

# **CABINET**

## **MINUTES AND DECISION RECORD**

21 December 2007

The meeting commenced at 9.00 a.m. in the Civic Centre, Hartlepool

### **Present:**

The Mayor (Stuart Drummond) - In the Chair

Councillors: Pam Hargreaves (Performance Portfolio Holder),  
Gerard Hall (Adult and Public Health Services Portfolio Holder).  
Cath Hill (Children's Services Portfolio Holder),  
Robbie Payne (Finance & Efficiency Portfolio Holder),  
Peter Jackson (Neighbourhoods & Communities Portfolio Holder),  
Victor Tumilty (Culture, Leisure and Tourism Portfolio Holder),

Officers: Paul Walker (Chief Executive),  
Andrew Atkin (Assistant Chief Executive)  
Mike Ward (Chief Financial Officer)  
Chris Little (Assistant Chief Financial Officer)  
Tony Brown (Chief Solicitor)  
Joanne Machers (Chief Personnel Officer)  
Adrienne Simcock (Director of Children's Services)  
Nicola Bailey (Director of Adult and Community Services)  
Dave Stubbs (Director of Neighbourhood Services)  
Peter Scott (Director of Regeneration and Planning Services)  
Charlotte Burnham (Scrutiny Manager)  
Steve Hilton (Assistant Public Relations Officer)  
David Cosgrove (Principal Democratic Services Officer)

Also Present: Councillor Jane Shaw (Vice-Chair of Scrutiny Coordinating Committee) and Councillor Jonathan Brash (Chair of Adult and Community Services and Health Scrutiny Forum).

Trade Union Representatives: Edwin Jeffries, Maxine Bartholomew and Mike Hill.

### **162. Apologies for Absence**

None

## **163. Declarations of interest by members**

None.

A Cabinet Member questioned the declaration of interest in relation to a close family members being employed by the authority, specifically in relation to Min Nos. 168 and 170. The Chief Solicitor stated that at this point in the process no specific employees, or groups of employees could be determined to benefit from any new pay and grading structure and therefore Members would not be required to declare an interest. This would be necessary, however, at later stages in the process, unless a dispensation was sought and granted by the Standards Committee. Members suggested that such a dispensation should be sought.

## **164. Confirmation of the minutes of the meeting held on 10 December 2007**

Confirmed.

## **165. Formal Response to the Executive's Initial Budget Process and Policy Framework Consultation Proposals for 2008/09** (*Scrutiny Coordinating Committee*)

### **Type of decision**

Non-key.

### **Purpose of report**

To provide the formal response of the Scrutiny Co-ordinating Committee in relation to the Executive's Initial Budget and Policy Framework Consultation Proposals for 2008/09.

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

The Vice-Chair of the Scrutiny Coordinating Committee, Councillor Jane Shaw, presented the formal response of the Scrutiny Co-ordinating Committee in relation to the Executive's initial proposals. Scrutiny Members were largely supportive in principle of the identified budgetary pressures, contingencies, and grant terminations, however, the Scrutiny Co-ordinating Committee felt during the determination of this formal response that support would not be given to the proposed budget priorities for 2008/09. Whilst the findings of the four standing Scrutiny Forums were considered in detail, the Committee were strongly of the view that all of the priorities should and could be funded from existing departmental funds. Details of the comments made at the five meetings were set out in the report for Cabinet's information.

Councillor Jonathan Brash, Chair of the Adult and Community Services and Health Scrutiny Forum reported that there was consideration being given to

the creation of an additional scrutiny forum specifically for health issues. This would allow for scrutiny of Adult and Community Services matters that were currently being superseded by health issues. There would, however, be an additional cost to this proposal. As well as an additional Chair's responsibility allowance of £3246, it was considered that an additional Scrutiny Support Officer was essential to facilitate the forum. The additional Scrutiny Officer would cost £28,919 with 19.5% on-costs. The Assistant Chief Executive commented that the impact on the Democratic Services Team had not yet been quantified.

The Mayor was concerned at the potential for additional costs in this area, when, in his view, the results of Health Scrutiny so far had not been particularly positive as the local health providers tended to do what they wanted without any consultation with the local authority. The Mayor was concerned to ensure that any additional provision had an impact.

