

CABINET

MINUTES AND DECISION RECORD

4 October 2010

The meeting commenced at 9.30 a.m. in the Civic Centre, Hartlepool

Present:

The Mayor, Stuart Drummond - In the Chair

Councillors: Jonathan Brash (Portfolio Holder for Performance Portfolio Holder)
Gerard Hall (Adult & Public Health Services Portfolio Holder).
Peter Jackson (Transport and Neighbourhoods Portfolio Holder),
Hilary Thompson (Culture, Leisure and Tourism Portfolio Holder),

Also Present:

Councillor Ray Wells

Officers:

Paul Walker, Chief Executive
Andrew Atkin, Assistant Chief Executive
Chris Little, Chief Finance Officer
Nicola Bailey, Director of Child and Adult Services
Dave Stubbs, Director of Regeneration and Neighbourhoods
John Mennear, Assistant Director, Child and Adult Services
Heather McWilliam, Public Relations Officer
Denise Wimpenny, Principal Democratic Services Officer

69. Apologies for Absence

Apologies for absence were submitted on behalf of Councillors Pamela Hargreaves (Regeneration and Economic Development Portfolio Holder) and Robbie Payne (Deputy Mayor) (Finance and Procurement Portfolio Holder).

70. Declarations of interest by members

None.

71. Inquorate Meeting

It was noted that the meeting was not quorate. The Mayor indicated that (as permitted under the Local Government Act 2000 and the Constitution) he would exercise his powers of decision and that he would do so in accordance with the wishes of the Members present, indicated in the usual

way. The decision set out in the decision record was confirmed by the Mayor accordingly.

72. Confirmation of the minutes of the meeting held on 27 September 2010

Confirmed.

73. Minutes of the meeting of the Emergency Planning Joint Committee held on 23 September 2010

Received.

74. The Tall Ships Races 2010 – Outturn Position (*Director of Child and Adult Services and Chief Finance Officer*)

Type of decision

Key – reference number CE41/10 – test (ii) applies.

Purpose of report

To report to Cabinet on the success of the event and to identify the budget out-turn and proposed strategy for managing the budget deficit.

Issue(s) for consideration by Cabinet

The Mayor presented the report which summarised the success of the Tall Ships Races 2010 from a visitor and delivery perspective and provided an outturn budget position statement which indicated an unfunded deficit.

The report highlighted that part of the costs of staging the event would be funded from income generated during the event. However, this income was less than anticipated. The greatest shortfall in anticipated income occurred within event parking. This was partly due to alternative parking arrangements being made within the town at a variety of sites, a lower take up than anticipated at the event parking facilities and visitors effectively finding alternative means to access the event. The report provided details of the financial outturn and sought agreement of the financial strategy for managing this position as set out in the report.

Discussion ensued in relation to the success of the event, the potential future benefits for the town as a result and the reasons for the income shortfall. Concerns were expressed that the level of shortfall had not been anticipated as well as the implications of this shortfall on the Council's financial position. However, the risks associated in undertaking and delivering an event of this complexity were acknowledged.

Decision

That the following proposed funding strategy to address the unfunded deficit for the event of £0.72m be approved in the following order of priority and

referred to Council for approval:-

- (i) £0.4m from lower borrowing costs and higher investment returns. As reported when the strategy for managing the in-year Area Based Grant cuts was prepared an initial assessment of borrowing costs and investment income indicated there would be a benefit to the Council in the current year from lower net borrowing costs. Further work has now been completed to reflect the position for the first six months of the financial year and the expected position for the remainder of the year. This indicates that there will be a higher benefit for the full year owing to interest rates for the Councils borrowing being less than expected owing to continued favourable interest rate structures which mean it is more cost effective to delay long term borrowing. This is being achieved by netting down investments and borrowings. As reported previously this strategy is not sustainable as the level of investments will reduce as the Council use its reserves to support the revenue budget and to meet planned one-off commitments. As this happens the Council will need to undertake external borrowing and this will be at a higher cost than the current strategy and mean that the actual costs of financing long term borrowing increase, although these costs are expected to remain within the existing budget provision, provided increases in interest rates do not exceed forecast levels;
- (ii) £0.1m from a reduction in the provision earmarked for Compulsory Purchase Order final settlements. The Council has previously set aside resources to meet these potential liabilities. Agreement was reached on Sept 16th September to settle the main outstanding liability and as a result the provision can be reduced by £0.1m.
- (iii) Allocate any in-year revenue departmental underspends towards the remaining deficit, subject to these amounts not being needed to address specific timing issues relating to the underspend. The first forecast outturns will be prepared as part of the half year financial management report and this work will be undertaken in October. Therefore, at this stage it is not possible to quantify if there will be any resources available from departmental underspends to offset this deficit and details will be reported to a future Cabinet meeting; it is therefore not yet possible to quantify if there will be any resources available to support this deficit;
- (iv) Allocate any uncommitted one-off resources currently earmarked to fund termination costs arising from implementing the strategy to address the Area Based grant cuts towards the remaining deficit. The potential Area Based grant termination

costs are currently being quantified and will be reported to a future Cabinet meeting. It is therefore not yet possible to quantify if there will be any resources available to support this deficit.

The meeting concluded at 9.55 am.

P J DEVLIN

CHIEF SOLICITOR

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