

# CABINET

## MINUTES AND DECISION RECORD

7 February 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)  
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)

Also Present: Councillors Chris Simmons (Leader of the Labour Group), Marjorie James (Chair of Scrutiny Co-ordinating Committee), Allan Barclay, Paul Thompson, Mike Turner and Ray Wells  
Edwin Jeffries, UNISON

Officers: Paul Walker, Chief Executive  
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  
Damien Wilson, Assistant Director, Regeneration and Planning  
Denise Ogden, Assistant Director, Neighbourhood Services  
Alison Mawson, Assistant Director, Community Safety and Protection  
Graham Frankland, Assistant Director, Resources  
Andy Golightly, Senior Regeneration Officer  
Tony Dixon, Arboricultural Officer  
Angela Hunter, Principal Democratic Services Officer

### 162. Apologies for Absence

None.

### 163. Declarations of interest by Members

None.

## **164. Minutes of the meeting held on 24 January 2011**

Received.

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

### **Type of decision**

Budget and Policy Framework

### **Purpose of report**

The purposes of the report are:

- i) to provide details of the Council's financial position, and
- ii) to enable Cabinet to approve the budget proposals to be referred to Council on 10<sup>th</sup> February.

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

The Chief Finance Officer presented a report which brought together issues reported to Cabinet and referred to Scrutiny Co-ordinating Committee between October 2010 and January 2011. The report enabled Cabinet to finalise the budget proposals it wishes to refer to Council on 10 February 2011.

The report advised Members that the Spending Review set out the Governments proposals for reducing the national budget deficit and confirmed that the public sector, in particular local authorities, faced a period of sustained and significant reductions in funding. Whilst, the actual Formula Grant over the next four years of 28% was within the planning figures previously reported of 25% to 30%, the cuts were front loaded. This meant the Council faced a difficult financial position over the next two years.

The forecast grant cuts would reduce the core formula grant from £51.5m in 2010/11 to £37.6m by 2014/15. In cash terms this was the level of grant the Council received in 2004/05. Since this date the Council has 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 would need to be scaled back, or stopped.

After reflecting the formula grant reductions, the inclusion of prudent provisions for inflation and headroom for future demographic and legislative

pressures the Council faces significant deficits over the next four years. In total it was anticipated that the reduction in the General Fund budget would total £24 million by 2014/15. This equated to a 26% reduction from the 2010/11 budget. Annual deficits were show below:

	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	Total £'000
Budget Deficits	9,750	7,597	2,400	4,600	24,347

As reported previously a range of measures for reducing the 2011/12 budget deficit shown in the above table had already been identified totalling £4.1m, including additional savings from Business Transformation of £1.6m for next year. However, after reflecting these issues and the impact of the Spending Review the Council still faces a net deficit next year of £5.6m.

The scale of the core budget deficits over the next four years means that the budget strategy was moving beyond delivering more efficiencies and began a process of reducing and prioritising the services the Council provides. This was a fundamental change in how the budget would be managed and was necessary to address a period of sustained and significant grant cuts. This would require the Council to make the most difficult decisions it had faced since becoming a unitary authority in 1996. The report included detailed proposals for bridging the net 2011/12 deficit of £5.6m.

The report also advised Members that the Council also faces cuts in funding arising from the Governments decision to transfer some specific grants and elements of the former Area Based Grant into the Fomula Grant. There were also cuts from other specific grants and other elements of the Area Based Grant moving into the new Early Intervention Grant. In total these funding reductions total 21% over the next 2 years, which equated to a funding reduction of £3.1m. The majority of this reduction, £2.8m, was front loaded next year. Detailed proposals for managing these reductions were provided in the report.

In conclusion the Council faces an extremely challenging financial position, particularly over the next two years. This reflects the impact of grant reductions which will have the greatest impact on areas with the greatest dependency on grants.

The report recommended that permanent reductions were implemented in 2011/12 to balance the budget and avoid increasing the deficit in the following year. This strategy enabled redundancy costs to be funded from the one-off Transitional Grant, which avoided these costs being delayed until 2012/13 when this funding would not be available.

