinet receives the formal response of the Scrutiny Co-ordinating Committee as part of the budget consultation process and provides comments where felt appropriate.

**Contact Officers:** - Charlotte Burnham – Scrutiny Manager  
Chief Executive's Department - Corporate Strategy  
Hartlepool Borough Council  
Tel: 01429 523 087 / 523 647  
Email: charlotte.burnham@hartlepool.gov.uk

#### **BACKGROUND PAPERS**

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

- (i) Minutes of the Scrutiny Co-ordinating Committee held on 21 October 2005, 25 November 2005, 20 December 2005, 13 January 2006, 20 January 2006 and 27 January 2006.

# **CABINET REPORT**

**10th February 2006**



**Report of:** Adult and Community Services and Health Scrutiny Forum

**Subject:** PANDEMIC INFLUENZA - CONTINGENCY PLANNING – DRAFT FINAL REPORT

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## **1. PURPOSE OF REPORT**

- 1.1 To present Members of the Cabinet with a Draft Final Report of the Adult and Community Services Scrutiny Forum's investigation into Pandemic Influenza – Contingency Planning.

## **2. BACKGROUND INFORMATION**

- 2.1 Members of the Adult and Community Services and Health Scrutiny Forum undertook a short investigation into 'Pandemic Influenza – Contingency Planning.' The investigation was initiated as a response to concerns expressed about the rise in Avian Influenza and the possible impact this could have on human health.
- 2.2 During an early evidence gathering session Members agreed to focus the concerns raised in relation to Avian Influenza within the overall contingency planning for Pandemic Influenza by the Local Authority and Health Sector. The Forum agreed that this investigation would be useful to allay concerns and informative thus it was agreed to incorporate this investigation into the forum's annual work programme.

## **3. AIM OF THE SCRUTINY ENQUIRY**

- 3.1 To undertake a short inquiry into Pandemic Influenza, looking at the overall contingency planning for a possible outbreak of "avian flu."

#### **4. TERMS OF REFERENCE FOR THE SCRUTINY ENQUIRY**

4.1 The following terms of reference were established for the review:-

- To identify how the UK is working with international bodies to monitor the development of the virus; and reduce the risk of pandemic influenza emerging and spreading.
- To consider the current assessment of the likely impact of pandemic influenza on the UK (both in terms of health and on wider society, including the economy)
- To consider if the UK's stockpile of antiviral treatments adequate, and how will it be distributed? Furthermore, to consider what steps are being taken to ensure that the UK has access to sufficient antiviral treatment and vaccine in the event of a flu pandemic?
- To identify how the risk of pandemic influenza is being assessed and how this assessment can be improved?
- To identify what the long-term strategy is for reducing the threat of pandemic influenza?
- To consider the plans to co-ordinate between health, emergency and other essential services for responding to a pandemic
- To identify the current assessment of the likely impact of pandemic influenza on Hartlepool (both in terms of health and on wider society, including the economy)
- To consider how well prepared and co-ordinated is the Local Authority, health, emergency and other essential services are both regionally and locally for responding to a pandemic?
- To consider the awareness raising plans in place to ensure that the general public are aware of the risks and likely effects of a pandemic, and of how they should react.

#### **5. METHODS OF INVESTIGATION**

5.1 The Adult and Community Services and Health Scrutiny Forum agreed to undertake a short review of the Contingency plans in relation to Pandemic Influenza. A variety of sources were used in order to conduct a robust yet targeted investigation.

5.2 Members of the Forum consulted a range of sources including, Department of Health Guidance, World Health Organisation Reports and spoke with representatives from the Health Protection Agency, Hartlepool PCT and the Council's Director of Neighbourhood Services.



## 6. CONDUCT OF THE INVESTIGATION – SUMMARY OF PROCESS

Meeting	Date	Issue
1	20 <sup>th</sup> Sept 05	'Setting the Scene' – Overview of the main issues relating to Bird Flu.
2	18 <sup>th</sup> Oct 05	'Scoping the review' – Defining the aim of the investigation and the terms of reference.
3	15 <sup>th</sup> Nov 05	Evidence Gathering Session – Determining the Conclusions & Recommendations
4	13 <sup>th</sup> Dec 05	Draft Final Report –Approved by Scrutiny Forum
5	13 <sup>th</sup> Jan 05	Report approved by Scrutiny Co-ord Ctte.