Councillor Brash commented that there was a statutory duty to scrutinise local health provision and the local health providers were obliged to consult with the local authority, though it had to be accepted that they had not lived up to that requirement. The Scrutiny Forum and the Scrutiny Team had worked incredibly hard in scrutinising health provision in the town but to do it more effectively required a dedicated forum and support officer.

Cabinet Members also highlighted the change in the size of Forums and the Coordinating Committee that the proposals would also bring about. There were also the other issues of the affects upon Democratic Services and other resources that needed to be clarified.

### **Decision**

1. That the comments of the Scrutiny Coordinating Committee and the four Scrutiny Forums be noted.
2. That the proposals in relation to the budget agreed at this meeting be referred to Scrutiny for further consideration.
3. That the proposals being considered by Scrutiny in relation to the establishment of an additional Scrutiny Forum and the request for additional staffing resources alongside the proposal be noted at this time.

## **166. Medium Term Financial Strategy 2008/09 to 2010/11** (Corporate Management Team)

### **Type of decision**

Budget and Policy Framework.

### **Purpose of report**

To review the Council's Medium Term Financial Strategy (previously referred to as the Budget and Policy Framework) and to consider the detailed 2008/2009 Budget and Council Tax proposals, and indicative Council Tax increases for 2009/10 and 2010/11, to be referred for formal

scrutiny.

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

The Finance Portfolio Holder provided an update on the initial budget position reported on 15th October 2007, covering:

- the 2007/08 Outturn Strategy;
- capital expenditure issues;
- the revenue budget and Council Tax levels for 2008/09 to 2010/11.

The previous report had been based on forecast grant increases for 2008/09 and the following two years. The Government had now issued details of the Formula Grant allocations for 2008/09 to 2010/11. The allocations for Hartlepool were better than previously forecast and the budget forecast had been updated accordingly. Members needed to take account of these changes and determine the detailed budget proposals they wished to refer for formal Scrutiny. These proposals needed to include the level of Council Tax increase for 2008/09 and indicative increases for 2009/10 and 2010/11.

The Finance Portfolio Holder's detailed presentation in support of the report submitted to Cabinet highlighted the following key points: -

- The next three years would be the most challenging for Hartlepool since it had become a unitary authority and during this period the Council would need to address three key issues; the implementation of job evaluation, a period of public sector expenditure constraint, and the prioritising of services at a sustainable level and the achievement of increased efficiency savings.
- There was an anticipated overspend of up to £0.3m. Reserves were expected to fall from £32 million to £24 million by the end of 2007/08.
- The outturn report had identified a number of issues that would continue into 2008/09: -

Learning Disability Pressure	£363,000
Children and Families Support Pressure	£789,000
Bonus Savings	£800,000
Centralised Estimates Savings	£900,000
- The detailed Capital Programme for 2008/09 to 2010/11 was set out at Appendix C to the report and Cabinet had previously determined not to extend the existing strategy beyond 2009/10 but this may be reconsidered during 2008/09.
- The existing Capital receipts target had been reviewed to reflect sales achieved to date and anticipated completions. It was suggested that receipts achieved should not be committed until a strategy for replacing the income had been developed and other receipts should be set aside to meet termination costs over the next few years.
- Details of the grant allocations for the next three years announced by Government on 6 December 2007 were better than forecast. This reflected a range of factors that benefit Hartlepool; relative needs, central allocation, relative resources and floor damping. The amount the Council would lose through floor damping would increase in

2008/09, before reducing in the following two years.

