

# **CABINET**

## **MINUTES AND DECISION RECORD**

10th October, 2005

### **Present:**

The Mayor (Stuart Drummond) - In the Chair

Councillors: Councillor Stanley Fortune, Finance Portfolio Holder  
Peter Jackson (Performance Management Portfolio Holder)  
Robbie Payne (Culture, Housing and Transportation Portfolio Holder)  
Ray Waller (Public Health Portfolio Holder)

Officers: Paul Walker (Chief Executive)  
Andrew Atkin (Assistant Chief Executive)  
Alan Dobby (Assistant Director, Support Services)  
Mike Ward (Chief Financial Officer)  
Chris Little (Assistant Chief Financial Officer)  
Adrienne Simcock (Director of Children's Services)  
Paul Briggs (Education Consultant)  
Ian Parker (Director of Neighbourhood Services)  
Peter Scott (Director of Regeneration and Planning)  
Stuart Green (Assistant Director, Planning and Economic Development)  
John Ford (North Hartlepool Partnership Manager)  
Tony Brown (Chief Solicitor)  
Alistair Rae (Public Relations Officer)  
David Cosgrove (Principal Democratic Services Officer)

### **99. Apologies for Absence**

Cath Hill (Children's Services Portfolio Holder).

### **100. Declarations of interest by members**

None.

### **101. Confirmation of the minutes of the meeting held on 23rd September, 2005**

Received.

**102. Annual Library Plan** (*Acting Director of Adult and Community Services*)

**Type of decision**

Budget and Policy Framework.

**Purpose of report**

To approve the final draft Annual Library Plan prior to its submission to Council on 27th October 2005.

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

The Culture, Housing and Transportation Portfolio Holder presented the draft Annual Library Plan 2005/06, submitted as Appendix 1 to the report. The Plan had been subject to consultation with library users, key stakeholders, the public, Neighbourhood Consultative Forums and the Adult and Community Services and Health Scrutiny Forum. Details of the results from the consultation were included in Appendix 2 to the report.

**Decision**

That the draft Annual Library Plan be submitted to Council on 27th October, 2005 for approval.

**103. Budget and Policy Framework Initial Consultation Proposals 2006/07** (*Chief Financial Officer*)

**Type of decision**

Budget and Policy Framework.

**Purpose of report**

To provide Cabinet with a comprehensive report on the issues surrounding the initial Budget and Policy Framework proposals for 2006/07.

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

The Chief Financial Officer gave a presentation to Cabinet setting out the principal issues affecting the development of the 2006/07 budget. Optimistic factors such as the net expenditure on centralised estimates being less than expected and the benefit of revised population figures in the grant distribution formula would be more than counteracted by Phases 1 and 2 of the Equal Pay Claim costs. The capital budget would also be adversely affected by the loss of the Briarfields' capital receipt. This would have little effect in 2006/07 but would need to be replaced thereafter by the use of prudential borrowing, which had its own revenue cost.

Initially the gap in the General Fund had been anticipated at £1.5m to £2.5m. However, changes to grant distribution and budget pressures increased the gap to between £4.7 and £8.0m. This required a savings target for all service departments of 7%.

Future years had additional significant funding issues that were highlighted for Cabinet's information. These included central governments delay in the implementation of revaluation to 2010 – anticipated benefits had been expected in 2007/08 – and also that from 2008/09 there would be no additional budget streams from balances. A report on the use of balances was expected from Scrutiny in November. In relation to the changes in the Formula Spending Shares (FSS) the Chief Financial Officer stated that the changes in FSS were likely to be capped at around 4% to 5%.

Cabinet Members expressed concern at the potential for Council Tax capping. Initial budget estimates had been made on the basis of a council tax rise of 6%. Cabinet members considered that this should be reduced to 4.5%. Cabinet Members also expressed concern that there would be little sympathy for the Council when the public believed that there was huge amounts of cash in the bank.

