

CABINET

MINUTES AND DECISION RECORD

19 December 2011

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

Present:

The Mayor, Stuart Drummond - In the Chair

Councillors: Jonathan Brash (Housing and Transition Portfolio Holder)
Robbie Payne (Deputy Mayor) (Finance and Procurement Portfolio Holder),
Gerard Hall (Adult and Public Health Services Portfolio Holder),
Cath Hill (Culture, Leisure and Tourism Portfolio Holder),
Chris Simmons (Children's Services Portfolio Holder),
Hilary Thompson (Performance Portfolio Holder),

Also Present: Councillor Christopher Akers Belcher, Vice Chair of Scrutiny
Coordinating Committee and Chair of Children's Services Scrutiny
Forum.
Councillors Turner and Wells.

Officers: Nicola Bailey, Acting Chief Executive
Andrew Atkin, Assistant Chief Executive,
Chris Little, Chief Finance Officer
Peter Devlin, Chief Solicitor
Joanne Machers, Chief Customer and Workforce Services Officer
Dave Stubbs, Director of Regeneration and Neighbourhoods
Damien Wilson, Assistant Director, Regeneration and Planning
Graham Frankland, Assistant Director, Resources
Jill Harrison, Assistant Director, Adult Social Care
Caroline O'Neill, Assistant Director, Performance and Achievement
Phil Hornsby, Head of Service
Joan Stevens, Scrutiny Manager
Steve Hilton, Public Relations Officer
David Cosgrove, Democratic Services Team

181. Apologies for Absence

Councillors Pam Hargreaves (Transport and Neighbourhoods Portfolio Holder) and Peter Jackson (Regeneration and Economic Development and Skills Portfolio Holder).
Councillor Stephen Akers-Belcher, Chair of Health Scrutiny Forum.

182. Declarations of interest by Members

None at this point in the meeting.

During the consideration of item 187 “Early Intervention Strategy”
Councillors Brash and Hall declared personal interests.

183. Minutes of the meeting held on 5 December 2011

Confirmed.

184. Formal Response to the Executive’s Medium Term Financial Strategy (MTFS) 2012/2013 to 2014/2015 – Initial Budget Consultations *(Scrutiny Coordinating Committee)*

Type of decision

None.

Purpose of report

To provide the formal response of the Scrutiny Coordinating Committee in relation to the Executive’s initial proposals for the Medium Term Financial Strategy (MTFS) 2012/2013 to 2014/2015.

Issue(s) for consideration by Cabinet

The Vice-Chair of the Scrutiny Coordinating Committee reported that at the meeting of the Scrutiny Coordinating Committee held on 14 October 2011, consideration was given to the Executive’s initial proposals for the Medium Term Financial Strategy (MTFS) 2012/2013 to 2014/2015.

At the meeting it was agreed that, as in previous years, each of the Standing Scrutiny Forums would consider the budget proposals covering the service areas within their remit. Comments / observations were subsequently fed back to the meeting of the Scrutiny Coordinating Committee held on 2 December 2011 to assist in the formulation of this Committee’s formal response to Cabinet. The Vice-Chair of Scrutiny Coordinating Committee also highlighted that further consideration would be given to Cabinet’s finalised proposals by the Scrutiny Coordinating Committee at its meetings on 13 January 2012 and 27 January 2012.

The Vice-Chair of the Scrutiny Coordinating Committee commented that during the determination of a formal response, Scrutiny Members were largely supportive in principle of the identified saving proposals, pressures, capital receipts, reserves and outturns and were keen to examining in greater detail the final budget proposals, once approved by Cabinet. Details of the specific comments made by each of the scrutiny forums was set out in the report.

Tabled at the meeting was a document setting out Cabinet's initial responses to the scrutiny comments on the initial budget proposals. The Mayor indicated that this would be formally forwarded to scrutiny with the MTFS for further consultation.

Decision

That the report be received.

185. Medium Term Financial Strategy (MTFS) 2012/13 to 2014/15 *(Corporate Management Team)*

Type of decision

Budget and Policy Framework.

Purpose of report

The purpose of the report is to update the MTFS and to enable Cabinet to refer formal budget proposals to Scrutiny Coordinating Committee.

Issue(s) for consideration by Cabinet

The Chief Finance Officer referred to the comprehensive report submitted to Cabinet on 10 October 2011 (Minute No.111 refers) and referred to Scrutiny Coordinating Committee on 14 October 2011. The report advised Members that the public sector and the Council are facing the greatest financial challenge which has existed in the past 50 years. This position reflects both national financial issues reflecting the Governments deficit reduction plan and locally the impact of demographic pressures.

The previous report identified two key financial issues facing the Council over the next three years.

- (i) the need to address a £15.083m budget deficit on the current net general fund budget of £91.8m.
- (ii) the need to fund one-off strategic costs of £14m, mainly relating to redundancy/ early retirement costs and unfunded Housing Market Renewal commitments.

The report presented to this meeting provided an update on these issues and other factors relevant to the budget strategy for the next three years.

Existing legislation requires the Government to formally make an annual settlement announcement regarding the allocation of grants to individual Councils. The 2012/13 settlement had not been announced by the Government when this report was prepared and was expected to be issued late on 8th December 2011. An additional appendix to the report had been circulated to Cabinet in advance of the meeting setting out the key issues arising from the formal consultation proposals for the distribution of Formula Grant for 2012/13 issued by the Department for Communities and Local Government on 8 December, 2011.