## 7. FINDINGS

### 7.1 - The disease – establishing what is a Pandemic & its potential impact (Also, see Table 1 below)

- (a) Pandemic flu is a type of influenza that spreads rapidly to affect most countries and regions around the world. However, unlike the ordinary flu that occurs every winter in the UK, pandemic influenza can occur at any time of year.
- (b) Pandemics of influenza have occurred sporadically throughout history – three times in the last hundred years – resulting in many deaths.
- (c) Experts predict another pandemic will occur but cannot say exactly when it will happen. When it does, it may come in two or more waves several months apart. Each wave may last two to three months.
- (d) Pandemic flu is more serious than 'ordinary' flu. As much as a quarter of the population may be affected – maybe more.
- (e) Pandemic flu is likely to cause the same symptoms as 'ordinary' flu. The symptoms may be more severe because nobody will have any immunity or protection against that particular virus.
- (f) A serious pandemic is likely to cause many deaths, disrupt the daily life of many people and cause intense pressure on health and other services.
- (g) Each pandemic is different, and until the virus starts circulating, it is impossible to predict its full effects.
- (h) The current epidemic of highly pathogenic avian (bird) flu – (H5N1) is generally thought to have increased the likelihood of a Pandemic occurring in the near future.

**Table 1**

'Ordinary' flu	Pandemic flu
<ul style="list-style-type: none"> <li>• 'Ordinary' flu occurs every year during the winter months in the UK.</li> <li>• It affects 10-15% of the UK population, causing around 12,000 deaths every year.</li> <li>• Globally, epidemics of 'ordinary' flu are thought to kill between 500,000 to 1 million people every year.</li> <li>• Most people recover from 'ordinary' flu within one or two weeks without requiring medical treatment.</li> <li>• Deaths are generally confined to 'at risk' groups including: <ul style="list-style-type: none"> <li>• elderly people over 65 years of age</li> <li>• people with existing medical conditions such as lung diseases, diabetes, cancer, kidney or heart problems</li> <li>• people whose immune systems are compromised due to HIV/AIDS or because they have a transplant, for example</li> <li>• the very young.</li> </ul> </li> <li>• The vaccine against 'ordinary' flu is effective because the virus strain in circulation each winter can be fairly reliably predicted.</li> <li>• Annual vaccination, when the correct virus strain is fairly reliably predicted, and antiviral drugs are available for those at risk of becoming seriously ill.</li> </ul>	<ul style="list-style-type: none"> <li>• Pandemics of have occurred sporadically throughout history and can take place in any season.</li> <li>• It affects many more people than 'ordinary' flu – a quarter or more of the population – and is associated with much higher rates of illness and death. For example, the worst flu pandemic last century – the 1918 'Spanish Flu', caused around 250,000 deaths in the UK alone and up to 40 million deaths worldwide.</li> <li>• Pandemic flu, usually associated with a higher severity of illness and consequently a higher risk of death, represents a much more serious infection than 'ordinary' flu.</li> <li>• People of all age groups may be at risk of infection with pandemic flu, not just 'at risk' groups.</li> <li>• A vaccine against pandemic flu will not be available at the start of a pandemic. This is because the virus strain will be completely new. It will be different from the viruses that circulated the previous winter, and not predictable in the same way.</li> <li>• Antiviral drugs may be in limited supply, their use depending on evidence of their efficacy which will only emerge once the pandemic is under way. (Treatment available for pandemic flu is described in more detail in Chapter 3).</li> </ul>

➤ ***Extract from Explaining Pandemic Flu - A guide from the CMO' (Chief Medical Officer), Department of Health, October 2005***

## **7.2 International Monitoring & Surveillance**

7.2.1 Members of the Forum noted that it is unlikely that the global spread of a pandemic flu virus could be prevented once it emerges. Therefore, the emphasis in pandemic flu virus control is on reducing the impact of Pandemic Influenza. The Forum was advised that several tools help achieve this aim:-

- Year round global surveillance
- effective and accurate methods of diagnosis

- vaccines (once they become available)
- antiviral drugs
- social interventions.

