

# AUDIT AND GOVERNANCE COMMITTEE AGENDA



Thursday 10 December 2015

at 10.00 am

in Committee Room B  
Civic Centre, Hartlepool

MEMBERS: AUDIT AND GOVERNANCE COMMITTEE

Councillors Ainslie, S Akers-Belcher, Belcher, Cook, Lawton and Martin-Wells

Standards Co-opted Members; N Rollo and C Wilson

Parish Council Representatives: J Cambridge (Headland Parish Council) and B Walker (Greatham Parish Council)

Local Police Representative: Chief Superintendent Lang

1. **APOLOGIES FOR ABSENCE**
2. **TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS**
3. **MINUTES**
  - 3.1 To confirm the minutes of the meeting held on 15 October 2015.
4. **AUDIT ITEMS**
  - 4.1 Treasury Management Strategy – *Chief Finance Officer*
  - 4.2 Internal Audit Plan 2015/16 Update – *Chief Finance Officer*
  - 4.3 Mazars Report – Audit Progress Report – *Chief Finance Officer*
  - 4.4 Mazars Report – Annual Audit Letter – *Chief Finance Officer*



**5. STANDARDS ITEMS**

None.

**6. STATUTORY SCRUTINY ITEMS**

6.1 Safer Hartlepool Partnership Performance – *Director of Regeneration and Neighbourhoods*

6.2 Tees, Esk and Wear Valley NHS Foundation Trust – Quality Account 2014/15 – Quarter 2 Update

a) Covering report - *Scrutiny Manager*

b) Presentation - *Director of Planning, Performance and Communications, TEWV*

**7. MINUTES FROM THE RECENT MEETING OF THE HEALTH AND WELLBEING BOARD**

7.1 Minutes of the meeting held on 5 October 2015.

**8. MINUTES FROM THE RECENT MEETING OF THE FINANCE AND POLICY COMMITTEE RELATING TO PUBLIC HEALTH**

None.

**9. MINUTES FROM RECENT MEETING OF TEES VALLEY HEALTH SCRUTINY JOINT COMMITTEE**

None.

**10. MINUTES FROM RECENT MEETING OF SAFER HARTLEPOOL PARTNERSHIP**

10.1 Minutes of the meeting held on 16 October 2015.

**11. REGIONAL HEALTH SCRUTINY UPDATE**

**12. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT**

**ITEMS FOR INFORMATION**

**Date of future meetings –**

Audit and Governance Working Group (All Day) – 14 January 2016 commencing at 10.00am in the Civic Centre - End of Life/Palliative Care in the Community

Audit and Governance Committee (All Day) – 28 January 2016 commencing at 10.00am in the Civic Centre - Crime and Policing



# **AUDIT AND GOVERNANCE COMMITTEE**

## **MINUTES AND DECISION RECORD**

**15 October 2015**

The meeting commenced at 10.00 am in the Civic Centre, Hartlepool.

**Present:**

Councillor Ray Martin-Wells (In the Chair)

Councillors: Jim Ainslie, Sandra Belcher, Rob Cook and Trisha Lawton

In accordance with Council Procedure Rule 5.2 (ii), Councillor Paul Beck was in attendance as substitute for Councillor Stephen Akers-Belcher.

Standards Co-opted Members:  
Norman Rollo and Clare Wilson

Parish Council Representatives:  
John Cambridge (Headland)

Also present:  
Dr Simon Howard, Public Health Registrar

Officers:  
Peter Devlin, Chief Solicitor  
Louise Wallace, Director of Public Health  
Joan Stevens, Scrutiny Manager  
Angela Armstrong, Principal Democratic Services Officer

### **61. Apologies for Absence**

Apologies for absence were received from Councillor Stephen Akers-Belcher and Brian Walker, Parish Councillor.

### **62. Declarations of Interest**

Councillors Sandra Belcher and Ray Martin-Wells declared a prejudicial interest in minute 64 and left the meeting during the consideration of that item. Councillor Paul Beck declared a personal interest in minute 64.

### **63. Minutes of the meeting held on 24 September 2015**

Confirmed.

**Due to their earlier declaration of a prejudicial interest in the following item, Councillors Sandra Belcher and Ray Martin-Wells left the meeting for the consideration of the following item.**

In the absence of the Chair, Councillor Ray Martin-Wells and the Vice Chair, Councillor Stephen Akers-Belcher, the Chief Solicitor sought nominations for the position of Chair for the consideration of the following item. Councillor Rob Cook was nominated and seconded for the position of Chair.

**Councillor Rob Cook in the Chair.**

#### **64. Complaint – SCO11/2014** *(Monitoring Officer)*

The Monitoring Officer presented a detailed and comprehensive report which provided the background to the complaint received. In addition, an outline was provided of a separate investigation undertaken by Cleveland Police, the outcome of which was that no “inappropriate conduct” had taken place. In addition to this, further details were provided of the initial meetings the Monitoring Officer had undertaken with the Independent Persons and the Managing Director of Radio Hartlepool as part of the investigation. Despite every effort being made to investigate the complaint further, the Monitoring Officer was unable to draw this to a final conclusion as all the information provided to Cleveland Police had not been made privy to the Monitoring Officer. It was noted that this complaint had ongoing for a considerable period of time and it was highlighted that for their part, they had made public statements refuting “any wrong doing” and those statements were in the public domain.

Owing to the request of the Audit and Governance Committee that complaints should be conducted as ‘expeditiously as possible’ and contained within a six month period, the Monitoring Officer indicated that the only recommendation that befits the circumstances of these particular complaints was that no further action should be taken.

A Member welcomed the report which provided details of the investigation carried out and was pleased to note that no further action would be undertaken.

#### **Recommended**

- (1) The Committee noted the contents of the report.
- (2) It was acknowledged that a complaint was made against Councillors Stephen Akers-Belcher and Ray Martin-Wells and for the reasons outlined in the report, the complaint could not be progressed and therefore no further action should be taken.

Councillors Sandra Belcher and Ray Martin-Wells rejoined the meeting and were informed that the above recommendations were accepted unanimously by the Committee.

### **Councillor Ray Martin-Wells in the Chair**

## **65. Health and Wellbeing Board's Response to the Investigation into Cardio Vascular Disease CVD** *(Health and Wellbeing Board)*

The report provided feedback from the Health and Wellbeing Board's consideration of, and decisions in relation to the recommendations. It was noted that progress towards completion of the actions contained within the Action Plan would be monitored with six monthly monitoring reports to be presented to the Committee. Details of the recommendations and actions were contained within the Action Plan which was attached as Appendix A.

A Member provided the Committee with an update from the North East Scrutiny Officers' Network meeting which had recently taken place where the future budget cuts by Public Health England were discussed. The Director of Public Health confirmed that Finance and Policy Committee had considered the anticipated reduction in public health funding and final details were awaited in order to consider how to mitigate against this. Concerns were expressed by a Member at the impact on services of further funding cuts when the Council had suffered massive funding cuts over the last few years.

### **Recommended**

The proposed actions detailed within the Action Plan were noted.

## **66. Annual Review Health Status Presentation** *(Director of Public Health)*

The Director of Public Health provided the Committee with a detailed and comprehensive presentation which identified the following:

- Latest Statistics
- Trend Analysis
- Benchmarking
- Lower Level Geography

Further details were provided on the health profiles across 2008-2014 as well as the contributors to gap in life expectancy between Hartlepool and England along with the most deprived and most affluent areas within the Town. In summary, the Director of Public Health informed the Committee of the following:

- Hartlepool was more deprived than the national average.
- The health of the people in Hartlepool was generally worse than the national average.
- Many health indicators in Hartlepool were improving.
- The health of people in Hartlepool was similar to local authorities with a comparable level of deprivation.
- There were health inequalities within Hartlepool.
- Life expectancy in Hartlepool was increasing.

A Member commented on the public health statistics which were provided on a ward by ward basis and proved very interesting. The Director of Public Health confirmed that the ward by ward statistics were produced in line with the Public Health Annual Report and with some fantastic support from the Tees Valley Public Health Shared Service. The Public Health Registrar added that whilst the detailed statistics were very interesting, it was important to consider the trends surrounding the detail as this would inform future service priorities.

It was noted that education within schools around healthy eating, the affects of drugs and alcohol misuse and smoking was working really well. However, a Member highlighted that there appeared to be an increasing problem of patients' perception that they had been failed by their GP if they were not provided with a prescription for their ailment, when self management was often recommended as the preferred way to ease those ailments. The Public Health Registrar indicated that whilst it was important for people to self manage their own health problems, it was also important for people to be proactive and recognise symptoms that could lead to early diagnosis of illnesses, such as cancer.

In response to a question from a co-opted member about the industrial legacy within Hartlepool and the health implications of this, the Director of Public Health confirmed that it was likely that the industrial legacy was working its way through the age groups over time but highlighted the importance of educating children and young people to make positive life choices. The Director of Public Health added that Hartlepool Council took its responsibility for public health very seriously especially in relation to discharging its statutory duties around health inequality and improvement. A Member commented that the Officers within Public Health had shown a real commitment to improving the health and raising the awareness of public health issues for residents since the Council had taken over the responsibility for Public Health in 2015. The improving health related statistics outlined in the presentation were testament to this. The Director of Health indicated she would forward the above comments on to the whole of the Public Health team.

A Member sought clarification on the health implications from the use of e-cigarettes. The Director of Public Health informed Members that Public Health England had recently produced an evidence base around the use of e-cigarettes and would circulate this to Committee. The Public Health Registrar added that the position of Public Health England was that whilst

not all the dangers of e-cigarettes were known, the short term evidence showed that they were far less dangerous than tobacco cigarettes. It was noted that legislation around the use of e-cigarettes was not yet finalised but would be in place early next year to regulate the content of e-cigarettes.

The comments made above in relation to the performance of the Public Health Team were reiterated by Members due to the positive effect the enthusiasm of the Officers had during a couple of recent investigations into health related issues including Dementia Awareness as this really made a difference to raising awareness of the illness.

The Scrutiny Manager concluded by informing Members that there was an event around Health Inequalities organised by NHS England and would be held in Gateshead in December. All Members of the Committee were invited and were requested to inform the Scrutiny Manager if they wished to attend.

### **Recommended**

- (1) The presentation and discussion that followed were noted.
- (2) A copy of the presentation would be circulated to all Members of the Committee.
- (3) Members to inform the Scrutiny Manager if they wished to attend the Health Inequalities event organised by Public Health England which was taking place in December at Gateshead.
- (4) That the evidence base recently produced by Public Health England around the use of e-cigarettes to be circulated to the Committee.

## **67. Director of Public Health Annual Report** (*Director of Public Health*)

The Director of Public Health presented the report which provided the background to the production of the Annual Report. The key issues were detailed in the report.

A Member complemented the Public Health Team on the production of this report as it highlighted the amount of education being done with children and young people and the positive outcomes achieved from that. The importance of trends was reiterated as this would highlight any changes and patterns of diseases and enable the Public Health resources to be utilised effectively.

### **Recommended**

It was noted that this report would be the subject of a future Members' Seminar and had been presented to the Health and Wellbeing Board.

**68. End of Life/Palliative Care in the Community – Evidence from Healthwatch - Presentation** (*Healthwatch*)

The Chair informed the Committee that a request had been received from HealthWatch to defer the consideration of this item until the next meeting, it would therefore be resubmitted to the Audit and Governance Committee on 12 November 2015.

That the End of Life/Palliative Care in the Community presentation to be provided by HealthWatch be deferred to the next meeting of the Committee.

**69. Minutes of the Health and Wellbeing Boards held on 3 August and 11 September 2015**

Received.

**70. North East Joint Health Scrutiny Update**

The Chair provided the Committee with an update on the last meeting of the North East Joint Health Scrutiny Committee during which discussions had taken place on the future of neonatal services in the region. The Committee had requested further detailed information and this issue would be considered at a future meeting of the NEJHSC with further consultation also being undertaken with the Clinical Commissioning Groups and Foundation Trust within the region.

**71. Any Other Business which the Chairman considers Urgent**

The Chairman ruled that the following items of business should be considered by the Committee as a matter of urgency in accordance with the provisions of Section 100(B) (4)(b) of the Local Government Act 1972 in order that the matter could be dealt with without delay.

**72. Any Other Business – Proposed Merger of Victoria Medical Practice and Journee Medical Practice**  
(*Scrutiny Manager*)

The report provided the background to the consideration of the proposed merger of the Victoria Medical Practice and the Journee Medical Practice. The Committee's views/initial response was relayed to the Practices by letter on 17 July 2015 and were attached as Appendix B. A response had been received from the Practice on 1 October 2015 and this was attached to the report as Appendix C. Members considered the response received from the practices and agreed in principle to support the proposals. The Scrutiny Manager would clarify whether the response would be joint from the Chair of the Health and Wellbeing Board and the Chair of the Audit and



Governance Committee.

**Recommended**

That a response be forwarded to NHS England and the practices indicating that the Audit and Governance Committee agreed in principle with the proposals.

**73. Any Other Business – Local Health and Social Care Plan Working Group** (*Scrutiny Manager*)

It was noted that all Members had been invited to the first meeting of the Local Health and Social Care Plan Working Group on 23 October 2015 which would take place at the Centre for Excellence, Training and Learning, Brierton Site, Catcote Road, Hartlepool. This Working Group would be chaired by Professor Thomé.

**Recommended**

It was noted that all Members were invited to the first meeting of the Local Health and Social Care Plan Working Group on 23 October 2015 at the Centre for Excellence, Training and Learning at Brierton Site, Catcote Road, Hartlepool.

The meeting concluded at 11.19 am

CHAIR

# AUDIT AND GOVERNANCE COMMITTEE

10<sup>th</sup> December 2015



**Report of:** Chief Finance Officer

**Subject:** TREASURY MANAGEMENT STRATEGY

## 1. PURPOSE OF REPORT

1.1 The purposes of the report are to:

- i. Provide a review of Treasury Management activity for 2014/15 including the 2014/15 outturn Prudential Indicators;
- ii. Provide a mid-year update of the 2015/16 Treasury Management activity; and
- iii. Enable the Audit and Governance Committee to scrutinise the recommended 2016/17 Treasury Management Strategy before it is referred to the full Council for approval.

## 2. BACKGROUND

2.1 The Treasury Management Strategy covers the:

- the borrowing strategy relating to the Council's core borrowing requirement arising from historic capital expenditure funded from Prudential Borrowing;
- the borrowing strategy for the use of Prudential Borrowing for approved capital investment business cases, for example LED streetlight replacement, housing schemes and the development of a new 'Centre for Independent Living' where loan repayment costs are funded from budget savings and / or increased income; and
- the annual investment strategy relating to the Council's cash flow.

2.2 The Treasury Management Strategy needs to ensure that the loan repayment costs of historic capital expenditure do not exceed the available General Fund revenue budget, which has been reduced as part of the Medium Term Financial Strategy. Similarly, for specific business cases the Treasury Management Strategy needs to ensure loan repayment costs do not exceed the costs built into the business cases. As detailed later in the report these issues are being managed successfully.

2.3 The Local Government Act 2003 requires the Council to 'have regard to' the CIPFA (Chartered Institute of Public Finance and Accountancy) Prudential

Code and to set prudential indicators for the next three years to ensure capital investment plans are affordable, prudent and sustainable.

- 2.4 The Act therefore requires the Council to set out a Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy, which sets out the policies for managing investments and for giving priority to the security and liquidity of those investments. The Secretary of State has issued Guidance on Local Government Investments which came into force on 1<sup>st</sup> April, 2004.
- 2.5 The Council is required to nominate a body to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies, before making recommendations to full Council. This responsibility has been allocated to the Audit and Governance Committee.
- 2.6 This report covers the following areas:
- Economic background and outlook for interest rates
  - Treasury management outturn position for 2014/15
  - Treasury Management Strategy 2015/16 mid-year review
  - Treasury Management Strategy 2016/17
  - Minimum Revenue Provision and Interest Cost and Other Regulatory Information 2016/17

### **3. ECONOMIC ENVIRONMENT AND OUTLOOK FOR INTEREST RATES**

- 3.1 At the time the 2015/16 Treasury Management Strategy was proposed most economists anticipated that interest rates in the USA and the UK would begin to increase during 2015. This position reflected underlying economic conditions and statements from both the Federal Reserve and the Bank of England.
- 3.2 Members will recall from previous years that the Chairman of the Bank of England issued 'forward guidance' and set a number of tests for determining the time of interest rate increases. However, 'forward guidance' has been overtaken by world economic events and changes in the pattern of UK economic indicators. For example, initial forward guidance stated that the Bank rate of 0.5% would be reconsidered when unemployment reduced to 7%. This was almost immediately revoked and although unemployment has fallen to 5.4% the Bank rate has not changed. Guidance has since become much more fluid and not based on exact targets, but aims to influence ongoing market and consumer activity.
- 3.3 As a result of these changes most economists are now forecasting that the Bank rate increase will be delayed further. The timing of interest rate increases will need careful management by central banks as there is a risk that higher rates may be required if rate increases are delayed too long. The following paragraphs provide more detailed information.

