

# **CABINET**

## **MINUTES AND DECISION RECORD**

8 April 2011

The meeting commenced at 8.30 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: Councillor Marjorie James, Chair of Scrutiny Coordinating Committee  
Councillor Christopher Akers-Belcher.

Officers: Paul Walker, Chief Executive  
Chris Little, Chief Finance Officer  
Alyson Camen, Head of Legal services  
Joanne Machers, Chief Customer and Workforce Services Officer  
Nicola Bailey, Director of Child and Adult Services  
Dave Stubbs, Director of Regeneration and Neighbourhoods  
Denise Ogden, Assistant Director, Neighbourhood Services  
Damien Wilson, Assistant Director, Regeneration and Planning  
Graham Frankland, Assistant Director, Resources  
Antony Steinberg, Economic Development Manager  
Joan Stevens, Scrutiny Manager  
Alastair Rae, Public Relations Manager  
David Cosgrove, Democratic Services Team

### **207. Apologies for Absence**

Peter Jackson (Cabinet Member without Portfolio).

### **208. Declarations of interest by Members**

None.

## **209. Minutes of the meeting held on 21 March 2011**

Minute No. 193 “Final Report – 20’s Plenty – Traffic Calming Measures”. A cabinet member commented that the minute gave the impression that all the recommendations of the Scrutiny report had been adopted by Cabinet, which they considered was not the case. Cabinet had supported further consultation with the results of that being further considered by Cabinet.

This view was supported by Cabinet. The decision was therefore amended as follows: -

“That Cabinet approves a public consultation on the 20 mph zones proposals suggested in the Scrutiny Report, to be undertaken by the end of July and reported back to Cabinet before the beginning of September this year at which time final consideration will be given to the remainder of the Scrutiny recommendations.”

Subject to the above amendment, the minutes and decision record were confirmed.

## **210. Strategy For Bridging The Budget Deficit 2012/13 – Business Transformation Programme II** (*Chief Executive*)

### **Type of decision**

Non-key decision.

### **Purpose of report**

The report provided additional information on the structure and content of the programme proposed to address the budget deficit from 2012/13 onwards.

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

The Chief Executive reported that on 24th January, Cabinet agreed an outline programme based on the projected deficits facing the authority over the next three years. The projected deficit for 2012/13 was £6.6m after an indicative 2.5% Council Tax increase. By the end of March 2014 the Council would need to reduce expenditure by a further £8.1m, giving a total of £14.7m savings required over the next three years.

The actual position from 2013/14 onwards could be worse if business rates were re-localised by central government without an adequate damping system being put in place. There was also the potential cost of equal pay/equal value claims. The Chief Executive emphasised that none of the figures included provision for future redundancy costs - which were likely to be significant.

As reported to Cabinet in February there would also be further reduction in the grants transferred into Formula Grant. This left the authority in a dire financial position; the deficits faced were significant and some extremely difficult decisions were going to have to be made over the next couple of years.

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

- Efficiencies
- Planned reduction in provision
- Specific large-scale projects, and,
- Increased income.

The proposed programme is essentially an amalgamation of the agreed Business Transformation Service Delivery Options (SDO) programme and those areas where there was considered to be some potential for further reduction across a range of services. It was important that everyone was clear about the programme, what had to be done, and where the savings would come from.

There were a broad range of areas for consideration as part of the overall programme, and these were set out in Appendix 1 to the report. To provide flexibility it was not intended to establish individual service targets for each of those areas, but to amalgamate those targets to create departmental targets.

There were a range of projects, outside the scope of those areas considered in sections 3.6 and 3.7 of the report which offered the option, either through changes to arrangements for this Council, through working in partnership with others or through the consideration of other alternative working arrangements, Trusts, Trading Companies etc., to either deliver savings or to provide capacity or robustness around continued service provision.

It was important to note that these identified project areas would in themselves be very challenging in terms of the timescales for delivery and the fact that they would, in most instances, involve a change in how services were provided.

The Council was currently working with the other eleven North East authorities on a collaborative project, funded by the Regional Improvement and Efficiency Partnership (RIEP), to identify for all local authorities, additional or new income generation opportunities. Although in terms of overall contribution this was not seen as significant.

The new savings programme had been determined on a number of assumptions which were set out in section 4 of the report. There were a range of risks attributable to the development and delivery of such a programme, but there were considerably greater risks from not having such

a programme in place.

Committed and resolute leadership would be required to see this programme through; therefore it was proposed that the current arrangements in respect of Programme Board and Cabinet were maintained. It was also proposed that the programme should be reviewed every twelve months to feed into the Budget process.

The Chief Executive reported that the Council Working Group at its meeting yesterday had requested “that a ‘small’ cross party working group be constituted by Council to consider proposals for the creation of Trusts, in advance of any decision by Cabinet in relation to services being provided by such Trusts”.

