

CABINET

MINUTES AND DECISION RECORD

29 November 2010

The meeting commenced at 9.00 am 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 & Public Health Services Portfolio Holder).
Cath Hill (Children's Services Portfolio Holder),

Also Present:

Officers: Andrew Atkin, Assistant Chief Executive,
Chris Little, Chief Finance Officer
Joanne Machers, Chief Customer and Workforce Services Officer
Dave Stubbs, Director of Regeneration and Neighbourhoods
Alan Dobby, Assistant Director, Support Services
Graham Frankland, Assistant Director, Community Services
Alastair Rae, Public Relations Manager
Angela Hunter, Principal Democratic Services Officer

Also in attendance:

Edwin Jeffries and Mike Hill, Unison

112. Apologies for Absence

Apologies for absence were received from Councillor Peter Jackson (Portfolio Holder for Neighbourhoods and Communities) and Councillor Hilary Thompson (Portfolio Holder for Culture, Leisure and Tourism).

113. Declarations of interest by Members

None.

114. Confirmation of the minutes of the meeting held on 22 November 2010

Due to the meeting being adjourned and reconvened immediately following this meeting, the minutes were deferred.

115. Medium Term Financial Strategy (MTFS) 2011/12 to 2014/15 *(Corporate Management Team)*

Type of decision

Budget and Policy Framework

Purpose of report

To provide details of the Government's Spending Review and the impact on the Council; and

To enable Cabinet to approve the initial budget consultation proposals to be referred to Scrutiny Co-ordinating Committee.

Issue(s) for consideration by Cabinet

The report provided a detailed update to the report submitted to Cabinet on 11 October 2010 and provided details of the impact of the Spending Review announcement. The report concentrated on the General Fund budget and the impact of cuts to Formula Grant. The report also highlighted the key Spending Review issues as follows:

- Formula Grant will be cut by 28% by 2014/15;
- Formula Grant cuts will be front loaded and in 2011/12 the cut will be 14% and 9% in 2013/13;
- A specific grant will be paid to authorities which freeze Council Tax at the 2010/11 level;
- Removal of ring fence from £3.4 billion of specific grants;
- Changes to Social Services Grants;
- Abolition of Working Neighbourhood Fund.

The Spending Review confirmed that the public sector, in particular local authorities, faced a period of sustained and significant reductions in funding. Whilst, the actual Formula Grant cut of 28% was within the planning figures previously reported of 25% to 30%, the cuts were more front loaded than feared. This meant the Council faced a more difficult financial position over the next two years than previously forecast.

The forecast grant cuts will reduce the core formula grant from £51.5m in 2010/11 to £36.5m by 2014/15. In cash terms this was the level of grant the Council received in 2004/05. Since this date the Council had to fund significant pressures, including demographic pressures, caring for older people, increased cost of Looked After Children and the ongoing cost of implementing the single status pay agreement. As these commitments were ongoing the grant cut meant services will need to be scaled back, or stopped.

For planning purposes it is assumed that the national decreases will apply at a local level. The impact of the grant cuts on a population basis of the grant cuts is particularly unfair on areas dependent upon Government grant, such as Hartlepool, as the cuts per head of population are greater as illustrated below:

Grant Cuts Per Head of Population	
Hartlepool	£78
Average Unitary	£53

The Council faces a gross General Fund budget deficit for 2011/12 of £14m. As reported previously a range of measures for reducing this 2011/12 budget deficit have already been identified, including savings from Business Transformation of £2.9m for next year. However, after reflecting these issues and the impact of the Spending Review the Council still faces a deficit next year of £5.6m. As Members were aware significant savings had already been made through the Management Structure changes and Service Delivery Options completed or planned to deliver savings from April 2011.

Therefore, the budget strategy for 2011/12 was moving beyond delivering more efficiencies and begins a process of reducing and prioritising the services the Council provides. This was a fundamental change in how the budget will be managed and was necessary to address a period of sustained and significant grant cuts. This will require the Council to make the most difficult decisions it has faced since becoming a unitary authority in 1996. The report included detailed proposals for bridging the net deficit of £5.6m.

The Council will continue to face deficits on the General Fund in future years and further cuts of between £11.9m and £13.9m will need to be made over the next three years.