The Government were measuring grant reductions in terms of reductions in 'spending power'. On this basis Hartlepool suffers greater reductions than the national average over the next two years. The following table highlights

comparative spending power reductions for 2011/12:

	Spending Power Reduction	Spending Power Reduction Per person
National Average	4.4%	£49
Hartlepool	8.9%	£113

The actual cash reductions in grant funding in 2011/12 and future years were a more appropriate measure of the real funding cuts the Council would need to manage. The following table summarises these reductions and detailed proposals for managing this position were provided in the report. In summary, the funding cuts were made up of 12% in core formula grant with 19% reduction in grant funding next year compared to 8.8% reduction in spending power

	2010/11	2011/12 Grant cut		Cumulative Grant Cut by 2012/13 from 2010/11 base	
		Grant	£'m	%	£'m
	Core Formula Grant	51.5	6.1	12%	10.2
Specific and ABG Grants transferred to Core Formula Grant	7.8	1.2	15%	1.6	21%
Specific and ABG Grants transferred to Early Intervention Grant	8.9	1.9	21%	1.9	21%
Sub total	68.2	9.2	13%	13.7	20%
Working Neighbourhood Fund	4.9	4.9	100%	4.9	100%
	73.1	14.1	19%	18.6	25%

In view of the detailed work undertaken on the budget in the days leading up to the Cabinet meeting, a number of proposed amendments to the recommendations detailed in the report were tabled. In conclusion, the Chief Finance Officer confirmed that next year's budget would be the start of a very tough period for all local authorities with the position in the North East being tougher than other parts of the Country with more than twice the national average cut in funding.

The Chief Customer and Workforce Services Officer reminded Cabinet Members of the Public Sector Equality Duties and presented a supplementary paper to Cabinet setting out the work undertaken on the equality impact assessments of the budget proposals. There were three areas specifically identified as at risk including transport involving Dial-a-Ride and the supported H1 hospital service, commissioning services for adults and children, community facilities and support services for children and young people and diversity services. In relation to the transport and commissioning proposals, consultations had been undertaken with groups

most likely to be affected by the proposals and no comments had been received in response to the consultation exercise which would help identify alternatives to the proposals under consideration or to mitigate any negative impact.

A number of responses had been received in respect of consultations regarding the reduction of the diversity budget which would result in the deletion of the Diversity Officer post which Cabinet Members were asked to consider before making decisions about the proposals. Attached at Appendix B were the replies received by the response deadline of 28 January 2011 and the responses were summarised within the supplementary papers. The Chief Customer and Workforce Services Officer confirmed that it would be possible to continue with the Talking with Communities group, subject to a review of public engagement and consultation arrangements across the Council generally and further consultation with those groups subsequently. New arrangements would also be put in place to ensure an effective first point of contact for diverse groups in light of consultation feedback. The principles and best practice equality and diversity standards in place for planning and delivering Council services as well as promoting and enhancing good relations between communities would continue through all employees of the Council and increased working in partnership with the voluntary sector and other agencies.

It was highlighted that the table at 18.5 identified that the overall grant cut was £14.2m which was a reduction on last year. The Mayor indicated that he had forwarded several letters to Government Ministers suggesting alternatives and seeking explanations on the funding of floor damping. To date, only an acknowledgement of receipt of one of the letters had been received. Members were disappointed to note the lack of engagement with Government ministers and that the areas with the highest deprivation in the country were targeted with the biggest cuts with the cuts faced by this Council being twice the national average. It was recognised that Members and Officers had undertaken a lot of hard work over the last few months into trying to balance the budgets in view of the imposed cuts without affecting front line services and this had been extremely difficult and would continue to be difficult over the coming years. It was acknowledged that the Council needed to continuously examine ways of providing services differently and more efficiently whilst trying to protect jobs.

