



**SEDGEFIELD BOROUGH COUNCIL TRANSITION PLAN**  
**WORKING TOWARDS A COUNTY DURHAM COUNCIL**  
**JANUARY 2008 - APRIL 2009**

*Working towards a more healthy, prosperous and attractive borough with strong communities.*

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## INTRODUCTION

### BACKGROUND

1. In the 2006 Local Government White Paper *Strong and Prosperous Communities*, the Secretary of State for the Department Communities and Local Government (DCLG) invited all councils (except London Boroughs and Metropolitan Districts) to submit proposals to create unitary councils by April 2009. In addition, Councils in shire areas were invited to submit proposals against the same timetable to become pathfinders for enhanced two-tier working. The White Paper envisions a new relationship between central and local government and local government and communities and accordingly set out a number of tests that proposals must meet in order to be approved.
2. In response to the White Paper, Durham County Council submitted a bid for a single unitary authority for County Durham and the Durham District Councils a longer-term 'pathfinder to unitary' bid by the 25 January 2007 deadline. DCLG shortlisted 16 unitary bids for consultation on 27 March, including Durham County Council's bid. The consultation period ended on 22 June and following consideration of responses submitted, DCLG announced on 25 July that several bids, including the County Council's, were to proceed to 2009 implementation.
3. Following the enactment of the Local Government (Public Involvement in Health) Bill on 30 October 2007 this decision was confirmed on 5 December 2007. The implementation orders are expected in the New Year, with an election to the new Council in May 2008.

### PURPOSE OF THIS DOCUMENT

4. The decision to implement unitary local government within County Durham necessitates a major change programme involving Durham County Council and all Durham District Councils. An emerging governance structure for the County Durham Council change programme has been provisionally endorsed by all Councils.
5. The forthcoming changes will require radical changes to existing corporate planning arrangements in order to facilitate a successful transition to the new authority.
6. This plan outlines for the benefit of members, employees and partners the Council's arrangements to develop with partners a new unitary authority for County Durham up to April 2009 and to manage effectively the transition period.
7. It sets out the Council's key priorities for service improvement, investment and savings during this period and the key capital projects to be progressed. Issues that require the consideration and approval of the Implementation Executive are highlighted.
8. It is intended that Cabinet, Management Team (the Programme Board) and the Project Officers Group, together with the Implementation Team for the new authority, will use this plan to monitor and manage the Council's progress during transition.

### OBJECTIVES

9. The objectives of this Transition Plan, are to: -
  - State the Council's aims, objectives and priorities during the transition period

- Set out revised corporate activity and funding arrangements for transition period
- Clarify corporate transition programme management arrangements
- State the Council's vision for the new authority for County Durham
- Set out the values and principles by which the Council will operate during transition
- Establish terms of engagement with 'County Durham Council' Change Programme

## **SCOPE**

10. This plan is the overarching plan for [Sedgefield Borough Council](#) during the transition period, and such sets out how services and projects will be facilitated, delivered and resourced.
11. It also establishes terms of engagement with the 'County Durham Council Change Programme' and specifies the roles and responsibilities within this programme for relevant members and officers of the Council.

## **RELATIONSHIP TO OTHER PLANS**

12. The Transition Plan is a rationalisation of the Council's Corporate Plan (BVPP) 2007-2010, published in June 2007, and associated Medium Term Financial Plan and Organisational Development Plan. As such, it represents the Council's contribution to the Borough's Community Strategy and the Strategic Vision for County Durham and is grounded in robust needs assessments shared with local partners.
13. It represents the Council's contribution to the wider change programme for the new unitary authority and will be integral to the success of this programme.

## CONTEXT

### SEDGEFIELD BOROUGH

14. Sedgefield Borough is situated in the South of County Durham in the North East of England, between Durham City and Darlington, covering some 217 km<sup>2</sup>. Almost 80% of the 87,206 residents (2001 Census) live within the major centres of Newton Aycliffe, Spennymoor and Shildon and the settlement of Ferryhill. In contrast to these urban centres, the Borough also contains small historic villages (some of Saxon origin) and coalfield communities in the more rural eastern part of the Borough.
15. The Indices of Deprivation 2007 identifies three of the Borough's 56 Super Output Areas as within the 10% most deprived nationally and 18 of the Boroughs 19 wards containing SOAs within the 30% most deprived. Comprehensive socio-demographic data on the Borough's communities is set out in a number of Area Framework documents, available at [www.sedgefieldsp.org.uk](http://www.sedgefieldsp.org.uk).
16. At present, Sedgefield Borough is subject to a 'two-tier' local government, with [Durham County Council](#) responsible for the strategic functions and services such as education, social care and transport and Sedgefield Borough Council providing local services such as regeneration, benefits, street scene, housing and leisure. In addition, some functions are shared between the County and Borough Councils (e.g. waste management) and others are delivered across the region, with multi-agency involvement (e.g. planning, economic development and tourism).
17. The Borough is also fully parished, with 13 Town and Parish Councils. Amongst these Great Aycliffe and Spennymoor Town Councils represent two of the largest in the country.

### SEDGEFIELD BOROUGH COUNCIL

#### Organisation

18. Sedgefield Borough Council is a 'Shire District' Council, commissioning, facilitating or providing over 200 services to the public. It comprises 50 councillors democratically elected by and accountable to residents of their ward. The Council has operated with a Cabinet/Leader model since 2000. Following the recent elections held in May 2007 the Council remains Labour-controlled. For further information on the Council's structure and governance, please see the Council's Constitution at [www.sedgefield.gov.uk](http://www.sedgefield.gov.uk).
19. The Council is a rated as Good under the Audit Commission's CPA regime, and is on the cusp of Excellent status following a series of strong corporate governance inspections and consistent improvement in service performance.

#### Corporate Planning process

20. The Council has a well-established corporate planning process, which is fully integrated with the performance management arrangements of the Borough's Local Strategic Partnership, as is similarly structured around the four ambitions for the Borough set out in the Community Strategy – Healthy, Prosperous, Attractive and Strong. Appendix 1 sets out how the Transition Plan relates to existing plans and strategies.

## Corporate Values

21. Corporate Values articulate expected standards of behaviour for the benefit of all stakeholders. The Council reviewed and revised its Values during 2007/2008. The new Values, and the chosen acronym *RADICAL*, are a marker for transformation and forthcoming change.

R	Respect	We value and promote diversity, mutual respect and equal opportunities in everything that we do.
A	Accountability	We are accountable to the public and ensure that our decisions and actions are objective, clear and properly scrutinised.
D	Dedication	We work hard to secure excellent, value-for-money, customer focused services for local communities.
I	Integrity	We maintain the highest standards of behaviour at all times to build trust with our customers and partners.
C	Collaboration	We seek to work in partnership wherever practicable, to improve outcomes for local communities.
A	Ambition	We want our communities to reach their full potential. We want to be the best at what we do, and to improve, year-on-year.
L	Leadership	We represent the needs and aspirations of local people, and work with partners to shape strong and prosperous local communities.

22. Values and associated behaviours are promoted through the Council's Organisational Development Plan and communication strategies.

## THE COUNCIL'S PRIORITIES FOR THE NEW COUNCIL

### Employees

23. Employees must be treated fairly and well through the transitions process, therefore the Council welcomes the Government's commitment to apply TUPE-like terms to the transfer to the new Authority which will provide that staff who transfer do so on terms no less favourable than those they enjoyed immediately before the transfer.
24. The Council is committed to playing an intrinsic role in the People and Organisation workstreams with the intention of seeking to establish a common and cohesive protocol towards the management of staff pre and post transfer which will:
- not cause unnecessary redundancy or recruitment to take place
  - seek to maximise the transfer and retention of employees and
  - ensure a process that is fair and transparent, thereby creating a climate of trust and openness
  - ensure equality of treatment and meaningful engagement with staff and unions
  - develop and maintain effective channels of communication to ensure employees receive timely and consistent messages
25. The Council will advocate that the Implementation Executive consults on all aspects of the staff transfer and the human resource implications of the new Authority with the appropriate local staff representatives including consulting with Trade Unions at the earliest possible stage on facilitation arrangements in the new Authority. The Council will also actively promote a staff communications strategy and will employ a range of communications methods to ensure all employees hear the same key messages, at the same time.

26. The Organisational Development section of this plan sets out how the Council will support employee development during the transition process.

