

CABINET

MINUTES AND DECISION RECORD

3 September 2012

The meeting commenced at 9.30 am in the Civic Centre, Hartlepool

Present:

The Mayor, Stuart Drummond - In the Chair

Councillors: Cath Hill (Children's and Community Services Portfolio Holder)
John Lauderdale (Adults and Public Health Services Portfolio Holder)

Also Present: Councillor Marjorie James, Chair of Scrutiny Coordinating Committee.

Malcolm Walker, Helen Lamb, Albert Pattison and John Maddison –
Mayor's Advisory Panel.

Officers: Nicola Bailey, Acting Chief Executive
Chris Little, Chief Finance Officer
John Morton, Assistant Chief Finance Officer
Peter Devlin, Chief Solicitor
Dave Stubbs, Director of Regeneration and Neighbourhoods
Denise Ogden, Assistant Director, Neighbourhood Services
Sally Robinson, Assistant Director, Prevention, Safeguarding and
Specialist Services
Louise Wallace, Director of Public Health
Catherine Frank, Performance and Partnerships Manager
Joan Stevens, Scrutiny Manager
Alistair Rae, Public Relations Manager
David Cosgrove and Rachael White, Democratic Services Team

58. Apologies for Absence

Councillor Paul Thompson (Finance and Corporate Services Portfolio
Holder)

59. Declarations of interest by Members

None.

60. Minutes of the meeting held on 20 August 2012

Confirmed.

61. Medium Term Financial Strategy (MTFS) – Strategy for Managing Financial Risks *(Corporate Management Team)*

Type of decision

Non-key Decision.

Purpose of report

The purposes of the report were:

- (i) to provide details of the financial risks facing the Council in 2013/14 and the following three years;
- (ii) to enable Cabinet to begin to develop and consult on a proposed strategy to begin to address these significant financial issues.

Issue(s) for consideration by Cabinet

The Chief Finance Officer reported that against the severely challenging national background the national grant cuts for councils for 2013/14 and 2014/15 previously announced in the 2010 Spending Review would be followed by further grant cuts in 2015/16 and 2016/17 currently forecast to be in the order of 10% to 15% over these two years, which were based on an analysis of available national information. On this basis the Council was facing an overall budget gap for the period 2013/14 to 2016/17 in the order of £17.4m to £20.2m. The Chief Finance Officer made reference to the level of permanent budget reductions which need to be made each year. If these reductions were not achieved, this would defer an additional financial problem to future years which would not be sustainable.

The Chief Finance Officer set out in the report the detailed issues and financial risks arising from the government's Business Rate Retention scheme proposals, Local Government Spending cuts, changes to the grant formula for 2013/14, the impact of changes in population figures for Hartlepool, redundancy and early retirement costs and forecast income shortfalls in 2014/15. The report set out a proposed strategy for managing financial risks and also included an update on the current 2012/13 financial management position.

Cabinet discussed the issues surrounding the localisation of business rates and the Mayor raised his concerns at the significant risk associated with the business rates from the Hartlepool Nuclear Power Station which were dependent on the station actually generating power for the national grid. The power station also now had a defined future with it being highly likely that it would be decommissioned before 2020. The Chief Finance Officer indicated that some 17% of the boroughs business rates related to the power station; the equivalent of a significant number of supermarket store sites. The government will also be setting a business rate baseline which would remain in place until 2020 with apparently no mechanism to review that baseline. Should the power station close in line with current projections in 2017 the financial affect on the borough would be huge. It was, potentially, the biggest risk the council faced through the localisation

scheme.

The Chief Finance Officer indicated that the situation in relation to the power station in the localisation of business rates had been raised with government without any positive feedback. The matter was also being examined by the Local Government Association. The LGA had access to the higher levels of the civil service and would be making the case for areas such as Hartlepool in this unenviable position.

The Chief Finance Officer commented that unfortunately there were no positives in any of the changes proposed by government. The North East and Hartlepool were being hit particularly hard. The Mayor considered that the individual elements in themselves were significant but when combined it was clear that the future for the council was going to be very difficult.

It was commented that more needed to be done to ensure that the public were fully informed of the financial situation the council faced. The issues did need to be put in a easily understood format to the public to ensure the message was not lost in local government language. The Public Relations Manager indicated that the most recent Mayor's Column in the Hartlepool Mail had set out some of the issues and the next issue of Hartbeat would include more information for the public.