The Leader of the Labour Group, Councillor Chris Simmons was in attendance and presented a letter addressed to the Mayor which highlighted the concerns and proposals of the Labour Group for the 2011/12 Budget Proposals. These included details on the Community and Voluntary Sector, Community Centres and Libraries, the Children's Fund Early Intervention Grant and Democratic Services/Scrutiny Support. The Mayor thanked Councillor Simmons for the constructive suggestions contained within the proposals and confirmed that several other responses had been received in relation to Seaton Community Centre and Sports Hall and the Diversity Officer post.

It was acknowledged that how the Council and Community and Voluntary Sector worked together needed to be examined further in order to move towards commissioning arrangements such as the voluntary sector compact. A Member commented that measures should be put in place to ensure that the community and voluntary sector was not disadvantaged from the commissioning approach through the creation of an easily accessible framework.

A discussion ensued on the proposal to utilise the reserve to replace the Mayoral Chains of £46k to enable the closure of three community centres to be deferred to provide an opportunity to transfer these assets to community organisations. The timescale for this deferral period was discussed and it was suggested that the closure of the community centres be deferred for nine months although proposals to transfer the assets to the community and voluntary sector to be encouraged as soon as practical. It was suggested that the progress of this arrangement be reviewed in three months and reported back to Cabinet. In relation to Seaton Carew Youth Centre, Members were informed that there had been a recent resurgence in its use by young people and this emphasised the value of such centres.

In response to a question from a Member, the Chief Customer and Workforce Services Officer confirmed that impending changes to legislation had been incorporated into the Equality Impact Assessments undertaken. The Council's commitment to equality and diversity was confirmed by Members as this was a general role embedded in all employees and it was suggested that this be included as a priority within all new Member inductions. In addition, it was suggested that there may be a bigger role for Neighbourhood Managers to play in relation to the Council's Public Sector Equality Duties within the community. A Member questioned the suggestion that specialist services may need to be purchased. The Chief Customer and Workforce Services Officer confirmed that there may be occasions when specific specialist advice would be needed, which could be funded within the remaining budget, but this was likely to be on a one-off basis and not for any large projects.

The recommendation to freeze council tax for 2011/12 was discussed and Members were of the view that there was little choice but to freeze the level this year in view of the 2.5% funding to cover this freeze from Government as any increase would be capped at 2.5%. However, it was noted that this would be a difficult issue to deal with in future years.

It was confirmed that in relation to the proposal to earmark the residual balance of the Transitional Grant for projects agreed by Cabinet such as leisure trust, asset backed vehicle, that any investigations and proposals be reported back to Cabinet for approval.

The Chief Finance Officer highlighted that the recommendation to allocate the one-off rates refund of £0.2m to meet the 2011/12 Carbon Reduction Commitment (CRC) liability may be a pressure in the future as it had not

been made clear whether this was a one-off requirement.

In conclusion The Mayor thanked all Members for their valuable input and constructive suggestions and confirmed that the budget proposals would be submitted to Council on 10 February 2011. In addition however, The Mayor indicated he would welcome any additional suggestions or ideas for savings or efficiencies for future budgets.

## Decision

That Council at its meeting on 10 February 2011 be requested to: -

### 2011/12 Revenue Budget

- (i) Approve the proposed corporate permanent and temporary reductions detailed in **Appendix A**, totalling £4.1m which partly mitigate the 2011/12 budget deficit.
- (ii) Approve the proposed net pressures detailed in **Appendix B**, totalling £1.066m.
- (iii) Approve the proposed saving of £75,000 from removing the Cabinet Contingency and Project budgets.
- (iv) Approve the proposed savings detailed in **Appendix C** and the following amendments to these proposals, which will commit £105,000 of the uncommitted resources of £114,000 detailed in the main Cabinet report (gross uncommitted resources of £119,000 net of the £5,000 reduction in the actual 2011/12 Formula Grant allocation), leaving £9,000 to support the proposal detailed at (vi) below:

	<u>Savings</u> <u>Increase/</u> <u>(decrease)</u> <u>£'000</u>
Proposed Saving detailed in <b>Appendix C</b>	5,471
<u>Additional savings identified</u>	
Additional savings from the UNITE service	11
<u>Proposed saving which will not be implemented</u>	
Reduction in proposed Community and Voluntary Sector Grants budget for £134,000(a 30% cut) to £50,000 (a 10% Cut)	(84)
Implement an alternative Democratic Services saving £26,000 to largely replace the proposed Scrutiny saving of £34,000	(8)
Delay closure of West View Library for 9 months (or an earlier date if practical and achievable)	(24)