The report also advised Members that the Council will also face cuts in specific grants, including the withdrawal of the Working Neighbourhood Fund. Given the significant pressures on the core budget from the cut in the Formula Grant the Council will not be in a position to mainstream cuts to these grants. Therefore, cuts to these grant regimes will need to be passported and services terminated or scaled back accordingly.

In response to a question the Chief Finance Officer confirmed that a date for the final settlement to be announced was not yet known. As the budget consultation was due to commence it was questioned whether the issues being consulted on may change. The Chief Finance Officer commented that it was a difficult situation as the budget consultation had already been delayed pending the Comprehensive Spending Review announcement. It was thought that any changes to the announcement already made were unlikely to impact on the scale of cuts required but may introduce a more measured scaling.

There was a consensus of opinion across all Members that there was an inherent unfairness in the cuts that Hartlepool was facing, including the abolishing of the Working Neighbourhoods Fund due to the high levels of deprivation within the town. Clarification was sought on the total percentage savings required across the next four years as they appeared to total more than the 28% stated. The Chief Finance Officer confirmed that the percentage cuts required were based on the previous year's budget and detailed figures provided by the Government as part of the Spending Review. It was noted that by 2014/15 the Council would have the same level of cash grant that it had in 2004/5.

A Member commented on the joint working between the health trusts and adult social care in relation to adult social care and re-ablement and it was hoped that this would continue and it was hoped that the personal social services grant would ring fenced for what it was originally intended for.

The difficulties faced with the Government's proposal to freeze council tax was discussed and although it was considered a headline grabber for the current government, there was very little information available on how this would be funded in the future. Members were concerned at the difficult decisions and choices that would need to be made in the near future in relation to possible cuts in service and how this would affect the residents of Hartlepool. Members hoped that as many members of the public would take part in the budget consultation as possible to enable Members to have a range of views, including suggestions on how services can be delivered differently, on which to base these difficult decisions. It was noted that as a result of the Spending Review, local authorities were examining ways of partnership working but realistically these changes would need time to implement and would not be short term solutions.

It was acknowledged that Hartlepool was heavily reliant on the public sector, including the health and local authority for employment and supporting the local economy. However, the cuts were such that they would also impact heavily on the community and voluntary sector as well as the private sector.

A number of areas were highlighted as having been identified as part of the proposals for cuts including Hartlepool Connect, the benefits service, the provision of support for homelessness and housing, sports in the

community, cultural services, community centres and libraries. These were all areas that if reduced or cut would impact directly on residents of the town. A Member requested a copy of the management structures across the Council as it was felt that this would help Members make more informed choices.

In response to a question the Director of Regeneration and Neighbourhoods confirmed that Pride in Hartlepool function would be dealt with through Neighbourhood Management and that several options were being examined with a view to continuing to provide a Dial-a-Ride service including increasing fares.

It was confirmed that the report included proposals that formed part of the budget consultation process, which may be subject to change pending further announcements from the Government. A lot of work was being undertaken examining different ways of working and opportunities to generate income to enable the continuation of service provision at the level residents require. It was hoped that the consultation process would help inform residents of the type and level of services being suggested for reductions or cuts and encourage alternatives to be suggested.

It was noted that any cuts or reduced service provision across the local authority were not good especially when the level of cuts required was at 28%. Members were all of the view that the importance of maintaining quality services was paramount and hoped that positive solutions or suggestions would be forthcoming from the consultation process being undertaken.

It was highlighted that the capital budget had been cut across the board including for housing and regeneration. A Member commented on the affect this would have on the local economy through employees of local firms, suppliers etc.

A representative of Unison was in attendance and was invited to address Cabinet. He reiterated Members' concerns at the level of cuts required in what was described as one of the areas in the country with the highest levels of deprivation. On examining the report, the Unison representative echoed Members' views that all the options identified within the report would involve very difficult decisions and the Union was keen to work with Members and officers to minimise the impact of these reductions and cuts on services and jobs.

Decision

Cabinet referred the report to Scrutiny Co-ordinating Committee (SCC) for views on the following consultation proposals:

- (i) The proposed permanent and temporary budget reductions detailed in **Appendix 1**.