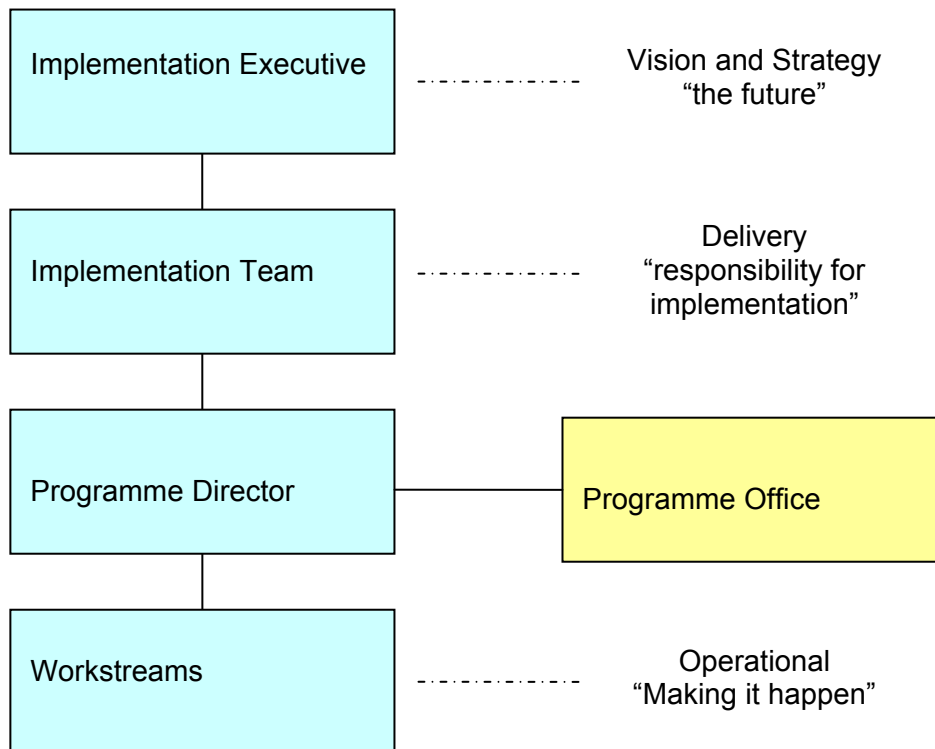
### Organisational design

27. The introduction of a single Council for a County represents a move away from traditional forms of local government and introduces a new concept, that of sub-regional government. This is a major change in the way that democratically accountable public services are organised and presents an opportunity for positive change if innovation in organisational design is embraced and service provision devolved in line with the aspirations of the Local Government and Public Involvement In Health Act 2007.
28. The Borough Council believes that the two-tier local government system has many positive benefits and has served rural Counties well. Care must be taken to ensure that the very positive aspects of the two tier system, such as the autonomous local decision making and locality based perspective of district councils, are maintained and combined with the economies of scale and strategic resource allocation that can be achieved through larger structures.
29. As a broad principle, the Borough Council favours a decentralised system of local government, which empowers neighbourhoods and supports locality working. In particular, it would wish to see multi-disciplinary teams working within neighbourhoods, empowered community partnerships and trusts capable of commissioning services in areas of need, supported with enhanced access to services.
30. Locality based working would be best supported through multi-functional, sub-county policy, management and decision making structures that reflect the distinct sub-county geographies identifiable through labour markets, retail patterns, housing markets and community identity. This principle has been adopted by the recently reconfigured PCT and County Durham's Police Force. The abolition of District boundaries provides the opportunity to review and align sub-county policy, strategy and delivery areas on a multi-agency basis.
31. At a County level, a centralised back office would create the economies of scale to support this locality based working. The County is viewed as the natural place for Strategic Leadership and large-scale project and service development, where a broader view is necessary.
32. The Council welcomes the opportunity for inclusion in the change management process and will work positively during the transition phase.

### THE COUNTY DURHAM COUNCIL PROGRAMME

33. A 'County Durham Council' change programme structure has been developed by the Durham County and District Councils' Senior Officer Group and provisionally endorsed by all authorities to commence once legislative orders have been placed.
34. The vision of the programme is to create "a new unitary Council committed to developing a prosperous, safe and sustainable future for County Durham, listening to, and working with, local people, leading and shaping our communities and working in partnership to ensure quality, cost-effective services".

35. The following governance model for the programme has been agreed.



36. The programme will be managed through an Implementation Executive of Elected Members and an Implementation Team (IT) comprising the Chief Executive and Directors of the County Council, the Chief Executives of the Durham District Councils and the Programme Director.

37. The day-to-day management of the programme will be the responsibility of a Programme Director, who will be supported by a Programme Manager and a small programme office. The Programme Director will be independent of the authorities involved.

38. The projects that will create the new Council will be developed under the workstreams, which will each be managed by a Workstream Lead. The Workstream Leads will be drawn from the County and District Councils, as appropriate. Provisional workstreams are Leadership, Vision/Strategy, Organisation, Service Delivery, Leadership, People, Processes, Customer, Finance, Property and Stakeholder/Communications.

**THE COUNCIL’S COMMITMENT TO THE CHANGE PROGRAMME**

39. The Council will make a number of commitments, set out below, to facilitate the development of the new authority and at the same time to deliver on existing commitments and local priorities during the transition period.

40. The Council will be represented on the Implementation Executive and the Implementation Team and offer the change programme full support and cooperation at all times. It will comply with all protocols to be agreed in respect of the change programme. It will release appropriate resources to support the programme workstreams.



41. Project and service design and investment/disinvestment decisions will be developed alongside and complement the vision and objectives of the County Durham Council change programme and the vision for the new authority. All key decisions of the Council will be submitted to the Implementation Executive, Implementation Team, and where appropriate, the Audit Commission and DCLG, for comment.
42. The Council commits to no growth in its overall revenue budget during the transition period; prudent use of its reserves and capital expenditure grounded in existing policy commitments. Expenditure, contracting and disposals will be in accordance with the provisions of section 24 of the Local Government and Public Involvement in Health Act 2007.
43. The Council will continue to follow as far as practicable the principles laid out in the existing Medium Term Financial Plan or in line with any revisions outlined in the financial plan element of this document. Flexible approaches to some savings will need to be adopted to deal with capacity and capability issues associated with the delivery of this plan.
44. It will be necessary to re-examine existing staffing levels and structures in relevant sections and to consider the appropriateness of existing officer delegations in order to ensure that ...
  - Resources are aligned to the tasks of managing the transition and participating in the development of a new County Durham Council
  - Staffing levels and structures can be amended relatively quickly as circumstances change in the lead-up to April 2009.
45. Appropriate workforce analyses will be undertaken when details of this Council's transition and the development of the new council become clearer and the constitutional implications of existing establishment and staffing decision-making processes need to be examined to determine if they can be made more flexible and less bureaucratic whilst maintaining the highest standards of probity.
46. In order to ensure that all affected employees are supported throughout this change process, employees' development needs are reassessed and incorporated into the Council's transition plan.
47. The Council has developed internal programme management arrangements to deliver this plan that are complementary to those of the County Durham Council change programme. These are set out below.

## **INTERNAL ARRANGEMENTS**

48. The Council must ensure that service standards are maintained, that priority commitments (e.g. those outlined in the Corporate Plan and capital programmes) are honoured where practicable, and that employees are fully supported through the change process, so that the legacy of Sedgefield Borough Council is positive.
49. The Council has a number of priority objectives for the Borough's communities, which will continue to be pursued within the constraints imposed by the Local Government and Public Involvement in Health Act 2007 and those locally determined. These are outlined in subsequent sections.

50. The Council must also ensure that it plays a full part in the development of the new authority so that the needs of local communities continue to be met, the Council's good practice and learning is fully utilised, the profile and skills of employees are raised and their interests protected.

### Transition Plan

51. This plan sets out activities that will ensure that both of these responsibilities are executed effectively. It will be updated on a monthly basis and be supported by an action plan for the use of the Project Officers Group. It is proposed that the Council delivers the Transition Plan in line with Managing Strategic Programmes (MSP) and PRINCE2 principles, with a programme structure that plays into countywide arrangements.

### Programme Management arrangements

52. The Transition Programme will be coordinated by the Assistant Chief Executive, and managed on day-to-day basis by the Corporate Performance Manager and Policy and Regeneration Manager. The Information Management Projects Officer will provide programme and projects support. These officers, together with key Accountancy and HR supports, will comprise the programme management team.
53. Management Team will act as the Programme Board and has agreed leads and project officers to develop internal arrangements linked to the County Durham Council Change Programme workstreams. These are set out below.

Workstream Area	Management Team Lead	Project Manager
Leadership	Brian Allen/Glyn Hall	-
Vision/Strategy	Andy Palmer	Paul Stephens
Democracy/Governance	Dennis Hall	David Anderson
People/ Organisation	Alan Boddy	Helen Darby
Service Delivery/Customer	Colin Steel	Jerry Miller
Processes/ICT	Alan Smith	Anita Maxwell
Finance/Property	Alan Smith	Harold Moses/John Wilkinson
Stakeholder/Communications	Phil Ball	Paul Stephens/Clare Marshall

54. Leads and project officers will develop teams and internal arrangements as appropriate on a time-limited basis, within the framework established by Organisational Development. A Project Officers Group will be established to ensure work is coordinate effectively. This framework is outlined at Appendix 2.
55. Programme updates will be a standing item on Management Team and Cabinet agendas and will be reported to Strategic Leadership Overview and Scrutiny Committee.