Net Savings

5,366

- (v) Approve the proposed funding allocations for services transferred into the core Formula Grant from specific grants or the Area Based Grant, totalling £6.626m as detailed in Appendix D.
- (vi) Approve the proposed funding allocations for services transferred into the Early Intervention Grant from specific grants or the Area Based Grant, totalling £6.935m as detailed in **Appendix E**, excluding the reduction in the Children's Fund of £77,000. The cost pressure from not funding this proposed reduction will be partly funded from the net uncommitted resources of £9,000, detailed in (iv) above, and the remaining balance from the Transitional Grant.
- (vii) Approve the proposal to fund 2011/12 redundancy costs of £1.6m from the Transitional Grant.
- (viii) Approve the proposal to earmark the residual balance of the Transitional Grant not needed for redundancy costs or to support the withdrawal of the Children's Fund reduction detailed in (vi) of £178,000 and the additional income from the increased Council Tax base of £250,000 for projects agreed on by Cabinet approving individual business cases (such as leisure trust, asset backed vehicle) which may require investigation to ascertain if they provide any future benefits. Cabinet noted that establishing an asset backed vehicle could cost in the region of £500,000 if the business case demonstrates this option will have future budget benefits.
- (ix) Approve a Council Tax freeze for 2011/12 in order to secure the payment of the Council Tax freeze grant of £0.991m for 2011/12 and the following 3 years.
- (x) Approve the proposal to reallocate the reserve for replacing the Mayoral Chains of £46,000 to fund the running costs of the 3 Community Centres identified for closure for up to 9 months (or an earlier date if practical and achievable) to provide an opportunity to transfers these assets to community organisations.
- (xi) Approve the proposal to reallocate the Seaton Carew Management Committee Reserve of £108,000 towards projects arising from the Seaton Carew master plan.
- (xii) Note the budget risks, mitigation strategy and robustness of the budget forecasts advice (sections 11 and 12).
- (xiii) Approve the proposal to undertake an audit of the Councils artefacts and report back the finding as part of the 2012/13 budget process.

**2012/13 to 2014/15 Revenue Budget**

- (xiv) Approve the proposal to partly mitigate the risk of achieving the annual £0.5m revenue savings by capitalising expenditure (i.e. transferring revenue expenditure to capital and funding from prudential borrowing) by reducing this amount to £0.25m per year and funding the reduction from the increase in the Council Tax base.
- (xv) Approve indicative annual Council Tax increases of 2.5% for 2012/13, 2013/14 and 2014/15.



## Capital Programme 2011/12

- (xvi) Approve the proposal to passport Government capital allocations.
- (xvii) Approve the proposal to use Prudential Borrowing of £1.2m to establish a 'Council Capital Fund' and the detailed proposals for using this fund as detailed in Appendix J.

## 2010/11 Outturn Strategy

- (xviii) Approve the proposal to allocate the one off rates refund of £0.2m to meet the 2011/12 Carbon Reduction Commitment (CRC) liability.
- (xix) Approve the proposal to fund financial liabilities identified in paragraph 17.4 from the resources identified in the same paragraph and to carry forward the residual uncommitted resources of £46,000 to assist the 2012/13 budget.

## SUPPORTING STATUTORY RESOLUTIONS

- (xx) Approve the following supporting amounts which must be calculated by the Council for 2011/2012 in accordance with Section 32 to 36 of the Local Government Finance Act 1992 and relevant regulations:
  - i) Approve the net budgeted requirement of £91,886,857 for the purposes of Section 32(2), (3) and (4) of the Local Government Finance Act 1992, the following amounts be approved: -