### 3.4 **The Global Economy**

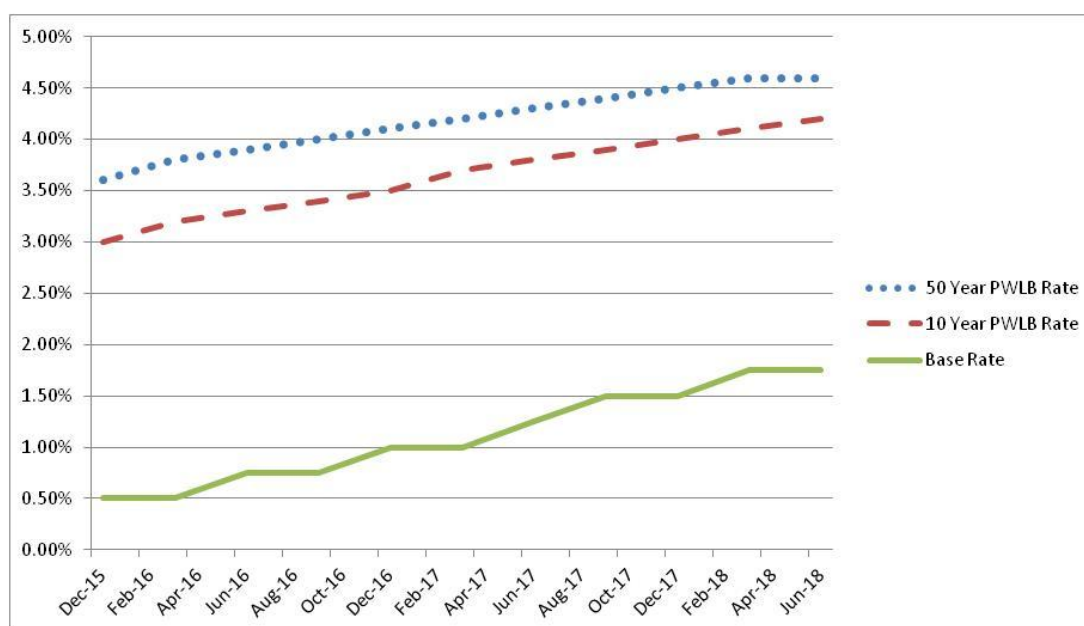
- 3.5 U.S.A. economy – Following slow growth in the first quarter of 2015 the US economy rebounded very strongly in quarter two and strong growth was forecast to continue. This led to the expectation that the Federal Reserve might raise interest rates by September 2015. However, owing to the slowdown in Chinese growth the decision was taken not to increase rates. Following further disappointing economic data, expectations of the first rate rise in USA interest rates have now been pushed back from 2015 to 2016.
- 3.6 Eurozone economy – In an effort to stimulate the Eurozone economy the European Central Bank (ECB) initiated a €1.1 trillion quantitative easing (QE) programme in January 2015, buying up high quality government debt of selected Eurozone countries. This programme is expected to run until September 2016 and already appears to have had a beneficial impact in improving confidence and sentiment. European growth has increased marginally (0.4% in the first and second quarters of 2015). The ECB has also stated that it would extend its QE programme if inflation failed to return to the target of 2% by September 2016.
- 3.7 During July 2015 Greece agreed to implement further austerity measures and is now fully cooperating with EU demands and a third bailout package has since been agreed. A surprise general election in September gave the Syriza Government a mandate to stay in power to implement austerity measures. However there are major doubts as to whether the size of the cuts and the degree of reforms required can be fully implemented. Therefore a Greek exit from the Euro may only have been delayed by this latest bailout.
- 3.8 China – Government action in 2014 to stimulate the economy did not work as well as expected. The Chinese Government has continued to be very active in 2015 in implementing stimulus measures to try to ensure the economy hits the growth target of 7% for 2015 and to bring some stability after the major fall in the Chinese stock market in August 2015. Many commentators are concerned that recent growth figures have been “massaged” to hide a downturn to a lower growth figure. There are also major concerns as to the creditworthiness of Chinese bank lending and the sustainability of house prices. Overall the Chinese economy is still expected to achieve growth that is much stronger than the EU. However confidence in the Chinese economy remains fragile and lower growth is having a negative impact on the world economy.

### 3.9 **The UK Economy**

- 3.10 The economy grew in 2013 by 2.2% and in 2014 by 2.9%. The 2014 growth rate was the strongest UK rate since 2006. It is possible that the UK growth rate for 2015 will again lead the G7 (i.e. seven largest economies) and equal that of the US. However the first quarter was weak at 0.4% with the second quarter being slightly better at 0.7%. The Bank of England’s August Inflation Report included a forecast for growth to remain around 2.4% to 2.8% over the next three years. However subsequent economic data has indicated a

likely slowdown in the overall rate of GDP growth. This reflects the appreciation of Sterling against the Euro and weak growth in the EU, China and emerging markets which has caused difficulties for UK exporters. Falls in business and consumer confidence in September owing to concerns over the economic outlook could also contribute to dampening growth through weakening investment and consumer expenditure. For the recovery to become more balanced and sustainable in the longer term, dependence on consumer expenditure and the housing market must reduce and move to manufacturing and investment expenditure. Economic growth since 2012 has resulted in unemployment falling over the last few years although part of this increase has been reversed.

- 3.11 In August the Bank of England forecast that inflation would barely get to the 2% target within the next 2-3 years. However, with the price of oil again reducing there could be several more months of low inflation, especially as world commodity prices have generally been depressed by the Chinese economic downturn.
- 3.12 Therefore there are considerable risks around whether inflation will rise in the near future as strongly as had previously been expected. This will make it more difficult for central banks in the UK and USA to raise rates as soon as previously forecast. The recent major concerns around the slowdown in Chinese growth, falling oil and commodity prices and volatility in equity and bond markets may delay interest rate increases. On the other hand, there are also concerns around the fact that the central banks of the UK and USA have few monetary policy options left to them, given that central rates are near to zero and huge Quantitative Easing is already in place. There are therefore arguments that they will need to raise rates sooner rather than later. However, they are unlikely to raise interest rates until they are sure that growth is securely embedded and zero/negative inflation is not a significant economic threat.
- 3.13 The forecast for the first increase in Bank Rate has therefore progressively been pushed back from quarter four 2015 to quarter two 2016. Increases after that are likely to be slower paced and to a lower levels than prevailed before 2008, as increases in the Bank Rate will have a much bigger effect on heavily indebted businesses and households than they did before 2008.
- 3.14 **Interest Rate Forecasts**
- 3.15 As indicated above forecasting future interest rates remains extremely challenging as the Base Rate has remained unchanged for significantly longer than most economists initially forecast. Capita Asset Services (the Council's Treasury Management advisors) continue to update their forecasts to reflect statements by the Governor of the Bank of England and changes in the economy. The latest forecasts up to June 2018 are provided in the following graph.

Interest Rate Forecast up to June 2018**4. TREASURY MANAGEMENT OUTTURN POSITION 2014/15****4.1 Capital Expenditure and Financing 2014/15**

4.2 The Council's approved capital programme is funded from a combination of capital receipts, capital grants, revenue contributions and prudential borrowing.

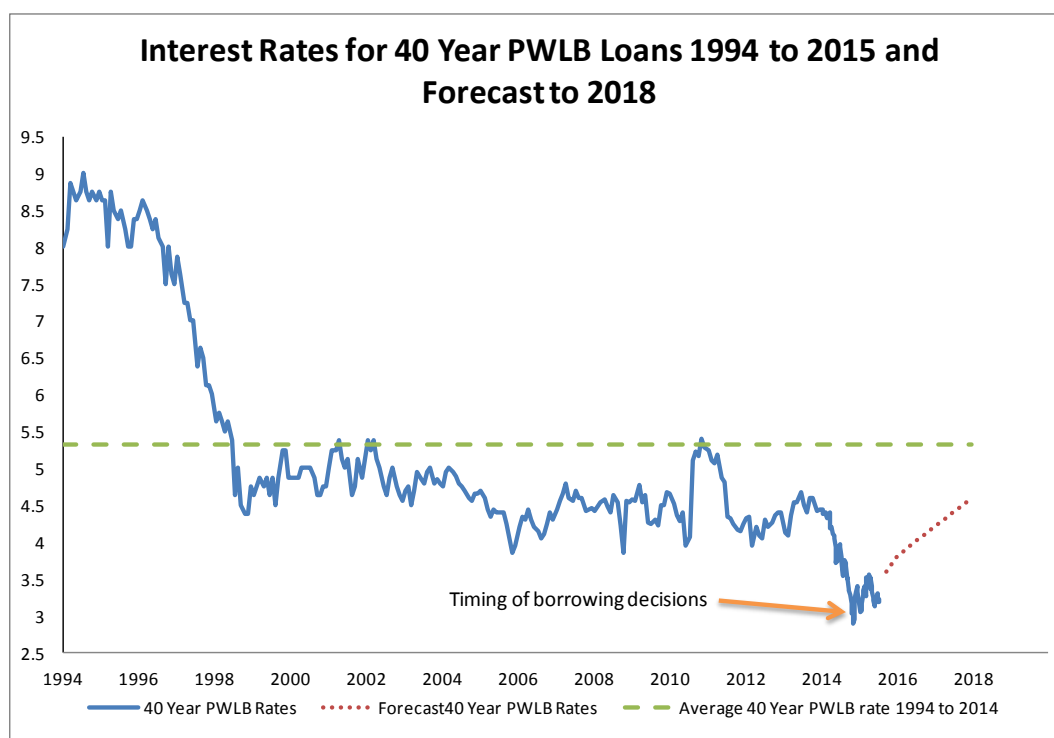
4.3 Part of the Council's treasury management activities is to address the prudential borrowing need, either through borrowing from external bodies, or utilising temporary cash resources within the Council. The wider treasury activity also includes managing the Council's day to day cash flows, its previous borrowing activities and the investment of surplus funds. These activities are structured to manage risk foremost, and then optimise performance.

4.4 Actual capital expenditure forms one of the required prudential indicators. As shown at **Appendix A**, the total amount of capital expenditure for the year was £18.704m, of which £6.950m was funded by Prudential Borrowing.

4.5 The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is the accumulated value of capital expenditure which has been financed from Prudential Borrowing. Each year the Council is required to apply revenue resources to reduce this outstanding balance.

4.6 Whilst the Council's CFR sets a limit on underlying need to borrow, the Council can manage the actual borrowing position by either;

- borrowing externally to the level of the CFR; or
  - choosing to use temporary internal cash flow funds instead of borrowing; or
  - a combination of the two.
- 4.7 The Council's CFR for the year was £94.427m as shown at Appendix A comprising £77.316m relating to the core CFR and £17.111m relating to business cases. This is lower than the approved estimate of £98.242m owing to the rephasing of capital expenditure.
- 4.8 The Council's total long term external borrowing as at 31<sup>st</sup> March, 2014 was £54.5m and increased to £83.9m at 31<sup>st</sup> March 2015. It was always recognised that the strategy of netting down borrowing and investments was unsustainable in the longer term, as investments are temporary and reflect reserves which the Council will use over the next three years (i.e. to support the MTFs, to support the Local Council Tax Support Scheme and to fund other one-off commitments). Therefore long term borrowing was undertaken during 2014/15.
- 4.9 The borrowing reflects reductions in long term interest rates which began falling at the start of 2014 and a watching brief was kept on interest costs. In December 2014 PWLB rates fell to their lowest level since 1994 (the earliest date available for PWLB data). However, forecasts indicated that these interest rates were expected to rise in late 2015. Therefore, in line with the approved strategy decisions were taken to secure existing business cases at exceptionally low interest rates. Borrowing was also undertaken to fund the core CFR to secure the longer term financial position of the Council. This action ensures the ongoing annual saving from locking into lower interest rates of £1.270m, which was built into the 2015/16 base budget, is achieved on a sustainable basis.
- 4.10 The borrowing taken out is summarised as follows:
- Core borrowing to secure ongoing annual savings - £15.0m
  - Business case borrowing approved and implemented over the financial years 2012/13 to 2014/15 totalling - £14.4m.
- 4.11 In total £29.4m was borrowed at an average interest rate of 2.48%, which was achieved through a combination of exceptionally low long term interest rates and use of shorter term loans (also at exceptionally low rates) to reflect the forecast reduction in the Council's CFR.
- 4.12 The following graph shows long term PWLB rates from 1994 to present and includes the average rate for that period (approximately 5.3%), the current forecast rates and the timing of borrowing undertaken as outlined above.



- 4.13 The total borrowing remains below the CFR and there continues to be an element of netting down investments and borrowing but to a level that is expected to be sustainable.
- 4.14 **Prudential Indicators and Compliance Issues 2014/15**
- 4.15 Details of each Prudential Indicator are shown at Appendix A. Some of the prudential indicators provide either an overview or specific limits on treasury activity. The key Prudential Indicators to report at outturn are described below.
- 4.16 The **Authorised Limit** is the “Affordable Borrowing Limit” required by Section 3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. Appendix A demonstrates that during 2014/15 the Council has maintained gross borrowing within its Authorised Limit.
- 4.17 **Net Borrowing and the CFR** - In order to ensure that borrowing levels are prudent, over the medium term the Council’s external borrowing, net of investments, must only be for a capital purpose. Net borrowing should not exceed the CFR for 2014/15 plus the expected changes to the CFR over 2015/16 and 2016/17. The Council has complied with this Prudential Indicator.
- 4.18 **The treasury position 31<sup>st</sup> March 2015**
- 4.19 The table below shows the treasury position for the Council as at the 31<sup>st</sup> March, 2015 compared with the previous year:



Treasury position	31st March 2014		31st March 2015	
	Principal	Average Rate	Principal	Average Rate
<b>Fixed Interest Rate Debt</b>				
- Tees Valley Unlimited Loan	£1.6m	0.00%	£1.6m	0.00%
- PWLB	£7.9m	4.54%	£37.3m	2.91%
- Market Loans (LOBOs)	£45.0m	4.00%	£45.0m	4.00%
<b>Total Long Term Debt</b>	<b>£54.5m</b>	<b>3.97%</b>	<b>£83.9m</b>	<b>3.44%</b>
<b>Total Investments</b>	<b>£40.1m</b>	<b>0.32%</b>	<b>£68.2m</b>	<b>0.40%</b>
<b>Net borrowing Position</b>	<b>£14.4m</b>		<b>£15.7m</b>	

- 4.20 A key performance indicator shown in the above table is the very low average rate of external debt of 3.44% for debt held as at 31<sup>st</sup> March, 2015. This is a historically low rate for long term debt and the resulting interest savings have already been built into the Medium Term Financial Strategy.
- 4.21 The Council's investment policy is governed by Department of Communities and Local Government (DCLG) guidance, which has been implemented in the annual investment strategy approved by Council on 6<sup>th</sup> February, 2014.
- 4.22 The Council does not rely solely on credit ratings and takes a more pragmatic and broad based view of the factors that impact on counterparty risk. As part of the approach to maximising investment security the Council has also kept investment periods short (i.e. in most cases up to 3 months but a maximum of 6 months). The downside of this prudent approach is that the Council achieved slightly lower investment returns than would have been possible if investments were placed with organisations with a lesser financial standing and for longer investment periods. However, during 2014/15 the risk associated with these higher returns would not have been prudent.
- 4.23 A prudent approach will continue to be adopted in order to safeguard the Council's resources, although some changes are recommended later in the report.
- 4.24 **Regulatory Framework, Risk and Performance 2014/15**
- 4.25 The Council's treasury management activities are regulated by a variety of professional codes, statutes and guidance:
- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
  - The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions have been made since this power was introduced);
  - Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act, and requires the Council to undertake any

borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;

- The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
- Under the Act the DCLG has issued Investment Guidance to structure and regulate the Council's investment activities;
- Under section 238(2) of the Local Government and Public Involvement in Health Act 2007 the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8<sup>th</sup> November, 2007.

4.26 The Council has complied with all of the above relevant statutory and regulatory requirements which limit the levels of risk associated with its Treasury Management activities

## 5. TREASURY MANAGEMENT STRATEGY 2015/16 MID YEAR REVIEW

5.1 The Treasury Management Strategy for 2015/16 was approved by Council on 5<sup>th</sup> February 2015. The Council's borrowing and investment position as at 30<sup>th</sup> September 2015 is summarised as follows:

	£m	Average Rate
Market Loans (LOBOs)	45.0	4.00%
PWLB Loans	42.5	2.95%
Tees Valley Unlimited Loan	1.6	0.00%
<b>Gross Debt</b>	<b>89.1</b>	<b>3.43%</b>
Investments	81.3	0.42%
<b>Net Debt as at 30-09-15</b>	<b>7.8</b>	

5.2 As outlined in section 4, owing to exceptionally low interest rates in the final quarter of 2014/15 borrowing was undertaken in line with the approved Strategy. Additional borrowing of £6.2m has been undertaken in 2015/16 to secure new business cases in line with the approved Strategy, for the following schemes:

- Street Lighting
- CCAD Loan
- Coastal Defences
- Raby Road Bungalow

5.3 Net Debt has decreased since 31<sup>st</sup> March 2015 owing to positive cash flows. It is anticipated that the net debt will increase towards the end of the year in line with previous years as a result of reducing cash flows.