Decision

1. That the proposed strategy for managing the additional financial risks detailed in paragraph 4.38 of the report be approved and that the specific proposals to set targets to identify resources to fund these risks as follows be approved:
 - A Reserves review target of £2m to £2.5m which can be re-allocated to partly fund additional financial risks;
 - An overall departmental underspend targets of 2%, which equates to £1.4m for 2012/13 and individual departmental targets as detailed in paragraph 5.7 of the report;
 - A corporate budget underspend target of £2m.
2. That the report be referred to Scrutiny Coordinating Committee as part of the formal budget consultation proposals, which will be considered by Scrutiny Co-ordinating Committee in October 2012.
3. Cabinet notes that the Mayor would approve the Council's response to the 'Business Rates Retention – Technical Consultation'.

62. Localisation of Council Tax Support 2013/14 (*Chief Finance Officer*)

Type of decision

Non-key Decision.

Purpose of report

To set out the implications of the Government's replacement of the current national Council Tax Benefit scheme with a localised council tax support scheme, the linkages to the Medium Term Financial Strategy and to approve a proposed local scheme to form the basis of formal consultation.

Issue(s) for consideration by Cabinet

The Assistant Chief Finance Officer reported that the existing national council tax benefit (CTB) scheme would be abolished at the end of 2012/13. From April 2013, local authorities would be required to operate their own local schemes of council tax support. To implement this change, councils were required to consult on a proposed local scheme and following on from this consultation full Council must approve a local scheme for 2013/14 before 31st January 2013. The approved scheme could not be changed in-year, although it could be reviewed annually and changes implemented for future years.

The Assistant Chief Finance Officer presented a detailed report to Cabinet which outlined the major impact of the government's changes to Council Tax Benefit (CTB), how it was funded and the requirements placed upon the authority to implement a new support scheme. The changes to the CTB scheme were only one component of the Welfare Reform changes and many households in Hartlepool will be affected by a number of these changes. The cumulative effect could be quite significant for some families and the town's economy in general.

The report outlined the detailed financial modelling and forecasting that had been undertaken in the preparation of two options for Cabinet's consideration. Detailed work had also been undertaken through the Scrutiny Coordinating Committee's Working Group established to 'Inform and influence the development of Council policy/practice for the implementation of the legislation in relation to the localisation of council tax benefits.'

Option 1 – 20% Reduction in Council Tax Support.

This included a one-off provision of £0.23m in 2013/14 to help mitigate extreme financial hardship. Provided costs were in line with the budget forecasts the model based on a 20% reduction should avoid there being any call in 2013/14 and 2014/15 on the one-off funding set aside from the 2011/12 outturn, of £1.197m, to help manage the transition to a local scheme in 2013/14.

Option 2 – 15% Reduction in Council Tax Support.

This included a lower one-off provision of £0.1m in 2013/14 to help mitigate extreme financial hardship. This model was less sustainable than a scheme based on a 20% reduction as it required a contribution from the resources set aside from the 2011/12 outturn to manage the transition to a local scheme from 2013/14 year 1 of the new scheme and increasing contributions in the following three years. A scheme based on a 15% reduction was not anticipated to be financially sustainable and would require further cuts in Council Tax Support to be implemented in 2015/16 to make the scheme financially sustainable. This option simply delayed the timing of a 20% cut in Council Tax support by 2 years and would increase financial risk to the council.

The Assistant Chief Finance Officer indicated that the recommended action was to support the implementation of the 20% reduction in Council Tax Support in the proposals put out to public consultation. This action was also supported by the recommendations of the Scrutiny Coordinating Committee Working Group. The proposed timetable for the consultation and decision making route was also set out in the report.

The Mayor questioned if any work had been undertaken either locally or nationally to quantify the impact of the welfare reform changes, including council tax benefit, on households. Officers indicated that no such work had been undertaken. The cumulative effect of the national welfare cuts and the application of private sector housing benefit rules to the social rented sector which will see benefit reductions in cases of under occupancy will have an additional secondary impact.

The Mayor expressed his deep concern that the government appeared to have convinced the whole country that benefits had to be cut while deftly moving the implementation of those cuts from central to local government. It was self defeating to target those who received benefits because they could not afford to pay by reducing their benefit and then asking them to pay as well. Cabinet collectively expressed its concern at the cuts that were targeting the poorest and most vulnerable.

At this point in the meeting, the Chair of the Scrutiny Coordinating Committee presented the report of the Working Group established by the committee to 'Inform and influence the development of Council policy/practice for the implementation of the legislation in relation to the localisation of council tax benefits.' Cabinet's formal consideration of the report is set out below in Minute 63.

The Chair of Scrutiny Coordinating Committee commented that many of the issues discussed by the working group and the grave concerns raised by members during its meetings had been reflected in the debate here at Cabinet. The Working Group did consider that young families needed to be a priority for the authority. The government's direction that low income pensioners must be supported did cause members concern and created

significant implications on any subsequent local support scheme.