7.2.2 The Forum was advised that surveillance is a year around global activity. Its objective is to monitor the evolution of flu viruses and associated illness to inform recommendations for the annual vaccine, but also in order to detect the emergence of 'unusual' viruses that may have pandemic potential as they emerge. The sooner a potential pandemic virus is detected, the sooner control measures can be put in place and the sooner the development of a vaccine can begin. Effective surveillance is vital, not only in detecting the first virus, but also for example, in detecting the first signs of person to person transmission.

7.2.3 The UK is an integral part of an international network of flu surveillance to which it contributes, and from which it receives data:-

- **The World Health Organization Global Influenza Surveillance Network**

- This is an international network of laboratories which provides a mechanism for monitoring flu viruses and detecting the emergence of new viruses with pandemic potential. The World Health Organization network consists of four WHO Collaborating Centres (in Australia, Japan, the USA and the UK), which perform genetic analyses of around 2000 flu viruses each year, and 112 contributing national influenza laboratories in 83 countries, including the UK, which collect more than 175,000 samples from patients with flu like illness.

- **The European Influenza Surveillance Scheme**

- This is a collaborative surveillance network within the European Network for the Epidemiological Surveillance and Control of Communicable Diseases and is funded by the European Union. It combines clinical surveillance and reference laboratory reports from 23 European countries, including the UK, allowing flu activity to be monitored across Europe.

- **UK Health Protection Agency**

- Flu surveillance across the UK is coordinated by the Health Protection Agency (an independent body funded by the Department of Health) throughout the year but with a particular focus over the winter months. The agency uses a range of information sources including data on new general practitioner consultations for flulike illness, laboratory reports and data from the NHS telephone information service – NHS Direct, and their equivalents in the other UK countries, to monitor circulating flu virus strains and the illness they are causing. It aims to detect new subtypes of epidemic or pandemic potential.

### **7.3 Vaccinations**

- 7.3.1 The Forum noted that medicines known as antivirals can be used to *treat* influenza. They have been shown to be very helpful in the treatment of 'ordinary' flu, and it is likely that they would be effective in the treatment of pandemic flu, but their effectiveness would not be known until the pandemic virus is circulating. It was emphasized that antivirals do not stop the flu from developing but they do subdue the symptoms and reduce the time people are sick.
- 7.3.2 The Government announced plans to procure 14.6 million courses of the antiviral drug Tamiflu, which is expected to reduce the impact of the disease. This will provide treatment for one in four of the UK population - the proportion most likely to become infected with the disease and is consistent with the figure recommended by the World Health Organisation for planning purposes. The vaccines will be used to protect key medical and emergency workers across Britain against a possible global pandemic.
- 7.3.3 Influenza pandemics are caused when a new flu virus emerges which is markedly different from recently circulating strains. As it is new, ordinary flu vaccines will not be effective and a new vaccine will need to be developed. This will take time and therefore a vaccine will not be available at the beginning of a pandemic. However, the UK is participating in research to speed up the production of a vaccine against a future pandemic flu outbreak.

**Summary – Table two****Controlling pandemic flu: Summary**

- Surveillance, diagnosis, vaccination, antiviral drugs and 'social' interventions are the principal tools in controlling pandemic flu.
- A vaccine for use against pandemic flu can only be produced once the pandemic strain has been identified. This means that vaccines will not be available immediately.
- Antiviral drugs are the only other medical countermeasure available but there are important limitations to their use including uncertainty over their efficacy.
- The UK plan has identified strategies and has prioritised groups for receipt of both vaccines and antivirals according to their availability.
- Various 'social' interventions at both the personal and national level may be necessary. These include personal hygiene and possible restrictions on travel and mass gatherings.
- For more information on pandemic flu control, visit:
  - Department of Health: [www.dh.gov.uk/pandemicflu](http://www.dh.gov.uk/pandemicflu)
  - World Health Organization: [www.who.int](http://www.who.int)

