

CABINET

MINUTES AND DECISION RECORD

24 January 2011

The meeting commenced at 9.15 am in the Civic Centre, Hartlepool

Present:

The Mayor, Stuart Drummond - In the Chair

Councillors: Jonathan Brash (Performance 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)

Also Present: Councillor Marjorie James, Chair of Scrutiny Co-ordinating Committee

Officers: Andrew Atkin, Assistant Chief Executive,
Alyson Caman, Legal Services Manager
Chris Little, Chief Finance Officer
Joanne Machers, Chief Customer and Workforce Services Officer
John Morton, Assistant Chief Finance and Customer Services Officer
Nicola Bailey, Director of Child and Adult Services
Alan Dobby, Assistant Director, Support Services
Damien Wilson, Assistant Director, Regeneration and Planning
Graham Frankland, Assistant Director, Resources
Alastair Rae, Public Relations Manager
Joan Stevens, Scrutiny Manager
Angela Hunter, Principal Democratic Services Officer

152. Apologies for Absence

Apologies for absence were received from Councillor Peter Jackson (Cabinet Member without Portfolio) and Councillor Robbie Payne (Finance and Procurement Portfolio Holder).

153. Declarations of interest by Members

None.

154. Minutes of the following meetings

(i) Cabinet – 10 January 2011 – Received.

- (ii) Emergency Planning Joint Committee – 16 December 2010 – Received.

155. Business Transformation – Revenues and Benefits Service Delivery Option Report *(Assistant Chief Finance and Customer Services Officer)*

Type of decision

Key Decision – Test (i) applies – Forward Plan Ref CE42/10

Purpose of report

To inform Cabinet of the findings of the Revenues & Benefits Service Delivery Review.

Issue(s) for consideration by Cabinet

The Portfolio Holder for Performance presented the report which confirmed that this Service Delivery Option had an efficiency target of £100,800. This was a 5% saving of a base line budget of £2,015,700.

Revenues and Benefits services deliver a range of front line transactional activities including council tax / business rates billing and collection, sundry debt recovery and housing / council tax benefit administration. These functions were fundamental to the financial health of the council and the well being of the local community (£50 million of Housing and Council Tax Benefit is awarded in Hartlepool annually).

The Cashiers facility at the Civic Centre although being operationally associated with this review was not included within the scope as it had been separately considered as part of the Transactional Services Business Transformation workstream.

The new coalition government had acted to address issues they had identified associated with the high cost to the taxpayer of Housing Benefit Local Housing Allowance which would be implemented administratively by local authorities in April 2011. More fundamentally, a consultation paper 21st Century Welfare was issued by the Department for Work and Pensions in July 2010 which set down a commitment to further legislative change early in 2011 to reform the Welfare Benefits System and the delivery model for interfacing with the public. These consultation proposals introduced the concept of a universal credit to cover housing and living expenses which would impact on the future local authority role in housing benefits administration.

The Spending Review also announced that a new system of council tax

rebate support would replace council tax benefit from April 2013 which would be determined locally by councils. Local authorities would also have a role in 2011 in implementing the new system of housing benefit rent caps, lower housing benefit supported rents (which will be calculated on a new basis) and in 2013 on the proposal to cap total benefits support for individuals.

The review team had examined available benchmarking information, explored opportunities to implement new technology and considered how service delivery could be reshaped including the customer interface arrangements. In March 2010, the Revenues and Benefits Services implemented a self service 24 hour telephony service hosted by a third party supplier as an innovative and pragmatic solution to improve customer standards and accessibility. This facility complements the contact centre arrangements by acting as a filter which empowers customers with the ability to help themselves to access information, to make payments and to lodge service requests. As well as being the most economic customer access channel, this self service technology has released council front line staff so they have more time to deal with the more complicated enquiries and with those members of the public who need more personal help to resolve their enquiry.

In addition in September 2010, through the same third party supplier a more comprehensive range of Revenues and Benefits self service information became available via the Council's web site with seamless links for the customer through to externally hosted information and arrangements which allow the public to leave service requests which were then relayed back to the council for actioning.