The Chief Finance Officer confirmed that there were no changes to the initial proposals set out by the government in February 2011 and therefore the grant cut of £4.1m (8%) for 2012/13 had been confirmed. The Chief Finance Officer referred Members to the table in the report comparing Hartlepool's 'spending power' cuts for 2010/11 and 2011/12 with other authorities, which shows the higher cuts facing Hartlepool. The Chief Finance Officer did indicate that the Government had announced that they would abolish Whitehall capping and replace it with Council Tax referendums.

The Government were proposing thresholds for 'excessive' Council Tax increases which would trigger referendums, as follows:

- 3.5% for local authorities;
- 3.75% for the City of London;
- 4% for the Greater London Authority, police authorities and single purpose fire and rescue authorities.

These proposals needed to be formally approved by Parliament in late January 2012 as part of the final report on the 2012/13 Local Government Finance Settlement. It was expected these thresholds would be subject to annual review by the Government.

If an authority determined to approve a proposed Council Tax increase above the 'excessive' threshold a Council Tax referendum needed to be held not later than the first Thursday in May.

Authorities going down this route effectively needed a 'fall back' budget based on the referendum being unsuccessful. Under this scenario the Council Tax increase would be limited to the 'excessive' increase determined by the Government for triggering a referendum, i.e. 3.5% for 2012/13.

The Government's consultation on the 2012/13 Local Government Finance Settlement closes on 16 January 2012. It was suggested that Hartlepool did not seek a meeting with the Minister and provided only a written response, which it was proposed the Chief Finance Officer agreed with the Mayor.

Key issues that would be covered in the consultation response would be: -

- The fairness of the proposed settlement;
- The concern that funding had not been found to extend Transitional Grant to follow principles adopted for the previous 'floor damping system' which provided protection for a number of years. Particularly against background of Government finding significant funding to freeze Council Tax for 2012/13;
- The concern that the 2012/13 Council Tax freeze grant would only be paid for one year. This proposal clearly recognised that councils need additional funding, but only provided a temporary solution which would increase the financial challenges facing councils in 2013/14. The

removal of this funding could not be viewed in isolation and needed to be considered in the context of other changes being made in 2013/14, including re-localisation of business rates, Council Tax Benefit changes and reform of the Local Government funding system.

The Chief Finance Officer went on to highlight the main aspects of the report for Cabinet's information. The matters highlighted sought Cabinet's approval to the detailed consultation issues that were to be referred to Scrutiny Coordinating Committee. In addition to the fourteen matters that had been set out in the report, the Chief Finance Officer also indicated that in light of the Government announcement on Council Tax Referendums, Cabinet needed to have a view on a potential Council Tax rise.

The Mayor commented that as well as submitting a response on behalf of the Council to the Government's Consultation, Hartlepool would also be part of the joint response of North east Councils being coordinated by the Association of North East Councils (ANEC). This was welcomed by Cabinet members. Members suggested that any response for Hartlepool needed to include the comparison of spending power cuts set out on page 2 of the report as this highlighted the significant and undue pressure the council was being placed under through the government's cuts.

During the debate on the report, the following issues/questions were discussed –

- Would the Furniture Solutions proposal be going through a tendering process. The Director of Regeneration and Neighbourhoods indicated that if agreed it, then yes it would.
- The proposal to create a fund to tackle empty properties as set out in the report was supported.
- Concerns were expressed at the fact Hartlepool didn't qualify for transitional funding for 2012/13.
- Cabinet considered that the public needed to be made fully aware of the situation that would arise in the 2013/14 budget if the government's grant for maintaining a council tax freeze in 2012/13 was accepted. The Chief Finance Officer stated that if the Council did not support a Council Tax rise in 2012/13, then that income was effectively gone forever and this would increase the 2013/14 budget deficit by approximately £1m. Through the consultation response, the Council needed to emphasise that putting the money into transitional funding would have assisted council's more than the money being spent on the council tax freeze. Many other authorities had seen through this and were proposing increases for 2012/13.
- The prudential borrowing to fund the coastal defence works in Seaton Carew was welcomed.
- The revenue saving of £39,000 relating to the Church Square Capital fund was to be considered further.
- It was proposed that an element of capital receipts be utilised in the Central Linear Park to provide changing facilities.
- The Mayor indicated that the Government was hoping that authorities

would see the grant to maintain the council tax freeze as a 'gift' but it had huge longer term consequences and with the changes to business rates and the cuts in benefits; a council tax rise of around 5% would be needed in 2013/14 to regain the income lost. Neighbouring authorities had already chosen not to take the grant and were proposing council tax rises of 3% to 3.5%.

- The new council tax rise referendum were discussed and Members commented that it effectively set a ceiling as it was unlikely that a vote for a rise above the threshold would ever be won. The Mayor considered that through extensive consultation, beyond what was normally undertaken, it could be possible to bring forward the same response as a referendum would. Consultation would need to be geared towards what people didn't want, i.e. service cuts.

Cabinet supported the consultation set out in the report with the additions outlined above. In relation to Council Tax, Cabinet reluctantly agreed to recommend acceptance of the government grant and maintain a council tax freeze for 2012/13. Cabinet did recommend that the consultation with scrutiny include an indicative council tax rise of 3.5% being built into the budgets for 2013/14 and 2014/15.