### Rationalisation of partnerships, policy development and service improvement arrangements

56. It is clear that the implementation of the Transition Plan within the allotted timescale will be challenging. This work will involve some element of rationalisation and 'mopping up',

as some initiatives, programmes and projects will no longer be relevant or deliverable within the transition period.

57. The Council's partnerships will be reviewed in line with corporate arrangements, and revised accordingly.
58. Policy development and mid to long-term service improvement initiatives in particular will be curtailed. For example, the service development and optimisation programme 'Making Change Happen' is one that will not now proceed in its proposed format. It should be noted that 'Making Change Happen' was to incorporate the Council's 'Best Value Review' programme, which will be curtailed. All policy and service development will be nested within the countywide transition process.
59. Existing groups such as Strategic Working Groups, the purpose of which has been largely to develop policy, will be re-engineered, with their focus to be upon bringing forward projects through the transition programme. Other policy-focused middle manager groups should be abolished or realigned to the Transition Plan as appropriate.
60. The Heads of Service Group will continue to meet, but on a quarterly basis. In the interim, key Heads of Service will be involved in or support the transition programme; others will focus on maintaining service standards and dealing with more operational transition issues under the guidance of the Board.
61. Cabinet and Management Team will continue to receive performance and budgetary updates via a quarterly, composite, exception report. Quarterly reports will also be made available to Overview and Scrutiny Committees.
62. This will necessitate a review of the workload of the Council's Overview and Scrutiny Committees. The proposed quarterly performance updates and progress updates on the Transition Plan will add to Scrutiny workload, but this may be offset by a reduction in Scrutiny Reviews, which will be focused largely upon transition issues. This issue will be discussed with members of Overview and Scrutiny Committees and via the countywide change programme.

#### Business as usual

63. Outside of this transition programme, business as usual will continue. Service standards must be preserved as far as practicable against a background of increased employee turnover, a moratorium on recruitment, a possible drop in morale and the ongoing development of new delivery arrangements. Performance will be closely monitored for early warning signs of deterioration, and exception reports presented to Management Team and Cabinet as outlined above. The Business Continuity Plan will be reviewed to determine whether it is fit-for-purpose from a LGR perspective and revised as appropriate.

## KEY PRIORITIES AND ACTIVITY TO APRIL 2009

### CORPORATE PRIORITIES AND ASSOCIATED ACTIVITIES

64. The key priorities for Sedgefield Borough, identified by the Sedgefield Borough Local Strategic Partnership, are: -

- Health – Improved life expectancy and premature mortality from circulatory disease and cancer, healthy lifestyles, improved mental health and reduced teenage pregnancy.
- Employment – Improved employment and economic activity rates and increased average household income.
- Education – Improved attainment levels and numbers of young people in education, employment or training.

In addition, anti-social behaviour and decent homes for vulnerable households in the private sector remain key issues.

65. The Council's own key priorities are reviewed annually as part of the corporate planning process, taking into account national and regional policy, sub-regional and local strategy, quality of life statistics, and service performance information, audit and inspection and community views. The following current priority objectives are set out in the Corporate Plan 2007-2010: -

- Work with partners to reduce health inequalities
- Jointly commission with partners a range of services to promote independent living for vulnerable groups
- Enhance the vitality of town centres
- Improve the employability of local people
- Work with partners to narrow the gap in quality of life experienced by the most disadvantaged groups in the Borough
- Reduce waste and increase recycling rates
- Promote sustainability across the Borough
- Achieve excellence in the delivery of Council Housing Services
- Work with partners to regenerate older private sector housing
- Work with partners to reduce anti-social behaviour
- Support the development of cohesive communities

66. The Council has reviewed the commitments made in the Corporate Plan, Medium Term Financial Plan and associated documents and has determined, in light of key objectives and resource constraints, which planned activities and projects will be progressed during the transition period. This plan makes clear the links between work to be undertaken during the transition period and priorities and investment decisions previously made by the Council.
67. The major activities/projects in support of the Council's key objectives are set out below, and will be supported by a detailed action plan.

#### *Healthy Borough*

68. The Council will continue to work with partners to promote healthy lifestyles, progressing the Borough's Physical Activity Action Plan, publishing Alcohol Harm and Accident Reduction Strategies and raising awareness in local communities and businesses. Employees working in these areas will be trained in public health issues.

69. Capital investment in leisure will continue, with a new fitness suite at Spennymoor Leisure Centre and five new play areas installed across the Borough.
70. The Council will continue to support the development of Every Child Matters in County Durham by implementing the County Durham Family Support Strategy and supporting the development of the Borough's Local Children's Board.
71. There will be continued support for independent living for older and vulnerable people, with the implementation of an Older Persons Accommodation Strategy for Supported Housing and the Adult Partnership Board Assistive Technology Strategy. An options appraisal will be undertaken ahead of Supporting People Strategic Review of Home Improvement Agencies across County Durham.

#### *Attractive Borough*

72. The ongoing development of the Local Development Framework will continue, and the Council will approve and adopt an Open Space Needs Assessment, which in turn will inform a Green Space Strategy for the Borough.
73. A sustainable waste management strategy for 2008-2013 will be developed, taking into account public concerns at the progress of recycling in the Borough.
74. To promote sustainable development, the Council will develop a sustainability appraisal toolkit for use in the development and evaluation of strategies, plans and policies. It will also produce an organisational Climate Change strategy and seek to involve partners and local communities in the development of a strategy for the Borough as a whole.

#### *Prosperous Borough*

75. An Economic Development Strategy for the Borough will be published this year and the Council will continue to develop the Borough's land and property offer through the Shildon Business Village and investment in other key locations. The development of NETPark will remain a priority. Business engagement will be strengthened through the development of 'Your Business Forum'.
76. The ongoing implementation of the LEGI programme will continue across the County Durham NRF area, and the Council will continue its approach to enterprise facilitation in deprived areas.
77. In recognition of local concern at the competitiveness of town centres, the Council will undertake masterplanning exercises for Spennymoor and Newton Aycliffe town centres and identify opportunities to increase economic activity in Ferryhill and Sedgfield.
78. To improve the local tourism offer, a ten-year capital plan for Locomotion – The National Railway Museum at Shildon will be developed and implemented.
79. To boost the numbers of local people with Level 2 qualifications the Council will deliver the Train to Gain programme to local businesses from 2007. The Council will also work with Bishop Auckland College and Higher Education providers to develop a new training service in the Borough, with an integrated 14-19 apprenticeship programme and a new Trades and Construction Training Centre at Spennymoor.

### *Strong Communities*

80. The Council will determine the future model for social housing in the Borough through a Council housing stock options review. In the interim, the Council will continue to improve service to tenants by developing with a partner a new capital and repairs and maintenance service, and appraising the future of sheltered housing schemes. Customer focus will be strengthened through a review of the Allocations Policy and Tenancy Agreement and the development of a Tenants Compact Strategy.
81. An Available Housing Land Assessment will be undertaken and a Supplementary Planning Policy Document on affordable housing developed.
82. The Council will complete with partners Phase 2 of the Durham Housing Market Assessment, and implement a MasterPlan Programme Plan for former coalfield communities. Regeneration of the Rows in Ferryhill Station and the Hawkshead Place and Praxis partnership sites will be progressed. To promote future improvements, options for the development of a housing regeneration vehicle for the Borough will be appraised and progressed.
83. A Community Safety and Anti-Social Behaviour plan will be developed, and the Council will sign up to the RESPECT standard for social landlords and implement selective licensing of private sector landlords.
84. To promote local democracy and community cohesion, the Council will develop Area Frameworks – development plans for each of the five areas of the Borough – and will work with partners, local partnerships and communities to deliver these.
85. The Council will also continue with its policy of devolving funding to local communities through its existing Local Improvement Programme and Neighbourhood Enhancement Programme. Community disposal of assets is being explored with applications made to the Big Lottery Fund for the Pioneering Care Centre in Newton Aycliffe and the Ladder Centre in Ferryhill.

### **SUPPORTING THE DEVELOPMENT OF THE NEW AUTHORITY**

86. The activity outlined in this Plan is consistent with the vision and programme management arrangements for the new authority. Investment in corporate governance and infrastructure in particular will be closely aligned to workstream development
87. Corporate health and governance issues for progression during the transition period include Organisational Development, the achievement of Level 3 of the Equality Standard for Local Government, the reduction of sickness absence and the review of corporate governance arrangements.

### **CAPITAL PROGRAMME AND ASSOCIATED DEVELOPMENTS**

88. The Council has in place a capital programme aligned with its key objectives. The pages below outline the key capital projects and associated developments to be taken forward in the transition period, and set out relevant issues for the consideration of the Implementation Executive or Transitional Authority.
89. Key priority capital-related commitments are Housing Partnering; potential LSVT of Council Housing Stock; Coalfields Housing Renewal; Town Centre planning; the

Training Service merger with Bishop Auckland College and the development of an Arts Resource Centre in Spennymoor.