As part of the Customer Services Business Transformation workstream benchmarking was ongoing across the Tees Valley to collect information on benefits service delivery models and to identify best practice.

A range of Benchmarking data was available covering both Benefits and Council Tax administration as the council participates in structured robust national benchmarking co-ordinated by the Institute of Public Finance IPF.

These indicators demonstrated that Hartlepool's Revenues and Benefits services had below average operating costs and higher than average performance levels. The adoption of further cost reduction measures associated with this SDO would further improve the comparative cost competitiveness position of the council.

The recommended savings for this review were summarised as follows:-

	£
Council Tax/ Business Rates Debt Recovery Customer Profiling	24,000
Credit Card Payment Surcharges	13,000
Statutory Demand Notices Fees	2,000
Intervention Visit Activity Termination	69,000
Total Savings	108,000

Alternative Service Delivery Models had been considered through this review. Nationally there were a number of examples where councils have entered into partnerships for the delivery of revenues and benefits services. Collaborative working across the Tees Valley authorities for revenues and benefits services remains a possibility but more work would be required to explore this option both at an officer and political level before any firm business cases could be determined. Further consideration could be given to this delivery model over the next 12 – 24 months, however emerging details of the changes in service delivery that were to be driven nationally by the Department for Work and Pensions (DWP) would need to be fully considered.

In response to a Member's question the Assistant Chief Finance and Customer Services Officer confirmed that officers had been actively working with Housing Hartlepool in relation to the funding of the benefit surgeries and it had been acknowledged that the main beneficiaries of the surgeries were Housing Hartlepool tenants. It was understood that Housing Hartlepool were to consider funding the surgeries as part of their 2011/12 budget proposals. A Member commented that it was hoped that any savings achieved would be utilised to expand the provision of benefits surgeries and make them accessible to a wider range of residents, including through the use of alternative premises across the town.

A Member questioned the council tax exemption inspections and why this option was considered and discounted. The Assistant Chief Finance and Customer Services Officer indicated that the recommended savings options were evaluated as essentially low risk in terms of deliverability. The inspection changes option had emerged only towards the end of the review and was seen more as speculative. However, it was confirmed that this issue would be explored further as part of next year's departmental service plan.

In view of the high performance levels of the Revenues and Benefits service, it was suggested that consideration be given to the potential of working with other local authorities within the Tees Valley and maybe further afield for the delivery of a revenues and benefits service.

In relation to the proposal to introduce a charge for the use of credit cards there were differing views with discussions including the possibility that people in financial difficulties used credit cards as a last resort to pay their council tax bill. However, other Members considered that credit cards were used more to balance the family budget and cash flow and in a lot of cases,

benefitted from the incentives provided by different card suppliers for using a credit card and paid the bill at the end of each month without incurring interest charges. Members noted that a lot of work had been undertaken encouraging people to pay their council tax by direct debit which was the most cost effective way of receiving income and it was noted that this would continue. In addition it was recognised that if people were struggling to pay their council tax there were a number of options in place to provide flexibility and support to those people. In response to a question the Assistant Chief Finance and Customer Services Officer confirmed that for Council Tax the amount that has to be collected after the aware of council tax benefit was about £34m per year, and only about £0.5m of this would be collected through credit card payments.

Decision

- (1) As part of the Revenues and Benefits Service Delivery Option Review, the following savings totalling £108,000 were approved as follows:
 - (i) Council Tax/Business Rates Debt Recovery Customer Profiling – Saving of £24,000.
 - (ii) Credit Card Payment Surcharges - £13,000
 - (iii) Statutory Demand Notices Fees - £2,000
 - (iv) Intervention Visit Activity Termination - £69,000.
- (2) The alternative delivery models which were detailed in Section 5.2 of the report were noted.
- (3) That consideration be given over the next 12-24 months to the transformation options relating to the services included in this particular service delivery review within the context of national delivery changes that may be imposed by the Government.