5.4 As part of the Treasury Strategy for 2015/16 the Council set a number of prudential indicators. Compliance against these indicators is monitored on a regular basis and there are no breaches to report.

## **6. TREASURY MANAGEMENT STRATEGY 2016/17**

- 6.1 Owing to the timing of the Audit and Governance Committee meeting it is not possible to provide detailed prudential indicators as part of the Treasury Management Strategy for 2016/17 prior to this being reported to Council as part of the Annual Budget and Policy Framework process. This is because detailed Capital Allocations have not yet been released by the Government and the Net Revenue Budget has not yet been set. However this does not prevent the Committee from scrutinising the proposed Treasury Management Strategy which is presented below.
- 6.2 The key elements of the Treasury Management Strategy which Members need to consider are the Borrowing and Investment Strategies, detailed in section 7 and 8.

## **7. BORROWING STRATEGY 2016/17**

- 7.1 As indicated earlier in the report borrowing strategies are needed for the Core Borrowing Requirement and the borrowing requirement related to specific business cases, as outlined in the following paragraphs.
- 7.2 **Core Borrowing Requirement**
- 7.3 The continuing objective of the Council's Treasury Management Strategy is to fund the core annual borrowing requirement at the lowest possible long term interest rate.
- 7.4 Since the unprecedented reduction in Base Rate to 0.5% in March 2009 the Treasury Management Strategy has been to net down investments and borrowings resulting in annual savings reflected in the outturn strategy. The existing Treasury Management Strategy has always recognised that this approach was not sustainable in the longer term as the one-off resources which have been used to temporarily avoid long term borrowing would be used up. The MTFs for 2016/17 to 2018/19 recommends proposals for using significant resources to support the budget, the Council Tax Support Scheme and to mitigate the impact of the 48% reduction in the rateable value of the power station. Therefore significant reserves will be used up over the next three years and will not be available to net down the borrowing requirement. Therefore, in advance of this as outlined in section 4 the decision was taken to partially fund the core borrowing requirement when long term PWLB interest rates fell to unprecedentedly low levels in January 2015.
- 7.5 This decision has secured exceptionally low long term interest rates, meeting the objective of funding the borrowing requirement at the lowest possible long term interest rate. This action has also secured the Treasury Management savings already built into the 2015/16 base budget of £1.270m.
- 7.6 As stated in section 4 the total borrowing remains below the CFR and the strategy continues an element of netting down investments and borrowing. This is at a level that is forecast to be sustainable. However owing to the

unprecedented financial environment it may be appropriate to take out further borrowing and the position will be kept under constant review. A decision to borrow up to the CFR may be taken by the Chief Finance Officer if it is in the best interests of the Council to do so.

#### **7.7 Borrowing Requirement Business Cases**

7.8 The financial viability of each business case is assessed on an individual basis reflecting the specific risk factors for individual business cases. This includes the repayment period for loans and fixed interest rates for the duration of the loan. This assessment is designed to ensure the business case can be delivered without resulting in a General Fund budget pressures and corresponding increase in the overall budget deficit.

7.9 Therefore, in order to ensure the above objectives are achieved it is recommended that the strategy of fully funding the borrowing for business cases is continued.

#### **7.10 Borrowing in Advance of Need**

7.11 The Council has some flexibility to borrow funds for use in future years. The Chief Finance Officer may do this under delegated power where, for instance, a sharp rise in interest rates is expected. In these circumstances borrowing early at fixed interest rates may be undertaken where this will secure lower fixed interest rates for specific business cases, or to fund future debt maturities (i.e. if the LOBOs were called). Any borrowing in advance of need will be reported to the Council in the next Treasury Management report.

### **8. INVESTMENT STRATEGY 2016/17**

8.1 The Department for Communities and Local Government (CLG) issued investment guidance in 2010 and this forms the structure of the Council's policy. The key intention of the Guidance is to maintain the current requirement for authorities to invest prudently and that priority is given to security and liquidity before interest return. This Council has adopted the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes and applies its principles to all investment activity. In accordance with the Code, the Chief Finance Officer has produced Treasury Management Practices covering investment counterparty policy which requires approval each year.

8.2 The primary objectives of the Council's investment strategy in order of importance are:

- safeguarding the re-payment of the principal and interest of its investments on time;
- ensuring adequate liquidity; and
- investment return.

#### 8.4 Counterparty Selection Criteria

- 8.5 The Council's criteria for providing a pool of high quality investment counterparties uses the credit rating information produced by the three major ratings agencies (Fitch, Moody's and Standard & Poor's) and is supplied by our treasury consultants. All active counterparties are checked against criteria outlined below to ensure that they comply with the criteria. Any counterparty failing to meet the criteria would be omitted from the counterparty list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered on a daily basis before investments are made. For instance a negative rating watch applying to a counterparty at the minimum criteria will be suspended from use, with all others being reviewed in light of market conditions.
- 8.6 The **lowest common denominator** method of selecting counterparties and applying limits is used. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution will fall outside the lending criteria
- 8.7 The Chief Finance Officer will continue to adopt a vigilant approach resulting in what is effectively a 'named' list. This consists of a select number of counterparties that are considered to be the lowest risk.
- 8.8 As the market continues to return to more "normal" conditions a review of the current counterparty list has been completed. The current counterparty list continues to be limited and the surplus cash flow continues to be invested with the Government's Debt Management Office which offers extremely low investment rates. It is possible to invest with the UK Government at a higher rate of interest through the purchase of Treasury Bills/Gilts and it is recommended that these instruments are added to the counterparty list. UK Treasury Bills/Gilts have the same credit rating (i.e. AAA/AA+) as deposits placed with the Government Debt Management Office (DMO). They are issued weekly for a duration of one, three or six months and in the case of Gilts, for longer periods. Treasury Bills/Gilts are Government debt whereby money is invested with the Government for a specified period of time at a fixed rate of interest and there is no risk to the principal invested.
- 8.9 The Council cannot invest in these instruments directly without opening a 'custody account' which is required for purchasing these instruments, the costs of which range from £50,000 to £130,000. However access can be gained using a custodian who administer and manage Treasury Bills/Gilts on behalf of the Council. The decisions regarding the investment of temporary cash in UK Treasury Bills/Gilts remains the Council's decision and on a day to day basis will be managed by myself as Chief Finance Officer. It is recommended that the Council approve the use of Treasury Bills/Gilts and engage King and Shaxson as a custodian. King and Shaxson, is regulated by the Financial Conduct Authority (FCA) and currently provide custody

services to 235 local authorities, typically managing £4 billion of Local Authority investments.

8.10 The provision of the custodian account is free and the administrative cost of using the custodian account, which equate to 3 basis points (i.e. 0.03%) will be funded from the increased investment income earned from investing in UK Government Treasury Bills/Gilts.

8.11 The table below shows the proposed limits in 2016/17 for the Council:

Category	Fitch	Moody's	Standard & Poor's	Proposed Counterparty Limit	Proposed Time Limit
A	F1+/AA-	P-1/Aa3	A-1+/AA-	£15m	1 Year
B	F1/A-	P-1/A3	A-1/A-	£10m	1 Year
C	Debt Management Office/Treasury Bills/Gilts			£40m	1 Year
D	Part Nationalised Banks and Banks covered by UK Government Guarantee			£15m	1 Year
E	Other Local Authorities Individual Limits per Authority: - £5m County, Metropolitan or Unitary Councils - £2m District Councils, Police or Fire Authorities			£35m	1 Year
F	Three Money Market Funds (AAA) with maximum investment of £3m per fund			£9m	Liquid (instant access)
G	Svenska Handelsbanken			£3m	3 Months

#### 8.12 Specified and Non-Specified Investments

8.13 CLG regulations classify investments as either Specified or Non-Specified. Specified Investment is any investment not meeting the Specified definition.

8.14 The investment criteria outlined above is different to that used to define Specified and Non-Specified investments. This is because it is intended to create a pool of high quality counterparties for the Council to use rather than defining what its investments are.

8.15 Specified Investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within twelve months if it wishes. These are low risk assets where the possibility of loss of principal or investment income is small. These would include investments with:

- The UK Government (such as the Debt Management Office, UK Treasury Bills or a Gilt with less than one year to maturity).
- Other Councils
- Pooled investment vehicles (such as Money Market Funds) that have been awarded a high credit rating (AAA) by a credit rating agency.
- A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society). This covers bodies with a minimum rating of A- (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies. Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies.

8.16 Non-specified Investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any investments with:

- Building societies not meeting the basic security requirements under the specified investments. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings.
- Any bank or building society that has a minimum long term credit rating of A- for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).

#### 8.17 **Benchmarking**

8.18 A requirement in the revised Codes is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance, however as outlined in paragraph 8.2, investment return is less important to the Council than security and liquidity of investments. Security and liquidity benchmarks significantly less developed. The application of these is also more subjective in nature.

8.19 These benchmarks are simple targets (not limits) and the purpose of the benchmark is to assist monitoring and illuminate any changes to the strategy.

8.20 The benchmark for monitoring security is based on the historical risk of default associated with the credit rating of an organisation. The higher rated counterparties have a lower rate of historic default.

8.21 The following table sets out the historic default percentages for each type of credit rated institution and the period of deposit.

	Maturity Period				
Years	1	2	3	4	5
<b>AAA</b>	0.04%	0.09%	0.17%	0.25%	0.34%
<b>AA</b>	0.01%	0.03%	0.13%	0.28%	0.43%
<b>A</b>	0.06%	0.20%	0.37%	0.58%	0.81%
<b>BBB</b>	0.15%	0.50%	0.91%	1.43%	1.91%
<b>BB</b>	0.71%	2.21%	3.94%	5.68%	7.20%
<b>B</b>	3.15%	7.44%	11.46%	15.20%	18.40%
<b>CCC</b>	22.21%	31.48%	37.72%	41.81%	45.20%

- 8.22 The Council has an extremely cautious investment strategy and this has avoided investment default. As a result the Council has never suffered investment loss. It is expected that the recommended changes to the investment strategy will avoid investment default. However the Council still needs to set a formal limit. It is therefore suggested that the Council will aim to ensure that the historic default probability of its investment portfolio will not exceed 0.2%.
- 8.23 An additional proposed benchmark is the average risk of default. This is based on the historic risk of default multiplied by the value of each investment. It does not constitute the actual expectation of loss. Rather it is intended to give a guide as to the relative security of investments. For the forthcoming year this is expected not to exceed £100,000.
- 8.24 To ensure adequate Liquidity the Council maintains a bank overdraft facility of £1.5m. In addition the Council will make use of call accounts to enable cash to be obtained with immediate notice. The proposed benchmark for monitoring liquidity is 'Weighted Average Life'. This reflects the average number of days to maturity for investments and therefore gives an indication of the liquidity profile of investments held. For the forthcoming year because of the lack of value obtainable for deposits exceeding 12 months and the need to ensure maximum security this benchmark is expected to be 0.5 years, with a maximum of 1 year.

## 9. MINIMUM REVENUE PROVISION AND INTEREST COSTS AND OTHER REGULATORY INFORMATION 2016/17

- 9.1 There are two elements to the Councils annual loan repayment costs – the statutory Minimum Revenue Provision (MRP) and interest costs. The Council is required to pay off an element of the CFR each year through a revenue charge called the Minimum Revenue Provision (MRP).
- 9.2 CLG regulations require the Council to approve **an MRP Statement** in advance of each year. This will determine the annual loan repayment charge to the revenue account. The budget strategy is based on the following MRP statement and Council is recommended to formally approve this statement:



- For capital expenditure incurred before 1<sup>st</sup> April, 2008 the Council's MRP policy will calculate MRP at either 4% (in accordance with former CLG Regulations), or other prudent level determined by the Chief Finance Officer where this optimises the Council's position.
- From 1<sup>st</sup> April, 2008 the Council calculates MRP based on asset life for all assets or where prudential borrowing is financed by a specific annuity loan, MRP will be calculated according to the actual annuity loan repayments.

### 9.3 CIPFA Treasury Management Code of Practice

9.4 The Council has adopted CIPFA Treasury Management Code of Practice. Confirmation of this is the first prudential indicator.

### 9.5 Treasury Management Advisors

9.6 The Council uses Capita Asset Services – Treasury Solutions (formerly known as Sector) as its external treasury management advisors.

9.7 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

9.8 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

## 10. CONCLUSION

10.1 The Capital Finance Requirement has been funded via a combination of existing long term borrowing that was taken out prior to March 2009 and new long term borrowing to lock into historically low interest rates to secure business cases and the netting down of borrowing and investments.

10.2 The Treasury Management Strategy has always recognised that netting down is only temporary and the MTFS for 2016/17 to 2018/19 recommends proposals for using significant resources to support the budget, the Council Tax Support Scheme and to mitigate the impact of the 48% reduction in the rateable value of the power station. Therefore significant reserves will be used up over the next three years and will not be available to net down the borrowing requirement. In advance of this, borrowing has been undertaken at historically low interest rates and this has helped secure business cases and the £1.270m annual saving included in the base budget for 2015/16 and helps to achieve the additional saving to be included in the 2016/17 MTFS.

10.3 The report sets out the borrowing strategy for the core CFR of netting down the remaining under borrowing against investments but highlights the continued economic uncertainty and the possibility that if circumstances

change further borrowing may be required. The report also outlines the continued strategy for fully funding borrowing to secure business cases.

- 10.4 In relation to the investment strategy the Council has adopted an extremely prudent approach over the last few years. An updated assessment of potential risk has been completed and in response to reductions in investment counterparties it is recommended that the Council approves the revised counterparty criteria as set out in paragraphs 8.8 to 8.11.

## 11. RECOMMENDATIONS

- 11.1 It is recommended that Members approve the following proposals:

### 11.2 **Treasury Management Outturn Position 2014/15**

- i) Note the 2014/15 Treasury Management Outturn detailed in section 4 and Appendix A.

### 11.3 **Treasury Management Strategy 2015/16 Mid-Year Review**

- ii) Note the 2015/16 Treasury Management Mid-year Position detailed in section 5.

### 11.4 **Treasury Management Strategy 2016/17 (Prudential Indicators)**

- iii) Note that detailed prudential indicators will be reported to full Council in February 2016.

### 11.5 **Borrowing Strategy 2016/17**

- iv) **Core borrowing requirement** – following the securing of exceptionally low interest rates approve that the remainder of the under borrowing is netted down against investments.
- v) To note that in the event of a change in economic circumstances that the Chief Finance Officer may take out additional borrowing if this secures the lowest long term interest cost.
- vi) **Borrowing required for business cases** – Approve the continuation of the strategy of fully funding the borrowing for individual project costs in order to secure fixed long term interest rates in line with the approved business case.

### 11.6 **Investment Strategy 2016/17**

- vii) Approve the use of Government Treasury Bills/Gilts and the appointment of King and Shaxson as custodian.
- viii) Approve the Counterparty limits as set out in paragraph 8.11.

11.7 **Minimum Revenue Provision (MRP) Statement**

ix) Approve the MRP statement outlined in paragraph 9.2 above.

**12. REASON FOR RECOMMENDATIONS**

12.1 To allow Members to fulfil their responsibility for scrutinising the Treasury Management Strategy

**13. CONTACT OFFICER**

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## Appendix A

## Prudential Indicators 2014/15 Outturn

1. 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 outturn is lower than the estimate, mainly as a result of savings achieved from long term borrowing repayment and the very low rates of interest on short term loans.

2014/15 Estimate		2014/15 Outturn
6.62%	Ratio of Financing costs to net revenue stream	5.34%

2. Capital Expenditure

This indicator shows the total capital expenditure for the year.

2014/15 Estimate £'000		2014/15 Outturn £'000
22,506	Capital Expenditure	18,704

The actual is lower than estimated owing to the phasing of overall expenditure between years.

3. Capital Expenditure Financed from Borrowing

This shows the borrowing required to finance the capital expenditure programme, split between core expenditure and expenditure in relation to business cases.

2014/15 Estimate £'000		2014/15 Outturn £'000
1,464	Core Capital Expenditure Financed by Borrowing	763
8,855	Business Case Capital Expenditure Financed by Borrowing	6,187
<b>10,319</b>	<b>Total Capital Expenditure Financed by Borrowing</b>	<b>6,950</b>

The actual is lower than estimated owing to the phasing of overall expenditure between years.

#### 4. Capital Financing Requirement

CFR is used to determine the minimum annual revenue charge for capital expenditure repayments (net of interest). It is calculated from the Council'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.

2014/15 Estimate £'000		2014/15 Outturn £'000
78,402	Core Capital Financing Requirement	77,316
19,840	Business Case Capital Financing Requirement	17,111
<b>98,242</b>	<b>Total Capital Financing Requirement</b>	<b>94,427</b>

The capital financing requirement is lower than estimated owing to the timing of capital expenditure differing from that forecast i.e. the phasing of capital expenditure and Minimum Revenue Provision (MRP), the revenue charge to pay off debt, being slightly higher than initially forecast.