Decision

1. That the following issues be referred to Scrutiny Coordinating Committee for formal scrutiny:
 - (i) Details of revised outturn detailed in Appendix A to the report and proposal to earmark: -
 - a. £50,000 to provide a cash backed fund for the completion of housing works in default;
 - b. between £29,000 and £359,000 to support the 2012/13 budget; and
 - c. the remaining 2011/12 outturn balance of £867,000 to £1,197,00 to be carried forward to 2013/14 to either support the 2013/14 budget, or to provide a transitional scheme to partly mitigate the impact of changes to the Council Tax Benefit regime.
 - (ii) Seek views on the use of the 2011/12 savings of £76,848 from the Acting Chief Executive arrangements and £21,402 from the joint Head of HR role.
 - (iii) Seek views on the use of the one-off saving arising from the Industrial Action based on an estimated value of £50,000.
 - (iv) Proposed pressures detailed in Appendix B to the report.
 - (v) Revised planning assumptions detailed in Appendix C to the report.
 - (vi) Proposed savings detailed in Appendix D to the report.

- (vii) Review of Reserves detailed in Appendix E. to the report
 - (viii) Seek views the proposed acceptance of the government's one year grant in order to maintain a council tax freeze for 2012/13 but that indicative council tax rises of 3.5% be set for 2013/14 and 2014/15.
 - (ix) Seek views in the proposed strategy for funding the increased costs on the PCP capital schemes detailed in paragraph 4.12 of the report.
 - (x) Seek views on the proposal to create a capital investment fund of between £0.8m and £1.0m to develop a business case to buy and refurbish existing properties to provide affordable houses. This would also need to consider the impact of Section 106 monies secured on the Wynyard development of £1.2m. It was anticipated these monies would be phased over a few years and would increase the total resources to £2.2m.
 - (xi) Seek views on the allocation of the available Furniture Project reserve of £50,000 to kick start this project.
 - (xii) Seek views on whether the Major Regeneration Capital budget of £0.39m should be retained, or the budget should be deleted and a revenue saving of £39,000 taken by removing the Prudential Borrowing repayment budget, subject to the Director or Regeneration and Neighbourhoods providing more information.
 - (xiii) Seek views on the proposal to demolish the Brierton 'top site' building and ancillary buildings.
 - (xiv) Seek views on the proposed purchase of the Ambulance Station.
2. That a written response to 2012/13 Local Government Finance Settlement consultation, which closes on 16 January 2012, be submitted by the Chief Finance Officer following agreement with the Mayor and does not seek a meeting with the Minister.

186. Early Intervention Strategy – Scrutiny Response (*Children's Services and Health Scrutiny Forums*)

Type of decision

None.

Purpose of report

To provide Cabinet with Overview and Scrutiny comments / suggestions in relation to the development of the 'Early Intervention Strategy'.

Issue(s) for consideration by Cabinet

The Chair of the Children's Services Scrutiny Forum reported that at the meeting held on the 3 November 2011, a series of comments / suggestions, set out in detail in the report, were made by the Children's Services and Health Scrutiny Forums in relation to the 'Early Intervention Strategy'. Scrutiny Members had welcomed the draft strategy and particularly the synergy between the Early Intervention Strategy and the other strategies of the council.

The Mayor thanked scrutiny for the report and commented that Cabinet welcomed the comments that had come forward.

Decision

That the report be received.

During the consideration of the following item, 187 "Early Intervention Strategy", Councillors Brash and Hall declared personal interests.

187. Early Intervention Strategy (*Director of Child and Adult Services*)

Type of decision

Key Decision Tests 1 and 2 apply. Forward Plan Reference CAS 102/11.

Purpose of report

The purpose of this report was to update Cabinet on the development of the Early Intervention Strategy based on a remodelled approach to service delivery, and to seek agreement to commission services to enable the Local Authority and partners to deliver the strategy through allocation of the Early Intervention Grant for 2012-2013.

The report alerted Cabinet to specific services that would need to be commissioned to deliver identified priorities and sought approval to procure specialist staff from NHS Trusts alongside advertising a tender for the delivery of out of school activities for 5 19 year olds.

Issue(s) for consideration by Cabinet

The Children's Services Portfolio Holder reported that on the 24 October 2011 Cabinet were presented with an overview of the developing Early Intervention Strategy and gave permission for the remodelling of services and further consultation to be undertaken with a view to a final draft strategy being presented to Cabinet in December.

On 3 November 2011, a joint meeting of the Children's Services and Health Scrutiny Forum took place to consider the emerging Early Intervention Strategy. This meeting formulated a series of comments / suggestions which have helped to guide further consultation and development of the

Early Intervention Strategy. These comments have been considered by Cabinet in the previous item.

The report went on to outline the details of the consultation undertaken with families, staff and partners in producing the draft strategy document which was submitted as an appendix to the report.

The delivery model aimed to ensure that children, young people and parents could access integrated support as early as possible and without stigma. Delivery of the model would require the establishment of the following functions, each of which were detailed within the Early Intervention Strategy Document; a Central Information Hub, the Early Years Pathway, Integrated Locality Teams, Services and Activities for children, young people and parents, Service Delivery Points and Centralised Functions.

The Financial Considerations were set out in detail in the report and included details of the proposed reserve in 2011/12, as detailed in the Medium Term Financial Strategy report earlier on the agenda, to fund fixed term contracts and provide transitional monies to voluntary and community sector providers. The financial risks associated with the Early Intervention Grant were also clearly stated within the report including the beneficial effect to Hartlepool of the floor dampening arrangement for 2011/12

Cabinet questioned if the Prime Ministers recent announcement of monies to assist with the most problematic families would mean additional resources being allocated to Hartlepool. It was, however, understood that there would be no additional finance. The Portfolio Holder indicated that following the scrutiny investigation an assessment of where young people were accessing the information service was undertaken and this revealed that it was right across the town but in particular a significant proportion of young people accessed information and services via the Town centre base. The central information point with the delivery of services in communities was therefore appropriate.