156. Strategy for Bridging the Budget Deficit 2012/13 (Initial Report) – Business Transformation Programme II *(Chief Executive)*

Type of decision

Non key.

Purpose of report

The purpose of this report was to outline the proposed strategy for addressing the budget deficit from 2012/13 onwards building on and continuing the Business Transformation programme in a revised structure. The Council had recently received a two year spending settlement and on

this basis it was advisable, as in previous years to consider appropriate strategies and plans to mitigate the impact.

Issue(s) for consideration by Cabinet

The Assistant Chief Executive presented a report which confirmed that a fundamental consideration for the authority was the extent to which we balance the following against a strategy which would essentially be focussed on a series of unplanned cuts. The proposals were based on:

- the continuation of a programme of review and change which encapsulated the Business Transformation SDOs with a series of planned reductions (primarily focussing on none statutory services and functions);
- a series of projects which enabled the authority to either take opportunities which could potentially deliver significant savings (whilst protecting front line services) or provided for greater service resilience;
- additional considerations which may not provide immediate financial benefits but which may provide for service resilience in the medium to longer term

The recently announced budget settlement provided the opportunity to clarify the financial position facing the authority over the next couple of years.

There were a range of issues which had either been announced, were understood to be in development or had been suggested in respect of emerging government policy and the role, remit and operation of local councils (and partner agencies). Whilst many of them were not clear in terms of the extent of their impact, the fact remains that there has been a fundamental shift in the strategic context within which local authorities will be required to operate including the Decentralisation and Localism Bill and a range of other bills and proposals which would ultimately affect the operation of the Council and potentially the services delivered and to whom. In addition to that identified above, there was also the Welfare Reform Bill and the Academies Bill which would potentially bring significant changes to the benefits and education systems. This was by no means an exhaustive list, they were examples of the scale and nature of change which was being driven by legislation.

It was difficult to predict with absolute accuracy what may be encompassed in any such changes but on the balance of probabilities there were a range of issues which were liable to receive significant impetus, though the exact nature of this was still unclear.

In relation to the management of local authorities the Secretary of State had focussed particularly on questioning current management structures and there was almost certainly going to be a significant push for the greater involvement of the private sector in the delivery of local services.

The proposed programme for addressing the budget deficit was based on a combination of:

- Efficiencies identifiable through reviews of provision which were essentially those elements of services not yet considered as part of BT;
- Consideration of those areas of service where there was potential for further planned reduction in provision or where there were options around reconfiguration or consideration of eligibility etc;
- An identified framework of projects which were either capable of delivering significant savings or providing enhanced capacity to maintain services;
- Identifying opportunities for increased income either through trading, fees and charges or alternative means.

The aim through this was to have a planned and phased approach to delivering on the required savings levels, building on the successes to date in respect of the current Business Transformation Programme and ensuring that through a consolidated approach that provided for the management of the identified deficit through a new agreed Business Transformation Programme.

There were a number of immediate considerations within the programme that had been identified as a result of the scale and nature of the overall savings required and which provided potential opportunities to deliver significant savings and these cover Joint Working Arrangements and ICT and related services and were covered in detail in the report.

It was important, if the risks associated with any such programme were to be minimised, and the contribution to the MTFS maximised, that there was both a clear programme and that the financial assumptions underpinning it were suitably robust, this had been successfully achieved to date and it was intended to continue this through the renewed BT programme.

The outline programme had been determined based on a number of assumptions at this stage all of which could be easily updated following key decisions in respect of the budget and there were a range of risks attributable to the development and delivery of such a programme. There were however considerably greater risks from not having in place such a programme. The nature of the financial challenge meant that to risk not attempting to determine solutions to these issues would result in very significant and very disruptive changes at a very late stage. This was not something which would be recommended and was not something which Cabinet had been in favour of in the past.

The BT programme had been managed according to a predetermined workplan and targets for individual projects. Each element of the programme had been managed as a separate, though interlinked, project with clear governance arrangements and timescales for delivery.