#### 5. Authorised Limit for External Debt

The authorised limit determines the maximum amount the Council may borrow at any one time. The authorised limit covers both long term borrowing for capital purposes and borrowing for short term cash flow requirements. The authorised limit is set above the operational boundary to provide sufficient headroom for operational management and unusual cash movements. In line with the Prudential Code, the level has been set to give the Council flexibility to borrow up to three years in advance of need if more favourable interest rates can be obtained.

2014/15 Limit £'000		2014/15 Peak £'000
125,000	Authorised limit for external debt	84,031

The above Authorised Limit was not exceeded during the year. The level of debt as per the Balance Sheet at the year end, excluding accrued interest was £83.900m. The peak level during the year was £84.031m.

#### 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 Council is in danger of overspending or failing to

achieve income targets and gives sufficient time to take appropriate corrective action.

2014/15 Limit £'000		2014/15 Peak £'000
115,000	Operational boundary for external debt	84,031

The operational limit was not exceeded in the year. The peak level of debt was £84.031m.

## 7. 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 Council to make best use of any borrowing opportunities.

2014/15 Limit £'000	Upper limits on fixed and variable interest rate exposure	2014/15 Peak £'000
115,000 85,000	Fixed Rates Variable Rates	84,031 -

The figures represent the peak values during the period.

## 8. Maturity Structure of Borrowing

This indicator is designed to reflect and minimise the situation whereby the Council 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 Council to take advantage of any borrowing opportunities.

	Upper Limit £000	Lower Limit £000	Actual by Maturity Date £000	Actual by soonest call date £000
Less than one year	105,000	0	3,881	43,881
Between one and five years	115,000	0	9,842	14,842
Between five and ten years	115,000	0	6,243	6,243
Between ten and fifteen years	115,000	0	2,066	2,066
Between fifteen and twenty years	115,000	0	1,735	1,735
Between twenty and twenty-five years	115,000	0	1,784	1,784
Between twenty-five and thirty years	115,000	0	1,964	1,964
Between thirty and thirty-five years	115,000	0	2,350	2,350
Between thirty-five and forty years	115,000	0	6,185	6,185
Between forty and forty-five years	115,000	0	2,395	2,395
More than forty-five years	115,000	0	45,455	455

9. Investments over Maturing over One Year

This sets an upper limit for amounts invested for periods longer than 364 days. The limit was not exceeded as a prudent approach to investment has been taken owing to uncertainties in the economy this is in line with the Treasury Management Strategy. Consequently all investments made during the year were limited to less than one year.

	1 year £000	2 year £000	3 year £000
Maximum Limit	0	0	0
Actual	0	0	0

# AUDIT AND GOVERNANCE COMMITTEE

10 December 2015



**Report of:** Head of Audit and Governance

**Subject:** INTERNAL AUDIT PLAN 2015/16 UPDATE

## 1. PURPOSE OF REPORT

- 1.1 To inform Members of the progress made to date completing the internal audit plan for 2015/16.

## 2. BACKGROUND

- 2.1 In order to ensure that the Audit and Governance Committee meets its remit, it is important that it is kept up to date with the ongoing progress of the Internal Audit section in completing its plan. Regular updates allow the Committee to form an opinion on the controls in operation within the Council. This in turn allows the Committee to fully review the Annual Governance Statement, which will be presented to a future meeting of the Committee, and after review, will form part of the statement of accounts of the Council.

## 3. PROPOSALS

- 3.1 That members consider the issues within the report in relation to their role in respect of the Councils governance arrangements. Table 1 of the report detailed below, sets out the school audits that have been completed and the recommendations made.

Table 1

Audit	Objectives	Recommendations	Agreed
Pupil Referral Unit	Ensure unit finance and governance arrangements are in line with best practice.	- The Management Committee should ensure the Whistle blowing Policy is communicated to all staff.	Y
		- A register of business interests (including 'nil' returns) should be maintained for all members of the management committee and those staff who can influence purchasing decisions. The register should be updated at least annually.	Y
		- The unit should discuss the process with the Benefits team (HBC) regarding free school meals and implement a process to confirm eligibility.	Y



Audit	Objectives	Recommendations	Agreed
		- All items of equipment costing in excess of £500 or of a portable and attractive nature should be recorded in the inventory record. The Inventory will be reviewed during the follow up audit.	Y
		- Records should be maintained by the unit of all software loaded onto desktop machines / laptops etc. Regular software audits should be undertaken by the unit to ensure that unauthorised software has not been installed on machines and that the number of software licences retained agrees to the software loaded onto machines.	Y

- 3.2 In terms of reporting internally at HBC, Internal Audit produces a draft report which includes a list of risks currently faced by the client in the area audited. It is the responsibility of the client to complete an action plan that details the actions proposed to mitigate those risks identified. Once the action plan has been provided to Internal Audit, it is the responsibility of the client to provide Internal Audit with evidence that any action has been implemented by an agreed date. The level of outstanding risk in each area audited is then reported to the Audit and Governance Committee.
- 3.3 The benefits of this reporting arrangement are that ownership of both the internal audit report and any resulting actions lie with the client. This reflects the fact that it is the responsibility of management to ensure adequate procedures are in place to manage risk within their areas of operation, making managers more risk aware in the performance of their duties. Greater assurance is gained that actions necessary to mitigate risk are implemented and less time is spent by both Internal Audit and management in ensuring audit reports are agreed. A greater breadth of assurance is given to management with the same Internal Audit resource and the approach to risk assessment mirrors the corporate approach to risk classification as recorded in covalent. Internal Audit can also demonstrate the benefit of the work it carries out in terms of the reduction of the risk faced by the Council.
- 3.4 Table 2 below summarises the assurance placed on those audits completed with more detail regarding each audit and the risks identified and action plans agreed provided in Appendix A.

Table 2

Audit	Assurance Level
Northgate Community Fund	<b>Satisfactory</b>
Troubled Families Grant	<b>Satisfactory</b>
Local Welfare Support Fund	<b>Satisfactory</b>
Centre of Excellence for Teaching and Learning	<b>Satisfactory</b>
Section 17 Welfare Payments	<b>Satisfactory</b>
Care Act	<b>Satisfactory</b>

For Members information, Table 3 below defines what the levels of assurance Internal Audit places on the audits they complete and what they mean in practice:

**Table 3**

<b>Assurance Level</b>	<b>Meaning</b>
Satisfactory Assurance	Controls are operating satisfactorily and risk is adequately mitigated.
Limited Assurance	A number of key controls are not operating as intended and need immediate action.
No Assurance	A complete breakdown in control has occurred needing immediate action.

3.5 As well as completing the audits previously mentioned, Internal Audit staff have been involved with the following working groups:

- Information Governance Group.
- Performance and Risk Management Group.

3.6 Table 4 below details the audits that were ongoing at the time of compiling the report.

**Table 4**

<b>Audit</b>	<b>Objectives</b>
Manor Residents Association/ Who Cares North East	To give an opinion on the adequacy of the arrangements in place to manage and expend funding received from HBC.
Fens Primary	Ensure school finance and governance arrangements are in line with best practice.
Car Parking	Ensure that all statutory requirements are met and income received is protected.
Leisure Centre's	Ensure adequate controls exist in the areas of income, expenditure, system access, petty cash, vending machine, health & safety, stocks, DBS and purchase cards.
Street Lighting Scheme	Ensure adequate controls exist in the following areas; compliance with relevant legislation, regulations and/or guidance, project delivery including budget monitoring.
Direct Payments	Ensure adequate controls are in place around the processes in place after the calculation has been agreed. Authorisation of the initial Direct Payment will be reviewed.
ITU Fuel Management	Ensure adequate controls are in place regarding the ordering, storage, usage and recording of fuel consumption.
Child And Families Act	Ensure controls are in place that ensures all aspects of legislative requirements are adhered too.
Information Security and Retention Policy	Ensure policies and procedures are up to date and adhered to.
Stores	Ensure stock and stores are adequately secured, recorded and monitored.
Recruitment	Ensure all legislative requirements are adhered to and operate in practice.

ITU Child and Adult Provision	Ensure transport services meet service user needs.
Public Mental Health Services	Review services provided in line with statutory requirements.
Tanfield Nursery	Ensure stocks and stores are adequately secured, recorded and monitored. Ensure adequate cash handling procedures are in place.
Creditors	Ensure payments are valid accurate and authorised and adequate division of duties is in place.
Disclosure and Barring Service	Ensure all relevant checks are carried out in accordance with legislative requirements and policies and procedures are up to date.
Social Care Financial Assessments	Ensure that all relevant checks are carried out in accordance with service requirements.
Tourism	Ensure that adequate cash handling procedures are in place and that services are delivered in line with budgetary requirements.
Benefits	Ensure all relevant legislative requirements are adhered to and awards are made in line with statute.
Catering	Ensure adequate control is present in the delivery of the service.

3.7 The work completed and currently ongoing is in line with expectations at this time of year, and audit coverage to date has allowed Mazars to place reliance on the scope and quality of work completed when meeting their requirements under the Audit Code of Practice.

#### 4. RISK IMPLICATIONS

4.1 Members of the Audit and Governance Committee do not receive the information needed to enable a full and comprehensive review of governance arrangements at the Council, leading to the Committee being unable to fulfil its remit.

#### 5. RECOMMENDATIONS

5.1 It is recommended that Members note the contents of the report.

#### 6. REASON FOR RECOMMENDATIONS

6.1 To ensure that the Audit and Governance Committee meets its remit, it is important that it is kept up to date with the ongoing progress of the Internal Audit section in completing its plan.

#### 7. BACKGROUND PAPERS

7.1 Internal Audit Reports.

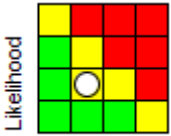
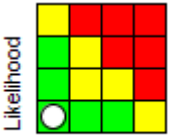


**8. CONTACT OFFICER**

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T24 8AY


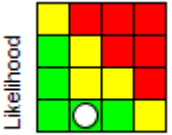
Tel: 01429 523173



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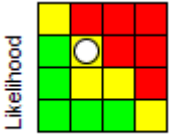
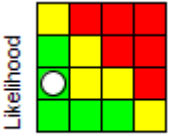




Appendix A

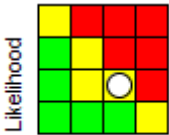

Audit	Objective		Assurance Level	
<b>Northgate Community Fund</b>	To ensure the processes for advertising, receiving applications, awarding monies and monitoring usage are as contractually agreed.		<b>Satisfactory</b>	
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
Organisations continue to apply for more than the maximum amount of funding creating increased amounts of work both for staff managing the fund and the organisations themselves to re-apply.			The application form will be amended to indicate the maximum amount that can be applied for, this will be noted near to the box the applicants complete with the total applied for.	
Terms and conditions of the grant are not adhered to and applicants not meeting the criteria are awarded funds. Monies provided to successful applicants are not used for the agreed purpose and there is no or insufficient monitoring to identify this. NPS and HBC officers/Members are not provided with regular updates to ensure they are kept apprised of applications, awards and spend.			Terms and conditions of the contract will be amended to inform applicants of the possible sanctions if they fail to comply with the contract requirements.	

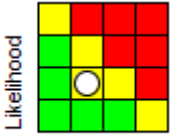
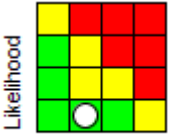
Audit	Objective		Assurance Level	
<b>Troubled Families Grant</b>	Provide assurance that arrangements for identifying families using the 6 defined criteria are robust and the claim for results based payments is valid and in accordance with the Troubled Families Financial Framework.		<b>Satisfactory</b>	
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
No unmitigated risk identified.				

Audit	Objective			Assurance Level
<b>Local Welfare Support Fund</b>	Ensure payments made are in line with terms and conditions of the scheme and adequate budget monitoring arrangements are in place.			<b>Satisfactory</b>
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
Budget over/under spends may not be promptly identified and dealt with.		 <p style="text-align: center;">Impact</p>	Written procedure drafted and to be finalised by September 2015. Monthly appointment scheduled in Outlook to reconcile Metastorm to Integra and cash office vouchers to Metastorm and to Integra. Backdated reconciliation completed for April to July 2015. To be completed by end of September and ongoing moving forward.	 <p style="text-align: center;">Impact</p>

Audit	Objective			Assurance Level
<b>Centre of Excellence for Teaching and Learning</b>	Ensure finance and governance arrangements are in line with best practice.			<b>Satisfactory</b>
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
Fraudulent or inappropriate purchases that do not comply with contract or procurement rules may be made.		 <p style="text-align: center;">Impact</p>	Admin to ensure the appropriate manager sends an email to approve purchase card requests on their budget code.	 <p style="text-align: center;">Impact</p>

<p>Without adequate documentation in place to support the booking, inappropriate/incorrect charges may be incurred. Income may not be received</p>	 <p>Likelihood</p> <p>Impact</p>	<p>Admin to ensure correct hire charges are input onto Booking Pro. Flip charts to be charged for from 1<sup>st</sup> September 2015. Admin to ensure correct cost centre is input onto FMS which will match the booking form.</p>	 <p>Likelihood</p> <p>Impact</p>
<p>Without adequate access controls unauthorised or inappropriate persons may gain access to restricted areas of the building and/or confidential and sensitive information.</p>	 <p>Likelihood</p> <p>Impact</p>	<p>Key to be cut for Caretaker when appointed by CETL. Existing key to key store to be placed in a more secure environment.</p>	 <p>Likelihood</p> <p>Impact</p>
<p>Inadequate records and checks may result in undetected losses and insufficient information available to reclaim losses in the event of an insurance claim.</p>	 <p>Likelihood</p> <p>Impact</p>	<p>Inventory to be completed and monitored.</p>	 <p>Likelihood</p> <p>Impact</p>

Audit	Objective		Assurance Level
<p><b>S17 Welfare Payments</b></p>	<p>Ensure all payments are made in line with legislation and are adequately recorded.</p>		<p><b>Satisfactory</b></p>
Risk Identified	Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
<p>Policies and procedures may not be in place to ensure that legislation and best practice guidance is put into practice and all staff informed of their roles and responsibilities.</p>	 <p>Likelihood</p> <p>Impact</p>	<p>A review of the Section 17 policy is to be undertaken.</p>	 <p>Likelihood</p> <p>Impact</p>

<p>Payment may be made to the incorrect person. The incorrect items may be provided resulting in the individual's needs not being met.</p>		<p>A review of the processes of monitoring the return of claim forms from the Cash Office will be undertaken.</p>	
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Audit	Objective		Assurance Level
Care Act	Ensure arrangements are in place to comply with the legislative requirements of the act.		
Risk Identified	Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
No unmitigated risk identified.			



# AUDIT AND GOVERNANCE COMMITTEE

10 December 2015



**Report of:** Chief Finance Officer

**Subject:** MAZARS REPORT- AUDIT PROGRESS  
REPORT

## 1. PURPOSE OF REPORT

- 1.1 To inform Members of the Audit and Governance Committee that arrangements have been made for representatives from Mazars to be in attendance at this meeting, to present the content of the report Audit Progress Report.

## 2. BACKGROUND

- 2.1 This report updates the Audit and Governance Committee on Mazars progress in meeting their responsibilities as the Councils external auditor. It also highlights key emerging issues and national reports which may be of interest to the Audit and Governance Committee.

## 3. FINDINGS OF MAZARS

- 3.1 Details of key messages are included in the main body of the report attached as Appendix 1.

## 4. RISK IMPLICATIONS

- 4.1 Members of the Audit and Governance Committee do not receive the information needed to enable a full and comprehensive review of governance arrangements at the Council, leading to the Committee being unable to fulfil its remit.

## 5. RECOMMENDATIONS

- 5.1 That the Audit and Governance Committee:
- i. Note the report of Mazars.

**6. REASON FOR RECOMMENDATIONS**

- 6.1 To ensure the Audit and Governance Committee is kept up to date with the work of our External Auditor.

**7. BACKGROUND PAPERS**

- 7.1 Mazars Update Report.

**8. CONTACT OFFICER**

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# AUDIT AND GOVERNANCE COMMITTEE

10 December 2015



**Report of:** Chief Finance Officer

**Subject:** MAZARS REPORT- ANNUAL AUDIT LETTER

## 1. PURPOSE OF REPORT

- 1.1 To inform Members of the Audit and Governance Committee that arrangements have been made for representatives from Mazars to be in attendance at this meeting, to present the content of the report Annual Audit Letter.

## 2. BACKGROUND

- 2.1 This report updates the Audit and Governance Committee on the key messages from the 2014/15 audit of Hartlepool Borough Council by Mazars. The audit was made up of two elements:

- Mazars audit of the financial statements; and
- Mazars assessment of arrangements for achieving value for money in the use of resources.

- 2.2 The Annual Audit Letter was circulated to all members of the Council on 17.11.15 for information.

## 3. FINDINGS OF MAZARS

- 3.1 Details of key messages are included in the main body of the report attached as Appendix 1.

## 4. RISK IMPLICATIONS

- 4.1 Members of the Audit and Governance Committee do not receive the information needed to enable a full and comprehensive review of governance arrangements at the Council, leading to the Committee being unable to fulfil its remit.

**5. RECOMMENDATIONS**

5.1 That the Audit and Governance Committee:

- i. Note the report of Mazars.