- The government had confirmed the mainstreaming of four grant streams as expected and had confirmed the establishment of a Area Based Grant by combining 39 Specific grants into a single grant.
- The government had indicated that it expected Council Tax rises to be significantly below 5% and there was a risk that annual increases of 4.9% could be capped. For planning purposes Cabinet was requested to confirm the phasing of reserves as set out at paragraph 6.13 in the report.
- Previous forecasts had included an annual increase of 3% for pay awards and non-pay inflation. It was now suggested that these provisions be reduced by 0.5%. In relation to the implementation of Job Evaluation (JE), £4m had been identified for one-off protection costs and it was anticipated that this forecast would not increase.
- The government had identified cashable efficiency targets of 3% per year for the next three years. Detailed proposals for achieving these targets were set out in Appendix H to the report.
- As the Formula Grant increases are better than forecast it is suggested that for planning purposes these issue should be reflected in the Medium Term Financial Strategy (MTFS). The latest position is summarised in 7.2 and shows a revised deficit of £960,000. The revised gap will need to be bridged by reducing the value of pressures etc. which are supported, or by making additional cuts, or by using part of the uncommitted March 2007 Discount of £1.3m. The strategy for balancing the 2008/09 budget cannot be developed in isolation and needs to take account of the following issues:-
  - Ongoing sustainability from 2008/09 onwards;
  - The requirement to determine indicative Council Tax increases for 2009/10 and 2010/11; and
  - Potential Council Tax capping – the Government have not issued detailed capping criteria, so it is difficult to provide guidance on this issue.
- Cabinet was reminded that significant temporary resources would be used to support the revenue budget over the next three years. These reductions were reflected in the MTFS and the increases grant allocation should mean this position is now manageable. This was detailed in paragraph 8.4 of the report.
- As previously reported the Council had received £1.2m from the LABGI scheme in the current year. Members had previously determined to allocate this amount for one-off costs. It was suggested that £489,000 be allocated to Building Schools for the Future.
- Cabinet has also previously determined a strategy for using the LPSA2 Reward Grant. The total reward grant for achieving all targets is £3.065m and will be paid in 2009/2010 and 2010/2011.
- As we are only part way through the LPSA Agreement, it was difficult to estimate the actual reward grant. For planning purposes, it was assumed that a total reward grant of 60% should be achievable. This equates to £1.839m. On this basis the capital element will be approximately £0.9m, which will be payable in two equal instalments from 2009/2010. It was suggested that whole of the 2009/2010 capital

- instalment (£0.45m) is allocated for the remaining unfunded BSF costs.
- As a result of the late announcement of the 2008/2009 grant allocation Cabinet has had much less time than in previous years to assess the impact of the actual settlement. The Council now needs to make up this lost time if it is to set a budget within the statutory deadline. To achieve this objective Cabinet was requested to approve a revised budget timetable as set out in paragraph 11.2 of the report.
- It is suggested that Cabinet refer the proposed outturn strategy detailed in paragraph 3.1 and Appendix A of the report for formal scrutiny
- Cabinet was asked to:-
  - Reaffirm their commitment to passport Government capital allocations;
  - Reaffirm their commitment to use unsupported borrowing to finance the initiatives identified in paragraph 5.6;
  - Approve the proposals identified by SCRAPT detailed in Appendix C of the report;
  - Approve the strategy for allocating additional capital receipts detailed in paragraph 5.10 of the report.
- At the time of preparing the report, the Government had not provided details of specific grant allocations or the new Area Based Grant. It was confirmed at the meeting that the Area Based allocations were in line with existing grant amounts. Cabinet was asked to determine the detailed proposal to be referred for formal Scrutiny as set out in paragraph 12.9 of the report, in particular determine if they wished to seek a meeting with Ministers to make representations on the provisional settlement, or whether they wish the Chief Financial Officer to make written representations in consultation with the Mayor and the Finance Portfolio holder.

Cabinet firstly discussed the merits of seeking a meeting with the Minister. There was discussion of the role of the local MP, Iain Wright, in such a meeting as he was one of the junior finance ministers who would be meeting representatives from local authorities in response to their grant allocations. The Mayor indicated that the main issue that needed to be tackled was the level of floor damping that Hartlepool was having to meet. The Chief Executive indicated that if a meeting was arranged with a Minister it would be appropriate for the Council's local MP to be present. Cabinet agreed that a request for a meeting with the Minister should be made.

The Mayor then led Cabinet through the detailed recommendations set out in the report and as tabled at the meeting. Cabinet Members made the following comments during that process: -

Coastal Protection Works – There was concern that the allocation of £700,000 over the next two years was insufficient to tackle the coastal protection issues that existed. Cabinet discussed the potential for central government funding and prudential borrowing to enhance the budget available. It was highlighted that there was around £250,000 of general year on year maintenance. Cabinet supported the investigation of methods of further enhancing the funds available.

**Area Based Grant** – The new grant includes some 39 previously separate grant streams including the replacement for the NRF. The Chief Executive commented that many of the 39 grants that had been rolled together into the ABG may look similar to the previous grant funding but may not work in a similar fashion to the previous regimes. The new grant would need to be assessed further as the necessary detail was currently not available. Where insufficient funding had been made, there was the potential that some staff may have to be made redundant. The Mayor commented that Cabinet needed to have the discussion on whether some of these regimes should continue. The Chief Executive indicated that whilst the Working Neighbourhoods Fund was similar in value to the previous Neighbourhood Renewal Fund, criteria set down for the use of the new fund suggest that it may only be used for economic purposes, whereas NRF was used for much more. A schedule of specific grants to be delivered via the Revenue Support Grant and Area Based Grant was tabled for Cabinet's consideration. Cabinet asked for details during the budget considerations in January.