There was some concern expressed at the budget allocation for a reserve of £450,000. The report indicated that the commissioning of services to support the Early Intervention Strategy has commenced yet funding beyond March 2013 continued to be an unknown. To mitigate this risk, contracts would be offered for 18 months with the option to extend for a further 18 months. Within the 2012/13 allocation it was proposed that a reserve of £450,000 was created to meet the financial contractual obligations of these contracts should funding drastically reduce in 2013/14, enabling the council time to review and redesign provision. A Cabinet Member considered that in the timescales, there was no need to extend contracts as the follow up contracts could be negotiated and in place.

Decision

- 1 That the Early Intervention Strategy permission for the remodelling of services for children, young people and their families to enable best use of the Early intervention Grant for 2012-2013 be approved.

2. That those areas of the Early Intervention Strategy where services need to be commissioned be approved and the advertising of a tender for the delivery of out of school activities for 5-19 year olds be undertaken.
3. That the procurement of specialist staff from the following NHS Trusts for the duration of the Early Intervention Grant allocation be approved:
 - Tees, Esk and Wear Valleys NHS Foundation Trust – two Primary Mental Health Workers;
 - North Tees and Hartlepool NHS Foundation Trust – one Speech and Language Therapist; two Speech and Language Assistants.
4. That the report be referred to Scrutiny in line with the Medium Term Financial Strategy budget report and timescales.

188. Cost of care for older people's care homes (*Director of Child and Adult Services*)

Type of decision

Key Decision (test ii applies). Forward Plan Reference number: CAS 108/11.

Purpose of report

To seek approval for the implementation of a financial cost model determining fee levels, linked to a quality standards framework, to be paid to providers of care homes for older people.

Issue(s) for consideration by Cabinet

The Adult and Public Health Services Portfolio Holder reported that the last fundamental review of fee levels was undertaken in 2005, based on an outdated financial model that took no account of the quality of care being delivered. Since then there had been a number of high profile reports criticising the lack of dignity and poor quality of care being afforded to some of the most vulnerable people in our society. A comparison with fees paid by other local authorities had shown that Hartlepool currently pays the fourth lowest fees in the North East and several authorities were currently in negotiations with their providers over future fee levels.

The Council, NHS Tees and care home providers jointly commissioned PwC (PriceWaterhouseCooper) to carry out a 'cost of care' exercise, based on an enhanced version of the Joseph Rowntree model. The model considers all the cost elements required to operate a care home including staffing, management, non-staff costs, debt financing and return on equity. PwC then produce a cost per bed per week based on an efficiently run 50 bed care home.

The development of a quality standards framework (QSF) had taken a significant amount of time and effort. Fundamentally, the QSF has to be

outcome focussed and officers used the Care Quality Commission's (CQC) standards for care as their starting point.

The Portfolio Holder reported that the detailed processes for the evaluation of homes within the QSF were set out in the report and supporting appendices. In determining the appropriate fee levels to pay to care homes for each of the grades mentioned previously it is proposed that the work done by PwC is considered as a guide. However, if the cost estimates shown in the PwC report were to be implemented it would lead to severe financial pressure on the Council's resources. Some initial estimates indicated that the cost could be between £700,000 to £900,000, but this was based on the existing cost model that only takes the environmental standards into account. More detailed financial work was required, based on an assessment against the proposed quality standards framework.

Within the 2012/13 budget considerations is an initial pressure of £0.45 million for older people commissioning to cover demographic pressures and the renegotiation of fees for older people's care home provision. This would necessitate any increase in fees being phased in over a period of time and would commit part of the budget headroom for 2013/14.

Cabinet Members supported the proposals but were concerned that the impact of quality staffing was not as highly weighted as it could be. The Portfolio Holder commented that he had initially held the same understanding but importance and impact of quality staffing in other elements of the outcomes such as care and welfare did ensure the impact of good quality staffing was reflected.

Cabinet questioned how this review fitted with the wider aspirations of NEPO in achieving savings. The Chief Executive commented that the NEPO contracts were set out without any discussions with individual councils, many of whom were already realising savings. As residential care fees were heavily based on local issues and quality it was extremely difficult to set a fee level for the whole region. NEPO's impact on specialist equipment contracts may, however, be advantageous.

Cabinet Members considered that performance management would be a key element in future monitoring. Reference was also made to a past scrutiny investigation which showed that the standard of residential care in Hartlepool was generally quite high. There had been an incident of a home where care standards had not been high which had only been identified by lay visitors.

The Mayor indicated that David Granath from the Hospital of God at Greatham was present at the meeting and wished to address Cabinet Members. Mr Granath commented on the PwC work which had been commissioned in conjunction with care providers and showed that there was quite a difference between what was paid and what should be paid for residential care. The banding of homes as proposed was crucial though there would obviously be significant problems if all homes raised their

standards to the highest level. This was of concern to the providers themselves and Mr Granath asked if any detailed thought had been given to the bandings.

In responding to Mr Granath's comments officers indicated that final costs and assessments of homes were still awaited. It would be necessary for the authority to come up with a banding protocol that reflected what it was able to pay and to some extent this could not be finalised until the budget was settled. All care providers had been provide with a breakdown of costs so they would have knowledge of the contribution to fees to come from the local authority.

The Mayor welcomed the report and the continued dialogue with the care providers.

Decision

1. That the implementation of the proposed quality standards framework be approved.
2. That the implementation of the financial cost model linking the fees paid to providers of older people's care homes to the quality standards framework be approved.

189. Asset Management Proposed Budget Savings *(Director of Regeneration and Neighbourhoods)*

Type of decision

Key Decision test (i and ii applies). Forward Plan reference Number RN92/11

Purpose of report

To inform Cabinet of the proposals to achieve savings in the Business Transformation (BT) Asset Management Workstream to contribute to the Departmental Budget Savings for 2012 / 13.