**6. REASON FOR RECOMMENDATIONS**

6.1 To ensure the Audit and Governance Committee is kept up to date with the work of our External Auditor.

**7. BACKGROUND PAPERS**

7.1 Mazars Annual Audit Letter.

**8. CONTACT OFFICER**

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# Annual Audit Letter 2014/15

**Hartlepool Borough Council**

October 2015



Mazars LLP  
Rivergreen Centre  
Aykley Heads  
Durham  
DH1 5TS

Members  
Hartlepool Borough Council  
Civic Centre  
Victoria Road  
Hartlepool  
TS24 8AY

October 2015

Dear Members

### **Hartlepool Borough Council Annual Audit Letter 2015**

I am delighted to present to you Hartlepool Borough Council's (the Council's) Annual Audit Letter. The purpose of this document is to summarise the outcome of the audit of the Council's 2014/15 annual accounts and our work on our value for money conclusion.

We carried out the audit in accordance with the Code of Audit Practice for Local Government bodies as issued by the Audit Commission and delivered all expected outputs in line with the timetable established by the Accounts and Audit Regulations 2011 and the National Audit Office.

2014/2015 has been another challenging year for the Council and like most other authorities in the North East Hartlepool made some tough decisions on its spending priorities and plans for the future. We reflect on these matters in the value for money and future challenges sections of this letter.

Given the difficult circumstances we were pleased to issue an unqualified opinion on the statement of accounts and the value for money conclusion.

I would like to express my thanks for the assistance of the Council's finance team, as well as Senior Officers and the Audit and Governance Committee. The continued constructive approach to our audit is appreciated.

If you would like to discuss any matters in more detail then please do not hesitate to contact me or my senior manager Cath Andrew on 0191 383 6300.

Yours faithfully

Mark Kirkham  
Partner  
Mazars LLP

# Contents

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05 Fees.....	6

Our reports are prepared in the context of the Audit Commission’s ‘Statement of responsibilities of auditors and audited bodies’. Reports and letters prepared by appointed auditors and addressed to Members or officers are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party.

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales

# 01 Key messages

Our Annual Audit Letter provides a summary of our work and findings for the 2014/15 audit period for Members and other interested parties.

In 2014/15 our audit of the Council included the following main elements:

- auditing your financial statements; and
- assessing arrangements for achieving value for money (VFM) in your use of resources.

We reported the detailed findings from our audit work to the Audit and Governance Committee in our Audit Completion Report on 24 September 2015. We also confirmed that your Whole of Government Accounts (WGA) return was consistent with the audited financial statements.

The key conclusions for each element are summarised below:

## **Our audit of the statement of accounts**

We issued an audit report including an unqualified opinion on the Council's financial statements on 29 September 2015.

## **Our VFM conclusion**

We carried out sufficient, relevant work, in line with the Audit Commission's guidance, so that we could conclude on whether you had in place, for 2014/15, proper arrangements to secure economy, efficiency and effectiveness in your use of resources.

We were required to consider two specified criteria:

- the Council has proper arrangements in place for securing financial resilience; and
- the Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

We issued an unqualified VFM conclusion on 29 September 2015.

## **Whole of Government Accounts**

We provide assurance to the National Audit Office (NAO), as the auditor of central government departments, in relation to the consistency of your WGA consolidation pack with the audited statement of accounts. As the Council's activity is below the threshold set by the NAO for a full review of WGA, the procedures we were required to carry out were limited to consideration of property, plant and equipment and pensions entries. We reported that your consolidation pack was consistent with the audited statement of accounts.

## **Our other responsibilities**

As the Council's appointed external auditor, we have other powers and responsibilities as set out in the Audit Commission Act 1998. These include responding to questions on the accounts raised by local electors as well as a number of reporting powers such as reporting in the public interest. We did not receive any questions or objections in relation to your 2014/15 accounts from local electors, nor did we exercise our wider reporting powers.



# 02 Financial statements

## **Audit of the financial statements**

We audited your financial statements in line with auditing standards and we reported our detailed findings to the meeting of the Audit and Governance Committee on 25 September 2015. We issued an audit report, including an unqualified opinion, on the statement of accounts on 29 September 2015.

## **Preparation of the accounts**

The Council presented us with draft accounts in accordance with the national deadline. Working papers and other supporting evidence were produced on a timely basis throughout the audit.

## **Issues arising from the audit of the accounts**

We highlight the following key points:

- good quality draft statements and working papers;
- few errors in the financial statements, either adjusted or unadjusted and no errors impacting on the Council's general fund balance or earmarked reserves;
- no significant deficiencies in internal control (noting our work is not intended to express an opinion on the effectiveness of the system of internal control); and
- the positive outcome of the audit and in particular the continued constructive and responsive approach of officers.

## **Annual Governance Statement (AGS)**

The AGS is drafted by the Council to provide assurance to the reader over how it is managed and how it has dealt with risks in the year. We reviewed the AGS to see whether it complied with relevant guidance and whether it was misleading or was inconsistent with what we know about the Council. We found no areas of concern to report.

# 03 VFM conclusion

We performed our work in line with the Audit Commission’s Code of Audit Practice for Local Government bodies and the Commission’s guidance on the VFM conclusion for 2014/15. Our audit report included a conclusion that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Our work in this area focused on the two criteria specified by the Audit Commission namely:

Criteria	Focus of the criteria
The Council has proper arrangements in place for securing financial resilience.	Systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.
The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness.	Prioritising resources within tighter budgets, for example, by achieving cost reductions and by improving efficiency and productivity.

As part of our work, we also:

- review your Annual Governance Statement (AGS);
- review the work of other relevant regulatory bodies or inspectorates to the extent the results of the work have an impact on our responsibilities (none in 2014/15); and
- carry out any risk-based work we determined to be appropriate.

Like other public sector bodies, the Council faces a number of challenges and in light of these we reviewed the Council’s arrangements for managing financial risks and securing a stable financial position. We included the results of our review of arrangements for securing VFM in a separate report to the Audit and Governance Committee on the 25 September 2015.

## Risk based work

In our view, the funding gap in your medium term financial plan presented a significant audit risk in respect of the financial resilience criterion. In response to this risk assessed a range of evidence including:

- your AGS;
- your medium term financial strategy; and
- regular performance reports to Members measuring achievement against budget and targets.

As reported in our Audit Completion Report, we were able to gain sufficient assurance from our work to mitigate the audit risk but we note the financial challenge facing the Council remains a source of concern.

## Overall conclusion

We satisfied ourselves that, in all significant respects, the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015 and we issued an unqualified VFM conclusion.

# 04 Future challenges

## Financial challenges

The Council has made good progress in addressing its biggest challenges to date and has a proven track record of strong budget management and delivering planned budget reductions. The Council under spent on its 2014/15 budget, ending the year with general fund balances of £5.25 million and earmarked revenue and capital reserves of £56.64 million. Levels of reserves are subject to annual review which helps focus attention on the risk facing the Council and the reasons for holding specific reserves.

The Council addressed a budget shortfall of £7.2 million in year and good progress is being made in achieving departmental and corporate savings of £6 million in 2015/16.

The updated medium term financial strategy was approved in June 2015 and shows a total forecast budget deficit £13.997 million for 2016/17 to 2018/19. The added budget pressure caused by the revaluation of the power station has been considered and a short term solution agreed alongside representations to the Government seeking additional support.

## Other challenges

The difficulty in maintaining good service performance levels at the same time as reducing budgets is recognised by the Council. Performance assessment arrangements are in place and outcomes are regularly reported to and monitored by Members.

The Council faces a number of other challenges in the coming year which we will take account of in our audit plans. These challenges include:

- fair value accounting;
- the ongoing impact of the Welfare Reform Act;
- better care funding and associated pooled budgets; and
- joint working with health and others.

With a financial outlook that is increasingly challenging, to develop locally responsive services that maintain standards of access and quality, the Council will need to continue to:

- carefully forecast and effectively monitor budgets;
- identify and address financial pressures as they emerge;
- deliver a long term financial strategy that addresses immediate pressure while allowing scope for strategic service change;
- maintain effective arrangements for public engagement; and
- use constructive relationships with care providers and social care commissioners to safeguard quality.

# 05 Fees

As outlined in our Audit Strategy Memorandum presented to the Audit and Governance Committee on 30 April 2015, the Audit Commission sets a scale fee for our audit and certification work. The fees applicable to our work in 2014/15 are summarised below.

Element of work	2013/14 Final Fee	2014/15 As previously reported	2014/15 Final Fee
Code audit work	£144,720	£145,250	£145,250
Certification work	£13,729	£18,480	£18,480
Teachers' Pensions	£2,000	n/a	£2,500
<b>Total</b>	<b>£160,449</b>	<b>£163,730</b>	<b>£166,230</b>

The fee outlined above in relation to certification work is an estimate as we are yet to complete our work on certifying the Council's Housing Benefit claim.

Non-audit work during the year relates to our work on the Teachers' Pensions return which was agreed separately with officers and is nearing completion.

Should you require any further information on this letter or on any other aspects of our work, please contact:

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Partner

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# AUDIT AND GOVERNANCE COMMITTEE

10<sup>th</sup> December 2015



**Report of:** Director of Regeneration and Neighbourhoods

**Subject:** SAFER HARTLEPOOL PARTNERSHIP  
PERFORMANCE

## 1. PURPOSE OF REPORT

1.1 To provide an overview of Safer Hartlepool Partnership performance for Quarter 1 – April 2015 to June 2015 (inclusive).

## 2. BACKGROUND

2.1 The Community Safety Plan 2014-17 published in 2014 outlined the Safer Hartlepool Partnership strategic objectives, annual priorities and key performance indicators.

2.2 The report attached (**Appendix A**) provides an overview of Safer Hartlepool Partnership performance during Quarter 1, comparing current performance to the same time period in the previous year, where appropriate.

## 3. PROPOSALS

3.1 No options submitted for consideration other than the recommendations.

## 4. RECOMMENDATIONS

4.1 That the Audit and Governance Committee note and comment on partnership performance in Quarter 1.

## 5. REASONS FOR RECOMMENDATIONS

5.1 The Audit and Governance Committee has within its responsibility to act as the Councils Crime and Disorder Committee and doing so scrutinise the performance management of the Safer Hartlepool Partnership.

## 6. BACKGROUND PAPERS

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

- Safer Hartlepool Partnership – Community Safety Plan 2014-17

## 7. CONTACT OFFICERS

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(01429) 523100  
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**Safer Hartlepool Partnership Performance Indicators  
2015-16**

Strategic Objective: Reduce Crime & Repeat Victimisation

Indicator Name	Baseline 2014/15	Local Directional Target 2015/16	Current Position Apr 15 - Jun 15	Actual Difference	% Difference
All Recorded Crime	7308	Reduce	1997	+494	+32.9%
Domestic Burglary	348	Reduce	93	+47	+102.2%
Vehicle Crime	571	Reduce	137	+10	+7.9%
Shoplifting	1038	Reduce	279	+100	+55.9%
Local Violence	1422	Reduce	434	+121	+38.7%
Repeat Incidents of Domestic Violence – MARAC	26%	Reduce	26%	-3	-6%

Strategic Objective: Reduce the harm caused by Drugs and Alcohol

Indicator Name	Baseline 2014/15	Local Directional Target 2015/16	Current Position Apr 15 - Jun 15	Actual Difference	% Difference
Number of substance misusers going into effective treatment – Opiate	676	3% increase	692	- 6	- 0.9%
Proportion of substance misusers that successfully complete treatment - Opiate	7%	12%	6.2%	+6	+1%
Proportion of substance misusers who successfully complete treatment and represent back into treatment within 6 months of leaving treatment	36.7%	10%	39.4%	+3	+2.4%
Reduction in the rate of alcohol related harm hospital admissions	154	Reduce	35	-1	-1%
Number of young people found in possession of alcohol	85	Reduce	9	-12	-57.1%



Strategic Objective: Create Confident, Cohesive and Safe Communities

Indicator Name	Baseline 2014/15	Local Directional Target 2015/16	Current Position Apr 15 – Jun 15	Actual Difference	% Difference
Anti-social Behaviour Incidents reported to the Police	7721	Reduce	1749	-220	-11.2%
Deliberate Fires	393	Reduce	126	+38	+43.2%
Criminal Damage to Dwellings	500	Reduce	129	+24	+22.9%
Hate Incidents	115	Increase	34	+9	+36.0%

Strategic Objective: Reduce Offending & Re-Offending

Indicator Name	Baseline 2014/15	Local Directional Target 2015-16	Current Position Apr 15 - Jun 15	Actual Difference	% Difference
Re-offending rate of young offenders*	1.3	Reduce	1.4	-0.3	-17.6%
First-Time Entrants to the Criminal Justice System	38	Reduce	18	+8	+80%
Re-offending rate of Prolific & Priority Offenders		Reduce	Not currently calculated		
Re-offending rate of High Crime Causers		Reduce	Not currently calculated		
Number of Troubled Families engaged with **	290	143	143		
Number of Troubled Families where results have been claimed	290	143	0		

\* Re-offending figure is based on Cohort tracking – new cohort starts every quarter and this cohort (i.e. of Young Persons) is then tracked for a period of 12 months. Example: Jul 2013 to Jun 2014 and tracked until end of Jun 2015.

\*\*Phase 2 of the Troubled Families programme commenced in April this year with a completely different cohort to last year. In 2014/15 All 290 families were claimed for and closed. This year we are mandated to work with a minimum of 143 families. There hasn't been an opportunity to claim for this cohort yet. (the first opportunity will be September 2015).

**Recorded Crime in Hartlepool**  
**April 15 – June 15**

Publicly Reported Crime (Victim Based Crime)				
Crime Category/Type	Apr 14 - Jun 14	Apr 15 - Jun 15	Change	% Change
<b>Violence against the person</b>	<b>313</b>	<b>434</b>	<b>121</b>	<b>38.7%</b>
Homicide	2	0	-2	-100.0%
Violence with injury	171	217	46	26.9%
Violence without injury	140	217	77	55.0%
<b>Sexual Offences</b>	<b>24</b>	<b>44</b>	<b>20</b>	<b>83.3%</b>
Rape	7	10	3	42.9%
Other Sexual Offences	17	34	17	100.0%
<b>Robbery</b>	<b>5</b>	<b>18</b>	<b>13</b>	<b>260.0%</b>
Business Robbery	2	1	-1	-50.0%
Personal Robbery	3	17	14	466.7%
<b>Acquisitive Crime</b>	<b>687</b>	<b>955</b>	<b>268</b>	<b>39.0%</b>
Domestic Burglary	46	93	47	102.2%
Other Burglary	66	124	58	87.9%
Bicycle Theft	35	42	7	20.0%
Theft from the Person	6	9	3	50.0%
Vehicle Crime (Inc Inter.)	127	137	10	7.9%
Shoplifting	179	279	100	55.9%
Other Theft	228	271	43	18.9%
<b>Criminal Damage &amp; Arson</b>	<b>314</b>	<b>367</b>	<b>53</b>	<b>16.9%</b>
<b>Total</b>	<b>1343</b>	<b>1818</b>	<b>475</b>	<b>35.4%</b>
Police Generated Offences (Non -Victim Based Crime)				
Crime Category/Type	Apr 14 - Jun 14	Apr 15 - Jun 15	Change	% Change
<b>Public Disorder</b>	<b>51</b>	<b>65</b>	<b>14</b>	<b>27.5%</b>
<b>Drug Offences</b>	<b>86</b>	<b>74</b>	<b>-12</b>	<b>-14.0%</b>
Trafficking of drugs	15	20	5	33.3%
Possession/Use of drugs	71	54	-17	-23.9%
<b>Possession of Weapons</b>	<b>9</b>	<b>17</b>	<b>8</b>	<b>88.9%</b>
<b>Misc. Crimes Against Society</b>	<b>14</b>	<b>23</b>	<b>9</b>	<b>64.3%</b>
<b>Total Police Generated Crime</b>	<b>160</b>	<b>179</b>	<b>19</b>	<b>11.9%</b>
<b>TOTAL RECORDED CRIME IN HARTLEPOOL</b>	<b>1503</b>	<b>1997</b>	<b>494</b>	<b>32.9%</b>