Cabinet Members highlighted that the scope for increasing income were limited when it came to the fees and charges the authority already had. There was concern at how long some of the implementation process for some of the solutions set out in the report, such as the establishment of Trusts, would take. The scale of the problems simply left the authority to make decisions on what services continued and what didn't. A Cabinet Member highlighted the need to review the full range of services to review what 'we' could continue to provide and what would have to be delivered in a different way, if at all.

The Chief Executive agreed that the scale of the task given to local government was greater than anything it had had to face in the past. The Minister had targeted funding, leadership and publicity in what seemed like a war against local government. In Hartlepool many service areas had already been cut to the bone and were simply at the point of support them as they stood or cut them completely. It was in this light that the cuts had to be seen corporately rather than on a percentage per department basis. Members agreed that there was a myth being perpetuated that local government had some vast back office of faceless bureaucrats that it could do without.

Cabinet acknowledged the proposal from the Council Working Group on the development of Trusts' as a review of the establishment of such trusts was necessary. The development of the Trusts and the need for a range of separate trusts was questioned. It was suggested that it may be more appropriate to bring together a single in-house team to develop these processes involving Economic Development rather than work being carried out in departmental silos.

Reference was also made to the independent work being undertaken by Deloitte's on the development of revenue income sources for local government. The Chief Executive indicated that he hadn't seen the report from Deloitte's but didn't hold much hope of it providing a significant solution to the budget problems.

In relation to the development of Trust's the Chief Executive commented that a leisure trust and a museum trust could not be combined. Hartlepool was too small to operate a sole trust so had to look to combine with neighbouring authorities to have the greatest chance of any savings being found. The Tees Valley authorities were discussing these types of options and had been working through the issues and options for some time. In-house there were teams looking at these options and progress was discussed at the Corporate Management Team regularly. The main problem with these options was that they would take time, up to two years, to implement and it would be 2013/14 before any benefit could be seen.

The Chief Executive also highlighted the problems that could occur should the authority look to utilise trading powers. Past experience elsewhere in the country had shown that a local authority trading company had the potential to have a significant adverse effect on local traders.

One Cabinet Member did feel that some of these processes should have moved forward more as they had been talked about twelve months ago. Clarification on the role of the central Procurement Team was sought as there was concern that not all HBC contract and procurement was necessarily in line with the approved policy.

Cabinet questioned if there was any news of the contents and the publication of the Public Services Reform Bill. The Chief Executive indicated that although the Bill was now expected in May, it was possible that the publication date would be put back again, though no firm announcement had been made. It was still expected that there would be measures to 'promote' the involvement of the private and voluntary sector in providing local services. It seemed that the elements concerning the delivery of health services were the main concern for the government.

Concern was expressed by one Cabinet Member that there had been a lack of leadership in tackling the deficit facing the council and that a more robust, positive approach similar to that adopted at the Fire Authority needed to be implemented. Other Cabinet Members considered this an unfair comment. The Mayor indicated that attempts to progress discussions had been made at Tees Valley level but most authorities were due to have all-out elections next month and were therefore reluctant to commit to particular courses of action at this time. Officers were, however, discussing the potential for sharing of services across authorities in the interim. The Mayor commented that he considered that Members and Officers were 'up for the challenge' and while there would be disagreements on the way ahead as the process moved forward the direction of travel was positive.

## **Decision**

1. That the priorities in the programme of work identified in the report be approved and that they be delivered on a departmental basis.
2. That the identified projects be approved and further scoped and progressed as part of the managed programme.

3. That further reports on issues related to the programme or which may affect the current programme be submitted to cabinet including; the Localism Bill; Public Services Reform Bill; Voluntary and Community Sector commissioning; and issues raised by Scrutiny, as appropriate.
4. That Cabinet notes the separate proposals to be developed to manage the 2012/13 cut in the specific grants and Area Based Grant transferred into the formula grant, as detailed in the report.
5. That Cabinet supports the Council Working Group's proposal for a 'small' cross party working group be constituted by Council to consider proposals for the creation of Trusts.

## **211. Referral Response - Business Transformation Programme II - Proposals For The Provision Of The Revenues And Benefits Service** *(Scrutiny Coordinating Committee)*

### **Type of decision**

Non-key.

### **Purpose of report**

To report the Scrutiny Co-ordinating Committee's recommendations in relation to proposals for the provision of the revenues and benefits service, referred by Cabinet on 7 February 2011 to the Overview and Scrutiny Function.

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

Cabinet on the 24 January 2011 received a report in relation to the development of a proposed strategy for addressing the budget deficit from 2012/13 onwards. Part of those discussions related to the future of the Revenues and Benefits service. A further report was considered on 7 February 2011 when Cabinet agreed that proposals in relation to the provision of the Revenues and Benefits Service should be referred to Scrutiny for consideration.