	£
Aggregate Expenditure	284,570,643
Aggregate Income	<u>(192,683,786)</u>
Budget Requirement (inc Parish Precepts)	<u>91,886,857</u>
  - ii) Being the aggregate of the sums which the Council estimates will be payable into the General Fund in respect of Revenue Support grant £12,280,418 and redistributed Business Rate Grant £39,729,223, increased by the amount the Council estimates will be transferred from the Collection Fund to the General Fund as its surplus in respect of Council Tax as at 31st March, 2011, £208,268 in accordance with Section 97 (3) of the Local Government Finance Act 1988 and the Local Government Changes for England (Collection Fund Surpluses and Deficits) Regulations 1995 as amended.
  - iii) Being the amount calculated by the Council in accordance with Section 33 of the Act, as the basic amount of Council Tax for the year of £1,419.62.
  - iv) Approve the contributions made towards the expenses of Dalton Piercy, Elwick Greatham and Hart Parish Councils to enable them to carry out the associated concurrent functions; and formally accept the Precepts in relation to non concurrent functions and approve the aggregate amount of all special items referred to in Section 34(1) of the Act as set below:-

	<u>Concurrent Functions</u>	<u>Precepts</u>
	<u>£</u>	<u>£</u>
Dalton Piercy	2,839	5,813
Elwick	6,043	5,152
Greatham	1,385	3,201
Hart	3,060	3,250
Headland	0	8,000
Newton Bewley	<u>0</u>	<u>244</u>
Total Concurrent functions	13,327	
Aggregate Amount (Section 34 (i))		25,660

v) Being the basic Council Tax for 2011/2012 calculated in accordance with Section 34(2) for dwellings in those areas that have no parish precepts or other special items of £1,418.70.

vi) The basic Council Tax for 2011/2012 calculated in accordance with Section 34(3) for dwellings in those areas that have parish precepts be as set out in Appendix 2, Table 1 (to the report).

vii) The amounts of Council Tax at items (iv) and (v) multiplied by the proportions applicable to each category of dwelling in its area, in accordance with Section 36 of the Act be as set out in Appendix 2, Table 2 (to the report).

- (xxi) Approve indicative Council Tax increases for 2012/2013 and 2014/2015 of 2.5%.

**166. Safer Hartlepool Partnership's Draft Crime Disorder, Substance Misuse, and Reducing Re-offending Strategy 2011-2014** *(Director of Regeneration and Neighbourhoods)*

**Type of decision**

Budget and Policy Framework

**Purpose of report**

To update the Cabinet on the views of the Scrutiny Co-ordinating Committee about the development of the Safer Hartlepool Partnership's draft strategy, as part of the Authority's Budget and Policy Framework.

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

The Mayor presented a report which explained the legal context for the Council, in respect of the Safer Hartlepool Partnership's strategy development and outlined the legal process set for the production of the Partnership Plan, which comprised the 3 year strategy and annual priorities. The report detailed the strategy objectives for 2011 – 2014 and annual

priorities for 2011/12. An updated version of the draft strategy was also attached to the report.

Comments and views expressed by the Scrutiny Coordinating Committee were attached to the report. The Director of Child and Adult Services confirmed that any funding for alcohol treatment received in the past would have been one-off funding, however discussions would be ongoing with the General Practitioner Commissioning Consortia to find a way of securing funding in the future. In relation to monitoring the effect of drug and alcohol misuse on criminal activity, the Assistant Director, Community Safety and Protection commented that in general terms people undertaking treatment for drug and alcohol misuse were less likely to commit burglaries.

As Chair of the Alcohol Strategy Group, the Portfolio Holder for Performance indicated that the Group would write to the Chair of the GP Commissioning Consortia to open discussions on ensuring the treatment of alcohol misuse a priority. In response to a question, the Assistant Director confirmed that the Safer Hartlepool Partnership targets would be complete before submission for approval to the Partnership in March.

It was noted that despite the loss of Working Neighbourhoods Funding for nine Police Community Support Officers (PCSO), Cleveland Police had confirmed the new allocation of PCSO's for Hartlepool was 48 which was only a reduction of two from the current allocation.

### **Decision**

The final draft strategy was referred to Council in accordance with the Budget and Policy Framework for endorsement.