Issue(s) for consideration by Cabinet

The Finance and Procurement Portfolio Holder reported that the BT Asset Management workstream had a number of key elements with savings profiles. In addition savings in energy management were envisaged although no targets were set due to the rise in utility costs and the volatility of the market. A drive to reduce demand / consumption via improved energy use / behaviour and invest-to-save projects was delivering benefits in this area and savings had been included in the Property Related Service Review previously considered by Cabinet on 7 November 2011.

The proposals to meet the savings were as follows: -

Savings Profile Proposals	Cumulative Savings required by 2012 / 13 £	Cumulative Savings required for 2013 / 14 £
Accommodation strategy administration property rationalisation	} 374,938	250,000
Property and land asset rationalisation programme		80,000
Proactive approach to leased estate	18,000	100,000
Centralisation of asset and property management	86,000	80,000
TOTAL	£478,938	£510,000

The 2012 / 13 savings requirement had been achieved and the project is ahead of the target. This assists in the overall target for 2013 / 14.

A one-off saving of £44,000 had been achieved in one-off payments. This one-off saving would be reserved to meet the cost of the overheads retained by the organisation linked to the in-house trading activities affected by the cleaning and maintenance reductions.

The Portfolio Holder commended the work of all the staff in this area for bringing forward the savings and in particular the additional income.

Decision

That the proposals for the achievement of £478,938 savings for 2012/13 be approved and it was noted that the project was on schedule to achieve the target.

190. Families with Multiple Problems *(Director of Child and Adult Services)*

Type of decision

Key Decision RN71/11 test I and ii apply.

Purpose of report

To inform Cabinet of the current position regarding the Department of Work and Pensions (DWP) European Social Fund (ESF) – Families with Multiple Problems programme and to seek approval to continue negotiations with the Wise Group for the Council to deliver this programme.

Issue(s) for consideration by Cabinet

The Assistant Director, Regeneration and Planning reported that between 2011-2013, DWP (Department for Work and Pensions) would invest around £200m nationally of funding it received from the European Social Fund (ESF) to help families with multiple problems overcome barriers to employment. This initiative contributed to wider cross-Government programme on families with multiple problems and the emerging community

budgets.

As instructed by the government, Council officers met with all of the preferred DWP prime providers who were invited to tender for this ESF opportunity in order to explore how this programme could be suitably linked to existing services that support families. In July and August 2011, the Council submitted expressions of interest to all of the potential DWP prime providers to state that it would, in principle, be interested in delivering the programme (dependent on Cabinet approval) in partnership with members of the Hartlepool Works consortium.

One of these prime providers, the Wise Group had originally agreed to name the Council and Hartlepool Works as a subcontractor within their tender. However, they then made an internal commercial decision to not name either party within their tender application and instead named Avanta as their only subcontractor to deliver end to end activity within Hartlepool. Also, the Wise Group had confirmed that they had agreed for five providers to deliver specialist services in Hartlepool as part of 'on the spot purchasing'.

On Monday 17th October 2011, it was announced that the Wise Group had successfully tendered for this ESF opportunity and would be the only prime provider who would deliver the programme across the North East region. A meeting was organised by Council officers to meet with the Wise Group and Avanta to discuss operational matters, particularly in relation to how their delivery model would complement existing Family Intervention Services.

Prior to this meeting, on Friday 25th November 2011, the Wise Group contacted Council officers and confirmed that they were no longer in negotiation with Avanta to deliver the programme in Hartlepool. Instead, the Wise Group requested that the Council consider being the sole subcontractor to deliver end-to-end activity within Hartlepool.

The Assistant Director outlined the detailed contract discussions with the Wise Group and the various progress measures that would govern the contract. It was highlighted that the indicative allocation to the Council would be to deliver an estimated 328 starts over the three year period of the contract. This would be 50% of the referrals from the Hartlepool area.

Through the debate with Cabinet, the Assistant Director was clear in stating that there was a risk in fulfilling the contract. The staff involved had been very successful at delivering jobs starts for the unemployed under the Future Jobs Fund. The people that would come forward through this programme would, however, be significantly harder to get ready for and place in employment due to the significant issues they were facing in general. The team did believe that they could deliver those outcomes.

Cabinet supported the proposal as it would target some of the most problematic families in Hartlepool and bring into employment people who were considered to be the furthest away from employability. The Mayor considered

that by applying the 'Hartlepool way' to the scheme better outcomes could be achieved.

Decision

That officers continue negotiations with Wise Group on the subject to contract, particularly relating to the Council delivering the ESF programme.

191. Strategy for Bridging the Budget Deficit 2012/13 ICT, Revenues and Benefits Services *(Assistant Chief Executive, Chief Finance Officer, Assistant Director (Resources), Chief Customer and Workforce Services Officer)*

Type of decision

Key Decision. Test (i) and (ii) applies. Key Decision Reference CE45/11

Purpose of report

To inform Cabinet of the outcome of the Invitation to Quote (ITQ) and the evaluation processes for the selection of the Preferred Bidder for the ICT, Revenues and Benefits Services.

On the basis of the evaluation results and the objectives outlined by Cabinet at the outset of this exercise to seek Cabinet approval, subject to due diligence and agreement of detailed financial, service and legal terms, to proceed to Contract Award for the Preferred Bidder.

