

# **CABINET**

## **MINUTES AND DECISION RECORD**

11 OCTOBER 2010

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

### **Present:**

The Mayor, Stuart Drummond - In the Chair

Councillors: Jonathan Brash (Portfolio Holder for Performance Portfolio Holder)  
Robbie Payne (Deputy Mayor) (Finance and Procurement Portfolio Holder),  
Pam Hargreaves (Regeneration and Economic Development Portfolio Holder),  
Gerard Hall (Adult and Public Health Services Portfolio Holder).  
Cath Hill (Children's Services Portfolio Holder),  
Hilary Thompson (Culture, Leisure and Tourism Portfolio Holder),

Officers: Andrew Atkin, Assistant Chief Executive,  
Chris Little, Chief Finance Officer  
Alyson Caman, Legal Services Manager  
Joanne Machers, Chief Customer and Workforce Services Officer  
Nicola Bailey, Director of Child and Adult Services  
Dave Stubbs, Director of Regeneration and Neighbourhoods  
Graham Frankland, Assistant Director (Resources)  
David Hart, Strategic Procurement Manager  
Steve Hilton, Public Relations Officer  
David Cosgrove, Democratic Services Team

### **75. Apologies for Absence**

Councillor Peter Jackson (Transport and Neighbourhoods Portfolio Holder).

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

The Mayor, Stuart Drummond and Deputy Mayor, Councillor Robbie Payne declared a personal and prejudicial interest in Minute 83.

### **77. Confirmation of the minutes of the meeting held on 4 October 2010**

Confirmed.

## **78. Food Law Enforcement Service Plan 2010 / 2011** (Director of Regeneration and Neighbourhoods)

### **Type of decision**

Budget and Policy Framework.

### **Purpose of report**

To consider the Food Law Enforcement Service Plan for 2010/2011 which was a requirement under the Budget and Policy Framework.

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

The Adult and Public Services Portfolio Holder reported on Hartlepool's Food Law Enforcement Service Plan for 2010/11, which was a requirement of the Food Standards Agency and formed the basis on which the Authority may be monitored and audited to verify whether the service provided is effective in protecting the public. The plan set out the Council's aims in respect of its food law service. Whilst focussing on 2010/11, the Service Plan also identified longer term objectives as well as a review of performance for 2009/10.

The plan had been submitted to the Adult and Public Health Services Portfolio on 26th July 2010, Cabinet on 16th August 2010, and Neighbourhood Services Scrutiny Forum on 15th September 2010. Subject to Cabinet's endorsement, the plan would be submitted to Council on 28th October 2010 for approval and adoption.

It was highlighted that the Neighbourhood Services Scrutiny Forum had responded positively to the service plan. In response to member questions, the Director of regeneration and neighbourhoods reported that all the outlets involved in the Tall Ships event had been inspected over the four days. This had caused a slight backlog in other inspections but staff would make every effort to ensure all inspections were undertaken by the end of the year.

### **Decision**

That the Food Law Enforcement Service Plan for 2010/2011 be approved for submission to Council.

## **79. Medium Term Financial Strategy (MTFS) 2011/2012 to 2014/2015 – Initial Consultation Proposals** (Corporate Management Team)

### **Type of decision**

Budget and Policy Framework.

### **Purpose of report**

To outline the key issues affecting the Council's financial position over the

period 2011/2012 to 2014/2015 and the implications this has for setting the 2011/2012 budget.

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

The Chief Finance Officer provided a detailed overview of the financial issues affecting the Council in relation to:

- The national financial position and the Spending Review;
- The 2010/2011 financial position;
- Capital Programme 2011/2011 to 2014/2015;
- General Fund and Council Tax 2011/2012 to 2014/2015;
- Redundancy issues and funding;
- Budget Risks;
- Timetable;
- Specific Grants;
- Consultation.

The report advised Cabinet that the public sector was facing a prolonged period of austerity as the Government was committed to reducing the public sector deficit. Details of the impact on individual Government departments would be announced on the 20th October 2010.

The Government had already indicated that unprotected areas faced cuts of 25% over a 4 year period. The report therefore outlined two planning scenarios to address the scale of anticipated grant reductions and uncertainty over the phasing of grants cuts. For the Council's main Formula Grant these forecasts are based on reductions of 25% and 30% over the next four years, with the cuts being front loaded in 2011/12. On this basis the Council faced a gross deficit on the General Fund budget of between £20.8m and £23.1m over the next four years.