The Working Group also had considerable concerns at the implementation of the 'bedroom tax' and the additional pressure it would place on housing demand in the town. Members were of the opinion that the additional pressures being placed on young vulnerable families could create additional social work pressures and increasing numbers of children coming into care. The pressure on families with vulnerable elderly relatives was also a major concern.

The Chair of the Scrutiny Coordinating Committee commented that she was fearful for many families in her ward and considered this to be the worst financial position in which the council had ever been placed.

The Mayor questioned what could be included in the consultation and if there was merit in putting forward the lower reduction in support along with the consequences of that as well as the 20% and to gain the public feedback on those options. The Chief Finance Officer commented that the consultation did need to be specific on its proposals. It was understood that some neighbouring authorities were also considering the same 20% reduction in support. It was commented in the meeting that should Hartlepool choose a lower reduction, there was the potential that some families could be drawn into the town providing an even larger problem in following years.

The Mayor indicated that he did not believe that families would move in such a case as it would be difficult for them to obtain properties; there was already a shortage in the town. The Mayor considered that an alternative option needed to be part of the consultation.

In relation to the protection offered to pensioners through the government legislation, the Mayor questioned if any groups had challenged the reason why pensioners should be more favourably treated than young families or the disabled. It was understood that no such challenges from any groups or 'umbrella organisations' were being considered at this time.

In concluding the debate, the Mayor reiterated his view that the lower option of a 15% reduction in year 1 rising to a 20% reduction in year 2 should be included, with the consequences of such a proposal, in the consultation. This was not supported by all Cabinet members due to the increased financial impact of such a proposal.

It was suggested that the consultation period set out in the report be extended by a week to allow the collection of consultation responses at polling stations for the Police Commissioner elections. The Chief Finance Officer indicated that he did not believe there was sufficient leeway within the process to extend the consultation due to the very tight time factors placed on the authority but he would examine the timescales further.

Decision

That the following proposals be approved as part of the overall consultation proposals with these issues being referred to Council in January 2013 for consideration and approval:

1. That the implementation of the reduced Council Tax exemptions detailed in paragraph 4.3 of the report and the allocation of the resulting additional income to partly mitigate the impact of the Government Council Tax Benefit grant cut in 2013/14 and future years be approved;
2. That the proposal to passport an element Council Tax Support grant from 2013/14, estimated total value £800, to Parish Councils be approved and that the Chief Finance Officer be authorised to advise the Parish Council's of this position and the implications for Council Tax levels for Parish Councils;
3. That the proposal to implement a 20% reduction in existing Council Tax Support based on the principles detailed in section 6.2 of the report with the following supporting measures be approved as the principle consultation proposal:
 - To provide £0.23m in 2013/14 for Discretionary Council Tax Support and the development of detailed arrangements for managing this funding based on the principles currently adopted for Discretionary Housing Payments;
 - Maintaining the existing local war widow / war pension disregards;
 - The implementation of changes to streamline / simplify the administration of a local CTS scheme as set out in section 6.2 of the report under Principle 5;
 - The implementation of a lower capital/savings threshold as set out in section 6.2 under Principle 3 and the allocation of the resulting saving together with those arising under Principle 5 to implement measures to encourage work as set out in paragraph 6.2 of the report under Principle 4.
 - Authorise the Chief Finance Officer to complete the consultation process as detailed in paragraph 9 of the report and to report the consultation response back to Cabinet;
4. That in addition to the principle consultation proposal set out above in decision 3, that the consultation also seek the public's view on a proposal to implement a 15% reduction in Council Tax Support as detailed in paragraph 7.10 of the report with an increase to 20% in the second year with the financial consequences of this proposal to be detailed in the consultation.
5. That subject to decision 3 above is subsequently approved as the substantive proposal to be submitted to Council, that it is noted that the one-off Council Tax Scheme Transitional Support Reserves of £1.197m, established from the 2011/12 outturn, is not anticipated to be

needed in 2013/14 and should be retained until the actual costs of operating a local Council Tax Support scheme in 2013/14 have been assessed and the position of financial risks of operating the new local Council Tax Support scheme are more certain.

63. Localising Council Tax Benefit – Overview and Scrutiny Views/Comments *(Scrutiny Coordinating Committee)*

Type of decision

Non-key decision.

Purpose of report

To outline the views of the Scrutiny Co-ordinating Committee in relation to the localisation of Council Tax Benefits, for consideration by Cabinet.

Issue(s) for consideration by Cabinet

The Chair of the Scrutiny Coordinating Committee presented the considerations of the Scrutiny Coordinating Committee's Localisation of Council Tax Benefits Working Group during the consideration of the previous report set out at minute 62 above.

