

CABINET

MINUTES AND DECISION RECORD

21 September 2009

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

Present:

The Mayor (Stuart Drummond) - In the Chair

Councillors:

Pam Hargreaves (Regeneration and Economic Development Portfolio Holder)
Gerard Hall (Adult and Public Health Portfolio Holder)
Cath Hill (Children's Services Portfolio Holder)
Victor Tumilty (Culture, Leisure and Tourism Portfolio Holder)

Officers:

Paul Walker (Chief Executive)
Andrew Atkin (Assistant Chief Executive)
Dave Stubbs (Director of Regeneration and Neighbourhoods)
Nicola Bailey (Director of Child and Adult Services)
Peter Devlin (Chief Solicitor)
Joanne Machers (Chief Personnel Officer)
Mike Ward (Chief Financial Officer)
Chris Little (Assistant Chief Financial Officer)
Geoff Thompson (Head of Regeneration)
Stuart Green (Assistant Director)
Alistair Rae (Public Relations Manager)
Denise Wimpenny (Principal Democratic Services Officer)

Also Present:

Edwin Jeffries (Secretary of the Joint Trades Unions)
Councillor Jane Shaw

61. Apologies for Absence

Apologies for absence were submitted on behalf of Councillors Peter Jackson (Transport and Neighbourhoods Portfolio Holder) and Robbie Payne (Deputy Mayor) (Finance & Performance Portfolio Holder)

62. Declarations of interest by members

None.

63. Minutes of the meeting held on 7 September 2009

Received.

64. Medium Term Financial Strategy (MTFS) 2010/2011 to 2013/14 – Initial Consultation Proposals *(Corporate Management Team)*

Type of decision

Budget and Policy Framework

Purpose of report

To enable Cabinet to review the MTFS and to determine the initial proposals it wishes to put forward for consultation.

Issue(s) for consideration by Cabinet

The Chief Financial Officer presented the Budget and Policy Framework initial consultation proposals as set out in the report which included a detailed overview of the financial issues affecting the Council in relation to:-

- The development of the 2009/2010 Outturn Strategy
- Capital Programme 2010/2011 to 2013/2014
- General Fund and Council Tax 2010/2011 to 2013/2014

The report included details of the national financial position, the impact of the recession on public sector spending, the financial position and proposed outturn strategy, government capital allocations, local allocations, replacement of cremators, 2010/11 budget and council tax and headroom position. Members were referred to the budget pressures and budget priorities as outlined in appendices to the report together with the benefits of the Business Transformation Programme, corporate efficiencies and savings as well as budget risks.

The proposed outturn strategy for the current year proposed allocating resources to manage in year income shortfall arising from the recession in relation to car parking, land charges and shopping centre income. It was also proposed that resources be provided to fund these issues in 2010/11 as these trends were expected to continue and to fund Equal Pay Tribunal costs.

The Council faced a challenging financial position for 2010/11 which could only be managed by implementing a series of measures including a proposed 2.5% Council Tax increase, a range of corporate efficiencies and the first phase of the Business Transformation Programme. The most challenging part of this strategy was the implementation of the Business Transformation Programme owing to the lead in time for the start of the new financial year.

From 2011/2012 the public sector would face the toughest financial challenge for many years and probably a decade of reduced funding. It was expected that the next CSR would cover the period 2011/12 to 2013/2014, although details would not be known until after the General Election. In practice, individual council's grant allocations would probably not be known until late November/early December 2010. The Council therefore faced a period of financial uncertainty. At this stage it was not possible to accurately predict future grant levels. However, on the basis of existing information on the national financial position a planning assumption of annual grant reductions of 5% in the Council's core grant seemed appropriate.

On this basis if no action was taken, the Council would face a budget deficit of £14m by 2013/14 assuming the Business Transformation efficiencies of £6m were achieved. This deficit was largely driven by the forecast grant reductions.

A strategy for managing this position would need to be developed during 2010 to address this position to ensure there was an adequate lead-in time to implement expenditure reductions once the actual grant allocations for 2011/2012 onwards were known. It would not be possible to bridge this deficit from a further round of efficiencies as the Business Transformation Programme would have exhausted this area. Therefore, the strategy would need to prioritise services, including identifying those services which the Council could no longer provide and also review issues such as eligibility criteria and service levels across the remaining services.

At this stage no assessment of potential reductions in the Area Based Grant had been made as the Government may change this regime and no assessment of potential reductions in specific grant regimes had been made. These issues would need reviewing when more information was available.

Cabinet were requested to determine the specific consultation proposals they wished to refer for consultation as set out in Section 10 of the report.