➤ ***Extract from Explaining Pandemic Flu - A guide from the CMO' (Chief Medical Officer), Department of Health, October 2005***

## **7.4 CO-ORDINATION BETWEEN AGENCIES- NATIONAL CONTINGENCY PLANS**

- 7.4.1 The Forum established that the Government has prepared a UK wide Influenza Pandemic Contingency Plan which will be put into action in the event of a pandemic. The Plan includes initiatives to improve our preparedness now, before another pandemic occurs.
- 7.4.2 The UK Pandemic Influenza Contingency Plan was published in March 2005. Replacing the Multiphase Contingency Plan for Pandemic Influenza published in 1997, the current plan has been updated to take account of new scientific developments, changes in the health service, lessons learned from the 1997 outbreak of avian flu in Hong Kong and from the 2003 SARS outbreak and experience in emergency planning since the events of 11 September 2001. It has subsequently been revised, taking into account comments received in response and further developments in planning.
- 7.4.3 The UK plan has been developed in accordance with international recommendations issued by WHO and adapted to meet national needs.

Its overall objective is to minimise the impact of a flu pandemic on the UK population. Key elements are:

- the organisational arrangements for an effective response
- identifying pandemic flu and monitoring its spread and impact, to inform actions
- containing the spread of infection to the extent that this is possible
- reducing illness and saving lives
- ensuring the continuation of essential services, thereby minimising social and economic disruption
- ensuring that the public, health professionals and media have up-to-date, comprehensive information at all stages.

## **7.5 An integrated international, national and local response**

7.5.1 The Forum established that the UK plan provides the overall framework for a UK wide response and covers the national health response. Contingency plans however, are also being developed at a local level by the Primary care trusts and strategic health authorities and the Local Authority to ensure local needs are met while remaining integrated in the national and international response.

7.5.2 The Forum was advised about local business continuity planning, pandemic influenza contingency planning by both Hartlepool PCT and the Council. The Forum was pleased to note the joint working between the various stakeholders, at a local level, which included links to partners such as Government Office North East and the Health Protection Agency.

## **8. CONCLUSIONS & RECOMMENDATIONS**

8.1 Members were pleased to see that there is a great deal of work underway, globally, nationally, regionally and locally in order to anticipate and respond effectively to an influenza pandemic, should one occur.

8.2 The Forum noted that protecting the public from pandemic influenza was an integral part of ongoing work by Hartlepool Borough Council, Hartlepool PCT and the Health Protection Agency.

8.3 Members wished to endorse the first generation contingency plan presented by Hartlepool Borough Council.

8.4 Members endorsed the approach adopted by Hartlepool PCT in relation to its activities, both in contributing to the development of a Local (SHA-area wide) contingency plan and, the PCT's own business continuity plan.

8.5 Members recommend that in the event of a pandemic, Hartlepool Borough Council and the Health Agencies would undertake to publicise good basic hygiene that would reduce the risk of influenza spreading.

## **9. ACKNOWLEDGEMENTS**

9.1 Members of the Forum would like to place on record their thanks to;

- Peter Kendal, Regional Health Emergency Planning Advisor – Health Protection Agency North East
- Peter Price, Director of Public Health and Wellbeing - Hartlepool PCT
- Ian Parker, Director of Neighbourhood Services -Hartlepool Borough Council

## **10. BACKGROUND PAPERS**

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

- (i) Report of the Scrutiny Support Officer entitled 'Avian Influenza (Bird Flu) – Briefing Note 'presented to the Adult and Community Services and Health Scrutiny Forum on 20<sup>th</sup> September 2005.
- (ii) Report of the Scrutiny Support Officer entitled 'Pandemic Influenza – Contingency Planning' - Scoping Paper presented to the Forum on 18<sup>th</sup> October 2005
- (iii) 'Explaining Pandemic Flu - A guide from the CMO' (Chief Medical Officer), Department of Health, October 2005

**Contact Officer:-** Sajda Banaras – Scrutiny Support Officer

Chief Executive's Department - Corporate Strategy  
Hartlepool Borough Council

Tel: 01429 523 647

Email: Sajda.banaras@hartlepool.gov.uk