

CABINET

MINUTES AND DECISION RECORD

22 December 2008

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

Present:

The Mayor (Stuart Drummond) - In the Chair

Councillors: 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
Joanne Machers, Chief Personnel Officer
Mike Ward, Chief Financial Officer
Chris Little, Assistant Chief Financial Officer
Nicola Bailey, Director of Adult and Community Services
Dave Stubbs, Director of Neighbourhood Services
Sally Robinson, Assistant Director (Safeguarding and Specialist Services)
Stephen Haley, Head of Finance (Children's Services)
Stuart Green, Assistant Director (Planning and Economic Development)
Joanne Smithson, Head of Community Strategy
Catherine Frank, Principal Community Strategy Officer
Alison Mawson, Head of Community Safety and Prevention
Alistair Rae, Public Relations Officer
David Cosgrove, Democratic Services Team

181. Apologies for Absence

None.

182. Declarations of interest by members

None.

183. Confirmation of the minutes of the meeting held on 15 December 2008

Confirmed.

184. Request For Money From The Contingency Fund (*The Mayor*)

Type of decision

Non-key.

Purpose of report

To seek Cabinet approval for a donation of £1500, towards the cost of security fencing, for the School Garden Project at Eldon Grove Primary School. The full costs of the project are in the region of £7500.

Issue(s) for consideration by Cabinet

The Mayor reported that this project was designed to help promote healthy eating and healthy lifestyle into the school curriculum through a practical approach to learning. A site has been earmarked and funds are now being sought to enable a security fence to be erected and tools/equipment purchased. The garden will be maintained by volunteers from the school and made accessible for all pupils and staff.

The School was to contribute £2500 to the project and a grant of £2000 had been awarded by the New Deal for Communities (NDC) Neighbourhood Panel. An application for £1500 has been submitted to the Rift House/Burn Valley NAP (Neighbourhood Action Plan). This left a shortfall of £1500, which was the amount being requested from the Cabinet Contingency Fund.

Decision

That a donation of £1500 towards security fencing for the School Garden Project at Eldon Grove School be approved.

185. Medium Term Financial Strategy – Budget and Policy Framework 2009/2010 to 2011/2012 (*Corporate Management Team*)

Type of decision

Budget and Policy Framework.

Purpose of report

The purpose of the report was to enable Cabinet to determine the Budget and Policy Framework proposals it wished to put forward for formal scrutiny.

Issue(s) for consideration by Cabinet

The Finance and Efficiency Portfolio introduced the report and commented that financial position facing the Council over the next three years was more challenging than anticipated a year ago owing to changes at a national and local level. With hindsight this was an understatement, as changes in the global and national economy have continued at even faster rate over the

last two months. In the short-term the Council is largely isolated from these changes. This is partly owing to the actions we have taken to protect future investment income, whilst not exposing the Council to risky investments, such as those with Icelandic banks.

The position is also helped by the Government's recent confirmation that the provisional grants for 2009/10 announced in February 2008 won't be changed. The Government have also indicated they are unlikely to change the 2010/11 provisional grants either. This stability is very welcome and the Portfolio Holder recommended that Cabinet should write to the Local Government Minister to thank him for this support at this difficult time.

The Chief Financial Officer presented the main issues on the detailed budget to Cabinet. It was highlighted that the Chancellor of the Exchequer had indicated that there was to be no changes in the formula grant for 2009/10 and 2010/11. The principal issues affecting the revenue budget were additional pressures amounting to £2.785m, which included costs related to job evaluation, looked after children, cost associated with caring for people with learning disabilities, mental health problems and older people, energy costs and concessionary fares. With additional temporary pressures the revised deficit for 2009/10 was estimated to be £4.559m after 3% efficiencies and the planned use of reserves had been taken into account.

Measures had been put in place since October to reduce the predicted deficit and £1.482m of permanent savings and £0.400m of temporary savings had been identified to reduce the deficit to £2.667m. Details of these were set out in detail within the report. A proposed strategy was proposed to deal with the remaining deficit. This included the use of the Mill House loan repayment budget (£0.3m), an additional 1% efficiencies/savings (£0.820m) and a further use of one off resources (£1.557m). This strategy did not, however, solve the underlying deficit. The Chief Financial Officer indicated that the strategy also provided a link to the Business Transformation process but that this would not resolve the future year's issues. The Medium Term Financial Position based on acceptance of the strategy, was set out for Cabinet's information.

The Chief Financial Officer indicated that a structured, longer term approach to efficiencies was required, including the Business Transformation Programme. It was likely that future efficiencies would be insufficient to solve all the financial short-falls and the Council would need to reassess its priorities for the services it continued to provide.

The Chief Financial Officer stated that all the budget issues reported to Cabinet were based on the continuation of Cabinet's previous decision that Council Tax rises during the medium term financial strategy agreed last year would be 3.9%. Increasing income through a higher council tax rate would reduce the predicted deficit in 2009/10 and 2010/11.