The Chair of the Scrutiny Coordinating Committee presented the report of the Coordinating Committee's consideration of the referral and its recommendations. The Chair of Scrutiny Coordinating specifically thanked the Performance Portfolio Holder for his involvement in the investigation. The Scrutiny Coordinating Committee had addressed the four specific options highlighted in the report considered by Cabinet and the report based its response to addressing Scrutiny Members views on the following four questions –

Should the service be maintained at its current level / way?  
Can we continue to deliver all services ourselves or should we investigate other models of delivery?  
Can we identify plans that will deliver the degree of savings needed?  
Can we charge for some services which are currently provided free, or increases existing charges?

The Chair of the Scrutiny Coordinating Committee outlined the discussions of Members and set out the Committees recommendations for Cabinet's consideration.

Cabinet focussed on several of the issues / comments made in the Scrutiny report. A Cabinet Member queried the Committee's comment that in moving staff from Revenues and Benefits (R&B) into the Contact Centre a greater level of budget than necessary, including funding allocated by the Department for Work and Pensions (DWP) had also been transferred. The Scrutiny Coordinating Committee Chair commented that the R&B staff transferred into the Contact Centre were not fully utilised in R&B work and were a 'hybrid' officer undertaking a wider range of duties than in their former role. The full salary of such staff should not therefore have been transferred from R&B as they were not fully tasked in such a role. There were also reports of visitors to the Contact Centre with benefit queries leaving without their queries being resolved as they could not see a dedicated R&B officer.

The Chief Customer and Workforce Services Officer commented that the Contact Centre acted in central role for all departments and when staff were transferred in, the salary allocated to the post transferred at the same time.

The Mayor highlighted that the current service was a 'five star' service and he did not wish to see the level of service that the public received diminished. The next item on the agenda would be dealing with the issue of bridging the deficit for the ICT and Revenues and Benefits services. In relation to that issue the Chair of the Scrutiny Coordinating Committee commented that there was concern among Members that the current ICT contract was nearing its end and tying the two issues together could lead to a situation where the ICT contract review could effectively be bypassed. Cabinet Members commented that that was not the case as it would simply bring forward the retendering of the ICT contract, not bypass it.

The Chair of the Scrutiny Coordinating Committee commented that while Scrutiny Members acknowledged the need to secure a different model of providing these services, privatising them was not the way forward. The Chief Executive highlighted that under the government's proposed new Universal Credit, Housing benefit would simply cease to exist. TUPE would not apply, as there would be no undertaking to transfer, therefore unfortunately, Housing Benefit staff would be made redundant. A Cabinet Member commented that no options could be ignored and if the most beneficial model was to utilise the private sector in doing what they did best married to what the council did best, then that had to be explored, as long

as the Council went into such an arrangement in a strong position.

Cabinet went on to discuss the potential for a partner arrangement with another/other local authorities. A Cabinet Member suggested that there was potential for Hartlepool to bid for the provision of R&B services to other authorities that had already outsourced their services and where contracts were coming up for renewal. Concern was again expressed at the utilisation of the monies allocated by the DWP.

The Mayor commented that while there appeared to be no appetite presently for a joint venture arrangement, the option of shared services was one that had wider support. Cabinet Members considered that no option should be ruled out at present and all should be subject to further consideration. A Cabinet Member was still concerned at the tying together of the ICT and R&B contracts and considered that further discussion on this aspect was needed. Cabinet Members indicated that the extension of the ICT contract had brought significant savings and had been done in light of all the options available. A report on the savings achieved was requested.

The Mayor thanked the Chair of Scrutiny Coordinating Committee for her attendance and presentation of the Scrutiny report. The recommendations would be utilised by Cabinet to inform the next stage of the process.

### **Decision**

That the recommendations of the Scrutiny Coordinating Committee's review of the proposals for the provision of the revenues and benefits service, as referred by Cabinet on 7 February 2011, be noted and utilised to inform the process of the development of the strategy for bridging the budget deficit in the ICT and Revenues and Benefits services for 2011/12/13.

## **212. Strategy For Bridging The Budget Deficit 2012/13 – ICT and Revenues and Benefits** *(Chief Executive)*

### **Type of decision**

Non-key.

### **Purpose of report**

To enable Cabinet to make a decision in respect of the proposed procurement route for ICT and Revenues and Benefits.

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

The Mayor noted that many of the aspects of the issues raised in the report had been touched upon in the discussions on the previous report. A letter received from the Hartlepool Joint Trades Union Committee was tabled and noted by Cabinet.



The Mayor commented that there was a tight timescale involved in considering the future provision of these services therefore the options for the provision of the Benefits Service needed to be investigated further, but quickly.