90. In line with the process agreed for change programme workstreams, Management Team has agreed leads and project officers for each of these projects. These are set out below, together with an assessment of corporate support required for each.

Project	Portfolio	Management Team Lead	Employee support required					Project Officer
			Accountancy	HR/OD	Legal	ICT	Valuers	
Housing Partnering	HSG	Colin Steel	H	H	H	H	L/M	Bob Scougall
LSVT	HSG	Colin Steel	H	H	H	H	H	Ian Brown
Coalfields Housing Renewal	SR&P/ HSG	Glyn Hall	L	L	H	L	H	Graham Wood
Town Centre Planning	SR&P/ HSG	Glyn Hall	L	L	H	L	M/H	Graham Wood
Training Merger	L&E	Andy Palmer	L/M	M/H	M/H	M	M	Andrew Megginson
Arts Resource	L&C	Phil Ball	L	L	L	L	L/M	External

## KEY PROJECTS FOR CONSULTATION WITH TRANSITIONAL AUTHORITY

### Housing Partnering

#### *Link to key objectives*

- Achieve excellence in the delivery of Council Housing Services

#### *Link to LGR objectives*

- Will provide a step change in quality of housing maintenance
- Will improve customer focus and service
- Will make £2.5m savings over the life of the contract
- Contract will transfer to RSL if LSVT successful

#### *Background*

91. The Council must ensure that it meets the Government's Decent Homes Standard by December 2010, achieves best value in the delivery of services and achieves savings and improvements in service delivery as identified in the Review of Public Services by Sir Peter Gershon (Gershon Report).
92. On 16 March 2006 Cabinet agreed to pursue partnering as the preferred procurement strategy in recognition of best practice, and having been advised that Partnering would provide the Council with an opportunity to address a number of key issues facing the Capital and Repairs and Maintenance Service, notably the key issues of:-
  - Securing value for money, achieving efficiency gains and efficient service delivery as identified in the Gershon Report and recommended by the Audit Commission.
  - A diminishing workload base for existing craft staff.
  - A need to modernise and invest in ICT capacity.
  - A need to improve the service performance and ensure a two/three star service rating is achieved in the future for all the Housing Service.
93. Partnering promotes improved performance through collaborative business relationships based on best value rather than lowest cost. It requires that the parties' work together in an open and trusting relationship based on mutual objectives, an agreed method of problem resolution and an active search for continuous measurable improvements.
94. After an OJEU procurement exercise, Mears Group PLC was selected as the proffered supplier.
95. The contract will be over 5 years and will include the provision for a 2-year extension; subject to satisfactory performance. The scope of works included within the construction Partnering Project 2007-20012 are as follows: -
  - Council Properties: Day to day repairs and planned cyclical maintenance of approximately 8,500 council homes and some of the Council's public buildings.
  - Refurbishment and improvement of council homes to achieve Decent Homes Standard.
  - Private properties, Group Repairs Schemes to private domestic properties over a three-year period.
  - New Build (Carbon Neutral Homes): 130 homes consisting of 30 affordable homes and 100 homes for sale.



- Development of Spennymoor Leisure Centre (Arts Resource)

#### *Benefits*

96. The benefits of successful Strategic Partnering, to the Council, tenants of the Council and employees includes: -
- Increased tenant satisfaction.
  - Better value for the client.
  - Staff training and development with resulting job satisfaction.
  - The creation of an environment that encourages innovation and technical development for the benefit of tenants.
  - Better understanding between partners and driving down of real costs, assisting the Council to address the Gershon efficiency agenda.
  - Increased integration with specialists in the supply chain.
  - The eliminated of duplication within process and management.
  - Better predictability of time and cost.
  - Shorter overall delivery period.
  - Stability, which provides more confidence for better planning and investment in staff and resources.

#### *Indicative Costs*

97. The contract will be for £60m over a five year period, potentially rising to £85m should the Coalfields Housing Renewal project and the Arts Resource Centre development progress as anticipated.
98. The partnering arrangement will result in the achievement of £2.5m of savings over the life of the contract.

#### *Timescales*

99. The contract and transfer of staff is scheduled to begin on 11 February 2008.

<b>LSVT Of Council Housing Stock</b>
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#### *Link to key objectives*

- Achieve excellence in the delivery of Council Housing Services

#### *Link to LGR objectives*

- Will allow step change in housing investment in South West Durham
- In line with modern government policy
- In line with the wishes of tenants, as identified through recent survey work

#### *Background*

100. National and local policy changes since the last ballot in 2005 make it prudent to revisit Stock Options Appraisal.
101. On 7 June 2007 Cabinet considered a report that recommended that it would be wise to revisit the strategic options to consider how the future investment needs of it housing stock can be met, whilst ensuring its effective ongoing management.
102. The establishment of an Arms Length Management Organisation (ALMO) and private finance initiative (PFI) are not considered suitable or appropriate options as they fail to deliver the capacity to address the strategic and operational objectives.

103. Stock Transfer remains the only viable option to address the key issues that have emerged as part of the changing policy environment. The Council proposes transfer to a stand-alone RSL – Sedgefield Homes.

#### *Benefits*

104. Stock Transfer would offer the following benefits to tenants and to the Council: -
- Safeguarding resources withdrawn by Government from the current housing service (in excess of £3m this year) for investment in the housing stock.
  - Partnership arrangements for wider regeneration
  - Potential for financial benefits
  - Securing the delivery of Decent Homes for tenants against a background of increasing construction costs.
  - Delivering the asset management standard and tenants aspirations for their homes over and above the Decent Homes Standard.
  - Modernising and extending support services for vulnerable households.
  - Promoting the delivery of additional affordable housing across the Borough.
  - Increasing community involvement in the management of local services and assets.

#### *Indicative Costs*

105. It is estimated that the costs of managing the stock transfer process to ballot stage will be approximately £411,000. In the event of a yes vote and subsequent transfer, these costs would be recovered from the sale of the stock as a set up cost.

#### *Timescales*

106. It is anticipated that a ballot of tenants will be held in July 2008. Approval would see the transfer take place in February 2009.

### **Coalfields Housing Renewal**

#### *Link to key objectives*

- Work with partners to regenerate older private sector housing
- Work with partners to reduce anti-social behaviour
- Support the development of cohesive communities
- Work with partners to reduce health inequalities
- Improve the employability of local people
- Work with partners to narrow the gap in quality of life experienced by the most disadvantaged groups in the Borough

#### *Link to LGR objectives*

- Flagship project for a modern council with intensive level of community involvement
- Attracting national interest, fully supported by CLG
- Sets up first community trust as outlined in Unitary bid proposal

#### *Background*

107. The Council has over the past three years worked with neighbouring authorities along with national and regional bodies such as the Regional Housing Board and English Partnerships, to identify, understand and address housing market fragility in the Borough with a focus in the former coalfield areas of Dean Bank, Ferryhill Station and West Chilton areas in particular.

108. The Borough has a number of fragile housing markets characterised by poor quality, private sector properties, type and tenure mismatch, high turnover of tenancies and some degree of abandonment. The economic profile of residents and owners (be they owner occupiers or private sector landlords) in these areas has meant limited investment in properties, low house prices and no sustainable inward migration.
109. The Council recognises the need for structured, supported intervention is critical to achieving the objectives identified for these areas in previously agreed Development Frameworks. Innovation has been a key element of the works to date with resident support packages based around equity loan products and the designation of a selective licensing scheme to assist with the management of tenancies across the areas.
110. Whilst partnership working and a significant degree of community participation has brought plans for these communities so far, real step change in terms of the delivery of physical renewal, based on a specific, financially flexible, regeneration vehicle to work alongside Private Sector investment. The Council is pursuing the development of a Regeneration and Development Trust (RDT) for the Borough to continue and accelerate progress.

### *Benefits*

111. The agreed proposals to deal with Housing Market renewal in the identified settlements presents a programme of activity of more than £56 million with a funding gap of over £25 Million. A Trust would be in a much stronger position than the Council to optimise the use of public assets by maximising land values, and innovate in developing joint ventures and leveraging both public and private finance to support development.
112. The Trust would operate as the local delivery vehicle translating the established vision, objectives and policies into real outcomes for the local community.
113. It would work closely with the new National Homes and Communities Agency and other stakeholders to ensure the particular pressures relating to housing and regeneration faced by local communities are suitably addressed. And it would enable the local community to be at the heart of plans for investment, consultation and regeneration.
114. The proposals for a Housing growth point, centred upon additional residential growth, but incorporating infrastructure and economic development projects would add to the scale and pace of transformation of these communities, if secured.