## **167. Hartlepool Tree Strategy 2011-2016** *(Director of Regeneration and Neighbourhoods)*

### **Type of decision**

Key Decision – Test (ii) applies.

### **Purpose of report**

To seek Cabinet endorsement of the Hartlepool Tree Strategy 2011 – 2016.

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

The Mayor presented a report which provided information on the background to developing the Hartlepool Tree Strategy 2011 – 2016, an outline of its contents and the consultation carried out in relation to it.

In response to a question from a Member the Assistant Director of Regeneration and Planning confirmed that the implementation of this strategy was carried out using existing resources which mainly consisted of staffing resources. The Director of Regeneration and Neighbourhoods confirmed that this strategy would build upon previous surveys and highlight any trees in danger of falling that needed action taking.

The consultation exercise undertaken and South Neighbourhood Consultative Forum had suggested that consideration be given to the planting of dwarf and fruit stock.

### **Decision**

The Tree Strategy for 2011-2016 was endorsed for implementation.

## **168. Mental Capacity Act 2005 – Deprivation of Liberty Safeguards** *(Director of Child and Adult Services)*

### **Type of decision**

Non-key.

### **Purpose of report**

To request revision of the delegated power to authorise Deprivations of Liberty under the Mental Capacity Act 2005 following departmental restructures and to advise on the changes in monitoring and reporting arrangements for Deprivation of Liberty.

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

The Portfolio Holder for Adult and Public Health presented a report which informed Cabinet that in response to on-going challenges affecting adult social care, the Child and Adult Services Department wished to revise the way that Mental Capacity Act 2005 Deprivation of Liberty Safeguards (MCA DOLS) was implemented in Hartlepool.

In response to a question, the Director of Child and Adult Services confirmed that six signatories would be required as opposed to three.

### **Decision**

The report was noted and changes to the delegated powers for authorising MCADOLS were approved.

## **169. Strategy for Bridging the Budget Deficit 2012/13 – Business Transformation Programme II (Follow Up Report) (Chief Executive)**

### **Type of decision**

Non-key.

### **Purpose of report**

The purpose of this report was to provide additional information in respect of the decision deferred by Cabinet in its meeting of 24 January 2011 in relation to the delivery of ICT and Revenues and Benefits services.

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

The Assistant Chief Executive presented a report which referred to the report submitted to Cabinet 24 January 2011 which proposed an outline structure for a strategy and related plans to address the deficits identified as part of the Medium Term Financial Strategy for 2012/13 and beyond.

The report also made proposals in relation to ICT and Revenues and Benefits which were seen to be fundamental as part of the strategy to manage the budget deficit and capable of delivering a range of benefits both to the authority and more broadly to Hartlepool as a town.

In the report of 24 January a number of elements to any renewed Business Transformation programme were identified and agreed as the basis for the development of a more detailed programme for implementation (subject to Cabinet approval). These included :

- Efficiencies
- Planned Reductions
- Projects
- Income Generation

It was in relation to Projects, and more specifically in relation to the proposed project for ICT and Revenues and Benefits, that the report focussed with section 5 of the report giving an assessment of the identified potential options.

As was stated in the report of 24 January the current ICT arrangement with Northgate was one of the largest single contractual arrangements the authority had in place. An extension to this agreement was negotiated in 2009 to take the current arrangements to November 2013 which gave the authority a range of benefits.

The report identified that it was however appropriate to consider, in the light of a range of potential changes, challenges and opportunities whether the authority should seek to maximise any benefits which could come from alternative arrangements and that research by the council had identified that there was a potential opportunity to reconsider the current ICT delivery arrangements and to broaden the service base included in any such process to include the Revenues and Benefits service. It was clear from a range of recent government announcements that there were potentially significant changes to the Benefits function. It also appeared highly likely that any such changes would direct a much greater involvement of the private sector in their delivery and that local authorities, if this was the case, would potentially be excluded from such delivery with a major focus on the private sector.