They asked if there was any potential for further assistance from the

government. The Chief Financial Officer indicated government was expecting councils to keep council tax rises significantly below 5%. There was likely to be no further assistance from central government, though there may be revised efficiency targets that could place more pressure on budgets.

Cabinet Members expressed their general concerns at the budget position and the pressures placed upon the authority. In relation to the additional 1% of efficiency savings, Cabinet Members considered that these needed further detailed consideration. The Mayor agreed that further discussions on these additional efficiencies should be held at an informal meeting early in the new year. The Mayor requested that Cabinet Members feed into the scrutiny debates any further proposals arising from those discussions.

In relation to the proposed council tax rise, Cabinet Members indicated their commitment to maintain the council tax rise at 3.9%.

The Mayor commented that he hoped that any feedback resulting from scrutiny process would be positive. It was the whole of the Council that was facing the difficult financial position now being reported, not just the executive.

The Assistant Director (Planning and Economic Development) drew to Cabinet's attention the recent consideration by Planning Committee of grants to residents in conservation areas and the Committee's request that this matter be considered by Cabinet. The Mayor indicated that the issue of further funding for grants should be raised through the scrutiny process.

Decision

That the following proposals be forwarded for formal scrutiny:

2008/2009 Outturn Strategy.

1. That the proposal to earmark the increase in the stock of funds be approved as follows:
 - £400,000 to manage RTB timing risk;
 - £639,000 to fund initial budget deficits for 2009/2010 and 2010/2011;
 - £93,000 for Bus Services (approved by Council November, 2008);
 - £23,000 for one-off costs associated with the revised Legal Services restructure;
 - £2,217,000 to support the 2009/2010 to 2010/2011 budgets.
2. That the proposals that capital expenditure up to the value of £2.6m which it was planned to fund from revenue budgets (RCCO's) and the Capital Funding Reserves should be funded from Prudential Borrowing are approved. The resulting repayment costs in 2009/2010 will be funded by earmarking part of the 2008/2009 RCCO's and from 2010/2011 these costs will be a first call of the £1.5m budget headroom.

3. That the proposal to earmark the revenue resources released from recommendation 2 above to fund the 2008/2009 departmental overspends be approved.
4. That the proposal to earmark the 2008/2009 additional investment income firstly to offset 2008/2009 income shortfalls, then £1.5m for Building Schools for the Future costs and £0.5m as a risk contingency for potential income shortfalls on the Tall Ships budget which may arise from adverse weather when the ships visit, be approved. In the event that the Tall Ships amount is not needed these resources should be returned to the General Fund in 2010/2011.

Capital

5. That the proposals that Government capital allocations should be pass-ported, be approved.
6. That the proposal to continue Capital investment of £1.2m in local priorities for the three years 2009/2010 to 2011/2012, which will be funded from supported borrowing, be approved. Details of proposals for 2009/2010 are set in Appendix A to the report.
7. That the proposal to provide Capital investment of £1.2m in 2009/2010 to fund a range of health and safety and property improvements be approved. Detailed proposals will be reported in January, 2009.

2009/2010 Revenue Budget

8. That the proposed 3% efficiencies detailed in Appendix B to the report be approved.
9. That the revised net pressures etc., as detailed in the following Appendices to the report be approved:
 - Appendix C – Pressures
 - Appendix D – Contingency
 - Appendix E – Terminating Grants
10. That the proposed 2009/2010 allocations and 2010/2011 indicative allocations of the Area Based Grant detailed in Appendix F to the report be approved. It was noted that in the event that Council in February, 2009, do not approve individual ABG allocations the Council will need to underwrite such schemes for a three month period to enable Partners to comply with statutory redundancy timescales.
11. That the revised corporate planning assumptions for reducing the provision for pay awards by 0.5%, saving £0.2m (paragraph 6.42 of the report) and increase in the salary turnover target of £0.3m

(paragraph 6.43 of the report) be approved.

12. That the reduction in 2008/2009 pressures etc. of £50,000 (paragraph 6.44 of the report) be approved.
13. That the reduction in 2009/2010 pressures etc. of £100,000 (paragraph 6.46 of the report) be approved.
14. That the temporary measures for reducing the budget gap from reduced job evaluation protection costs £0.2m (paragraph 6.49 of the report) and additional benefit subsidy income £0.2m (paragraph 6.50 of the report) be approved.
15. That the proposal to bridge the net budget gap for 2009/2010 of £2.677m be approved as follows and that it was noted that this does not address the underlying structural budget deficit which will need addressing during 2009/2010:

	£'000
• Allocate the Mill House Loan Repayment budget	300
• Implement additional 1% savings*	820
• Using part of the uncommitted one-off resources	1,557

*Details provided at Appendix G to the report.

16. That authority be delegated to the Chief Financial Officer to respond to the provisional grant settlement as suggested in paragraph 6.12 to the report.
17. That, at this time, Cabinet reaffirms its previous decision to raise Council Tax by 3.9% in 2009/10 and 2010/11.

The meeting concluded at 9.45 a.m.

P J DEVLIN

CHIEF SOLICITOR

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