Discussion ensued in relation to the financial challenges ahead, the implications of floor damping on the Council's financial position and how Adult and Social Care would be funded in the future. The Chief Financial Officer stated that the existing Government had rejected a request to remove floor damping and the possibility of further lobbying in this regard was an option. In relation to the funding for Adult and Social Care, it was too early to form a detailed assumption on the implications for Hartlepool as much was dependent upon decisions and priorities of Central Government which would not be apparent until after the General Election.

In response to a query relating to the future of Mill House, it was reported that improvement works were scheduled to commence at Mill House Leisure Centre in the coming months, however, the long term future

proposals were dependent on the outcome of discussions with the football club.

Decision

It was agreed that the following specific proposals be referred for consultation:-

- (i) Cabinet indicated their wish to allocate the anticipated centralised estimate underspend of £1m to manage the following budget risks:

	<u>£'000</u>
Provision for current year income shortfall	200
Provision for continuing income shortfalls 2010/2011	300
Provision for Equal Pay Tribunal Costs	500

- (ii) Cabinet indicated their wish to allocate the 2009/2010 and 2010/2011 total LABGI allocation of £80,000 to support the 2011/2012 budgets.

Capital Programme 2010/2012 to 2013/2014

- (iii) Cabinet indicated their commitment to use Unsupported Prudential Borrowing for the following local priorities in 2010/2011:

	<u>£'000</u>
SCRAPT Priorities	1,200
Community Safety Initiatives	150
Disabled Adaptations	50
Neighbourhood Forum Minor Works	156

- (iv) Cabinet indicated their wish to review the continuation of the above priorities in 2011/2012 and beyond as part of the comprehensive review of budget priorities in 2010.

- (v) Cabinet indicated their wish to confirm their commitment to use £3m of Unsupported Prudential Borrowing for the replacement of Mill House in 2010/2011 or to take the £03.m revenue saving.

- (vi) Cabinet supported the proposal to use Prudential Borrowing to replace the cremators during 2010/2011 and to repay this loan from 2011/2012 by increasing the cost of an adult cremation by £90, in addition to the normal inflationary increases.

2010/2011 Budget

- (vii) Cabinet supported the proposed corporate efficiencies and savings of £1.75m (detailed in paragraph 6.12) and agreed that they be

referred for consultation.

- (viii) Cabinet supported a proposed Council Tax increase of 2.5% for 2010/11.
- (vix) Cabinet supported the proposals for allocating the £1.5m headroom to fund budget pressures and the budget contingency detailed in paragraph 6.4
- (x) Cabinet indicated their wish to refer the Budget Priorities detailed in Appendix B for consultation and requested that if Members wanted to fund these items they would need to suggest where compensating reductions should be made.
- (xi) Cabinet supported the proposal to allocate the uncommitted balance of the Supporting People reserve for Equal Pay costs and supported the 2011/12 budget proposal.

2011/12 to 2013/14

- (xii) Cabinet supported indicative Council Tax increases of 2.5% for 2011/12 and 2012/13 and 3.9% for 2013/14

65. Developing a Strategic Approach to the Voluntary and Community Sector in Hartlepool *(Director of Child and Adult Services and Director of Regeneration and Neighbourhoods)*

Type of decision

Key (Test ii)

Purpose of report

To seek Cabinet approval of the final Voluntary and Community Sector Strategy (VCS) and to note the intention that the Action Plan would be used as a basis for the Council and PCT to work with the VCS.

To seek Cabinet's agreement to setting up an Implementation Group to oversee the prioritisation and delivery of the Action Plan.

Issue(s) for consideration by Cabinet

The Adult and Public Health Portfolio Holder reported that the final Voluntary and Community Sector Strategy (VCS), attached at Appendix 1, provided a strategic approach to working with the voluntary and community sector.

The report was in two parts. Part one included the proposed strategic approach and set out the outcome framework based around the following aims:-

1. A shared vision and strategic direction
2. A sector that is strong and prosperous
3. A sector that contributes to the delivery of good public services
4. A sector that strengthens communities and neighbourhoods

Part two outlined the background analysis and supporting documentation to the strategy.

The strategy was agreed as a draft for consultation at Cabinet on 23 February 2009. This report also included a summary of the subsequent consultation events including the Local Strategic Partnership (LSP) and a voluntary sector event. A detailed response from HVDA was attached at Appendix 2. The report also recommended the creation of an Implementation Group to steer delivery of the action plan.

Following discussion in relation to the make up of the Implementation Group, the Director of Child and Adult Services agreed to provide details of the proposed membership following the meeting.

Decision

- (i) That the final Voluntary and Community Sector Strategy, be approved.
- (ii) It be noted that the Action Plan be used as a basis for the Council and PCT to work with the Voluntary and Community Sector.
- (iii) That an Implementation Group be created to oversee the prioritisation and delivery of the Action Plan.

66. Asset Management Capital Investment – Essential Property Works *(Director of Regeneration and Neighbourhoods)*

Type of decision

Non-key

Purpose of report

To seek approval to a schedule of capital programme of works to address essential works to property.