The report identified that there were a number of factors which underpin the basis for any procurement undertaken and would include (with further detail provided in the body of the report) :

- Investment in the local economy
- Service Provision

As was stated in the report to Cabinet on 24 January 2011 an assessment of the procurement options available had been considered in respect of the extent to which these routes provide for robustness, the ability and necessity to demonstrate Value for Money and their delivery of a legally secure arrangement

The report identified that there were a range of alternative options available to the council in determining an appropriate way forward in respect of these, and other, service areas. The main options and a consideration of the relative benefits and disadvantages, in conjunction with the associated considerations around timescales and deliverability, were outlined in the main report with a summary below.

- Retain Current Arrangements
- Create Shared Service model with another Local Authority
- Create shared service approach via a Regional Business Centre model with a Private Sector partner
- Create a Joint Venture vehicle

As Cabinet were aware from the report on the 24 January 2011 the authority was only likely to be in a position to manage the budget deficits that it faced through a broad programme of work. As was identified in this overall programme one key area would be in the delivery of a number of identified and agreed projects. Members were well aware of the scale of the challenge in organisational and financial terms and that such a deficit required consideration of a range of radical and significant changes.

A range of options and consideration of potential alternatives were outlined

in the report but with regard to these services there were a number of issues which support a competitive procurement of these element of Council activity:

- Preliminary research indicated that significant savings for the Council can be achieved through pursuing, though a competitive arrangement, such a process particularly where this was done in such a way that it was integrated with the complimentary IT infrastructure.
- There were potential benefits to Hartlepool in economic regeneration which the authority would be looking to maximise as part of any arrangement.
- There was significant private sector experience in the delivery of these services on behalf of the public sector so the opportunity existed to benefit from tried and tested best practice established through multiple successful outsourced arrangements.
- Proposed amendments to the national benefits system may result in significant changes to the scale and scope of the Revenues and Benefits services the Council currently provide. The ability to react flexibly to these changes would be important to the Council and this can be catered for in a well constructed contract.
- It was also important to be in a position to effectively manage the risk of any change and the operational impact on the council and the proposed solution manages this as far as would be practicable.
- Statutory protections for current staff would be maximised.

Consideration of the timescales for the management and delivery of this project, should it be agreed had been assessed and was capable of delivery (and any potential savings realised) for the 2012/13 budget.

It was suggested that the proposals in relation to the provision of the Revenues and Benefits Service be referred to scrutiny for their consideration and views to be reported back to Cabinet at the end of March 2011. Members recognised the importance of the public interface of this service and the Chief Executive confirmed that as suggested by the Trades Unions, discussions would be held with all staff affected by the proposals.

A Member commented on the importance of ensuring all staff affected were consulted with as well as the need to examine all possible options for the provision of ICT in the future, including the costs associated with outsourcing and an in-house provision to ensure best value for the residents of Hartlepool was achieved.

A discussion ensued on the viability of referring the ICT proposals to scrutiny and the Chief Executive confirmed that these proposals would materialise in savings for the 2012/13 budget if work could commence straight away. Any delay in the commencement of this work would jeopardise the proposed savings for next year. A Member noted his disappointment that Scrutiny would not be given the opportunity to examine the ICT proposals in detail. It was suggested that Scrutiny could examine the Revenues and Benefits proposals and report back to Cabinet at the end of March and would be able to look at the ICT proposals and report back at

in June. However, the Chief Executive confirmed that even delaying the ICT proposals till June would put the potential savings for 2012/13 at risk.

### **Decision**

That the proposals in relation to the provision of the Revenues and Benefits Service be referred to Scrutiny Co-ordinating Committee and reported back to Cabinet at the end of March 2011.

## **170. Assessing Developer Interest in Development Sites in Seaton Carew** (*Director of Regeneration and Neighbourhoods*)

### **Type of decision**

Non-key.

### **Purpose of report**

To seek Cabinet endorsement to obtain initial expressions of interest from commercial developers who may be interested in HBC owned sites in Seaton Carew.

This information will be used to support future decision making in relation to the regeneration of Seaton Carew, and will enable Cabinet to make informed decisions in the future regarding development opportunities in Seaton Carew.