### *Indicative Costs*

115. To achieve the aspirations of the Trust a capital fund of £6m will be transferred by the Borough Council. This funding is in addition to an initial allocation in excess of £3million already defrayed in commencing the purchase of land and properties and the relocation of residents
116. Additional public sector contributions to the process are sought on a sub regional basis from the Homes and Communities Agency and the Regional Housing Board. Further opportunities for financial support from the Housing Corporation will be considered with development partners given the type and tenure of properties that are proposed for these areas.
117. The expectation has been from the outset that there is a significant role for the private sector (Housebuilders) to play in delivering the vision for these areas. The RDT will

provide a mechanism to engage with and lever in significant investment from the private sector.

#### *Timescales*

- July 2006 – Sedgefield Borough Council Cabinet report - Coalfield Housing Market Renewal –(Masterplanning)
- December 2007 – Sedgefield Borough Council Cabinet report on establishment of Regeneration Development Trust
- January 2008 Anticipated response from English Partnerships to application for support across Sedgefield Wear Valley & Easington Councils.
- Spring 2008 Announcement of Successful bids for Growth point status

### **New Training Service And Centre For The Borough**

#### *Link to key objectives*

- Improve the employability of local people
- Work with partners to narrow the gap in quality of life experienced by the most disadvantaged groups in the Borough

#### *Link to LGR objectives*

- Model example of local leadership
- Will provide step change in training and learning opportunities for local people
- Provides a strategic response to the supply of skilled labour for the major building programmes of the new council i.e. BSF, Coalfield Housing Renewal.
- Provides opportunity to rationalise existing Borough council depot as part of new Council's asset management plans with associated capital receipt.

#### *Background*

118. There are a number of training organisations based in the Borough delivering work based learning programmes to both youth and adult learners. In general, these organisations work in a complementary manner, though there are also areas of duplication and competition.
119. However, in light of the new, tougher, national contracting environment for training, the Council will work with Bishop Auckland College and Higher Education providers to develop a new training service for the Borough.
120. The Council has operated a successful training service since 1978 and is now the only Council in the region to run both adult and youth training services. The service focuses on return-to-work training for long-term unemployed people, as well as modern apprenticeships, specialising in business administration, construction and engineering training.
121. Bishop Auckland College also provide construction skills training from their Bishop Auckland College campus base. The college has undergone extension refurbishment through funding from the Learning and Skills Council. The next phase of investment will focus on the Work Based Learning activity and in particular construction skills.
122. Sedgefield Borough Council Training Service and Bishop Auckland College share common goals with regard to quality training provision within South West Durham. In view of the new national contracting environment, a merger between the Council's Training Organisation and Bishop Auckland College to provide a joined up training

solution for Sedgefield Borough and wider South West Durham Communities is considered the optimum solution for both parties.

123. The central theme of the proposal is to initially enhance Work Based Learning and Train to gain opportunities with a principle focus on construction trades. A clear aspiration for the relationship is also to provide a greater variety of Higher Education courses linked to established regional HE providers.
124. Linked to this is a further commitment from both partners to construct a new Training Centre at the Council's existing Coulson Street training site in Spennymoor to provide for work based learning in construction and specialist trades skills.

#### *Benefits*

125. The merger and associated new training facility would offer the following benefits to learners and partners: -
  - Greater Higher Education presence in the Sedgefield Borough area and provision of a central venue for South West Durham on a key site in Spennymoor that has been vacant for over 15 years.
  - Increased credibility, capacity and access to contracts for the new Training Service.
  - Greater choice for learners of approved courses and the opportunity to engage in continual development up to degree level.
  - Improvements in the employability of local people linked to local demand, particularly in respect of the wider regeneration agenda – Housing Master Plan, Building Schools for the Future and the Housing Service Partnering Contract.
  - Provides clear opportunity to rationalise provision at the Chilton Depot site as part of reorganisation discussions.

#### *Indicative Costs*

126. Based on cost estimates from Bishop Auckland College Phase 1 development the cost of the Training Centre on the Coulson Street site has been estimated at £5m.
127. In addition to this some of the Higher Education components of the Project will be located at the Bishop Auckland College site as part of their Phase 2 development through the Learning Skills Council. Ultimate costings will rely largely on the final curriculum plan, as this will establish the project requirements and set the necessary footprint of the building.
128. At this stage, the Council in support of this project has identified a budget of £2.7m. This includes £200,000 outlined for the feasibility, project development costs and fees. Additional funding towards the proposal will come from a mixture of Bishop Auckland College and external sources. The Learning and Skills Council will be a major funder. The curriculum plan will inform discussions with the LSC. Single programme funding will be sought for the Higher Education elements. £200 - 500,000 will be sought from the RDA following clarification of curriculum plan requirements and layout/fitting out costs.

#### *Timescales*

129. The Memorandum of Understanding between the Council and the College will be signed in December 2007.
130. The new Training Centre is expected to be operational by Autumn 2009.

## Redevelopment Of Spennymoor Town Centre (Arts Resource Centre)

### *Link to key objectives*

- Enhance the vitality of town centres
- Work with partners to narrow the gap in quality of life experienced by the most disadvantaged groups in the Borough
- Support the development of cohesive communities

### *Link to LGR objectives*

- Provides an early win for joint provision of county council and Borough Council services
- Integral to the place shaping agenda

### *Background*

131. The Borough Council is in the process of commissioning an Area Action Plan for the major centre of Spennymoor in order to direct opportunities for investment. Spennymoor town centre must fundamentally reshape its retail offer for the current market, with a smaller number of larger units and maximise its increasing role as a service centre and place of leisure.
132. Critical to this redevelopment is the promotion of a night time economy to service the needs of residents, particularly given the extent of the new housing to be built including the Thorn's and Whitworth sites.
133. The Council proposes to develop an Arts Resource Centre for the Borough within the existing Spennymoor Leisure Centre site to provide opportunities for community development and cohesion, learning and skills acquisition and access to arts and cultural programmes. Providing arts and sports facilities under one roof would provide an innovative arts development that is a leader in the region, and would support the Olympic vision.
134. The Arts Resource Centre would comprise a multi-functional performance and rehearsal facility seating up to 200, a specialist dance and drama rehearsal space, a small gallery facility, and foyer and café facilities integrated with a digital display capacity and facilities for artists along with small business space for creative industries.
135. Durham County Council is currently considering a proposal to re-site the Spennymoor library within the proposed Arts Resource centre. Bishop Auckland College has signalled its intention to collaborate with the Council on this project and use the facilities provided by the Arts Resource Centre.
136. The Area Action plan will identify these current and proposed development alongside the towns population and retail catchments and establish formal planning policy for land use allocations across the town.
137. The focus and opportunity for significant development could be yet further enhanced if the bid for the designation of a growth point across County Durham is successful.

### *Timeline*

- Spennymoor & Newton Aycliffe Town Centre Study, September 2000, EDAW

- Spennymoor Town Centre Improvement Programme - Report to Cabinet December 2003.
- Regeneration Service Capital Programme 2004/5 Report to Cabinet July 2004
- Report to Cabinet 13 September 2007 – Utilising Local Authority Business Growth incentive Funds
- Report to Cabinet 27 September 2007 – Commissioning an Area Action Plan for Spennymoor town Centre.

### *Benefits*

138. Planned investments would incorporate additional public realm works to improve linkages within the secondary retail area of Cheapside and link it more effectively with the main retailing core and the leisure centre site.
139. The retailing provision in the Cheapside area is currently the subject of significant planned private sector investment, which will refurbish several significant properties, attract new retailers and provide additional commercial business space.
140. The Arts Resource Centre would help to fill a gap of professional provision for arts groups identified by the Sedgefield Borough Arts Audit and Spennymoor Arts Resource studies undertaken by Arts UK in 2004 and 2005.
141. The planned investments across the centre are part of an ongoing programme to improve the diversification of businesses in Spennymoor and provide a range of local services in line with the future local socio-economic and demographic patterns
142. The potential relocation of the library within the new Arts Resource Centre in particular would not only provide a diverse public service outlet which would enhance footfall within the town centre, but could also pave the way for a further round of site assembly to assist in the further redevelopment of the Town Centre.

### *Indicative Costs*

143. It is estimated that the capital build costs including provision for the library and external/environmental improvement is £3.624m, based on an assumed September 2009 opening date.
144. The model for the first five years of operation of the arts resource shows that no additional revenue funding will be required to underwrite the ongoing expenses of the building, its staffing or programme.
145. The model indicates new annual fundraising targets in four areas: -
  - From Arts Council North East, an additional £45,000 per annum core revenue funding to 2011/12 (the next three year funding period).
  - £50,000 per annum project funding from 2011/12 (currently the Sedgefield Arts Team raises more than £50,000 per annum project funding for its activities).
  - £15,000 per annum from 2012/13 to support 75% of the bussing costs of bringing school students to performances at the venue.
146. £5,000 per annum from 2011/12 towards the outdoor events programme that links the venue and the Town Centre. Given the public exposure of such work and the large number of people the programme should attract it is very likely that the programme would attract a commercial sponsor.