**Proposed Efficiencies** – Appendix H to the report – it was agreed that the list of the proposed efficiencies/savings should be referred to Scrutiny.

**Private Sector Housing Selective Licensing Scheme** – there were questions as to the expenditure on the development of the scheme. The Mayor indicated that he considered that the implementation of the Selective Licensing scheme was a significant development that residents wanted to see the Council introduce and he fully supported the proposal. There was concern from a Cabinet Member that the money allocated for a senior post had not been spent in the past year and that the allocation now requested should be initially met by that unspent funding. A further report on this issue would be submitted.

**Sustainable Development** – The Mayor considered that the council's approach to sustainable development and climate change needed to be reviewed. Cabinet was informed that an appropriate approach had been identified by the departments concerned.

**Economic Development Marketing Fund** – The Mayor commented that this budget had been cut historically and suggested that Scrutiny specific comments in regards to this should be sought.

**Departmental Reviews** – Cabinet considered that a programme of departmental financial reviews needed to be commenced to assist in tackling the significant pressures the Council would face over the next three years. It was suggested that Neighbourhood Services be the first department reviewed.

**2008/09 and Future Years Council Tax Increases** – Cabinet discussed in some detail the potential levels of future years Council Tax increases in light of the advice received from Government in relation to rises being

‘substantially below’ 5%. Cabinet agreed that as part of the budget considerations that details of the implications of council tax rises of 4.9%, 3.9% and 2.9% should be submitted for further consideration.

## **Decision**

### Outturn Strategy

1. It is suggested that Cabinet refer the proposed outturn strategy detailed in paragraph 3.1 and Appendix A of the report for formal scrutiny.

### Capital

2. That Cabinet reaffirms its commitment to passport Government capital allocations;
3. That Cabinet reaffirms its commitment to use unsupported borrowing to finance the initiatives identified in paragraph 5.6;
4. That Cabinet approves the proposals identified by SCRAPT detailed in Appendix C;
5. That Cabinet approves the strategy for allocating additional capital receipts detailed in paragraph 5.10 of the report.

### Revenue

6. Cabinet notes that the Formula Grant increase is better than previously forecast and provides the Council will grant increases for the next three years that are significantly better than the average national increase. This position reflects the implementation of a number of changes by the Government to the grant formula and the use of more accurate population figures. The additional resources will enable the Council to develop a robust Medium Term Financial Strategy (MTFS).
7. Cabinet notes that at the time of preparing the report the Government had not provided details of specific grant allocations or the new Area Based Grant. Therefore, until these details are known there is still a risk that current funding levels may not be maintained. Cabinet would then need to determine a strategy for dealing with this issue.

That the following detailed proposals be referred for formal Scrutiny are as follows:-

8. That Cabinet supports the ‘passporting’ of the mainstreamed grant allocations identified in paragraph 6.9 of the report in 2008/09, pending a review of the continuation of this strategy beyond 2008/09;
9. That Cabinet supports the passporting of the additional resources of £26,000 included in the Formula Grant for “new burdens” identified in paragraph 6.9 of the report;
10. That Scrutiny be asked to determine the value of pressures etc. that they wish to implement in 2008/09 as detailed in the following Appendices of the report:  
Appendix D – Pressures



Appendix E – Contingency

Appendix F – Terminating Grant

Appendix G - Priorities

11. That Scrutiny be asked to determine if it supports the increase in the Salary Turnover target by £0.1m from 2008/09;
12. That Scrutiny be asked to determine if they wish to implement the specific efficiencies identified in Appendix H of the report;
13. That Scrutiny be asked to determine if they wish to set a 2008/09 Corporate Efficiency Target of £0.2m to enable the overall 3% target to be achieved;
14. That Scrutiny be asked to determine the proposed 2008/09 Council Tax increase and indicative increases for 2009/10 and 2010/11;
15. That Scrutiny be asked to determine if they wish to make annual provisions in 2009/10 and 2010/11 of £1.5m for demographic/grant pressures;
16. That it be noted that the MTFS forecast now includes annual efficiency targets of £2.46m for 2009/10 and £2.52m for 2010/11;
17. That Scrutiny be asked to determine if they wish to allocate the £1.2m 2007/08 LABGI grant for BSF costs (£0.489m) and Termination costs (£0.787m);
18. That Scrutiny be asked to determine if they wish to earmark £0.45m from the anticipated LPSA2 Capital Reward Grant for the remaining unfunded BSF costs and to develop a strategy for using the remaining amount as part of next years budget strategy.
19. That Cabinet approves the seeking of a meeting with Ministers to make representations on the provisional settlement.