- (ii) The revised 2011/12 pressures, including the proposed reductions, detailed in **Appendix 2**.
- (iii) The proposal to have a single capital allocation of £1million (funded from Prudential Borrowing) to cover SCRAPT priorities, capital allocations for Neighbourhood Forums, Community Safety initiatives and Disabled Adaptations and Disabled Facility Grants. (If Cabinet and SCC support this allocation detailed proposals for using this amount will be developed and included in the final budget report).
- (iv) The proposal to freeze Council Tax for 2011/12 in order to secure the payment of the Council Tax freeze grant of £1million for 2011/12 and the following 3 years.
(Members need to note that for 2011/12 the Secretary of State will still have power to cap Council Tax. In addition, it is only the increase in Council Tax above 2.5% which will benefit the budget in 2011/12, although any increase in 2011/12 will be locked into the base resource basis on a permanent basis).
- (v) If Cabinet support a Council Tax freeze for 2011/12 do they wish to write to the Police and Fire Authorities advising them of Cabinets proposal. (Police and Fire Authorities are eligible to receive the Council Tax Freeze grant).
- (vi) The proposed cuts detailed in **Appendix 3** to bridge the 2011/12 budget gap and the alternative proposals for specific issues detailed in paragraph 5.8.
- (vii) The proposal to implement the Working Neighbourhood Fund grant cuts imposed by the Government withdrawing this funding.
- (viii) The proposals to passport cuts in specific grant when these are announced by the Government.
- (ix) The proposal to allocate the one off rates refund of £0.2m to meet the 2011/12 CRC liability.
- (x) The proposed indicative 2012/13 Council Tax increase of 2.5% and indicative increases for 2013/14 and 2014/15 of 3.9%.

116. Divisional Restructures – Regeneration and Neighbourhoods and Child and Adult Services Departments *(Corporate Management Team)*

Type of decision

Non key.

Purpose of report

This report is to consider the reconfiguration of divisional functional structures within elements of Child and Adult's and Regeneration and Neighbourhood Departments.

To ask Cabinet to consider amendments to the functional structures and the proposed slotting in or ring fencing of the affected third tier posts.

Issue(s) for consideration by Cabinet

The Director of Child and Adult Services and the Director of Regeneration and Neighbourhoods have been in post for over a year now and the proposals agreed by Cabinet and subsequently implemented in respect of the third tier reflected the needs of the services at that point and the required efficiencies as part of the Management Structures elements of the Business Transformation Programme.

Further consideration has been given to these structures as part of a process of continual review and in the light of increasingly austere financial settlements which Members are aware of as part of the main budget strategy.

The report identifies proposals for the reconfiguration of the function groupings at Assistant Director level in Child and Adult Services and Regeneration and Neighbourhood departments and the consequent affect on a number of Assistant Director posts and proposals relating to these.

A discussion ensued during which Members expressed concern at the length of time the job evaluation process was taking for some staff from being evaluated through to those awaiting appeal decisions. Members requested an update on job evaluation progress including appeals.

A Member sought clarification on the number of Assistant Director posts removed from the structure over the last few years. The Assistant Chief Executive responded that he estimated that in the last 6 years, there had been a reduction in Assistant Director posts from 30 -19 which was in

excess of 30%. In light of the reduction in senior management posts, Members needed to be mindful of the possibility of a larger authority proposing to take-over the provision of Hartlepool Council services.

In view of the reduction in Divisions across both departments, clarification was sought on the impact of this on lower tier staffing in terms of increased responsibility and potential increases in salary. The Director of Regeneration and Neighbourhoods confirmed that the changes were brought about by examining economies of scale and bringing appropriate functions together.

Attached by way of confidential appendix was the individual salary information of the new posts which had been subject to external evaluation as agreed at Cabinet in January. **This item contains exempt information under Schedule 12A of the Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely Para 2 – Information which is likely to reveal the identity of an individual).** A brief discussion took place on this item in confidential session during which Members considered that the details included were acceptable.

Decision

Cabinet agreed –

- (i) The amendments to the functional structures of the two departments as stated in section 3 of the report subject to decisions in respect of the following which were included in the confidential appendix to the report.
- (ii) To implement the recommendations of the LGE regarding the grading of the third tier posts affected by these recommendations.
- (iii) The proposals regarding slotting in or ring-fencing of employees into third tier posts.
- (iv) To receive any further reports regarding overall functional structures should it be required as part of the ongoing reconsideration of the functional structure of the Council.

The meeting concluded at 10.36 am

P J DEVLIN

CHIEF SOLICITOR

PUBLICATION DATE: 7 December 2010