The report set out the issues considered by the working group, details of its discussions and views together with its subsequent conclusions and recommendations.

The Localising Council Tax Benefit Working Group reported its findings back to the Scrutiny Co-ordinating Committee at its meeting on the 17 August 2012. The Committee endorsed the Working Group's findings and conclusions, as detailed in Sections 4, 5 and 6 of the report, and agreed that they would be reported Cabinet for consideration.

Decision

That the following recommendations of the Scrutiny Coordinating Committee Localising Council Tax Benefit Working Group set out below be received: -

"That in developing a policy/process for the implementation of legislation in relation to the localisation of council tax benefits, Cabinet be asked to receive the views contained within this report, and in doing so:-

- (i) Consider the potential of an 'across the board' 20% Council Tax Support Cut;
- (ii) Consider the implementation of scenarios 1 and 2 (outlined in Table 3 of the report) in conjunction to the 20% Council Tax Support Cut;
- (iii) Implement an impact mitigation process, similar to that already in place for the award of discretionary housing payments, to mitigate the impact of cuts to vulnerable residents; and
- (iv) Review the localised Council Tax Benefit scheme on an annual basis, and as part of that review consider the remaining scenarios

contained in Table 3 of the report.”

64. Quarter 1 – Council Overview of Performance and Risk 2012/13 *(Corporate Management Team)*

Type of decision

Non- key decision.

Purpose of report

To inform Cabinet of the progress made against the Council's 2012/13 Corporate and Departmental Plans, for the period ending 30 June 2012.

Issue(s) for consideration by Cabinet

The Performance and Partnerships Manager presented the quarter 1 overview of performance and risk for the council. The report gave an overview of the corporate plan actions and indicators with individual details on the three departmental plans for Child and Adult Services, Regeneration and Neighbourhoods and the Chief Executive's Department. It was highlighted that two actions within the Regeneration and Neighbourhoods departmental plan needed action to adjust 'due dates' due to changes in the Core Strategy, now known as the Local Plan. For the reasons stated in the report it was proposed to change the due dates of the two actions to: -

- RND 12/13 – JE05 change to 31 December 2012
- RND 12/13 – JE06 change to 31 May 2013.

Decision

1. That the current position with regard to performance, as set out in the report, be noted.
2. That the proposed changes to the two actions within the Regeneration and Neighbourhoods departmental plan, as set out above, be approved.

65. Neighbourhood Planning (Reporting and Decision Making Procedure) *(Director of Regeneration and Neighbourhoods)*

Type of decision

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

Purpose of report

To inform Cabinet of the progress that has been made to date on Neighbourhood Planning (Localism Act 2011) in Hartlepool and notify them of the proposed reporting and decision making procedure in relation to the Local Authority.

Issue(s) for consideration by Cabinet

The Assistant Director, Neighbourhood Services reported that

Neighbourhood Planning was central to the Coalition Government's Localism Act 2011 and an integral part of the Big Society agenda. It is intended to give local people greater ownership of plans and policies that affect their area, and to provide communities with the opportunity to influence how their neighbourhood is developed in the future.

In May 2011, Hartlepool was successful in securing £20,000 from the Department of Communities and Local Government (DCLG) to develop and produce a Development Plan Document (DPD) for the rural area of Hartlepool. The 10 year land use and development framework will become part of the formal planning process and must be in general conformity with national planning policy and the Local Authority's Development Plan (Hartlepool Local Plan). Neighbourhood Plans also needed to be independently ratified by a Referendum, before being adopted by the Local Authority. It is anticipated that the Hartlepool Rural Plan will be completed by late 2013 / early 2014.

In conjunction with Hartlepool Borough Council, the Headland Parish Council are about to commence development of The Headland Neighbourhood Plan. Support has been secured from Princes Foundation and Planning Aid to deliver a collaborative planning workshop and bespoke training in specialist planning related fields (for example policy writing and collecting evidence bases). It is anticipated that The Headland Neighbourhood Plan will take approximately 2 years to complete commencing in September 2012.

In accordance with the Localism Act 2011 and Neighbourhood Planning Regulations published on 6 April 2012, the Local Planning Authority (LPA) had a statutory obligation to fulfil a number of duties set out in the report throughout the development of a Neighbourhood Plan. The proposed reporting mechanism was set out in detail in the report which included draft plans being considered by Cabinet prior to consultation with final plans being approved by Cabinet prior to being submitted to Council for adoption.

Decision

That the progress of Neighbourhood Planning in Hartlepool to date and the proposed reporting and decision making procedure in relation to the Local Authority be noted.

The meeting concluded at 10.50 a.m.

P J DEVLIN

CHIEF SOLICITOR

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