Some Cabinet Members considered that front-line services to the public should be identified during the budget process and ring-fenced. Any necessary cuts should then come from elsewhere. Cabinet was also extremely concerned at the potential costs of picking up as part of mainstream budgets those services and staff that are currently provided through various grant regimes that were now coming to an end. Cabinet considered that these should be examined rigorously with no assumption that they would be maintained. Cabinet Members were also of the view that during the consultation on the budget, no threats of service cuts should be made without the real likelihood that they may happen. Too many empty threats had been made in the past. The mayor also highlighted that Local Area Agreements (LAA's) and Single Pot Funding would also have massive implications for the council both in terms of finance and service delivery.

Cabinet requested that all the issues set out in 6.7 in the report be referred to the Scrutiny Co-ordinating Committee, with the exception of the item on Headland Town Square which was being considered later on this agenda. In considering the issues to be forwarded to the Scrutiny Co-ordinating Committee, Cabinet suggested that the figures quoted for the potential Council Tax rise be reduced to 3.5% to 4.5% and that budget cuts of 5%, 7% and 9% should be investigated. The Mayor stated that referring these matters to the Scrutiny Co-ordinating Committee was to ensure the widest possible Member involvement in this process. The views of Scrutiny Members, and all Members of the Council, would be welcome as part of the process of developing the Council's budget for 2006/07. As detailed in the timetable set out at Appendix D, Scrutiny Co-ordinating Committee was requested to submit its report to Cabinet on 9 December 2005.

### **Decision**

That the report be noted and that the list of consultation issues set out in paragraph 6.7, subject to the comments made above, be referred to the Scrutiny Co-ordinating Committee for consultation with a request that the Scrutiny Co-ordinating Committee report back to Cabinet on 9 December 2005.

## **104. Disaggregation of the Connexions Tees Valley Company** *(Director of Children's Services)*

### **Type of decision**

Key decision, Tests i and ii apply.

### **Purpose of report**

To seek approval for the disaggregation of the Connexions Tees Valley Company into the five local authorities managed services from 31st March 2007.

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

The report set out the background to the proposal to disaggregate the Connexions Tees Valley Company, including drivers for the proposed change and the decision of the Connexions Tees Valley Board, made on 27th July 2005, to propose the disaggregation of the company. The report set out the financial and legal implications for Hartlepool Borough Council should the disaggregation take place. There was also an assessment of the risks to the Council focussing on assets, human resources and continuity of service delivery and performance.

The Connexions Board at its meeting on 27th July 2005 considered an options paper on how the disaggregation should be taken. A potential timescale was also identified and a copy of the options paper was submitted as Appendix 1 to the report. The principle reason for supporting the recommended option (a five way disaggregation) was so that Hartlepool Borough Council along with the other four Tees Valley local authorities could enable changes in future funding arrangements to be reflected appropriately in the delivery of Connexions services to the young people of Hartlepool. A similar report would be going to the Cabinet of each of the Tees Valley authorities.

Cabinet expressed some concerns at how the Connexions service in Hartlepool would be managed after the disaggregation and how many staff were involved. Cabinet was informed that the new service would be tailored to the needs of the town, avoiding any duplication. Cabinet requested quarterly update reports on this process.

### **Decision**

- (i) That the recommendations of the Connexions Tees Valley Board to work towards the disaggregation of the Connexions Tees Valley Company to the five local authority areas by 31st March, 2007 be approved.
- (ii) That the Director of Children's Services (or her representative) be authorised, in consultation with the Children's Services Portfolio Holder, to work with representatives from the four other Tees Valley authorities in the preparation of local authority based plans that meet the approval of the Government Office for the North East, each plan being first approved by its own local authority.
- (iii) That progress in accordance with recommendation (ii) above be authorised provided that if, during the work on the preparation of the project plan, significant risks/concerns for Hartlepool were identified, the matter would be brought back to Cabinet for further discussion.
- (iv) That the Connexions Tees Valley Board be informed of the decision of this meeting.

## **105. Headland Town Square - Request for Funding**

**Contribution** (*Director of Neighbourhood Services and Director of Regeneration and Planning*)

### **Type of decision**

Key decision, Test i applies.

### **Purpose of report**

To inform Cabinet of a request from the North Hartlepool Partnership for the Council to consider making a capital contribution to the overall projected cost of the proposed Town Square scheme on the Headland.