Issue(s) for consideration by Cabinet

The Director of Regeneration and Neighbourhoods presented the report which outlined the background to the essential works and the funding arrangements for the proposed programme of works.

Attached at Appendix 1 was a schedule of the schemes proposed for implementation. The Appendix was to be considered as Phase 1 of the implementation plan and a further report would be forthcoming with Phase 2 proposals. The Strategic Capital and Resources Programme Team considered that it would be prudent not to allocate all the available funding at this time and to consider the issue further later in the year when the

property rationalisation process was further developed. Of the £1.2m only £1.025m was proposed to be committed at this stage.

In relation to the Warren Road/ Havelock major planned maintenance, Maritime Experience electrical distribution system schemes and Mill House diving board schemes, a detailed review of existing revenue spending would be completed to identify the schemes which could be capitalised. This would enable funding to be vired between schemes.

Decision

- (i) Cabinet endorsed the work of the Strategic Capital and Resource Programme Team and approved the detailed proposals as set out in Appendix 1, subject to the identification of existing revenue spending which could be capitalised and funding vired between schemes.
- (ii) That delegated authority be granted to the Chief Financial Officer to implement the above proposal.
- (iii) That Cabinet consider a further report in due course detailing the proposed expenditure for the remainder of the budget.

67. Anglian/Hartlepool Water – Business Planning *(Director of Regeneration and Neighbourhoods)*

Type of decision

Non-key

Purpose of report

This report advises Cabinet of the progress made in the process by which Anglian Water (including Hartlepool Water) prepare their five year business plan and secure agreement from the Water Services Regulation Authority (Ofwat) on price limits for the period 2010 to 2015.

Issue(s) for consideration by Cabinet

The report outlined the process by which the water regulator, Ofwat, considered water companies' business plans and sets pricing structures and a budgetary framework. Details of Ofwat's draft determination and the implications for Hartlepool Water consumers and Hartlepool Water were provided. Anglian/Hartlepool Water had been discussing this process with an informal stakeholder panel during which a number of issues were agreed as the Panel's priorities for Anglian/Hartlepool Water to consider as set out in the report.

A copy of the draft response from the Stakeholder Panel to Ofwat was attached at Appendix 1

The importance of investment in sewerage improvements was highlighted to which the Assistant Director agreed to take on board those comments, noting that this was primarily a responsibility for Northumbrian Water, rather than Hartlepool Water.

Decision

That the report be noted and the comments of the Stakeholder Panel, as detailed in Appendix 1, be endorsed.

68. Analysis of Performance Indicators (*Assistant Chief Executive*)

Type of decision

None – for information only

Purpose of report

To inform Cabinet of the Council's outturn figures for all performance indicators that are included in the 2009/10 Corporate Plan.

Issue(s) for consideration by Cabinet

The Assistant Chief Executive reported on the analysis of the Council's performance against the prescribed national indicators and local indicators that were exclusive to the Council and had been chosen to be measured within the Corporate Plan.

Generally the analysis was positive and a summary of the Council's performance over the last 12 months being as follows: -

- A total of 94 PI's covering both NI's and LPI's had been analysed
- 63% of these achieving target in 2008/09 (58 PI's), an increase from 53% in 2007/08.
- Just under a third of PI's did not achieve target (30 PI's)
- 5 PI's (5%) just narrowly missing target by less than 5%, a reduction from 10% in 2007/08.
- A comparison of short term trend could be made with 29 of the 94 PI's due to NI's only being introduced during 2008/09. Results showed that the performance of 48% of PI's had improved over the last 12 months which was down on last years performance of 53%.
- However a further 21% of PI's staying the same with regard to their performance.
- Overall 69% of PI's had either improved their performance or stayed the same over the past 12 months with the remaining 31% declining, which was a slight improvement from 67% in 2007/08.

The key findings of the analysis by individual Portfolio were set out in the report. More detailed information on performance against target by Portfolio, the short term trend by Portfolio, together with a detailed list of PI's by Portfolio were attached as appendices to the report.

Members were pleased to note that the figures indicated that the Council was performing well. A discussion followed on the potential impact on performance and quality of services as a result of the implementation of the

Business Transformation Programme.

Decision

That the information contained within the report, be noted.

69. Business Transformation – Corporate Restructure – Tier 3 (*Chief Executive*)

Type of decision

Non-key

Purpose of report

- (i) To progress the recommendations from the Cabinet reports of 26 January and 6 April with particular reference to the corporate restructure of the authority;
- (ii) To ask Cabinet to consider amendments to the functional structures and the proposed slotting-in or ring fencing of the third tier posts.