It was proposed that this be continued and expanded (albeit on a slightly different programme outline). It was proposed that the areas for consideration outlined in sections 5.4.1 and 5.4.9 efficiencies and planned reductions of the main report be combined at a departmental level to provide departments with an overall savings target, and potential scope for review for the next 12 months. This gave the opportunity for consideration to be given, as part of an overall planned reduction, to a range of options and opportunities and as part of the revised Business Transformation Programme.

It would be necessary to determine a clear programme for delivery, reporting and decision making within this framework. To achieve this it was proposed that the current arrangements in respect of Programme Board and Cabinet were maintained to ensure that Members were aware of proposals and developments and in a position to make informed decisions as part of a consolidated programme of activity.

There were no easy solutions to the problems which were facing the Council. We had been able in the past, through either a planned and structured programme (through Business Transformation) or through proposals for cutting services as seen through the most recent budgetary process, to provide significant contributions to the Medium Term Financial Strategy and to ultimately provide a balanced budget, though not without some considerable debate and concern regarding the decisions required.

The proposals to renew the Business Transformation programme identified in the report do need some further work to determine and account for any potential double counting and to ensure that we were in a position to manage and deliver it. The proposals for managing the programme were CMT's recommendations to Cabinet to enable those issues identified during the later part of last year regarding a degree of confusion between BT and budget savings to be addressed and to provide for both a degree of flexibility whilst ensuring that reporting and decision lines to Cabinet were clear.

There was some concern that one of the recommendations requested agreement to a procurement exercise commencing for ICT and the Revenues and Benefits Service. It was noted that the previous report, minute 155 refers, approved further consideration be given to alternative delivery models, including the Revenues and Benefits Service and Members were keen that this be explored further. It was therefore suggested that the proposed procurement exercise be considered at a future meeting of Cabinet once Members had the opportunity to explore further the possible alternative delivery models for the Revenues and Benefits Service. In response to a question from a Member, the Assistant Chief Executive confirmed that the aim of examining alternative delivery models was to explore more efficient and cost effective ways of delivering the back office service that supported the Revenues and Benefits Service provision. The Chief Customer and Workforce Services Officer confirmed that the delivery of this service had the potential to be delivered either

though a team employed by Hartlepool Council or by an outside organisation. It was therefore suggested that the recommendation referring to a procurement exercise for ICT and Revenues and Benefits Services be deferred to a future meeting of Cabinet.

In relation to the collaborative work funded by Regional Improvement and Efficiency Partnership (RIEP) and lead by Newcastle City Council in respect of income generation, Members were disappointed with the use of consultants. The Chief Finance Officer confirmed that the commissioning of this piece of work had no cost implications to the Council. It was noted that more innovative ideas were needed in order to increase generated income and it was suggested that the scope of the work commissioned by Newcastle City Council along with more information on the trading powers available to the Council be provided for Members consideration. The Chief Finance Officer confirmed that although it would be traditional benchmarking that was undertaken by the consultants, it was hoped that it would provide useful information for the Council in relation to options for income generation. The Assistant Chief Executive confirmed that a separate report would be submitted to Cabinet detailing the powers of the authority to trade.

A Member sought clarification on the timescale for setting up and implementing the savings required. The Assistant Chief Executive confirmed that for a range of the projects identified that the timescales would not deliver savings or solution necessarily for the next budget but that there were different timescales for completion of a number of elements with some being considered jointly.

Decision

- (i) The priorities in the programme of work identified in the report were agreed to be delivered on a departmental basis.
- (ii) The programme detailed in the report be considered by the Business Transformation Board and for decision by Cabinet as part of a managed programme.
- (iii) That a further more detailed report on potential savings from this programme be provided to Cabinet before the end of February 2011.
- (iv) That the identified projects be further scoped and progressed as part of the managed programme.
- (v) That the submission of a funding bid to Regional Improvement and Efficiency Partnership for an assessment of the potential for joint working with other local authorities be agreed.
- (vi) That the procurement exercise using the OGC Buying Solutions Framework for ICT and Revenues and Benefits Service be deferred to a future meeting of Cabinet to provide Members with further information on the alternative models of delivery for this service.