Issue(s) for consideration by Cabinet

The Assistant Chief Executive presented the main aspects of the report to Cabinet outlining the background to the contract and the various stages of the process to date. The report set out the evaluation methodology that was utilised as a consequence of using the OGC Buying Solutions framework ref RM717; the use of reference and variant bids; the scoring of responses; and the number of bid submissions, their evaluations and clarifications. The Assistant Chief Executive also highlighted for Cabinet the risk implications set out in detail in the report. The Chief Finance Officer outlined the financial appraisals that the bids had undergone including the identification of any one-off costs associated with any of the bids.

The Assistant Chief Executive went on to outline the main aspects of the submissions relating to ICT services and Revenues and Benefits. This included reference to the retained services in each service area. One of the main aspects of the proposed contract was the staffing issues and the protections that had been specified in the contract award referred to as "TUPE Plus".

In the detailed summary to the report the Assistant Chief Executive identified the key objectives of the authority and how the two identified bidders intended to meet them. A summary of the bid submissions is submitted at section 2 of the confidential appendix to the main report. This item contains exempt information under Schedule 12A Local Government

Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The Mayor sought Cabinet questions and comments on the report at this stage prior to any consideration of the detail of the individual bidders in the exempt section of the meeting. Cabinet Members commented that officers needed to be congratulated in producing a significant amount of information in 'open' format. It was stressed that one of the major drivers for seeking this procurement route was to maintain jobs within Hartlepool and produce savings that would contribute to the council's future budgets.

There was particular concern expressed by a Cabinet Member who considered that restricting the potential bidders to the OGC list had reduced the potential savings that could have been obtained through a more open competitive tendering exercise. This exercise had led to only two tenderers submitting bids.

The Mayor indicated that Cabinet was faced with a simple choice when it reached the point of making a decision on this matter; did it go ahead and move into the next stages with the preferred bidder or did it withdraw and reconsider. In light of the further matters to be discussed and the detail that was included within the exempt section of the report, the Mayor deferred the decision until the closed section of the meeting.

Decision

That further discussion and the decision on this matter be deferred to the exempt section of the meeting (Minute 199 refers).

192. Chief Executive's Department Bridging the Budget Deficit 2012/13 – Corporate Finance, Benefits, Council Tax and Transactional Shared Services Savings *(Chief Finance Officer)*

Type of decision

Key Decision (test 1 applies. Forward Plan Reference CE49/11)

Purpose of report

To inform Cabinet of a range of savings proposals covering transactional finance and corporate finance activities identified for bridging the 2012/13 budget deficit.

Issue(s) for consideration by Cabinet

The Chief Finance Officer reported that as part of the 2012/13 bridging the budget gap programme, savings and income opportunities totalling £223,000 were established covering seven separate proposal workstreams. The savings and income opportunities spanned the following areas: -

- Changes to the arrangements for the award of Class A Council Tax exemptions.
- Internal Bailiff charges associated with enforcement of unpaid Car Parking Penalty Charge Notices.
- Amendments to the current Policy Framework for the award of Discretionary Business Rate Relief.
- Organisational changes within the Central Shared Services Payroll and Payments teams.
- Consolidated Corporate Finance operational efficiencies and service agreements income.
- Reducing Housing/Council Tax Benefit Quality Control Checking.
- Implementation of Council Tax Penalty Charges.

The proposals would deliver the following savings / income:

Service	Proposed Savings
Class A Council Tax Exemptions	£20,000
Internal Bailiff Car Parking Enforcement Charges	£30,000
Discretionary NNDR Relief	£38,000
Shared Services Transactional Savings	£50,000
Corporate Finance Operational Efficiencies and CFA Service Agreement Income	£19,000
Housing / Council Tax Benefit Quality Checking	£46,000
Council Tax Penalty Charges	£20,000
Total Proposed Savings	£223,000

The Chief Finance Officer highlighted that one of the proposals (Shared Services Transactional Savings) would have staffing implications. Consultation was being progressed with staff and the Trade Unions and the process was being conducted in accordance with the Council Policy on Reorganisation, Redundancy and Redeployment. The report also set out the comments from the Tri-partite meeting.

The Chief Finance Officer indicated that Hartlepool had a more generous policy than most councils in relation to granting 20% discretionary rate relief and reminded Members that organisations would continue to receive the 80% mandatory relief. When the proposal had been put on notice to the various charity groups, there had been no adverse feedback. In response to Members concerns regarding the proposed changes to the discretionary NNDR (National Non-Domestic Rates) the Chief Finance Officer outlined revised proposals which would retain the existing 20% discretionary relief for local charities shops (currently three such shops) and provide a 10% discretionary relief for these organisations currently receiving the 20% relief.

This proposal reduces the overall saving identified in the above table of £223,000, to £209,000. The revised saving still exceeds the target for this area of £203,000 and therefore does not have an impact on the overall MTFS.

In relation to the savings identified on housing and council tax benefit quality checking the Chief Finance Officer clarified that this element was separate to the contract and was due to changes to the service by the DWP. The changes had already been made and staff had been fully involved in the process.

Decision

That the proposals for the achievement of the revised savings of £209,000 in the transactional finance and corporate finance activities as detailed above be approved.

193. Seaton Carew Development Sites – Selection of Preferred Developer *(Director of Regeneration and Neighbourhoods)*

Type of decision

Key Decision test (i) applies. Decision reference RN61/11.

Purpose of report

To seek Cabinet agreement regarding the selection of a preferred developer to work in partnership with the Council to help prepare and deliver development proposals for sites in Seaton Carew, including the regeneration of The Front.