Issue(s) for consideration by Cabinet

Prior to presentation of the report the Chief Executive highlighted that in the event of any debate or discussion in relation to the Chief Executive's Department restructure, officers presently in attendance from that department would be required to leave the meeting.

The Chief Executive presented the report which included background information to the Business Transformation Programme.

The Director of Child and Adult Services and the Director of Regeneration and Neighbourhoods were appointed on 19th August and formally took up their posts from 1st September. As planned they have had an opportunity to review the functional structures agreed in April, and as a result this report proposed some relatively minor changes in these departments. The Chief Executive had also taken the opportunity to review the functional groupings in the Chief Executive's Department and there were proposals contained within this report to that effect. This report proposed those posts which should report to the two new Directors and to the Chief Executive, and to what extent existing Chief Officers may be slotted in.

The report identified minor changes proposed to the functional structures agreed in April for Child and Adult Services and Regeneration and Neighbourhoods Departments, proposals for the Chief Executives Department, proposals for deputies for each Director and the slotting in of individuals to posts .

Further tiers of management would be devised within cost limits and design guidelines by Directors and Chief Officers, and recruited to in the established way. Implementation would be in accordance with the recently revised policy and procedure documents in relation to reorganisation,

redeployment and redundancy.

The Chief Executive highlighted some minor amendments to the functional groupings, as detailed in Appendices A and B as follows:-

Appendix A of the report which covered the structure for Child and Adult Services

Schools Transformation Commissioning had been included under Resources and Support Services. It should be included under Performance and Achievement along with Schools Transformation Strategy

Appendix B of the report which covered the structure for Regeneration and Neighbourhoods

The division entitled Engineering Services should read Transportation and Engineering Service

The Housing and Regeneration Division should include Neighbourhood Renewal Strategy and Neighbourhood Action Plans

Sustainable Development Policy and Co-ordination is in the Planning and Economic Development Division and Climate Change in Neighbourhood Services Division

In the Planning and Economic Development Division Landscape Planning and Building Control should read Landscape Planning and Conservation

The Chief Executive referred to an expression of interest for early retirement/voluntary redundancy within the Chief Executive's Department which provided an opportunity to achieve new and additional savings. Details of the proposed revised structure to the Chief Executive's Department were provided, as detailed in Section 3.8 of the report. The revised structure allowed the opportunity for the attention of the Section 151 Officer to be focused on the Council's financial management and governance which was particularly important at a time when resources were anticipated to reduce.

The revisions to the Chief Executive's Department at this level were expected to generate additional savings, details of which were set out in Section 3 of the report.

Details of the new posts had been submitted for external evaluation as agreed at Cabinet in January. The results, including individual salary information, were set out in a confidential appendix to the report.

The Chief Executive provided details of the proposal to appoint deputies, the slotting in and appointment process, the financial implications together with details of the consultation process, as set out in the report. In relation to Chief Officers not slotted in/ring fenced to posts at Tier 3, the Chief

Executive advised that as a result of consultation with employees, it was proposed that those 3 or 4 Chief Officer posts, referred to in paragraph 7.2 of the report, be confirmed on the Chief Executive's structure at this stage subject to an evaluation by the LGE, the outcome of which would be reported to Cabinet and sought Cabinet's approval to this proposal.

With regard to the consultation process, the Secretary of the Joint Trades Union was in attendance at the meeting and requested that approval of the divisional structures be deferred to enable discussions to take place with Directors in this regard. During the discussions that followed in relation to this request, Members were of the view that the programme should not be delayed and could continue whilst discussions with the Trade Unions took place. Following further discussion, the Secretary of the Joint Trades Union indicated that he did not wish to delay the process provided discussions regarding the functional structures were undertaken with the Directors as soon as possible.

The Chief Executive responded to queries raised by Members in relation to the proposed pay and grading bands for Chief Officers following which the Chief Personnel Officer agreed to provide further details of costs/savings as a result of salary gradings under separate cover.

Decision

- (i) That the amendments to the functional structures of the three departments as stated in Paragraph 3 of the report and the amendments proposed to the Chief Executive Department's structure as set out in paragraph 3.8 of the report, be agreed.
- (ii) That the 3 or 4 Chief Officer posts, referred to in paragraph 7.2 of the report, be confirmed on the Chief Executive's structure at this stage subject to an evaluation by the LGE, the outcome of which would be reported to Cabinet.
- (iii) That the recommendations of the LGE regarding the grading of third tier posts be implemented.
- (iv) That the proposals regarding slotting in or ring-fencing of employees into third tier posts, be agreed.
- (v) That the proposals regarding the designated deputy roles, be agreed.
- (vi) To receive further reports, if necessary, regarding the overall functional structures as part of the Business Transformation Programme.

The meeting concluded at 10.30 am.

P J DEVLIN

CHIEF SOLICITOR

PUBLICATION DATE: 25th September 2009