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

The development of a Town Square had been seen as a key project within the North Hartlepool Partnership's overall regeneration programme. Funding of approximately £1.4m to undertake the project had been drawn from the SRB Partnership, the Single Programme and Interreg sources. Design approach and an extensive public consultation programme had resulted in an overall estimated costing which was initially some £190,000 in excess of the approved budget. Savings already identified had reduced that excess to £105,000 but further savings could only be achieved by significantly compromising the overall scheme design and/or reducing facilities for residents and visitors to the Headland. Enquiries had established that there was no prospect of increased funding from any of the

existing sources, hence the request to the Council for additional funding. any additional funding to support the scheme would need to be considered by the Council as this would affect the budget and policy framework. It was unlikely that funds were available during this financial year therefore the request would need to be submitted as a pressure as part of the 2006/07 budget process.

Cabinet considered the request in detail and expressed their concern at the apparent increase in costs. Cabinet indicated that in light of the importance of the scheme and that no other Council funding had been involved to date, the scheme should be forwarded to Council for its consideration and approval.

### **Decision**

That the request for additional funding of £105,000 from the Council as part of the 2006/07 budget to support the Headland Town Square scheme be forwarded to Council for consideration for inclusion in the 2006/07 capital budget.

## **106. New Financial Management System** *(Chief Financial Officer)*

The Chief Financial Officer withdrew this item at the meeting.

## **107. Northgate Framework Arrangement** *(Chief Financial Officer)*

### **Type of decision**

Non-key

### **Purpose of report**

To inform Cabinet of the development by Northgate Information Solutions, the Council's current IT supplier, of a processing centre facility within Hartlepool which will initially focus on the administration of Housing and Council Tax Benefit claims.

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

When the Council transferred the delivery of its IT services to SX3 in October 2001, a provision within the contract between the Council and the company required the company to seek to establish a resource centre within the Borough. Northgate Information Solutions acquired SX3 earlier this year and have recognised this contractual commitment and in addition are of the view that a commercially viable centre could be operated within the Borough to provide a remote processing facility for the administration of benefits, new claims and changes in circumstances workload. The centre would, via secure IT links, undertake benefits administration for local

authorities using each authorities electronic scanned records.

As part of the centre development, Northgate would be operating a dedicated training room facility where hands on computer training and training on benefit regulations would be delivered to its staff and this service would also be offered to other local authorities. The Council has ongoing training and development needs for its benefit staff and with the level of IT implementations being undertaken by the Council's Finance Division's Support Services Team, this Team will increasingly find a lack of capacity to undertake such training. Northgate would be able to assist with this challenge by providing some of the Council's IT training needs via its training facility. Northgate have suggested that the Council could reciprocate and provide training support on revenues administration to Northgate staff and to other Council's through the centre training facility. Northgate had given a commitment that were the Council to source its training from them, the level of charges would be substantially discounted to reflect the partnering framework in place.

Northgate had also indicated that they were keen to establish, at a future date, with the Council and Hartlepool College, a partnership Joint Academy offering a training and development programme for local youngsters linked to the Institute of Revenues Rating and Valuation NVQ scheme.

Cabinet Members expressed some concerns at the potential for Northgate to poach Council staff when setting up the facility. Members were also concerned that this would lead to the outsourcing of council work by the back door. The Chief Financial Officer reassured Cabinet that there was no intention to outsource Council benefits processing through this venture. The Council had embarked on a trial of mobile benefit processing which was proving to be very successful. This type of working would lead to a greater security of the jobs remaining within the Council. The type of work that would be undertaken at the Northgate facility would be remote-processing work based on the electronic forms supplied by other local authorities. In relation to the potential for poaching of Council staff, the Chief Financial Officer indicated that the implementation of a 'no-poaching' restriction on Northgate would be legally unenforceable.

### **Decision**

That the report be noted and that the Chief Financial Officer be authorised to explore a Framework Agreement with Northgate Information Solutions.

**J A BROWN**

**CHIEF SOLICITOR**

**PUBLICATION DATE: 14 October 2005**