- Retention of Current Arrangements;
- Creation of Shared Service model with another Local Authority;
- Creation of shared service approach via a Regional Business Centre model with a Private Sector partner; and
- Creation of a Joint Venture vehicle.

The Mayor considered that the option for a shared service model with another local authority for example could be addressed very quickly. Cabinet will seek a firm proposal for moving forward at the earliest opportunity. The Chief Executive clarified that the further considerations would include the recommendation in the report to commence a procurement exercise using the OGC Buying Solutions Framework. This was agreed by Cabinet.

### **Decision**

That further investigation of the following options be undertaken and reported back to Cabinet at the earliest opportunity taking account of the timescales required for identifying the future of the services in question and the recommendations of the Scrutiny investigation reported earlier in the meeting:

- (i) A procurement exercise is undertaken using the OGC Buying Solutions Framework for ICT and Revenues and Benefits services.
- (ii) Scrutiny Co-ordinating Committee's recommendations for Revenues and Benefits Services would be considered as part of whichever delivery option is chosen.
- (iii) Other local authorities be approached quickly about what opportunities there are for working together.
- (iv) Early stages of testing the market, as part of the procurement process, would be undertaken.
- (v) The options and implications of a joint venture vehicle be researched.

## **213. Inquorate Meeting**

Following the departure of Councillors Hall, Hargreaves and Hill, 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 following decisions in the decision record were confirmed by the Mayor accordingly.

**214. Corporate Plan, Hartlepool Partnership Plan and Departmental Plans 2011/12** *(Assistant Chief Executive, Director of Child and Adult Services and Director of Regeneration and Neighbourhoods)*

**Type of decision**

Budget and Policy Framework.

**Purpose of report**

To enable Cabinet to: -

- (i) consider and comment on the proposed Corporate Plan for 2011/12
- (ii) agree the Hartlepool Partnership Plan for 2011/12
- (iii) agree the three Departmental Plans for 2011/12

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

The Performance Portfolio Holder reported that the Council's suite of Service Planning documents for 2011/12 was submitted for Cabinet's approval. The Corporate Plan would be submitted to Council on 14 April 2011 as a Budget and Policy Framework document. The plans had been submitted to Cabinet at several stages during their development and had been subject to consideration by Scrutiny. The Corporate Plan, Hartlepool Partnership Plan, the Chief Executive's Departmental Plan, the Child and Adult Services Departmental Plan and the Regeneration and Neighbourhoods Departmental Plan were submitted in full as appendices to the main report.

All of the plans contained a detailed action plan setting out how the Council, the Hartlepool Partnership, or individual departments proposed to deliver the priority outcomes. Key Performance Indicators were also included which would be used to monitor progress throughout 2011/12. Departmental Plans also contained a section listing the Risks that could prevent the Department from delivering the priority outcomes.

These documents would be used as the basis for the regular monitoring reports that will be presented throughout the year to Elected Members.

**Decision**

1. That the Corporate Plan 2011/12, be approved for consideration by Council on 14 April 2011.
2. That the Hartlepool Partnership Plan be approved, for endorsement at Hartlepool Partnership on 18 May 2011
3. That the Chief Executive's Departmental Plan 2011/12, the Child and Adult Services Departmental Plan 2011/12 and the Regeneration and Neighbourhoods Departmental Plan 2011/12 be approved for distribution.

## **215. Local Economic Assessment** *(Director of Regeneration and Neighbourhoods)*

### **Type of decision**

Key decision RN40 / 10. Test (ii) applies.

### **Purpose of report**

To consider and endorse the draft Hartlepool Economic Assessment prior to official publication in April 2011.

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

The Department of Communities and Local Government (CLG) endorsed this new statutory Economic Assessment duty as proposed following the Review of the Sub-National Economic Development and Regeneration in 2007 as it believed that it would 'add value to existing arrangements and practices'. The Local Democracy, Economic Development and Construction Bill (2009) now placed a statutory duty with relevant local authorities expected to complete an assessment by April 2011 which would set out the economic vitality and conditions of their particular area.

Hartlepool's Economic Assessment would provide the necessary evidence base to increase knowledge and better understand local economic conditions and to analyse how the town makes a significant contribution to wider sub-regional and regional functional markets. By understanding this wider scope of economic activity across multiple boundaries it would provide an insight into the opportunities that the town could maximise and will also reflect the influence that global market forces have at a local level.

Cabinet welcomed the report and a Cabinet Member specifically welcomed the improvement to broadband services that would be brought about following the government's pledge to introduce superfast lines.

### **Decision**

That Cabinet approves the draft Economic Assessment for publication in April 2011.

The meeting concluded at 10.20 p.m.

**P J DEVLIN**

**CHIEF SOLICITOR**

**PUBLICATION DATE: 15 APRIL 2011**