The forecast General Fund deficit for 2011/12 was between £8.1m and £10.7m. The report outlined a number of measures to reduce the 2011/12 forecast gap to between £4.1m and £6.7m. These forecasts were after planned Business Transformation efficiencies. Detailed proposals for bridging this gap would need to be developed and would require some very difficult decisions.

In relation to specific grants, which included the Area Based Grant, the Council would also face cuts in funding. This was an extremely difficult area to predict as the Government had not yet determined which local authority grants they would prioritise. At a local level this was a particularly difficult area as the Council received significant specific grants. Owing to the significant expected cut in the main Formula Grant the Council would not be able to manage this position by mainstreaming Specific Grants which were cut. Therefore, cuts in Specific Grants would result in existing services being scaled back to the level of available grant funding, or ceased completely if the grant is withdrawn entirely.

The development of detailed budget proposals for next year was critically dependant upon Government funding announcements. Some details would

be provided in the Spending Review in October. The detailed allocations for individual councils were not expected until late December or early January 2011. This would mean that budget decisions would need to be made over a shorter time period and it would not be possible to follow the normal budget timetable. Therefore, the report included a proposed timetable to address these issues, which would enable the Council to set a budget in February 2011. It was anticipated that a one-day scrutiny event to consider the budget proposals would be held in early December.

In relation to consultation, the Assistant Chief Executive reported that there had been a number of consultation exercises utilised to inform the budget process. This included Viewpoint, a public survey, staff survey and discussion meetings with young people, community representatives and business representatives. A summary of the Viewpoint survey was set out in section 13 of the report outlining those areas where people had responded to a question on whether the service area was acceptable or unacceptable to cut. Detailed results of the surveys and reports of the consultation meetings were set out in appendices to the report.

From the survey results, it was noted that the responses from young people tended to take a much more considered long-term view. The feedback on the areas that would be acceptable to cut could be useful in future decision making.

Cabinet Members expressed concern that recent comments from the Secretary of State in relation to a review of local authority financing may mean that there would only be a one-year settlement. The Chief Finance Officer commented that the last time such a review had been undertaken, it had taken two years to complete. A review of the funding formula had also been hinted at by the Secretary for State.

A Cabinet Member considered that the situation could not be understated. Hartlepool had lost Building Schools for the Future, the Primary School Capital Scheme, a replacement hospital and the Working Neighbourhoods Fund amongst others. The town had high levels of deprivation already and the cuts in service that would be forced upon the Council would hit those most vulnerable hardest. Many services were already being provided to their present levels through the good will of excellent staff.

Other Cabinet Members considered that the North east was being targeted for the highest levels of cuts by the government. It was to be applauded that the aspirational targets of the Business Transformation process were being achieved. There was concern that one of the issues being forwarded to Scrutiny for consideration was a higher level of cuts in the first year than may actually be required. The Chief Financial Officer commented that much was dependent on the phasing of the cuts. Cabinet was also concerned at the targeting of Area Based Grants by the government. Cabinet was also concerned that there were some areas of potential cuts where the service may never be recovered; once they were gone, they were gone forever. Cabinet also expressed unease at the level of potential

redundancies arising from the grant cuts and indicated that different methods of service delivery needed to be given greater priority.

The Mayor considered that the report put the budget issues in context and highlighted the services that people valued. Cabinet was in a detailed process of budget meetings to determine how to meet the deficit. This process wasn't just about cuts but also working closer and in new ways with partners. The difficulty was that this was all speculation until a settlement was received.

### **Decision**

1. That the report be noted;
2. That Cabinet approves the proposed budget timetable as detailed in Appendix 4 to the report;
3. That the report and initial consultation proposals set out below be referred to Scrutiny Co-ordinating Committee;
  - (i) Do Members support the proposal to use Unsupported Prudential Borrowing to continue to fund the following local capital investment priorities, which will have an unfunded revenue pressure of £35,000?
    - Neighbourhood Forum Minor Works allocations £156,000
    - Community Safety Initiatives £150,000
    - Disabled Adaptations £50,000
  - (ii) Do Members support the proposed revenue pressures identified in Appendix 3, totalling £1.289m?
  - (iii) Do Members support the proposals identified in paragraph 8.9 to reduce the 2011/2012 budget deficit?
  - (iv) If the phasing of grant cuts is less severe than 15% in 2012/2012 than forecast, do Member support the principle that the Council should implement equivalent to a 15% grant cut in 2011/2012 if this protects the Council's financial position in the medium term?