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

The Mayor presented a report which highlighted that Seaton Carew has an important role to play in Hartlepool's overall visitor offer. The promenade, beach and businesses in Seaton Carew were not only important amenities for Seaton Carew residents but for the rest of Hartlepool as well. Continuing to draw in investment and improving the attractiveness of Seaton Carew to both visitors and residents remained a key regeneration priority. Although regeneration funding had been secured for Seaton Carew in the past, the prospect of securing sufficient public funding to support the future regeneration of Seaton in the short to medium term, in the current financial climate would be more difficult. In order therefore to achieve the aspirations that the Council and local residents have for Seaton Carew, alternative ways of delivering change needs to be explored and considered.

The report therefore highlighted the work being done to develop a masterplan for Seaton Carew including a strategy to deliver those changes, that given the limited levels of external public funding, was based around utilising some of the Council owned land and assets in the area.



As part of this approach a financial viability assessment had been produced which included some assumptions regarding estimated development costs and land values. There had been some positive feedback from a limited number of developers through informal discussions, but a wider understanding of the likely interest and demand for the sites was required, to allow Cabinet to make informed decisions in the future regarding the possible use and disposal of those sites in order to support future regeneration of Seaton Carew.

Cabinet was therefore asked to endorse an exercise that can assess what the likely interest in the various Council owned sites would be if they were put to the market. Developers would be asked to respond to a document that explained what the Council aimed to achieve in Seaton Carew and which also detailed the land holdings that could be utilised to release value and funding to achieve those aims. Developers would be asked to submit an expression of interest in the sites and information regarding how they might take forward the sites and meet the wider regeneration aims, if they were engaged to take forward the sites.

This information could then be utilised by Cabinet to inform the decision making process and inform the master planning exercise when considering the possible future use of the Council owned sites.

It was suggested that expressions of interest be sought for the sites individually as well as for all four together as it was considered that this should maximise the potential and community benefits for the area. The Assistant Director, Regeneration and Planning confirmed that expressions of interest were requested by the end of March and would be reported to Cabinet in April.

### **Decision**

The expression of interest document was endorsed along with the suggested approach to assess, without prejudice, the likely level and type of developer interest in Council owned sites in Seaton Carew either individually or for all four sites together.

## **171. Business Transformation – Quarterly Programme Update** (*Chief Executive*)

### **Type of decision**

Non-key.

### **Purpose of report**

To provide a recap on the current programme, to update on progress on the Programme since October 2010 and to provide an outline of forthcoming activity.

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

The Performance Portfolio Holder presented the report which provided an overview of the current status of the programme and forthcoming reports which would be considered by Cabinet.

The BT Programme, and the contribution it can make to the Medium Term Financial Strategy (MTFS) had been revisited as members were aware.

The current Business Transformation Programme continued to proceed in line with the originally agreed scope.

Cabinet considered on 24 January 2011 a report titled “The strategy for bridging the budget deficit” which set out a future strategy and builds upon the successes and robustness of the current BT programme but which considers and takes account of the decisions which have had to be made in establishing the 2011/12 budget and the increasingly austere financial position. The report began to address these requirements with a renewed Business Transformation Programme, including some elements from the current programme and some additional elements to meet the budget requirements.

The Portfolio Holder confirmed that the Business Transformation Programme initially had a target of realising £1.4m of savings in 2010/11 but had actually achieved £2.9m savings. This had resulted in a real and lasting difference to the budget proposals and credit was given to the staff involved in the Business Transformation programme as well as all other staff in the authority as it was recognised that change was never easy.

In response to a question, the Assistant Chief Executive confirmed that the Business Transformation Programme and Budget Proposals would be examined as a renewed Business Transformation Programme, including some elements from the previous programme and some additional elements to meet the budget requirements.

A Member referred to customer services and the channel shifting to more efficient channels of communication and wanted to ensure that the most deprived wards without regular access to computers were not disenfranchised by this proposal.

**Decision**

The progress made to date on the implementation of the Business Transformation Programme and forthcoming reports to be submitted to Cabinet were noted.

The meeting concluded at 12.06 pm

**P J DEVLIN**

**CHIEF SOLICITOR**

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