147. Committed capital expenditure from the Spennymoor Improvement Programme is currently directed towards delivering streetscape works and property improvement grants.

#### *Timescales*

148. The capital building programme could commence in May 2008, which would indicate an opening in May/June 2009 with the first full season commencing in September 2009. However, this will depend on how quickly the partners (particularly Durham County Council) reach consensus on the project and linked funding applications.

### **Redevelopment Of Newton Aycliffe Town Centre**

#### *Link to key objectives*

- Enhance the vitality of town centres
- Work with partners to narrow the gap in quality of life experienced by the most disadvantaged groups in the Borough
- Support the development of cohesive communities

#### *Link to LGR objectives*

- Integral to the place shaping agenda
- Opportunity to display joint County/District Council working

#### *Background*

149. The Borough Council is currently working with Durham County Council, County Durham PCT, Great Aycliffe Town Council and Freshwater, the private owners of much of Newton Aycliffe Town Centre, to bring about a comprehensive regeneration solution for the Town Centre that ensures good access to high Quality Public service outlets and supports a process of ongoing investment in retail and commercial operations as anticipated for a Town of Newton Aycliffe's size and catchment.
150. In order deliver these improvements, the town centre must fundamentally reshape its retail offer for the current market, with a smaller number of larger units, aimed at filling retail gaps following a significant supermarket development and maximise its increasing role as a service centre and place of leisure.
151. Critical to this redevelopment is the timely resolution of key public service outlets – Library and Health centre in an area between the original town centre and a more recent expansion. Service user consultations are underway or planned, but initial feedback has indicated a strong desire to retain both facilities in the town centre.
152. The Council is supporting the owners of the town centre in the development of a Masterplan which will seek to resolve issues relating to the retail offer across the town - like Spennymoor a proliferation of smaller undesirable units and the need for new larger regular formatted units which national retailer groups will be attracted to. In addition, issues of access by foot car and public transport require attention to ensure the most effective and sympathetic integration with surrounding residential areas.
153. Durham County Council is currently considering options to I to re-site the library either as a short term solution to enable the next phase of Town Centre redevelopment to progress or if suitable premises can be identified / created as a long term solution.



154. Such has been the focus of residential growth on sites surrounding Newton Aycliffe in recent years that there is an enhanced catchment population for convenience retailing and access to services. the opportunity for significant development could be yet further enhanced if the bid for the designation of a growth point across County Durham is successful.

#### *Timeline*

- Spennymoor & Newton Aycliffe Town Centre Study, September 2000, EDAW
- Report to Council June 2007 – Sedgefield Borough Corporate Plan
- Report to Cabinet 13 September 2007 – Utilising Local Authority Business Growth incentive Funds

#### *Benefits*

155. Planned investments would incorporate additional public realm works to improve linkages across the retail area of and consolidate the currently fragmented car parking and transport access points.
156. The Borough Council's leisure centre provides a significant and prominent facility directly in the Town Centre, which itself has recently benefited from private sector investment in its facilities. Additional services such as cash office and access to Citizen's Advice Bureau are currently provided. Opportunities for a new library and ancillary functions in the town centre would greatly improve resident's access to services.
157. The planned investments across the centre are principally private sector led, in line with land ownerships. Planned public sector investment extends beyond the provision of new facilities and includes potential investments under the County Council's Urban & Rural Renaissance Programme – major centres theme and enhancing pedestrian and public realm links.

#### *Indicative Costs*

158. Until the later stages of the Masterplan are reached, it is not possible to identify either total cost for redevelopment or specific project costs to facilitate this.
159. There is currently no committed capital budget to assist with the redevelopment of Newton Aycliffe Town Centre, given the extent of Private ownership and State Aid rules. Sedgefield Borough Council has some land ownerships within and adjacent to the Town Centre and seeks to maximise the benefit derived from these assets.
160. A significant level of internal staffing resource is and may continue to be required across Regeneration, Valuation and Property, Development Control and Forward Planning sections to ensure the comprehensive and holistic nature of the Masterplan proposals for the Town Centre.

#### *Timescales*

161. The development of a Masterplan for the Town Centre should commence with early stages .of public consultation in 2008. These will be linked to ongoing consultation exercises being undertaken by partner agencies wherever possible.
162. An agreed and costed Masterplan is anticipated by Summer 2008.
163. Ongoing discussions are required to establish the most advantageous disposal of PCT / DCC property assets within the Town Centre

## ORGANISATIONAL DEVELOPMENT PLAN

### CAPACITY

164. To ensure that transition projects, LGR implementation milestones and service delivery standards are met the Organisational Development Service will support service departments with effective and timely methods. Appropriate additional resource such as agency workers, interim managers, consultancy and temporary employees will be secured as and when required, and temporary additional duties and responsibilities assigned as necessary.
165. It is also important that 'key worker' knowledge is retained during the transition period, therefore flexible-working policies will be promoted and encouraged.

### TRAINING AND DEVELOPMENT

#### *Top Team Development*

166. Providing positive leadership through the transition to a unitary authority is a significant and key challenge that will have a major impact on employee morale and retention. To facilitate this executive support will be provided for Management Team and Cabinet via a range of interventions.

#### *Competency Framework*

167. It is likely that common standards (competencies) will be used by the new authority to enable fair and transparent recruitment and selection through skills matching. The Council has therefore adopted the competency framework that was developed regionally for managers and this will be implemented in "at risk" areas.

#### *Career Transition Programme*

168. In an effort to support employees to secure future career opportunities, a Career Transition Programme will build confidence and understanding of competency based recruitment processes (interviews and assessment centres).

#### *Professional Development*

169. It is important that employees are able to demonstrate compliance with professional standards to ensure they are best positioned for job matching. Relevant employees will be encouraged and supported to identify training required to fill any potential gaps. This will require a re-write of appropriate job descriptions and person specifications to comply with the minimum entry-level requirements of some professions.

#### *Talent Management*

170. During the transition period the Council considers it important to address the career aspirations and talents of employees who wish to remain with the new authority but who require further training to enable them to access better opportunities. The current round of post-entry training has started to identify such employees, however, the training required is broader than post-entry and this is not a complete list. On this basis, the Organisational Development Service will work with Directors and Heads of Service to identify such employees, and agree and compile appropriate development plans.

### *Change Management Training*

171. A detailed LGR focused change management programme will be delivered to all managers as implementation progresses.

## **COMMUNICATIONS STRATEGY**

172. It has been agreed that an internal communications strategy be developed that identifies the key messages at each stage of the change programme. This will need to be regularly reviewed throughout the process and delivered via the following mechanisms:

- CEO/Director Briefings
- Borough Matters (Elected member/staff newsletter)
- liP Group and departmental representatives
- Interactive Methods e.g. Intranet Blog
- Trade Union Consultation and Involvement Framework
- Team Brief
- Team Meetings

173. To ensure swift communication takes place, it may be necessary at times to deploy the above mechanisms at short notice. Internal/external communications strategies will be aligned and coordinated to ensure employees receive information from the appropriate source at an appropriate time.

## **FINANCIAL PLAN**

174. The authority has been following its Medium Term Financial Plan as approved by Cabinet on 15 June 2006 and as amended in terms of capital spending in March 2007. This document outlined the Councils spending plans and resource base for the period 2006-2009.
175. It is now appropriate to review this in the light of changing priorities, the Comprehensive Spending Review 2007 and the reorganisation of local authorities in County Durham.
176. This revised plan will cover the period to the end of March 2009 and focus mainly on the resourcing of the key projects outlined in this Transition Plan, the pressures facing the authority in setting its final year revenue budget and the overall position of financial resources.
177. This authority's finances have been in a relatively healthy state in recent times due largely to robust management arrangements and efficient use. This approach will be maintained over the transitional period. The efficiency targets introduced as part of the Spending Review 2004 have been exceeded and used to support frontline services and corporate priorities. The authority will approach the new efficiency agenda with the same application and outlook.
178. The Medium Term Financial Plan has been a document widely used in developing detailed spending plans for 2006/07 and 2007/08 and its content will largely be applied to the development of plans for 2008/09. The Comprehensive Spending Review 2007 has obviously become a key factor in resource availability alongside Housing Subsidy determinations and these directly impact on revenue spending plans for 2008/2009.
179. The review of capital priorities as outlined in this document is being developed within the Medium Term Financial Plan framework and existing trends determined by the development of detailed capital budgets in recent years and the availability of additional capital resources restricted in use to regeneration schemes.
180. All spending plans are now subject to appropriate consultation as outlined in the Local Government and Public Involvement in Health Act 2007 and forecasts contained herein are assuming that required approvals will be forthcoming.