## **80. Regional Governance Framework Review of Collaborative Procurement** *(Director of Regeneration and Neighbourhoods and Chief Solicitor)*

### **Type of decision**

Key Decision – Test (i) applies. Forward Plan reference Number RN31/10

### **Purpose of report**

To consider and approve a revised Constitution and revised 'Shared Services' Arrangement for the North Eastern Purchasing Organisation, following the approval of a new Business Plan for the organisation by the ANEC Leaders and Elected Mayors Board on 15 June 2010.

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

The Finance and Procurement Portfolio Holder reported on developments in the collaborative procurement landscape across the region and how the Council needed to respond in order to maximise efficiencies. The report outlined the latest details of the review of the Regional Improvement and Efficiency Partnership/North East Purchasing Organisation (NEPO), considered Hartlepool's position and sought Cabinet agreement to a revised constitution and revised "shared services" Arrangement.

The report emphasised that by entering into the arrangement at this stage, the parties were not immediately committed to particular procurements or methods of working within NEPO, until they had first had the opportunity to comment and shape the opt out protocol, operational protocol and the 'funding review' in the agreement, all of which were intended to be prepared by March 2011. In line with suggestions made, the need to consult fully on these protocols had now been made clear and the termination period had been shortened to six months, to enable any party to consider their position and reconsider their participation during the agreed transition period, during which current subscription rates would continue to apply. This was important as these areas were a concern to Hartlepool and 'we' now had an opportunity to negotiate and seek a solution in line with our needs.

There was concern at the staffing structure being implemented for the new arrangement, particularly when this authority was facing job cuts. Concern was also expressed at the funding on the new organisation. Each partner, regardless of size was paying £30,000 each year. It was highlighted that the council did currently contribute £30,000 to NEPO each year.

Cabinet was also concerned that issues such as the opt-in, opt-out rules that Hartlepool wished to see had not yet been finalised. Members were particularly concerned that the council should have the flexibility to support local businesses. There were also several areas where there would be no advantage to the authority; ICT was already contracted to Northgate and Child and Adult Services had already made great savings on social care contracts.

Members had concerns but indicated that they would support the proposal at this stage subject to those concerns being addressed. It was suggested that the new Director of the new purchasing organisation should come to Hartlepool and discuss these issues with Cabinet.

### **Decision**

1. That the revised Constitution for the Joint Committee of the North Eastern Purchasing Organisation, as set out in Appendix 2 to the report be approved.
2. That the revised 'Shared Services' Arrangement for the North Eastern Purchasing Organisation, as set out in Appendix 2 to the report be

approved, and that the Chief Solicitor be authorised to enter into the Arrangement subject to further investigation into operational protocols and funding.

3. That Council be requested to appoint two members to serve on the Joint Committee, one of whom is the Executive Member with responsibility for procurement.
4. That the Chief Solicitor be authorised to make any consequential changes to the Council's constitution to give effect to these revised arrangements in conjunction with Constitution Committee.
5. That a further report on the progress of the review of operational protocols and funding that will be undertaken be submitted to Cabinet.
6. That the Director of the Organisation be invited to discuss Cabinet's concerns.

**81. Travel Efficiency Plan** (*Director of Regeneration and Neighbourhoods and Chief Customer and Workforce Services Officer*)

**Type of decision**

Key Decision, test (i) applies. Forward Plan reference CE37/10.

**Purpose of report**

To advise Cabinet of the outcome of consultations with employees and Trade Union representatives regarding changes to the payments to staff and Elected Members who used their private vehicles for Council business and seek a decision on next steps.

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

Cabinet had considered and agreed proposals for amending the payments made in relation to the use of personal vehicles for Council business and on 6 September agreed that the following proposal would be consulted upon with staff and Trade Unions.

The proposal, subject to a local agreement, was:

- To cease all essential user allowance payments from 1 November 2010;
- Make a compensation payment equivalent to five months entitlement in November's pay and;
- Pay all miles travelled at middle casual rate with effect from 1 November 2010.