**Recorded Crime in Cleveland**

**April 15 – June 15**

Publicly Reported Crime (Victim Based Crime) Apr 15 - Jun 15										
Crime Category/Type	HARTLEPOOL		REDCAR		MIDDLESBROUGH		STOCKTON		CLEVELAND	
	Crime	Per 1,000 pop	Crime	Per 1,000	Crime	Per 1,000 pop	Crime	Per 1,000 pop	Crime	Per 1,000 pop
<b>Violence against the person</b>	<b>313</b>	<b>3.4</b>	<b>531</b>	<b>4.0</b>	<b>860</b>	<b>6.3</b>	<b>663</b>	<b>3.5</b>	<b>2367</b>	<b>4.3</b>
Homicide	2	0.0	0	0.0	0	0.0	0	0.0	2	0.0
Violence with injury	171	1.9	256	1.9	426	3.1	326	1.7	1179	2.1
Violence without injury	140	1.5	275	2.1	434	3.2	337	1.8	1186	2.2
<b>Sexual Offences</b>	<b>24</b>	<b>0.3</b>	<b>75</b>	<b>0.6</b>	<b>94</b>	<b>0.7</b>	<b>97</b>	<b>0.5</b>	<b>290</b>	<b>0.5</b>
Rape	7	0.1	34	0.3	28	0.2	33	0.2	102	0.2
Other Sexual Offences	17	0.2	41	0.3	66	0.5	64	0.3	188	0.3
<b>Robbery</b>	<b>5</b>	<b>0.1</b>	<b>17</b>	<b>0.1</b>	<b>36</b>	<b>0.3</b>	<b>22</b>	<b>0.1</b>	<b>80</b>	<b>0.1</b>
Business Robbery	2	0.0	3	0.0	4	0.0	3	0.0	12	0.0
Personal Robbery	3	0.0	14	0.1	32	0.2	19	0.1	68	0.1
<b>Acquisitive Crime</b>	<b>687</b>	<b>7.5</b>	<b>1315</b>	<b>9.8</b>	<b>1729</b>	<b>12.7</b>	<b>1518</b>	<b>8.1</b>	<b>5249</b>	<b>9.6</b>
Domestic Burglary	46	1.1	118	2.0	200	3.5	131	1.7	495	2.1
Other Burglary	66	0.7	296	2.2	133	1.0	172	0.9	667	1.2
Bicycle Theft	35	0.4	33	0.2	94	0.7	59	0.3	221	0.4
Theft from the Person	6	0.1	16	0.1	38	0.3	23	0.1	83	0.2
Vehicle Crime (Inc Inter.)	127	1.4	205	1.5	241	1.8	179	1.0	752	1.4
Shoplifting	179	2.0	318	2.4	576	4.2	495	2.6	1568	2.9
Other Theft	228	2.5	329	2.5	447	3.3	459	2.4	1463	2.7
<b>Criminal Damage &amp; Arson</b>	<b>314</b>	<b>3.4</b>	<b>575</b>	<b>4.3</b>	<b>605</b>	<b>4.4</b>	<b>532</b>	<b>2.8</b>	<b>2026</b>	<b>3.7</b>
<b>Total</b>	<b>1343</b>	<b>14.7</b>	<b>2513</b>	<b>18.8</b>	<b>3324</b>	<b>24.4</b>	<b>2832</b>	<b>15.1</b>	<b>10012</b>	<b>18.2</b>
Police Generated Offences (Non -Victim Based Crime) Apr 15 - Jun 15										
Crime Category/Type	HARTLEPOOL		REDCAR		MIDDLESBROUGH		STOCKTON		CLEVELAND	
	Crime	Per 1,000 pop	Crime	Per 1,000	Crime	Per 1,000 pop	Crime	Per 1,000 pop	Crime	Per 1,000 pop
<b>Public Disorder</b>	<b>51</b>	<b>0.6</b>	<b>45</b>	<b>0.3</b>	<b>216</b>	<b>1.6</b>	<b>118</b>	<b>0.6</b>	<b>430</b>	<b>0.8</b>
<b>Drug Offences</b>	<b>86</b>	<b>0.9</b>	<b>73</b>	<b>0.5</b>	<b>160</b>	<b>1.2</b>	<b>110</b>	<b>0.6</b>	<b>429</b>	<b>0.8</b>
Trafficking of drugs	15	0.2	9	0.1	26	0.2	23	0.1	73	0.1
Possession/Use of drugs	71	0.8	64	0.5	134	1.0	87	0.5	356	0.6
<b>Possession of Weapons</b>	<b>9</b>	<b>0.1</b>	<b>8</b>	<b>0.1</b>	<b>21</b>	<b>0.2</b>	<b>25</b>	<b>0.1</b>	<b>63</b>	<b>0.1</b>
<b>Misc. Crimes Against Society</b>	<b>14</b>	<b>0.2</b>	<b>20</b>	<b>0.1</b>	<b>38</b>	<b>0.3</b>	<b>40</b>	<b>0.2</b>	<b>112</b>	<b>0.2</b>
<b>Crime</b>	<b>160</b>	<b>1.8</b>	<b>146</b>	<b>1.1</b>	<b>435</b>	<b>3.2</b>	<b>293</b>	<b>1.6</b>	<b>1034</b>	<b>1.9</b>
<b>TOTAL RECORDED CRIME</b>	<b>1503</b>	<b>16.5</b>	<b>2045</b>	<b>15.3</b>	<b>3759</b>	<b>27.6</b>	<b>3125</b>	<b>16.6</b>	<b>10432</b>	<b>19.0</b>

## 6.1 APPENDIX A

### Anti-social Behaviour in Hartlepool

April 15 – June 15

Incident Category	Apr 14 - Jun 14	Apr 15 - Jun 15	Change	% Change
AS21 - Personal	511	552	41	8.0%
AS22 - Nuisance	1400	1156	-244	-17.4%
AS23 - Environmental	58	41	-17	-29.3%
<b>Total</b>	<b>1969</b>	<b>1749</b>	<b>-220</b>	<b>-11.2%</b>

### Anti-social Behaviour in Cleveland

April 15– June 15

Incident Category	HARTLEPOOL		REDCAR		MIDDLESBROUGH		STOCKTON		CLEVELAND	
	ASB	Per 1,000 pop	ASB	Per 1,000 pop	ASB	Per 1,000 pop	ASB	Per 1,000 pop	ASB	Per 1,000 pop
AS21 - Personal	511	5.6	900	6.7	1171	8.6	1037	5.5	3619	6.6
AS22 - Nuisance	1400	15.4	1594	11.9	2285	16.7	1973	10.5	7252	13.2
AS23 - Environmental	58	0.6	131	1.0	113	0.8	91	0.5	393	0.7
<b>Total</b>	<b>1969</b>	<b>21.6</b>	<b>2625</b>	<b>19.6</b>	<b>3569</b>	<b>26.1</b>	<b>3101</b>	<b>16.5</b>	<b>11264</b>	<b>20.5</b>
<b>Quarterly Year on Year Comparison</b>	<b>Increased by 0.7%</b>		<b>Reduced by 2.96%</b>		<b>Increased by 0.25%</b>		<b>Reduced by 13.74%</b>		<b>Reduced by 4.67%</b>	

# AUDIT AND GOVERNANCE COMMITTEE

10 December 2015



**Report of:** Statutory Scrutiny Manager

**Subject:** TEES, ESK AND WEAR VALLEYS NHS  
FOUNDATION TRUST - QUALITY ACCOUNT  
2014/15 - QUARTER 2 UPDATE

## 1. PURPOSE OF REPORT

- 1.1 To introduce representatives from Tees, Esk and Wear Valleys NHS Foundation Trust (TEWV) who will be in attendance at today's meeting to update the Committee on progress against their Quality Accounts' priorities for 2015/16

## 2. BACKGROUND INFORMATION

- 2.1 The Health Act 2009 (Part 1/Chapter 2/Section 8) requires that all providers of NHS healthcare services produce an annual Quality Account, containing prescribed information relevant to:
- what an organisation is doing well;
  - where improvements in service quality are required;
  - what the priorities for improvement are for the coming year; and
  - how the organisation has involved service users, staff and others with an interest in your organisation in determining those priorities for improvement.
- 2.2 In developing these accounts, there is a legal requirement to involve Overview and Scrutiny Committees in the formulation, and submission, of third party declarations. In accordance with this requirement, Full Council on the 16 March 2015 considered the TEWV 2014/15 Quality Account and the views / comments made were used in the formulation of the joint Third Party Declaration submitted through the North East Joint Health Scrutiny Committee.
- 2.3 Details of the views and comments expressed by Full Council for inclusion in the joint Third Party Declaration are attached at **Appendix A** and a copy of the finalised 2014/15 Quality Account is available in the Members Library and / or at <http://www.tewv.nhs.uk/site/about/how-well-are-we-doing/quality-account>.

2.4 Representatives of TEWV will be in attendance at today's meeting to:

- Outline performance against the Trust's quality priorities for 2015-16;
- Inform the Committee of the emerging priorities for 2016-17;
- Advise of the timetable for development/approval of the 2015/16 Quality Account and priorities for 2016/17.

### 3. RECOMMENDATIONS

3.1 It is recommended that the Committee:

- (a) Consider the presentation, seeking clarification on any issues from the representatives from Tees, Esk and Wear Valleys NHS Foundation Trust present at today's meeting; and
- (b) Consider and comment on the update on performance against the priorities set for 2015-16 and emerging priorities for 2016-17.

**Contact Officer:-** Joan Stevens – Statutory Scrutiny Officer  
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### BACKGROUND PAPERS

Tees, Esk and Wear Valleys NHS Foundation Trust Draft Quality Account 2014/15

Minutes of Full Council held on the 16 March 2015

Department of Health Guidance – Local Authority Health Scrutiny

Tees, Esk and Wear Valleys NHS Foundation Trust – Comments from Hartlepool Borough Council on the Quality Account

Members of Hartlepool's Full Council welcomed the opportunity to comment on the Tees, Esk and Wear Valleys NHS Foundation Trust's (TEWV) Quality Account. Council made the following comments.

Members questioned what plans there were for mental health services in Hartlepool and what other groups the service used. It was confirmed that TEWV worked with commissioners to improve services wherever possible. The service also worked with MIND and the Alzheimer's Group in Hartlepool.

The number of people with mental health issues detained in Police cells was questioned and Members were reassured that this was not an issue in Hartlepool. There was a Section 136 Suite available within the force area for any individual that the Police arrest that they may consider needs this facility. The number of people who had died in Police custody or in prison was questioned and figures for this were to be provided. It was highlighted to Council that the majority of people who committed suicide were not known to the mental health service.

Members were informed that a breach of the regulations in relation to the numbers of days that an Under 18 had been catered for in an adults establishment would only occur if an under 16 was placed in an adult establishment.

It was confirmed that there were no plans in the immediate future to close Sandwell Park. Services were under constant review as Members would understand but there were no plans to close Sandwell Park in the next two years.

It was questioned whether the cuts in funding the Trust had suffered in recent years had had an effect on performance. Members were reassured that this was not considered to be the case. The priorities that had not been met were mainly due to the Trust's inability to appoint to particular posts and this was mainly due to national shortages of appropriately qualified staff.

## QUALITY ACCOUNT 2015/16 QUARTER 2 PROGRESS REPORT

### 1. INTRODUCTION & PURPOSE

- 1.1 This report sets out the Trust's progress on achieving the quality priorities and quality metric targets contained within the 2015/16 Quality Account as at the end of Quarter 2 (September) 2015.

### 2. BACKGROUND INFORMATION

- 2.1 The Trust is required each year to produce a Quality Account - a report about the quality of services provided by the Trust during the previous year and what quality priorities the Trust has committed to for the forthcoming year. The aim of the Quality Account is to enhance accountability to the public and engage the leaders of the Trust and its stakeholders in the quality improvement agenda.
- 2.2 As part of the Quality Account for 2014/15, the Trust identified and agreed four quality priorities and a set of quality metrics for 2015/16. This process involved consultation with our key stakeholders including members of our Council of Governors.

### 3. KEY ISSUES:

#### Progress on the 4 Quality Priorities for 2015/16

- 3.1 The Trust's current Quality Account includes four quality priorities for 2015/16, which are:
- Priority 1: Delivery of the recovery project in line with the agreed plan
  - Priority 2: To implement our policy with regard to Nicotine Management and Smoking Cessation
  - Priority 3: To continue to provide the recovery model across Adult Learning Disabilities services via the implementation of Positive Behavioural Support (PBS)
  - Priority 4: Implementation of age appropriate risk assessments and care plans for Children and Young People Services
- 3.2 Priorities 2 and 3 are likely to deliver all their current planned actions on time.

There is a low to moderate risk that Priority 1 might not be fully completed on time. This is because the equality and diversity mandatory training must be re-written to incorporate recovery principles. While this may be completed by March 2016 it is possible that it may need a longer timescale.

Priority 4 is largely on track for delivery: however three of its actions are reporting a low level of risk to delivery against them. This is because they are reliant on the timescales identified within the PARIS Programme. The PARIS programme is currently on track. However, there is still some design work to complete and a large



amount of training to be delivered across the Trust during 2015/16 Q4. There is a slight to moderate risk of delay linked to this. If the PARIS programme is delayed this would lead to delays when clinicians could start using the revised risk assessments. This is reflected in the low level of risk to delivery that has been highlighted for this action.

3.3 The Trust is achieving its targets for 4 of our 10 quality metrics in quarter 2 2015/16 as shown within **appendix 1**, but we are not on target for 5 of them – these are explained below (there is also one metric linked to the National Patient safety where we will not be able to report on the metric until Q3 which is explained further on page 5):

- **Number of unexpected deaths classed as a serious incident per 10,000 open cases:** The Trust position for quarter 2 2015 is 3.68 which is 0.68 above the target of 3.00 but an improvement on quarter 1 performance. This rate relates to 20 unexpected deaths reported during quarter 2. No patterns or trends have been identified. The Trust position for the financial year to date is 8.42, which is 2.42 above target. It is therefore still likely that we will exceed the “target” of 12 unexpected deaths per 10,000 open cases for the whole of 15/16.
- **Patient falls per 1000 admissions:** The Trust position for quarter 2 is 48.75, which is 20.96 above target which is a 13.41 increase since quarter 1. It is also an 11.99 increase in the position report at quarter 4 2014/15. The quarter 2 position relates to 76 falls during the quarter: 26 (34%) in Teesside, 15 (20%) in Durham and Darlington, 13 (17%) in North Yorkshire and 22 (29%) in Forensics. Of the falls reported, 64 (84%) were classified low with minimal harm (patient required extra observation or minor treatment), 11 (14%) were reported as moderate short term harm (patient required further treatment) and 1 (1%) was reported as Severe (permanent or long term harm). No patterns or trends have been identified.

The Trust ‘Falls Executive Group’ was reintroduced in January 2015 and steers and monitors Trust falls-management across the Trust, reporting into the Patient Safety Group. Whilst it is still determining what regular data reports they and services require to facilitate ongoing monitoring, the group has approved an audit tool for 2015. Within Mental Health Services for Older People (MHSOP), the audit was completed June 2015, measuring compliance against 6 standards. To summarise, in:

- 60% (27) of cases patients did not have a multifactorial falls assessment.
- 24% (11) of cases patients did not have an intervention plan for falls.
- 89% (40) of cases patients did not receive verbal and written information.
- 31% (8) of cases patients did not have clear documentation of being assessed before moving.
- 19% (5) of cases the Early Warning Score had not been completed for patients who had a fall or were found on the floor.
- 23% (6) of cases patients did not have Glasgow Coma Scale completed.
- 60% (27) of cases patients did not have a multi-factorial falls assessment.

Although North Yorkshire did not achieve 100% compliance for the completion of the multifactorial falls assessment, they did complete the Clinical Link Pathway (CLiP) which contains the same sections as the falls assessment. The teams have a very clear process for monitoring and completing the CLiP in comparison to other localities. It was agreed that all ward managers would send a representative to the Falls Spread and Share event to agree an action plan for their wards; identifying processes for ensuring up to date, person centred falls intervention plans are completed. The patient information leaflet (Age UK: *A practical guide to healthy ageing*) is to be included in admission/discharge packs and ward managers are to devise/provide an aide-memoire/process description in line with the post falls proforma for reviewing falls/found on floor entry.

Audits within Adult Learning Disabilities, Forensics Mental Health & Learning Disabilities and Adult Mental Health are planned for November 2015.

In addition to the audits, Services are to be required to provide 6 monthly assurance reports to the Falls Executive Group and when injurious falls have occurred, they are required to provide evidence in clinical notes of strategies around harm minimisation. The falls decision tool and a falls CLiP document became available on PARIS on the 29<sup>th</sup> July 2015 and, together with the existing falls-tagged casenote, this has made clinical management of falls much easier to evidence.

A quality improvement event for selected stakeholders in order to develop a shared falls strategy is proposed for quarter 4 15/16 or quarter 1 16/17.

- **Percentage of clinical audits of NICE Guidance completed:** There was 1 NICE audit scheduled to be completed during quarter 2 which was on antipsychotic prescribing for people with a learning disability. This audit was not completed on time due to other key priorities reducing the project leads capacity. This audit will be completed by the end of Q3.
- **Average length of stay for patients in Adult Mental Health and Mental Health Services for Older People Assessment & Treatment Wards:** The average length of stay for adults has remained steady and below target since Q1 2014/15. However, for MHSOP the average length of stay has been above target since Q3 2013/14. The Trust position for Quarter 2 in MHSOP is 63.68 which is 11.68 above target, this is 2.7 higher than what was reported at quarter 1 but an improvement of 2.06 from what was reported in quarter 4 2014/15. 46% of lengths of stay were between 1-50 days, with 35% between 51 – 100 days; and four patients had a length of stay greater than 200 days. Of these four patients, two required longer lengths of stay due to physical health problems and challenging behaviour. A further patient's length of stay was caused by the instability of her illness and consequent poor response to treatment regimes. It was difficult for the ward to move the final patient as they had specific risks that meant discharge in to a community setting was not appropriate.
- **Percentage of complains satisfactorily resolved:** The Trust position for Quarter 2 is 78% which is 12% below target, this position is a further 3.82% below target from what was reported at quarter 1, and 9.18% below what was

reported at quarter 4 2014/15. Trust-wide there were no specific trends or patterns identified in the reasons given for dissatisfaction other than disagreement with elements of the information given and conclusions reached (i.e. whether a complaint was upheld or not) and wanting to raise further questions relating to the Trust's written response.