Issue(s) for consideration by Cabinet

The Assistant Director, Regeneration and Planning reported on the process and previous Cabinet consideration of the process to select a preferred developer to work with the Council to take forward the development sites and ensure the maximum regeneration benefit for Seaton Carew. The report indicated that following the interview stage which included involvement from Seaton Carew Renewal Advisory Group (SCRAG). Four of the five panel scored the presentation and interview by the Esh Group as the strongest.

Subsequent to this an assessment of the information submitted by the Esh Group had been carried out. The developer submission fully met the requirements set out in the Council's second request for information document.

The detailed financial appraisal for the residential sites based on the information which was available to the developer at the time of the procurement exercise, indicated that, if these sites were developed in line with the guidance and comments provided the gross value of the identified sites would be £7m. After taking account of the estimated abnormal costs

including any site remediation issues etc, the sites could provide a return or 'regeneration fund' of £5m that would be used to deliver the regeneration priorities identified within the Council's development brief previously endorsed by Cabinet, including regeneration of The Front, sea defence work and improvement to community facilities.

The Assistant Director indicated that it was important to note at this stage that these proposals were only development ideas which had only been partly refined by officer comments during the various stages of the developer selection process. It was understood by the developer that at this stage the ideas were clearly subject to change, further revision and reconsideration especially as they would be subject to a program of public consultation, as part of the next phase of work, if Cabinet agreed to appoint the Esh Group as a preferred developer.

It was suggested that a period of joint working was undertaken with the preferred developer to develop aspects of the scheme further and to carry out a programme of public consultation. A plan showing some of the potential redevelopments was displayed at the meeting.

Members indicated that they welcomed the proposals and that the initial meetings involving developers had received very positive feedback. One Cabinet Member was, however, against any proposal to include and residential development as part of any proposals for the 'sea-side' of The Front. The Mayor commented that the plans did give the Council a positive tool that could be used in any compulsory purchase of the Longscar site.

Cabinet Members were concerned to see that the community benefits of the regeneration proposals came forward early in the overall scheme. Members did not wish to see a situation where the development of housing took precedent and the community benefits came at the end, if at all. The Assistant Director noted Members comments and indicated that dependent on the consultation processes and the finalisation of the agreements with the preferred developer, money for the community schemes may come through to the Council rather than the developer undertaking any construction.

Decision

1. That the appointment of Esh Group as preferred developer be agreed;
2. That officers work with Esh Group to refine the draft scheme, including the tasks outlined in the report and report back to Cabinet to confirm final proposals, results of the public consultation, projected returns, details of the formal legal arrangement and timetable for delivery.

194. 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.

195 - Strategy for Bridging the Budget Deficit 2012/13 ICT, Revenues and Benefits Services - This item contained exempt information under Schedule 12A Local Government Act 1972, information relating to the financial or business affairs of any particular person (including the authority holding that information) (para 3).

196 - Equal Pay Risk Update - This item contained exempt information under Schedule 12A Local Government Act 1972, namely information relation to a particular applicant, or recipient or former recipient of, any service provided by the Council (para 4) and information relation to the financial or business affairs of a particular person (other than the Council) (para 7).

195. Strategy for Bridging the Budget Deficit 2012/13 ICT, Revenues and Benefits Services *(Assistant Chief Executive, Chief Finance Officer, Assistant Director (Resources), Chief Customer and Workforce Services Officer)*

Type of decision

Key Decision. Test (i) and (ii) applies. Key Decision Reference CE45/11

Purpose of report

To inform Cabinet of the outcome of the Invitation to Quote (ITQ) and the evaluation processes for the selection of the Preferred Bidder for the ICT, Revenues and Benefits Services.

On the basis of the evaluation results and the objectives outlined by Cabinet at the outset of this exercise to seek Cabinet approval, subject to due diligence and agreement of detailed financial, service and legal terms, to proceed to Contract Award for the Preferred Bidder.

Issue(s) for consideration by Cabinet

Details of the issues further considered by Cabinet subsequent to Minute 191 are set out in the exempt section of the minutes.

Decision

The decision of Cabinet is set out in the exempt section of the minutes.

Councillor Brash left at this point in the meeting.

- 196. Equal Pay Risk Update** (*Corporate Management Team*) This item contained exempt information under Schedule 12A Local Government Act 1972, namely paragraphs 4 and 7.

Type of decision

Non-key.

Purpose of report

The purpose of this report is to update Cabinet on the various risks facing the Council in the light of the ongoing litigation surrounding equal pay and equal value claims. The report considers and categorises:-

- i. the current risks facing the Council;
- ii. current risk assessment and future implications
- iii. mitigation measures.

Issue(s) for consideration by Cabinet

Details are set out in the exempt section of the minutes.

Decision

The decision is set out in the exempt section of the minutes.

The meeting returned to open session.

- 197. Public Health in Hartlepool: Future Options** (*Acting Chief Executive*)

Type of decision

Non-key.

Purpose of report

The purpose of the report was to inform Cabinet of the potential role and function of public health across Hartlepool. The paper would propose a future direction of public health in the light of the Public Health White Paper 'Healthy People Healthy Lives' November 2010. This would include a transition plan for the transferring of responsibility for public health from Hartlepool Primary Care Trust (PCT) to Hartlepool Council.

Issue(s) for consideration by Cabinet

The Adult and Public Health Services Portfolio Holder reported on the future direction of public health in the light of the Public Health White Paper 'Healthy People Healthy Lives' November 2010 including the transition plan for the transferring of responsibility for public health from Hartlepool Primary Care Trust (PCT) to Hartlepool Council.