It was estimated that although there would be an additional cost of £31,000 in 2010/11, there would be on-going savings of £427,000 from 1 April 2011.

All staff who received an essential user lump sum allowance and/or made a

mileage claim at either essential or casual rates in the period 1 September 2009 - 31 August 2010 were advised by personal letter of the proposal. Over 600 essential users and 450 casual users were sent letters setting out the proposals.

The Chief Customer and Workforce Services Officer reported that the Trade Unions had undertaken a ballot of their members affected by these proposals. The ballot result was to support acceptance of the proposal and therefore a local agreement could be implemented with effect from 1 November 2010.

The Trade Unions had made a formal request for Cabinet to reconsider their decision to make a compensation equivalent to five months and pay middle casual mileage rate from 1 November 2010. They had requested that a payment equivalent to six months be made and the revised mileage rate be paid from 1 October 2010. As advised previously this would increase the additional 2010/11 costs from £31,000 to £67,071. A request had also been made to have further detailed discussions on a range of other issues relating to travel payments which were considered appropriate.

Cabinet raised some concerns at the potential costs of pooled cars that may be necessary should staff remove the use of their own vehicles for council business. Officers indicated that the costs of pooled cars could not be estimated as there was no indication of the demand for them. There was also the potential that pooled vehicles used by staff that incurred the highest levels of mileage may actually save even more money.

In reconsidering the Trade union request on the compensation offered, Cabinet reaffirmed its previous decision.

### **Decision**

1. That the results of the Trade Union ballot be noted.
2. That the Trade Union request for compensation equivalent to six months allowance is refused.
3. That the new local agreement be implemented and that the following actions be undertaken:
  - Employees will be immediately advised of the change to their terms and conditions of employment in writing;
  - The October payroll will contain the final monthly lump sum for essential users;
  - The November payroll will contain a compensation payment equivalent to five months of lump sum payments;
  - All miles claimed from 1 November 2010 will be paid at middle casual rates.



## **82. Working Neighbourhood Funding (WNF) 2010/11** (Director of Regeneration and Neighbourhoods)

### **Type of decision**

Non-key.

### **Purpose of report**

To make a revision to the report – Strategy for managing reductions in 2010/11 Government grants that was submitted to Cabinet on 19th July and 2nd August 2010.

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

The Regeneration and Economic Development Portfolio Holder reported that on 24 May 2010, the Government announced details of cross Government departmental savings in 2010/11 of £6.2 billion, this included £1.166 billion of Local Government savings. For Hartlepool the revenue grant cut is £2.154m and the capital cut is £1.402m. Initial proposals for managing these funding reductions were considered by Cabinet on 19th July 2010 and 2nd August 2010.

The report and appendices submitted to Council on 5th August 2010, contained an error in relation to budget reductions proposed for The Community Empowerment Network budget. The report and appendices agreed by Cabinet showed that the in-year cut to Hartlepool Voluntary Development Agencies (HVDA) Community Empowerment Network project was to be reduced by 17% (from an original budget of £144,000 to £120,000 in 2010/11). However, this was an error and the actual reduction is only 10% (which would make the actual budget after-cuts to £130,000).

### **Decision**

That the revisions set out in the report be approved and that HVDA receive only a 10% cut to their Community Empowerment Network (CEN) project instead of a 17% cut as previously notified.

## **83. Community Pool 2010/2011 - Belle Vue Community Sports and Youth Centre** (Director of Child and Adult Services)

### **Type of decision**

Non-key.

### **Purpose of report**

The purpose of this report is to advise and seek Cabinet approval for the level of grant award to Belle Vue Community Sports and Youth Centre from the Community Pool for 2010/2011.

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

As the mayor and Deputy Mayor both had declared prejudicial interests in

relation to this matter, their absence from the meeting during its consideration would have left the meeting inquorate and a decision could not therefore be reached. As this was the third occasion that a decision on this matter had been attempted, the Mayor, following advice from the Legal services manager suggested that the matter be referred to the Culture, Leisure and Tourism Portfolio Holder for consideration at her next Portfolio meeting.

**Decision**

That consideration of the grant award to Belle Vue Community Sports and Youth Centre from the Community Pool for 2010/2011 be delegated to the Culture, Leisure and Tourism Portfolio Holder.

The meeting concluded at 10.25 a.m.

**P J DEVLIN**

**CHIEF SOLICITOR**

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