## **REVENUE BUDGETS 2007/2008 AND 2008/2009**

181. The Council currently has 2 detailed revenue budgets – the General Fund and Housing Revenue Account and both accounts will require a budget to be determined for 2008/09.
182. At the time of writing members have received forecast on the position of the 2007/08 budgets to the end of September 2007 projected through to the end of the financial year. These were as follows: -

	Original Forecast Use of Reserves	Revised Forecast Use of Reserves	Forecast Saving
	£'000	£'000	£'000
General Fund	760	595	165
Housing Revenue Account	160	(109)	269
Total	920	486	434

183. Cabinet received this information on 22 November 2007.

184. Progress on 2008/09 budgets is progressing broadly in line with the timetable. The revenue budgets are being prepared using a number of principles either in line with the Medium Term Financial Plan and the changed environment created by Local Government Reorganisation.

### Revenue Budget Principles

- Growth restricted to legislative or demand led changes that will lead to added value
- Use of Reserves in line with Medium Term Financial Plan forecasts i.e. the use of balances and reserves to meet recurring expenditure will be maintained, but with the constraint that it will not exceed more than 5% of the revenue budget.
- A Council Tax increase of 3% is being used in the development of the budget. This will increase a district band D tax by £5.58 to £191.69 (for Band A this would mean an increase of £3.72 pa)
- A balanced Housing Revenue Account without recourse to reserves in accordance with the Medium Term Financial Plan
- Rent increases in accordance with the revised rent restructuring formula.

Achievement of a balanced budget in applying these principles requires savings and efficiencies to be delivered.

### CAPITAL BUDGETS 2007/2008 AND 2008/2009

185. The Council agreed to a capital programme for the current financial year set at a minimum of £20m that could increase as external support to existing schemes became available. This was agreed with the intention that it would continue at this level in 2008/09.

186. This programme has been kept under review and has also been amended to reflect the changed environment and schemes have been withdrawn, as they are no longer considered appropriate given their nature and the remaining life of the authority.

187. The latest position presented to the Cabinet on the 22 November 2007 showed a total capital programme budget of £25.5m this includes brought forward commitments from prior years. Current forecasts are showing that some £4.2 will be carried forward to 2008/09 as unspent commitments.

188. The capital budget for 2008/09 will be mainly underpinned by the need to support investment in the Council's Housing Stock as well as the transitional projects outlined in this paper.

189. The HRA programme will be financed from ring-fenced resources i.e. Major Repairs Allowance and Budgeted Contributions from within the Account.

190. The three transitional projects that require funding are already in the programme but will require additional capital support. Funding has also been identified within the Medium Term Financial Plan to complete the schemes.
191. Taking these into account the expected capital programme for 2008/09 is estimated at the same level as the current financial year i.e. £20m.

Scheme Description	Forecast 2008/09
	£m
Housing Revenue Account	7.7
Transitional Projects	
Regeneration Trust – Housing Market Renewal	6.0
New Training Service and Centre	2.5
Redevelopment of Spennymoor Town Centre (Arts Resource Centre)	1.3
Other Corporate Projects	2.5
Total Programme	20.0

### Resource Availability

	Forecast 2008/09
	£m
Capital Receipts - Regeneration	
Uncommitted Balance	4.6
Site O – Cobblers Hall	11.1
Capital Receipts – Other	
Right to Buy Sales	0.9
HRA Major Repairs Allowance	5.5
HRA Revenue Support	1.5
SHIP Funding *	1.0
Disabled Facilities Grants *	0.2
Private Sector Housing Fund	0.1
Asset Management Fund	0.3
Total Resource Availability	25.2

\* Still to be confirmed

192. It should be noted that there are still some risks to this level of funding as some of the receipts are still in the final stages of completion.
193. In accordance with the Medium Term Financial Plan, there are no plans to take up additional borrowing under the Prudential Framework.

### Other Transitional Projects

#### *Housing Partnering*

194. This project is well advanced and the financial implications have been assessed as part of the selection process. Prudent forecasts anticipate that savings of approximately £2.5m will accrue over the initial 5year contract period. These relate to the maintenance and improvement of the Housing Stock and will either contribute directly to the balancing of the account or ensure that the authority will receive better value for the investments being made in the stock.
195. An assessment of direct savings will be taken into account in the detailed budget preparation of the Housing Revenue Account.

#### *Large Scale Voluntary Transfer*

196. The financial support required to ballot stage has already been identified and earmarked (Cabinet 8<sup>th</sup> November 2007 – Minute CAB.96/07) at £411, 525. This

funding will be recovered as a set up cost if a positive decision is taken by the tenants and the transfer proceeds.

197. Any post ballot costs would be initially incurred by the authority but would again be recovered from a combination of the Capital Receipt for the sale of the stock and directly from the new RSL.
198. The financial impact of the transfer cannot be fully assessed until the offer document and business plan have been finalised but progress to a new RSL will only be progressed on the basis of positive financial benefits to both organisations.

## **BALANCES AND RESERVES**

199. The Revenue Budgetary Control Report to Cabinet on the 22 November showed forecast balances as at the end of the current financial year as follows:

	£m
General Fund	5,889
HRA	2,647
Total	8,536

200. Large elements of these have previously been earmarked for specific purposes and some application, in accordance with the Medium Term Financial Plan, will be required to support the revenue budget and capital programme for 2008/09. The current level of non-earmarked General Reserve is approximately £2.24m
201. The minimum levels of non-earmarked reserves have been set at £2m for the General Fund and £3m for the HRA. These are medium term projections as outlined in the Medium Term Financial Plan. The HRA was set at the level of £3m to reflect risks to the account at the time of agreeing the Medium Term Financial Plan which included covering equal pay risks and supporting the changes in capital programming associated with the provision of Decent Homes. A separate provision has now been created to cover equal pay risks that would allow for the minimum level of HRA reserves to be reset at a lower level of £2m.

## **SUMMARY**

202. The authority continues to face financial pressures and challenges but has been able to operate within the parameters set within the medium term financial plan. This has ensured that resources have been targeted to priority areas achieving optimum use.
203. Stringent management of spending remains in place and the current process of quarterly reporting with forward projections will continue place throughout 2008/09.
204. The completion of the budgets for 2008/09 is progressing and detailed analysis will be complete for reports to be considered in accordance with the Budget timetable and an approval from the Council on 29 February 2008.

## RISK MANAGEMENT

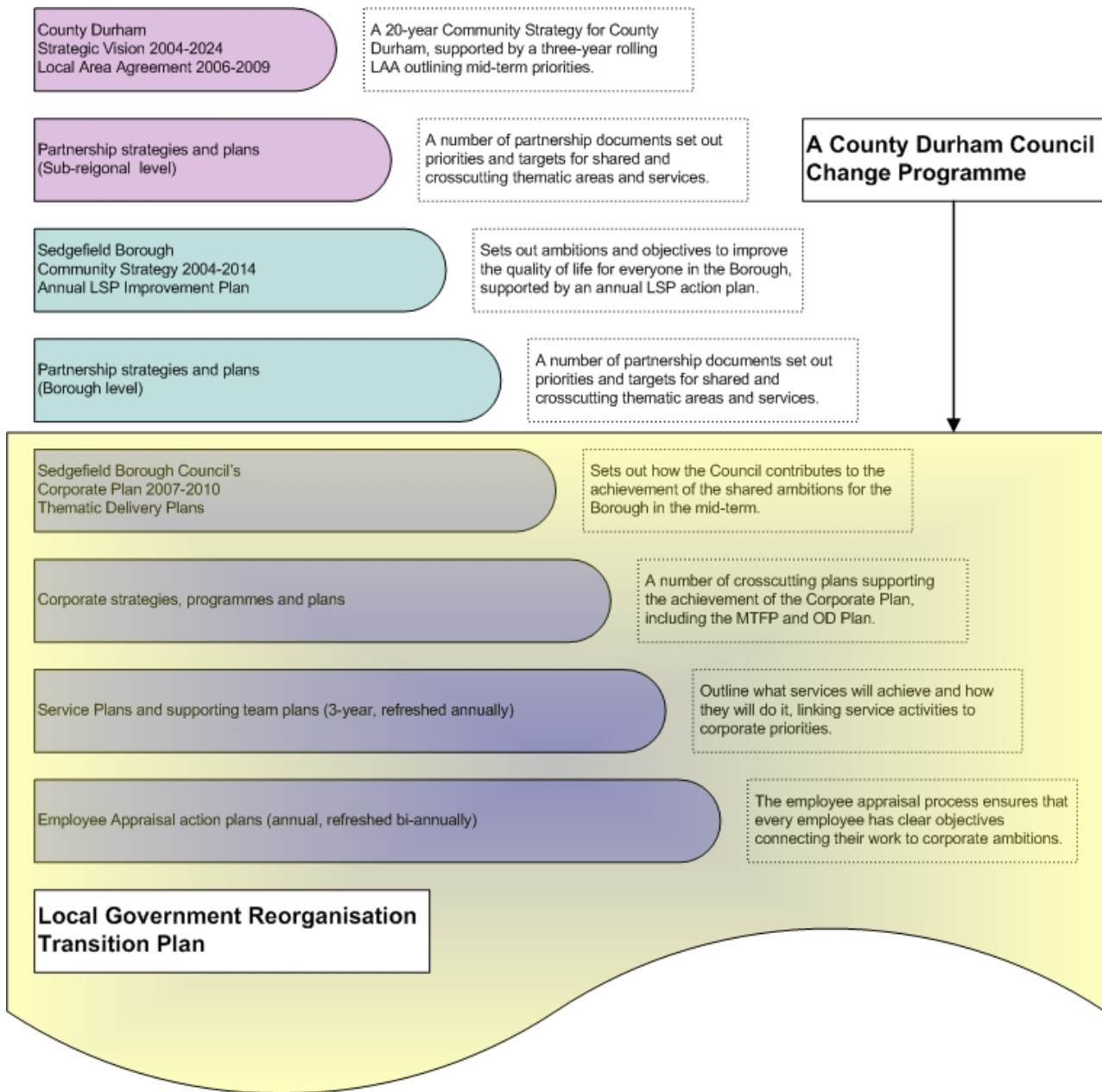
205. Risk management arrangements within the council have been continually developed over the past year with an increased focus on the strategic risks facing the authority.
206. The decision to proceed with the move to a single unitary authority for County Durham has led to a further review of the major risks facing the authority in the remaining period up to April 2009. The revised 12 key strategic risks are now considered to be: -
- The recruitment and retention of staff
  - Failure to reduce levels of sickness
  - Failure of the Council's ICT infrastructure
  - Failure to maintain/improve on the quality of corporate governance
  - Non-compliance with legislation
  - Failure to deliver Private Sector Housing Master Plan
  - Ability to develop performance management across departments
  - Failure to deliver an ongoing training service/facility
  - Partnerships – performance, funding, exit strategies
  - Comprehensive assessment of Resource needs
  - Failure to deliver satisfactory housing/capital maintenance within the partnership agreement
  - Failure to deliver the Decent Homes Standard and a quality housing management Service
207. Many of these are referenced within this document and delivery of the key projects identified will address the fundamental issues outlined.
208. The authority has, through its strategic risk group, nominated lead officers for each of the associated risks and information on each has been gathered using the risk matrix and management action plan approach.
209. Nominated lead officers will be responsible for preparing and maintaining a risk log for each of the projects in accordance with PRINCE principles. The other, more generic risks will continue to remain the responsibility of the nominated lead officers.
210. A headline risk assessment (High/Medium/Low) has been undertaken in relation to the key projects outlined in this document, and is set out below. Work is ongoing to ensure these risks are addressed prior to final approvals.