- **National Patient Survey:** The Community Mental Health Survey 2015 was carried out on behalf of the Trust by Quality Health. The data provided has been analysed by the Care Quality Commission and benchmarked against 55 other NHS Mental Health Trusts. The report was published on the Care Quality Commission website on 21<sup>st</sup> October 2015. Due to this, we are only able to include narrative on the results with a fuller comparison against previous years to be included in quarter 3.

A total of 238 people took part in the survey giving a response rate of 29%. The report identifies how the Trust scored compared to the range of scores achieved by all Trusts taking part in the survey.

The survey is divided in to 10 sections and Tees, Esk and Wear Valleys NHS Foundation Trust (TEWV) scored highly overall in all areas. There are four areas where TEWV has scored significantly above what would be expected when compared with most other Trusts within the survey. These are:

- Organising care
- Planning care
- Reviewing care
- Crisis care

There were no areas that scored worse than other Trusts: however scores where there is greatest room for improvement were in the section relating to 'Other areas of life' where the scores nationally were low and TEWV scored in the mid-range (score 4-5 out of 10). Elements with the most room for improvement were:

- Providing help with finding support for financial advice or benefits
- Providing help or advice for finding or keeping work
- Support in taking part in an activity locally
- Giving information about getting support from people with experience of the same mental health needs

The data in the report is compared with the 2014 survey data and whilst there are subtle changes in scores for the better or worse, the report indicates that there is no statistically significant change in any of the scores.

## Quality Priorities for 2016/17

3.6 As part of the Trust's annual business planning process, the Board has considered the views expressed at the Stakeholder Event of 21<sup>st</sup> July 2015 and identified four quality priorities to be included within the 2015/16 Quality Account as quality priorities for 2016/17, they are:

- Continue to develop and implement recovery focussed services through delivering the agreed project plan and identifying further work for the future by Q4 2018/19;
- Implement and embed the revised harm minimisation and risk management approach by Q4 2016/17;
- Further implementation of the nicotine replacement programme and smoking cessation project by Q4 2016/17;
- Improve the clinical effectiveness and patient experience at times of Transition by Q4 2016/17.

## 4. IMPLICATIONS / RISKS:

4.1 **Quality:** This is the performance report against the 2015/16 Quality Account for the period July to September 2015 and includes an update against each priority and performance against the quality metrics.

4.2 **Financial:** There are no direct financial implications associated with this report, however, there may be some financial implications associated with improving performance where necessary. These will be identified as part of the action plans as appropriate.

4.3 **Legal and Constitutional:** There are no direct legal and constitutional implications associated with this paper, although the Trust is required each year to produce a Quality Account and this paper contributes to the development of this.

4.4 **Equality and Diversity:** All the action and project plans will be impact assessed for the equality and diversity implications associated with the Quality Account.

4.5 **Other Risks:** There are no further risks associated with this paper.

## 5. CONCLUSIONS

The Trust is on track with low levels of risk associated with completion for **100% (27 of 27)** of its actions to deliver its quality priorities in 2015/16, although some risks around embedding Recovery principles into Trust training programmes have been identified.

The Trust is achieving its targets for **40% (4)** of its quality metrics in Quarter 2 2015/16. We are not achieving **50% (5)** of our targets. These relate to unexpected deaths, patient falls, average length of stay, completed clinical audits and complaints satisfactorily resolved.

**6. RECOMMENDATIONS**

6.1 The Council of Governors is asked to:

- Receive and comment on this report on the progress made against the Quality Account 2015/16 as at Quarter 2 2015/16.
- Note the Board's initial proposals for Quality Account priorities for 2016/17.

**Phillip Darvill**  
**Planning and Business Development Manager**

<b>Background Papers:</b> 2014/15 Quality Account
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**APPENDIX 1: PERFORMANCE WITH QUALITY METRICS AT QUARTER 2 2015/16**

Quality Metrics		QUARTER 1 2015/16		QUARTER 2 2015/16		QUARTER 3 2015/16		2015/16		2014/15	2013/14	2012/13
		Target	Actual	Target	Actual	Target	Actual	Target	Full Year Effect	Actual	Actual	Actual
<b>Patient Safety Measures</b>												
1	Number of unexpected deaths classed as a serious incident per 10,000 open cases ( <i>target remains unchanged from 13/14</i> )	< 3.00*	4.74	< 3.00*	3.68	< 3.00*		< 6.00*	8.42	12.16	11.88	15.91
2	Number of outbreaks of Healthcare Associated Infections ( <i>target remains unchanged from 13/14</i> )	0	0	0	0	0		0	0	0	0	0
3	Patient falls per 1000 admissions ( <i>new target for 14/15 agreed by QuAC in July 14 in line with CQUIN</i> )	< 28.79	35.34	< 28.79	48.75	< 28.79		< 28.79	42.11	44.54	35.99	34.09
<b>Clinical Effectiveness Measures</b>												
4	Percentage of patients on Care Programme Approach who were followed up within 7 days after discharge from psychiatric in-patient care (validated) ( <i>target set in Trust Dashboard</i> )	> 95.00%	98.12%	> 95.00%	97.57%	> 95.00%		> 95.00%	97.84%	97.42%	97.86%	97.18%
5	Percentage of clinical audits of NICE Guidance completed ( <i>target remains unchanged from 13/14</i> )	100%	N/A	100%	0%	100%		100%	0%	100%	97%	89.47%
6	Average length of stay for patients in Adult Mental Health and Mental Health Services for Older People Assessment & Treatment Wards ( <i>new targets for 14/15 agreed by QuAC in July 14</i> )	AMH <30.2	29.35	AMH <30.2	26.14	AMH <30.2		AMH <30.2	27.70	26.67	AMH: 31.72 MHSOP 54.08	35.22
		MHSOP <52	60.98	MHSOP <52	63.68	MHSOP <52		MHSOP <52	62.32	62.18		
<b>Patient Experience Measures</b>												
7	Delayed Transfers of Care ( <i>target set in Trust Dashboard</i> )	< 7.50%	1.88%	< 7.50%	1.88%	< 7.50%		< 7.50%	1.88%	2.11%	1.89%	2.07%
8	Percentage of complaints satisfactorily resolved ( <i>target remains unchanged from 13/14</i> )	> 90.00%	81.82%	> 90.00%	78.00%	> 90.00%		> 90.00%	80.00%	75.38%	65.77%	76.36%

Quality Metrics		QUARTER 1 2015/16		QUARTER 2 2015/16		QUARTER 3 2015/16		2015/16		2014/15	2013/14	2012/13
		Target	Actual	Target	Actual	Target	Actual	Actual	Full Year Effect	Actual	Actual	Actual
<b>National Patient Survey</b>												
9	Trust performing >2 points over 80% percentile			Improve ment on 2014 survey				Improv ement on 2014 survey		4		
	Trust performing within 2 points of 80% percentile									9		
	Trust performing <2 point of 80% percentile									2		

\*The number shown here is the maximum level of unexpected deaths that we would expect to see rather than a target number we are trying to achieve

**Notes on selected metrics**

1. Data for this metric is taken from Incident Reports which are then reported via the National Strategic Executive Information System (STEIS).
2. Outbreaks of healthcare associated infections relates to those of MRSA bacteraemia and C Difficile. The Infection Prevention and Control Team would be notified of any outbreaks direct by the Ward and would then be recorded on an 'outbreak' form before being reported externally.
3. Patient falls excludes the categories 'found on floor' and 'no harm'. Data for this metric is taken from Incident Reports which are then reported via the Trust's Risk Management System, DATIX.
4. Data for CPA 7 day follow up is taken from the Trust's patient systems and is aligned to the national definition.
5. Implementation of NICE Guidance is based on the number of audits of NICE guidelines completed against the number of audits of NICE guidelines planned each quarter expressed as a percentage. Data for this metric is taken from audits undertaken by the Clinical Directorates supported by the Clinical Audit Team.
6. Data for average length of stay is taken from the Trust's patient systems.
7. Delayed transfers of care are based on Monitor's definition and therefore exclude children and adolescent mental health services. Data for this metric is taken from the Trust's patient systems.
8. Complaints data is compiled from the number of negative responses to resolution letters sent out to complainants expressed as a percentage of the total number of resolution letters sent out.
9. The CQC has now published the 2014/15 national patient survey results but further work is required to translate their reported figures into the format required by our quality metrics :

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19 November 2015

To: see circulation list

Dear Colleague

### **TEWV Quality Account 2015/16: Quarter 2 Update**

Over the years many of our stakeholders have requested a mid-year update of our Quality Account to help them understand the Trust's progress against its quality priorities and metrics.

Therefore, we enclose our Quality Account 2015/16 quarter 2 progress report which reports on our position as at the end of September 2015. We would be happy to answer any queries you may have on this report.

We would also like to take this opportunity to remind you of some important dates in our Quality Account cycle as follows:

- The next Quality Account Stakeholder Event will be on Tuesday 2<sup>nd</sup> February 2016, 09.30 – 13.00 at MTLC @ The Riverside, Riverside Stadium, Middlesbrough, TS3 6RS. All stakeholders will be invited to send a representative(s) and we hope that by informing you of this early you will be able to ensure you identify a representative to attend.

During the event we will provide an update on progress against our 2015/16 quality priorities and quality metrics as well as provide details on our plans for the agreed quality priorities for 2016/17, which are:

- Continue to develop and implement recovery focussed services through delivering the agreed project plan and identifying further work for the future by Q4 2018/19;
- Implement and embed the revised harm minimisation and risk management approach by Q4 2016/17;
- Further implementation of the nicotine replacement programme and smoking cessation project by Q4 2016/17;
- Improve the clinical effectiveness and patient experience at times of Transition by Q4 2016/17.

Further details will follow nearer the time.



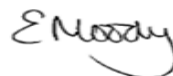
- We are expecting to send you our final draft Quality Account 2015/16 for your comments on or around the 14<sup>th</sup> April 2016. Assuming the current national guidance does not change, stakeholders will have 30 calendar days i.e. until the 14<sup>th</sup> May 2015 to respond. All comments received will be included verbatim in our final Quality Account. The timeframe we work to for the Quality Account is tight and set nationally so we would be grateful if you could accommodate these dates within your planning cycle.

If you have any questions on the quarter 2 progress report or the next Quality Account Stakeholder Event in February please feel free to contact us at [sharon.pickering1@nhs.net](mailto:sharon.pickering1@nhs.net) or [elizabeth.moody1@nhs.net](mailto:elizabeth.moody1@nhs.net).

Yours sincerely,



Sharon Pickering  
**Director of Planning, Performance  
& Communications**



Elizabeth Moody  
**Director of Nursing & Governance**

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# HEALTH AND WELLBEING BOARD

## MINUTES AND DECISION RECORD

### 5 October 2015

The meeting commenced at 10.00 am in the Civic Centre, Hartlepool

**Present:**

Councillor C Akers-Belcher, Leader of Council (In the Chair)

**Prescribed Members:**

Elected Members, Hartlepool Borough Council – Councillors Carl Richardson, and Chris Simmons

Representative of Hartlepool and Stockton-on-Tees Clinical Commissioning Group – Dr Schock and Karen Hawkins (as substitute for Ali Wilson)

Director of Public Health, Hartlepool Borough Council - Louise Wallace

Director of Child and Adult Services, Hartlepool Borough Council – Sally Robinson

Representatives of Healthwatch – Ruby Marshall and Margaret Wrenn

**Other Members:**

Representative of Tees Esk and Wear Valley NHS Trust – David Brown (as substitute for Martin Barkley)

Representative of North Tees and Hartlepool NHS Foundation Trust – Alan Foster

Representative of Cleveland Police – Supt Ian Coates (as substitute for ACC Simon Nickless)

Also in attendance:-

G and S Johnson, M Lockwood, S Thomas - Healthwatch

Hartlepool Borough Council Officers:

Jacqui Braithwaite, Principal Educational Psychologist

Jill Harrison, Assistant Director (Adult Services)

Adrian Hurst, Environmental Health Manager (Environmental Protection)

Sylvia Pinkney, Head of Public Protection

Rachel Smith, Strategic Commissioner

Joan Stevens, Scrutiny Manager

Amanda Whitaker, Democratic Services Team

## 26. Apologies for Absence

Representative of Hartlepool and Stockton-on-Tees Clinical Commissioning Group - Ali Wilson  
Representative of Tees Esk and Wear Valley NHS Trust –Martin Barkley  
Representative of Cleveland Police – ACC Simon Nickless

## 27. Declarations of interest by Members

Councillor Richardson declared a personal interest in agenda item 3.1 – CAMHS Transformation Locality Plan (minute 29 refers)

## 28. Minutes

The minutes of the meeting held on 11 September 2015 were confirmed.

There were no matters arising from the minutes.

## 29. CAMHS Transformation Locality Plan (*Director of Child and Adult Services*)

The Board received a presentation on the CAMHS Transformation Locality Plan which provided the Board with the opportunity to feed comments to the Children's Services Committee on 6<sup>th</sup> October 2015.

The Board was advised that the key focus of the Tees CAMHS Transformation Group was to develop a Tees CAMHS Transformation Strategy in response to the national 'No Health Without Mental Health' strategy. A report had been published by the Children and Young People's Mental Health Taskforce entitled 'Future in Mind'. The report had identified a number of proposals the government wished to see in place by 2020 and established a clear direction and key principles about how to make it easier for children and young people to access high quality mental health care when they needed it. Additional funding had been identified to support the aims set out in 'Future in Mind'. In order for CCGs and local areas to access these monies, localities were required to develop and submit their Transformation Plans to NHS England by 16<sup>th</sup> October 2015.

It was highlighted that it was vital that all key stakeholders who work with and support children and young people had an opportunity to feed into and review the Hartlepool Transformation Plan. In order to achieve this ambition in the short time scale available, the plan would be submitted to the following forums for discussion and information;

- Adults Mental Health Forum – 3<sup>rd</sup> September 2015
- Hartlepool Health and Wellbeing Board - 5<sup>th</sup> October 2015
- Children's Strategic Partnership – 17<sup>th</sup> November 2015

Approval for the plan would be sought from Children's Services Committee on 6<sup>th</sup> October 2015. It was proposed that feedback and comments from this Board be reported to Children's Services Committee via a verbal update. The Principal Educational Psychologist had attended the Children and Young People's Council in July to discuss and gather their views about emotional wellbeing and mental health. This information had been threaded through the plan and further work would take place involving children and young people in the coming months to ensure that their opinions and viewpoint was shared with all stakeholders and feeds into the delivery model.

Board Members were advised that the plan had been developed to ensure full co-ordination with the Better Childhood Programme, Healthy Relationships Project and the Education Commission's recommendations. Over the coming year, work was planned with schools, academies, colleges, children and young people and voluntary sector organisations to ensure that as a town there was robust baseline information.

Following presentation of the report, Board Members expressed their support for the report and the involvement of young people. In response to a request by the Chair of Children's Services Committee, it was agreed that update reports would be submitted to that Committee and the Health and Wellbeing Board on a six monthly basis. During the debate, it was highlighted that those agencies already providing support should not be 'sidelined' and that there was a national programme already in place relating to access to psychological therapies. It was highlighted also that a LGA peer review had been undertaken which had identified areas of good practice across the Tees Valley.

The Board discussed the need to provide emotional wellbeing and mental health support to asylum seekers/refugees. It was recognised that the work that was ongoing regionally and nationally needed to be taken into consideration. Officers agreed to liaise with the Director of Public Health who was leading an Officer Group in Hartlepool Borough Council to consider the needs of refugees as they arrive in Hartlepool. It was noted that support for Syrian refugees could come from a range of statutory and community sector partners.

Following a request from the Chair, it was agreed that it was appropriate to liaise with the Scrutiny Manager regarding the recommendations from the previous scrutiny investigation relating to mental health including CAMHS.

In response to clarification sought from Board Members, the representative of Cleveland Police and the Council's Director of Child and Adult Services clarified arrangements when young people with mental health issues come to the attention of the police with particular regard to the role of the Youth Offending Service and access to secure accommodation.

### **Decision**

- (i) The Health and Wellbeing Board endorsed the Hartlepool CAMHS Transformation Locality Plan and agreed that updates would be submitted to the Health and Wellbeing Board and the Children's Services Committee biannually and the first update report include pathways of young people referred to the Youth Offending Service.
- (ii) The appreciation of the Board was expressed to those who had contributed to the report.

### **30. Teeswide Safeguarding Adults Board: Annual Report 2014/15 and Strategic Plan 2015/16** *(Director of Child and Adult Services and Independent Chair of Teeswide Safeguarding Adults Board)*

In accordance with the Care Act 2014, the Director of Child and Adult Services presented the Teeswide Safeguarding Adults Board Annual Report 2014/15 and Strategic Business Plan 2015/16, copies of which were appended to the report.

Apologies were submitted on behalf of the Independent Chair of the Teeswide Safeguarding Adults Board who had been due to attend the meeting but was unable to attend due to unforeseen circumstances.