157. The Tall Ships Races – Hartlepool 2010 – Independent Evaluation and Economic Impact Assessment *(Director of Child and Adult Services)*

Type of decision

Non-key.

Purpose of report

To present the independent evaluation report of The Tall Ships Races – Hartlepool 2010 to Members. This report was submitted to Cabinet on 20 December 2010 and deferred to this meeting to allow a full discussion to take place.

Issue(s) for consideration by Cabinet

The Assistant Director (Community Services) presented a report which had the independent evaluation report undertaken by Spirul Ltd of The Tall Ships Races – Hartlepool 2010 appended. The report provided the key findings following visitor, crew, business, trader and stakeholder survey feedback along with an assessment of the economic impact and wider benefits for the town.

During the discussions that followed it was noted that the report referred to an additional evaluation being commissioned at the request of Council on 28 October 2010. Members were concerned that the extra information requested had not been included within the originally commissioned evaluation. It was noted that the original evaluation report had already been completed by 28 October 2010 and it was not therefore possible to include further questions. However, it was questioned why this had not been reported back to Council for further decision in light of the fact that additional resources were now required for the extra evaluation requested.

Generally Members considered that the Tall Ships Event had been a huge success bringing massive benefits to the town. However, Members were disappointed that the main issue surrounding the deficit in funding for the event, which was mainly due to less than expected car parking income, was not included in the original evaluation of the event.

In summary Members recognised that there were lessons to be learned from holding such a huge and prestigious event for the first time but questioned what could have been done differently, especially in relation to car parking provision in view of the requirements of the Highways Agency in relation to traffic flow.

Decision

The report was noted.

158. 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. Each of the decisions set out in the decision record were confirmed by the Mayor accordingly.

159. Formal Response to the Executive's Medium Term Financial Strategy (MTFS) 2011/12 to 2014/15 Consultation Proposals *(Scrutiny Co-ordinating Committee)*

Type of decision

Not applicable.

Purpose of report

To inform Members that a report will be circulated in advance of, and for consideration during, this meeting detailing the Scrutiny Co-ordinating Committee's formal response to the Executive's Medium Term Financial Strategy (MTFS) 2011/12 to 2014/15 consultation proposals.

Issue(s) for consideration by Cabinet

The Chair of Scrutiny Co-ordinating Committee presented the report which outlined the Scrutiny Co-ordinating Committee's formal response to the Executive's Medium Term Financial Strategy (MTFS) 2011/12 to 2014/15 consultation proposals. Members were asked to note that there were a number of questions raised at the meeting of Scrutiny Co-ordinating Committee and it was hoped that responses would be submitted to the next meeting of the Committee. However, the Chair of Scrutiny Co-ordinating Committee confirmed that all the questions submitted to the Committee by Cabinet had been responded to in the report submitted to Cabinet for consideration.

It was noted that the Executive's Medium Term Financial Strategy for 2011/12 to 2015/15 would be considered fully at the meeting of Cabinet on 7 February 2011 prior to submission to Council on 10 February 2011.

Decision

The report was noted.

160. Local Government (Access to Information) (Variation) Order 2006

Under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information as defined in the paragraphs below of Part 1 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006.

Minute 161 – Jesmond Road Primary School – Residential Site Supervisor – *Chief Customer and Workforce Services Officer* This item contained exempt information under Schedule 12A Local Government Act 1972, namely information relating to an individual (para 1)

161. Jesmond Road Primary School – Residential Site Supervisor (*Chief Customer and Workforce Services officer*) This item contained exempt information under Schedule 12A Local Government Act 1972, namely information relating to an individual (para 1)

Type of decision

Non-key.

Purpose of report

To seek a decision in relation to a request from the Residential Site Supervisor at Jesmond Road Primary School.

Issue(s) for consideration by Cabinet

Details were included within the confidential section of the minutes.

Decision

Details were included within the confidential section of the minutes.

The meeting concluded at 10.59 am.

P J DEVLIN

CHIEF SOLICITOR

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