Project	Public demand	LGR proof	Probability of meeting required commitments		
			Financial	People	Time
LSVT	M	H	H	H	H
Housing Partnering	H	H	H	H	H
Coalfields Housing and Town Centre planning	H	M	M	H	M
Arts Resource	H	L	L	H	M
Training Merger	H	M	M	M	H

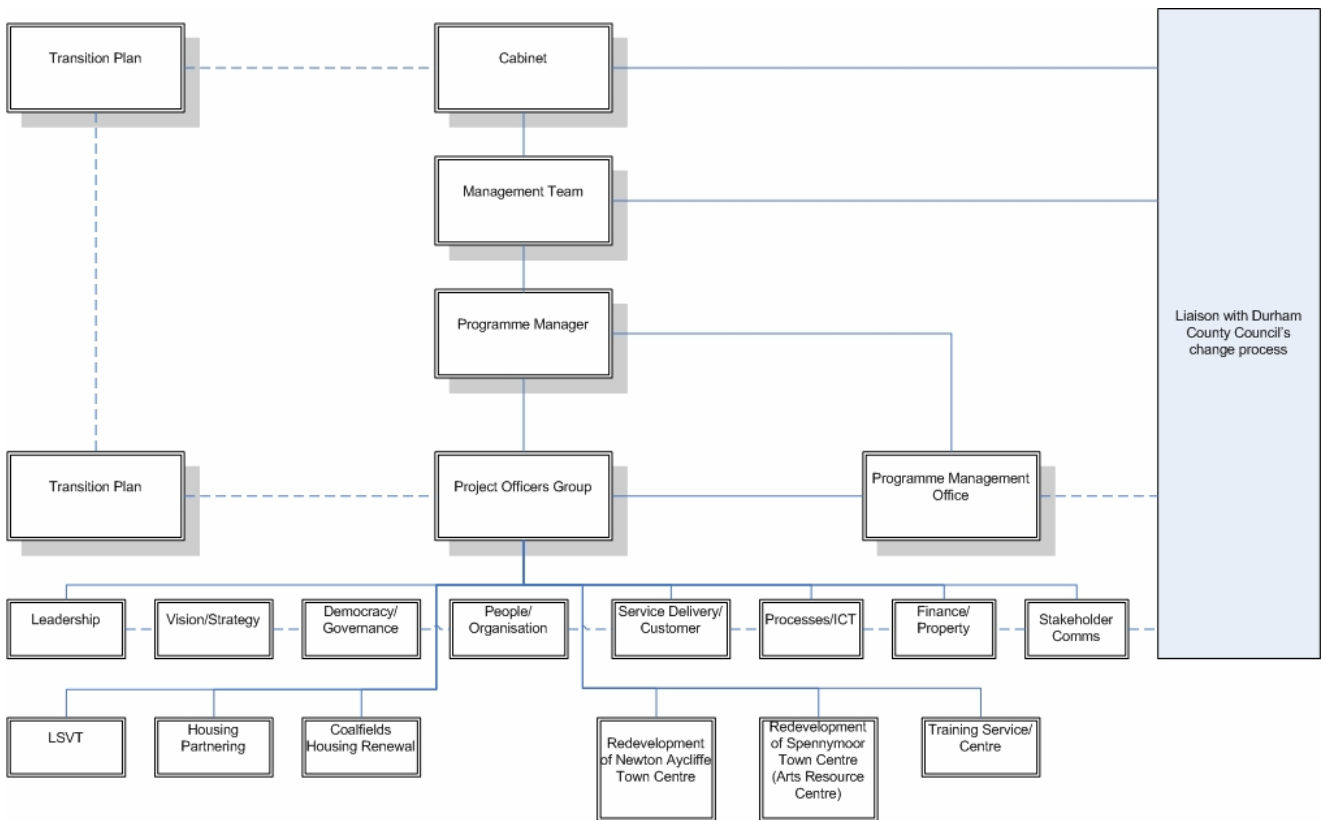
211. Regular review of progress will be a key feature of the project management approach adopted and this will need to be informed by other risk issues that could affect the overall successful delivery of the expected outcomes.



# APPENDIX 1. CORPORATE PLANNING ARRANGEMENTS



## APPENDIX 2. CORPORATE TRANSITION PROGRAMME STRUCTURE



Please ask us if you would like this document in other languages, in large print or on audio tape.



العربية (Arabic)

إذا أردت المعلومات بلغة أخرى أو بطريقة أخرى، نرجو أن تطلب ذلك منا.

polSKI (Polish)

Jeżeli chcieliby Państwo uzyskać informacje w innym języku lub w innej formie, prosimy dać nam znać.

বাংলা (Bengali)

যদি আপনি এই ডকুমেন্ট অন্য ভাষায় বা ফরমেটে চান, তাহলে দয়া করে আমাদেরকে বলুন।

ਪੰਜਾਬੀ (Punjabi)

ਜੇ ਇਹ ਜਾਣਕਾਰੀ ਤੁਹਾਨੂੰ ਕਿਸੇ ਹੋਰ ਭਾਸ਼ਾ ਵਿਚ ਜਾਂ ਕਿਸੇ ਹੋਰ ਰੂਪ ਵਿਚ ਚਾਹੀਦੀ, ਤਾਂ ਇਹ ਸਾਥੋਂ ਮੰਗ ਲਓ।

(中文 (繁體字)) (Cantonese)

如欲索取以另一語文印製或另一格式製作的資料，請與我們聯絡。

Español (Spanish)

Póngase en contacto con nosotros si desea recibir información en otro idioma o formato.

हिन्दी (Hindi)

यदि आपको सूचना किसी अन्य भाषा या अन्य रूप में चाहिये तो कृपया हमसे कहे

اردو (Urdu)

اگر آپ کو معلومات کسی دیگر زبان یا دیگر شکل میں درکار ہوں تو برائے مہربانی ہم سے پوچھئے۔



Sedgefield  
BOROUGH COUNCIL

01388 81 61 66



Strategy and Regeneration

Chief Executive's Department

Sedgefield Borough Council

(01388) 816166 ext. 7769

[www.sedgefield.gov.uk](http://www.sedgefield.gov.uk)

[pstephens@sedgefield.gov.uk](mailto:pstephens@sedgefield.gov.uk)



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