#### **Decision**

The Board endorsed the Teeswide Safeguarding Adults Board Annual Report 2014/15 and Strategic Business Plan 2015/16

### **31. Respiratory Disease Presentation** *(Director of Public Health)*

Further to minute 24 of the meeting of the Board held on 11 September 2015, the Board received a presentation by the Director of Public Health which provided details of the incidence and prevalence of respiratory disease, services commissioned and provided by partners to support people with respiratory illness and environmental issues and air quality in relation to respiratory disease.

During the debate following the presentation, the Head of Public Protection responded to concerns expressed regarding environment factors and asbestos in buildings. Clarification was provided on diesel emissions and air quality. Assurances were provided by the Chief Executive, North Tees and Hartlepool NHS Foundation Trust, regarding services provided by Trust to support people with a range of respiratory conditions, including asthma and COPD.



**Decision**

The presentation was noted.

**32. Screening Presentation** (*Director of Public Health*)

The Board received a presentation by the Director of Public Health which provided assurance that appropriate governance arrangements were in place within Hartlepool Borough Council to ensure plans were in place to protect the health of the population. It was noted that NHS England was responsible for screening programmes, in order to protect the health of people in the town. The presentation also updated Board Members on the local picture of screening in the town and provided details of NHS England's plans to improve uptake and local actions being undertaken to address those plans.

It was highlighted that most screening programmes did not happen in primary care but practice lists were used for some programmes to invite patients for screening.

**Decision**

The report was noted.

**33. Community Based Urgent Care**

Further to minute 13 of the meeting of the Board held on 3 August 2015, a verbal update was provided by the Associate Director of Commissioning and Delivery, Hartlepool and Stockton-on-Tees Clinical Commissioning Group, on Community Based Urgent Care. The Board was reminded that Direction had been received from NHS England to pause all procurement in relation to urgent care, subject to national review and engagement being undertaken in relation to commissioning standards for urgent care being released. National standards continued to be awaited. Once the standards had been received an impact assessment would be undertaken and subject to CCG executive approval, would drive forward with commissioning an integrated urgent care service across Hartlepool and Stockton. As agreed previously, the Board would be kept informed of progress.

**Decision**

The update was noted.

**34. Better Care Fund: Update and 2015/16** (*Director of Child and Adult Services*)

Further to minute 8 of the meeting of the Board held on 22 June 2015, a

report presented by the Director of Child and Adult Services provided the Board with an update on implementation of the Better Care Fund Plan and presented the 2015/16 Quarter 1 return which was appended to the report and had been submitted on 28<sup>th</sup> August 2015. It was highlighted that there had been some slippage in Quarter 1 against the BCF Plan. However, it was anticipated that all funding would be fully spent in accordance with the Plan by the end of the financial year.

### **Decision**

The report was noted.

## **35. Any Other Items which the Chairman Considers are Urgent**

The Chairman ruled that the following items of business should be considered by the Board as a matter of urgency in accordance with the provisions of Section 100(B) (4)(b) of the Local Government Act 1972 in order that the matter could be dealt with without delay

## **36. Review of Neonatal services in the North East and Cumbria**

The Scrutiny Manager advised the Board that a review of neonatal services in the North East and Cumbria had been undertaken by the Royal College of Paediatrics and Child Health. The review summarised transport, network and configuration considerations. The Board's attention was drawn to the Royal College's recommendations in relation to the configuration of services, summarised as follows:-

- a) The Great North Children's Hospital should become a quaternary centre. This decision was based on its size, location, co-located specialties and the vision of its medical /nursing staff.
- b) Sunderland – this should be an intensive care unit but one that would look after infants of greater than 26 weeks gestation.
- c) Tees area - this should function as a single neonatal intensive care unit sited at the James Cook University Hospital site. The unit at North Tees will continue to operate as a neonatal special care unit.

The North East Regional Joint Health Scrutiny Committee had considered a request from NHS England in terms of the process for consideration of the review outcomes. The Committee had agreed that it constituted a significant enough change in service provision to warrant a public consultation and that it should be a regional consultation completed through the North East Regional Scrutiny Committee. Details of the consultation plan/timetable were awaited by the North East Regional Joint Health Scrutiny Committee.

Meeting concluded at 11.20 a.m.

CHAIR

# SAFER HARTLEPOOL PARTNERSHIP MINUTES AND DECISION RECORD

16 October 2015

The meeting commenced at 10.00 am in the Civic Centre, Hartlepool

**Present:**

Councillor: Christopher Akers-Belcher (In the Chair)  
Councillor Marjorie James, Hartlepool Borough Council  
Clare Clark, Head of Community Safety and Engagement  
Denise Ogden, Director of Regeneration and Neighbourhoods  
Chief Superintendent Gordon Lang, Cleveland Police  
Chief Inspector Lynn Beeston, Chair of Youth Offending Board  
Steve Johnson, Cleveland Fire and Rescue Authority  
Stewart Tagg, Housing Hartlepool  
Karen Hawkins, Hartlepool and Stockton on Tees Clinical  
Commissioning Group

In accordance with Council Procedure Rule 5.2 (ii) Danielle Swainston was in attendance as substitute for Sally Robinson, Karen Clark was in attendance as substitute for Louise Wallace and Neville Cameron was in attendance as substitute for Barry Coppinger

Also present:

Councillor Jim Lindridge, HBC  
Gilly Marshall, Housing Hartlepool  
Inspector Richard Price, British Transport Police

Officers: Denise Wimpenny, Principal Democratic Services Officer

## 21. Apologies for Absence

Apologies for absence were submitted on behalf of Louise Wallace, Director of Public Health, Barry Coppinger, Police and Crime Commissioner, Sally Robinson, Director of Child and Adult Services and John Bentley, Safe in Tees Valley.

## 22. Declarations of Interest

None

## 23. Minutes of the meeting held on 4 September 2015

Confirmed.

## 24. British Transport Police – Verbal Update *(Representative from the British Transport Police)*

### Issue(s) for consideration

The Chair welcomed Inspector Richard Price to the meeting from the British Transport Police who had been invited to attend the Partnership to respond to concerns raised by Members at a previous meeting regarding the problem of individuals drinking excessively on trains.

Inspector Price thanked the Chair for the opportunity to address the Partnership and outlined the background to the issues the Transport Police were dealing with together with the measures that had been introduced to address this which included the following:-

- Gradual increase in complaints/incidents reported relating to individuals drinking during the day
- Main problems reported to British Transport Police relate to trains from Teesside to York
- Anti-social behaviour related offences also increased;
- Number of plans to deal with these issues – Operation Mayflower and Operation Vanguard
- In 2014 static patrols introduced in York on Saturdays and additional officers available in Middlesbrough and Darlington to intervene and deal with any incidents reported on York route
- York – dry station between the hours of 6 and 9.00 pm – alcohol barrier preventing anyone carrying alcohol.
- Train operators on board with these arrangements
- A number of dry train operations introduced on Saturday mornings to alleviate problems with pre-loading and compounding problems later in the day
- These measures resulted in a lot of alcohol being seized and destroyed
- Utilised the media to highlight the issues and the measures being introduced to tackle the problems
- Involved in Alcohol Diversion Project with North Yorkshire Police which resulted in positive outcomes
- Positive engagement between North Yorkshire Police and British Transport Police
- Regular meetings with railway partners and Safe York held from May this year – 2 codes of conduct agreed as a result for licensees and visitors to York. A joint approach is required to take this issue further.
- Operation Vanguard launched in September – British Transport Police and other partners committed additional staff on Saturday's in September. Posters rolled out at York Station and copies displayed

- in City Centre. Television and media coverage outlining the problems.
- Meeting the following week to review success of Operation Vanguard to determine next steps
  - Initial statistical analysis showed decrease in alcohol related crime and anti-social behaviour in York and on trains.

Following conclusion of the update, the Chair requested that feedback from the review meeting be shared with the Partnership.

A Member shared personal experiences and examples of inappropriate behaviour on trains north of Hartlepool as well as south where individuals had been observed drinking in excess as early as 10.00 am in the morning prior to and during train journeys. The need to ensure measures were introduced to prevent individuals from travelling who were not within an acceptable alcohol limit was emphasised as well as the need for more dry trains. Concerns were raised in terms of safety of other travelling passengers, particularly those travelling with young families as well as vulnerability issues. In response, the representative from the British Transport Police advised on the high level of unreported incidents. Reference was made to an incident of racist behaviour that had been reported by the Partnership which was currently being investigated.

Publicity material was circulated at the meeting which provided details of the various methods of reporting crime or incidents discreetly on trains or at stations. The representative commented on the benefits of an alcohol ban on all trains and the reluctance of operators to implement dry trains was highlighted. The difficulties refusing travel as well as the resource issues in managing inappropriate behaviour were discussed. In terms of supporting individuals with reporting incidents to the British Transport Police, the need to promote and make publicity material available to Grand Central was suggested as well as the need to promote actions being taken by the British Transport Police in the Council's Hartbeat magazine. Members expressed concerns in terms of the costs associated with tackling alcohol-related anti-social behaviour and the importance of operators sharing the burden of such costs. Further concerns regarding inappropriate behaviour in stations and on trains were provided and the benefits of employing additional officers to patrol stations were outlined.

In concluding the debate, the Chair requested that the option to include publicity material from the Transport Police in the new signage at Hartlepool Station be explored.

The Chair thanked Inspector Price for his attendance and asked that any further updates be shared with the Partnership.

### **Decision**

- (i) That the contents of the presentation and comments of

- Partnership Members be noted and auctioned as necessary.
- (ii) That actions taken by the British Transport Police be publicised in Hartbeat.
  - (iii) That inclusion of publicity material from the British Transport Police within the new signage at Hartlepool Station be explored.
  - (iv) That regular update reports from the Transport Police be provided to the Partnership.

## **25. Prevent Update** (*Director of Regeneration and Neighbourhoods*)

### **Purpose of report**

To update the Safer Hartlepool Partnership on the Tees Silver Prevent Group Action Plan.

### **Issue(s) for consideration**

The report set out the background of the Contest Strategy published by the Government in 2011 which aimed to stop people becoming terrorists or supporting terrorism. The Tees Silver Group Action Plan was a rolling action plan that identified four key areas of work:-

- Engagement
- Communications and Media
- Training and Development
- Risk Management

Members were provided with an update on progress made on each of the four key areas of work. Good progress had been made by the Tees Silver Group in co-ordinating Counter-terrorism Prevent activity across the Tees area and an increase in the level of enquiries to both the Council and Police Prevent Co-ordinators had been experienced in previous months due in part to the new duty as agencies strived to ensure that they were fulfilling their statutory obligations under the new legislation. Awareness raising and training would continue to be a priority for the Tees Prevent Silver Group over the forthcoming year.

It was noted that Hartlepool Borough Council's Head of Community Safety and Engagement had recently taken on the role of lead officer Cleveland wide on the Prevent Group.

The Director of Regeneration and Neighbourhoods made reference to the future pathways DVD and the importance of adopting a proactive approach to supporting vulnerable adults. The Chair suggested that this be included in the work programme for the remainder of the year.

**Decision**

- (i) That progress made against the Tees Prevent Silver Group Action Plan be noted.
- (ii) That a proactive approach be adopted to Prevent activity and that this issue be included in the work programme for the remainder of the year.

**26. Anti-Social Behaviour Task Group Action Plan Progress Update** (*Director of Regeneration and Neighbourhoods*)**Purpose of report**

To update the Safer Hartlepool Partnership on progress in relation to the Anti-social Behaviour (ASB) Task Group Action Plan 2015/16.

**Issue(s) for consideration**

The report provided background information in relation to the establishment of the Task Group. An action plan, attached at Appendix A, provided an overview of the work that was currently being undertaken by the Group during 2015/16 which was based around the following key priority areas:-

- Improving local co-ordination of responses to ASB and Hate Crime
- Empowering communities to get involved in tackling ASB and promoting confidence and reassurance by addressing community priorities around ASB
- Improving pathways for victims of ASB and Hate Crime

The Head of Community Safety and Engagement provided a summary of progress made against each of the key priorities, details of which were included in the report.

In support of the report, the Chief Inspector provided a demonstration of a cloud based management system (E-CINS), recently commissioned by the Police and Crime Commissioner to improve information sharing and day to day case management of anti-social behaviour cases between partners. The system was designed to manage high risk anti-social behaviour cases, multi-agency cases, troubled families, child sexual exploitation and integrated offender management activities with all agencies signed up being able to access each other's information. The benefits of the system were shared with Members. It was envisaged that the system would be fully operational by 2016.

A discussion followed during which the Chief Inspector and Head of Community Safety and Engagement responded to issues raised in relation to the report. Clarification was provided regarding how the management



system would be updated as well as access restrictions. The issue of access to the system was further discussed during which the need for agencies/Elected Members to protect themselves was highlighted. Concerns were raised in terms of the potential risks placed upon Elected Members visiting individuals at home. The Director of Regeneration and Neighbourhoods commented on the Council's Employee Protection Register for staff and indicated that access to this system for Members would be examined.

The potential reasons why there had been no applications to activate the Community Trigger were discussed. In response to the Chair's request that the scheme be more actively promoted, the option to utilise a Members' Seminar to facilitate this was suggested.

A representative from Housing Hartlepool referred to horse grazing incidents and the new tools and powers available to landlords as well as local authorities to address anti-social behaviour related incidents of this type, details of which were provided. The Chief Superintendent commented on a recent study by Durham University, as a consequence of Her Majesty's Inspectors of Constabulary, to investigate high levels of anti-social behaviour, the outcome of which would be reported to a future meeting of the Partnership. The Chief Superintendent emphasised the importance of continuing to work together in relation to tackling anti-social behaviour. Concerns were raised regarding the problems associated with off-road motor cycles. The Chief Superintendent highlighted that a multi-agency approach had been adopted to address this issue, feedback from which would be provided to a future meeting of the Partnership. The Chair emphasised the need to publicise/educate parents on the consequences of in-appropriate use of off-road motor bikes and suggested that this matter be publicised in Hartbeat magazine and referred to the Communications Group for consideration.

The Partnership was advised of the forthcoming launch of the Restorative Justice Solutions Scheme to be held on 19 November at 1.00 pm and was informed of the recruitment of a local Restorative Justice Co-ordinator who would look to recruit volunteers to assist in delivery of restorative solutions in Hartlepool.

With regard to the recent Safer Hartlepool Partnership Face the Public Event, the Chair was pleased to report the level of participants. The Director of Regeneration and Neighbourhoods shared statistics in terms of web chats which included 14 facebook posts and 11 tweets, details of which were provided.

**Decision**

- (i) That progress made in delivering the Anti-Social Behaviour and Hate Crime Task Group Action Plan be noted.
- (ii) That access to the Employee Protection Register for Elected Members be examined.
- (iii) That the Community Trigger Scheme be more actively promoted and the option to utilise a Members' Seminar to facilitate this be explored.
- (iv) That the consequences of in-appropriate use of off-road motor bikes be publicised to parents via Hartbeat and referred to the Communications Group for consideration.

**27. Any Other Items which the Chairman Considers are Urgent**

The Chairman ruled that the following items of business should be considered by the Committee as a matter of urgency in accordance with the provisions of Section 100(B) (4)(b) of the Local Government Act 1972 in order that the matter could be dealt with without delay.

**28. Any Other Business – Thematic Inspection**

The Chair of the Youth Offending Board was pleased to report that initial verbal feedback from a recent Thematic Inspection which involved 16 and 17 year old homeless people had been positive. The final report would not be available until the spring of 2016.

**Decision**

That the information given be noted.

**29. Any Other Business – Review of Youth Justice System**

The Chair of the Youth Offending Board, Chief Inspector Lynn Beeston advised that following the Government's recent announcement that a review of the Youth Justice System would take place over the next few months, it was envisaged that there would be some major changes to the system. A White Paper would be issued in the Spring or Summer of 2016.

The Chair of the Youth Offending Board announced that Mark Smith, the Head of Integrated Youth Support Services, would be leaving the authority to move to a new job and wished to place on record the Youth Offending Board's thanks and best wishes to Mark for the future.

**Decision**

That the information given be noted.

**30. Any Other Business – Night Time Economy Issues – Church Street**

The Chief Superintendent reported that given the concerns raised via the local media regarding the disorder problems in Church Street, the police had reviewed the approach to dealing with the night time economy problems in Church Street and were confident that this issue was under control.

The Head of Community Safety and Engagement highlighted that further discussion around the problems associated with the night time economy would be possible at the next meeting of the Safer Hartlepool Partnership as there had been a request to consider a report on the Taxi Marshalling Scheme.

**Decision**

That the information given be noted.

**31. Any Other Business – Cleveland Fire Authority Update**

The Partnership was advised that the Fire Authority, over the next few weeks, would be focussing on prevention of deliberate fires and staffing resources would be allocated to the Headland and Harbour, De Bruce and Seaton Wards.

**Decision**

That the information given be noted.

**32. Date and Time of Next Meeting**

It was reported that the next meeting would be held on Friday 20 November 2015 at 10.00 am.

The meeting concluded at 11.15 am.

CHAIR