## **167. Proposals for Using ICT Investment Fund** (*Chief Financial Officer*)

### **Type of decision**

Non-key.

### **Purpose of report**

To enable Cabinet to consider a proposal for using the ICT Investment Fund.

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

As part of the 2006/2007 Budget and Policy Framework proposals Council approved the establishment of an ICT Investment Fund of £0.5m, subject to the amount only being used for projects achieving a seven year pay back and contributing a saving towards the overall efficiency target and detailed schemes being approved by Cabinet. To date no proposals have been referred for Cabinet consideration, therefore, the full £0.5m is currently uncommitted.

The Council has been working with Northgate on a “Managed Print Service” project, which will rationalise the number of printing devices within the Authority. A detailed proposal had been developed which would

consolidate devices, reduce power and consumables costs, and simplify the way the service is provided. This would be achieved by having a smaller number of higher capacity machines. This proposal would achieve a gross ongoing annual saving of £117,800.

To achieve this saving the Council will need to invest £0.266m. Therefore, based on the gross efficiency this project will achieve a 2.25 year pay back. It would be appropriate to fund this investment from the ICT Investment Fund and to repay this amount over a five-year period. On this basis, the project produces a net efficiency of £323,000, which could be counted towards the overall efficiency target.

#### **Decision**

That the proposal to use £0.266m of the ICT Investment Fund to fund the one-off costs of the Managed Print Service project be approved and that the contribution the project will make to the overall efficiency target be noted.

### **168. Pay and Grading Structure and Single Status Agreement** *(Corporate Management Team)*

#### **Type of decision**

Key decision.

#### **Purpose of report**

To provide an update on three possible pay and grading structures, the draft Single Status Agreement and associated matters. To note the Consultation arrangements, decision making process and future timetable.

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

The report set out the background and an introduction to Single Status and the proposed arrangements for Cabinet to consider and approve a preferred pay and grading structure and Single Status Agreement.

The report provided detailed background information for Cabinet's consideration in conjunction with the exempt report later on the agenda. The report set out an introduction to the options for the pay and grading structure, the key issues relating to the draft single status agreement, the consultation that had been undertaken, the role of ACAS, and the decision making process and future timetable.

#### **Decision**

That the report be noted.

### **169. Local Government (Access to Information) (Variation) Order 2006**

Under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on

the grounds that it involves the likely disclosure of exempt information as defined in the paragraphs below of Part 1 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006.

Minute 170 - Pay and Grading Structure and Single Status Agreement – Para 4, information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees or, or office holders under the authority.

Minute 171 - Havelock Centre, Lynn Street – Community Asset Transfer – Para 3, information relating to the financial or business affairs of any particular person (including the authority holding that information).

## **170. Pay and Grading Structure and Single Status Agreement** *(Corporate Management Team)*

### **Type of decision**

Key decision.

### **Purpose of report**

To provide information on three possible pay and grading structures, the draft Single Status Agreement and associated matters. To approve, in principle, a preferred pay and grading structure and the draft Single Status Agreement.

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

Details of Cabinet's considerations are set out in the exempt section of the minutes.

### **Decision**

Details of Cabinet's decisions are set out in the exempt section of the minutes.

## **171. Havelock Centre, Lynn Street – Community Asset Transfer** *(Director of Neighbourhood Services and Director of Adult and Community Services)*

### **Type of decision**

Non-key.

### **Purpose of report**

To consider further information subsequent to reports made to Cabinet on 12 November 2007 and 10 December 2007 in relation to the potential asset transfer of the Havelock Centre.

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

Details of Cabinet's considerations are set out in the exempt section of the minutes.

**Decision**

Details of Cabinet's decisions are set out in the exempt section of the minutes.

**J A BROWN**

**CHIEF SOLICITOR**

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