The Portfolio Holder highlighted the four options in relation to the appointment of a Director of Public Health and the costs associated with

each. Cabinet considered that the cheapest option set out in the report was actually the most preferable; the appointment of a Hartlepool Director of Public Health without an Assistant Director of Health Improvement. The Mayor considered that having 'our own' Director in place was much more preferable to the options on sharing a post-holder in light of the significant responsibilities being transferred to the authority. The Portfolio Holder also commented on the requirement for individual appointed to be 'suitably qualified' by the Faculty of Public Health.

Decision

1. That a transitions team of officers be established including finance, contracting, human resources and public health staff, to work with the Primary Care Trust to understand the implications for Hartlepool Local Authority of public health transition. This would include considering existing contracts and service level agreements for public health services and implications for the Local Authority.
2. That in the light of the options appraisal undertaken across Tees Valley Councils Cabinet is of the view that it employs its own Hartlepool Director of Public Health and removes the Assistant Director of Health Improvement post.
3. That the expectation in the Command Paper 2011 for Public Health that the Director of Public Health is a member of Corporate Management Team and public health is a corporate function accountable to the Chief Executive be noted.
4. That the process for recruiting a Director of Public Health is commenced noting that this was until 2013 an NHS recruitment process and so would be led by NHS Hartlepool. Consequently there were human resource issues to be discussed with NHS Hartlepool regarding the removal of the Assistant Director of Health Improvement post from both organisations management arrangements. Cabinet recommended the process began early as past experience showed that recruiting a Director of Public Health could be a time consuming process given the involvement of external bodies such as the Faculty of Public Health.
5. That a comprehensive transition plan for public health be submitted to Cabinet in January 2012 prior to submission to the Regional Director of Public Health for approval.

198. Hartlepool Partnership and Council Proposed Outcome Framework 2012/13 *(Assistant Chief Executive)*

Type of decision

Non-key.

Purpose of report

To provide the opportunity for Cabinet to consider the proposed outcome framework for 2012-13 as this would be used as the framework for developing Departmental Plans, the Corporate Plan and the Hartlepool Partnership Plan for 2012/13.

Issue(s) for consideration by Cabinet

The Performance Portfolio Holder reported that as indicated to Cabinet in January 2011, Central Government had removed the requirement to prepare a new LAA and the 2011/12 Departmental Plans, Corporate Plan and Hartlepool Partnership Plan were based on a more targeted and slimmed down version of the Outcome Framework. The Outcome Framework had been reviewed to take account of emerging strategies, such as the Housing Strategy and Economic Regeneration Strategy, to ensure that it accurately reflects the key outcomes that the Council and Partners have identified as being important for the future of the Town.

The Proposed Outcome Framework was submitted as an appendix to the report and the report also set out the timetable for the approval of the Departmental, Corporate and Partnership Plans. The Portfolio Holder indicated that following comments from Scrutiny, Outcome 4 was to be revised to remove the element relating to child poverty and that the Council's commitment to the ending of child poverty be included as a new separate outcome.

Decision

That the Hartlepool Partnership and Council Outcome Framework for 2012/13, as amended, be approved.

199. Consultation on revised statutory roles and responsibilities of Director of Children's Services (DCS) and Lead Member for Children's Services (LCMS) *(Director of Child and Adult Services)*

Type of decision

Non-key.

Purpose of report

The report sought the views of Cabinet in relation to the National Consultation on the Revised Statutory Guidance on the Roles and Responsibilities of the Director of Children's Services and the Lead Member for Children's Services.

Issue(s) for consideration by Cabinet

The Children's Services Portfolio Holder reported on a proposed revision of the statutory guidance on the roles and responsibilities of the Director of Children's Services (DCS) and the Lead Member for Children's Services (LMCS) for the purpose of discharging the education and children's social

services functions of the local authority. The report set out a brief background to the new proposals and a suggested response to the national consultation document was submitted as an appendix to the report. The Portfolio Holder commented that the experience here at Hartlepool had shown that the combined Director role for both child and adult services had worked and this was reflected in the response.

Decision

That the proposed response to the consultation document be approved for submission.

200. Quarter 2 – Revenue Financial Management Report 2011/12 *(Chief Finance Officer)*

Type of decision

None – the report was for Cabinet’s information only.

Purpose of report

To inform Cabinet of details of progress against the Council’s overall revenue budget for 2011/2012 and to provide an update on the forecast outturn.

Issue(s) for consideration by Cabinet

The Finance and Procurement Portfolio Holder indicated that the report provided details of the General Fund Outturn (including Key Balance Sheet information and High Risk Budget Areas); Early Intervention Grant Outturn; and Housing Project Outturn. The report would be submitted to Scrutiny Coordinating Committee on 13th January 2012.

Decision

That the report be noted and that proposals for using the additional one-off resources were included as part of the MTFS report considered earlier on the agenda was also noted.

201. Quarter 2 – Capital Programme Monitoring Report 2011/2012 *(Chief Finance Officer)*

Type of decision

None – the report was for Cabinet’s information only.

Purpose of report

To provide details of progress against the Council’s 2011/12 Capital budget for the period to 30th September, 2011.

Issue(s) for consideration by Cabinet

The Finance and Procurement Portfolio Holder indicated that the report provided detailed monitoring information for each departmental area up to 30th September, 2011. In total there were 346 schemes within the

Council's capital programme. The report advised Cabinet that the majority of schemes were progressing as planned and provided a detailed commentary on individual departmental capital programme. The Chief Finance Officer indicated that there was a virement that required Cabinet's approval which was set out in the report and recommendations.

Decision

That the report be noted and the virement of £35,000 for the Mill House Changing Village as detailed in the report be approved.

The meeting concluded at 1.15 p.m.

P J DEVLIN

CHIEF SOLICITOR

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