

# **FINANCE AND POLICY COMMITTEE MINUTES AND DECISION RECORD**

15 September 2014

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

## **Present:**

Councillor: Christopher Akers-Belcher (In the Chair)

Councillors: Keith Dawkins, Tom Hind, Peter Jackson, Brenda Loynes,  
Carl Richardson and Chris Simmons.

In accordance with Council Procedure Rule 5.2 (ii), Councillor Geoff Lilley was  
in attendance as substitute for Councillor David Riddle.

Also present:

Councillor Jim Ainslie

Officers: Dave Stubbs, Chief Executive  
Andrew Atkin, Assistant Chief Executive  
Chris Little, Chief Finance Officer  
Alyson Carman, Legal Services Manager  
Gill Alexander, Director of Child and Adult Services  
Denise Ogden, Director of Regeneration and Neighbourhoods  
Ed Turner, Public Relations and Communications Assistant  
Laura Stones, Scrutiny Support Officer  
Angela Armstrong, Principal Democratic Services

## **48. Apologies for Absence**

Apologies for absence were received from Councillors David Riddle and  
Robbie Payne.

## **49. Declarations of Interest**

None.

## **50. Minutes**

- (i) Minutes of the meeting of the Finance and Policy Committee held on  
18 August 2014 – received.
- (ii) Minutes of the meeting of the Health and Wellbeing Board held on 29  
April 2014 – received.

## **51. Local Council Tax Support New Burdens Funding** (Chief Finance Officer)

### **Type of decision**

Key Decision – Test (i) applied – Forward Plan Reference CE66/14.

### **Purpose of report**

To recommend a strategy for using the Local Council Tax Support (LCTS) New Burdens funding allocation of £105,701 for Hartlepool.

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

The report provided the background to the Government's New Burdens Funding including the impact of the Local Council Tax Scheme on low income working age households in Hartlepool. Given the sustained volumes of enquiries/workload within the Revenues Service, it was proposed that £50,000 (48%) of the one-off funding be allocated to provide additional recovery capacity over an 18 month period covering the remainder of 2014/15 and 2015/16 as follows:

Revenues Officer (18 month fixed term contract) - £37,000;  
Revenues correspondence printing/mailing costs - £3,000;  
Revenues Officers' additional operational hours - £10,000.

The above proposal left an uncommitted New Burdens grant balance of £55,000 and it was recommended that this one-off funding be allocated to retain a total 2015/16 budget for the Advice and Guidance service of £110,000 which could be funded from a combination of:

Uncommitted New Burdens grant - £55,000; plus  
Contribution from Reserves Review and 2014/15 Outturn - £55,000.

In conclusion it was noted that the operation of the LCTS scheme continued to have a significant administrative impact for the Council and a significant financial impact on low income working age households against a background of the cumulative impact of the national welfare reforms. As there was no certainty as to future LCTS New Burdens funding, the Council needed to determine a balanced application of the 2014/15 one-off grant.

In response to comments by Members, the Chief Finance Officer confirmed that the costs associated with the fixed term contract Revenues Officer included overheads and that the appointment to this post would be undertaken in line with the Council's current recruitment policy.

The following recommendations were agreed unanimously.

### **Decision**

- (i) The allocation of £50,000 of the one-off New Burdens grant to provide additional temporary recovery capacity as set out in section 5.1 of the report was approved.
- (ii) The proposal to allocate the remaining £55,000 of the one-off New Burdens grant to partly fund the continuation of the Advice and Guidance service in 2015/16 was approved.
- (iii) It was noted that the Review of Reserves report recommended providing a further £55,000 towards the Advice and Guidance service in 2015/16.

## **52. Disposal of Surplus Assets – Redevelopment of Lynn Street Depot Site and Consideration of Alternative Depot Sites** *(Director of Regeneration and Neighbourhoods)*

### **Type of decision**

Key Decision – Test (i) applied – Forward Plan Reference RN13/09.

### **Purpose of report**

To seek approval to the principal of relocating the Council's current Lynn Street Depot facilities. The report considers the benefits of relocation and the alternative development opportunities that could be realised if the depot was relocated.

Details were also provided of the Cleveland College of Art and Design (CCAD) plans to expand and develop their Church Square estate, further to the recent announcement that they had been awarded Local Growth Fund (LGF) monies of £8.5m. The report sought approval to work together with CCAD to look at the feasibility of the College developing some of their new facilities on the depot site and the Council identifying an alternative location for the depot facility.

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

The report provided the background to the proposals and how this would form part of the Hartlepool Vision and the Hartlepool Regeneration Masterplan to improve Church Street. The LGF funding would be a major driver to improve the Church Street area with £8.5m notionally spread across 2 years with £2.5m currently earmarked for 2015/16. As a first step, the College was preparing a feasibility study to consider the viability of the

proposal and to develop some initial concept designs including the option to develop the depot site. A range of alternative sites for the location of the Council's depot will be considered as part of the options appraisal and initial discussions had already taken place with Cleveland Fire Brigade to enable the viability of the joint development of facilities at Queens Meadow to be explored. Additional work to prepare a detailed business case to define the cost/benefit rationale would also be undertaken. An outline of the financial considerations including the funding sources was included in the report.

The Director of Regeneration and Neighbourhoods confirmed that the LGF funding had been secured through joint working between Council Officers, the Cleveland College of Art and Design and Tees Valley Unlimited. In response to clarification requested from Members, the Director indicated that a number of options for the development and alternative sites for the relocation of the depot site and associated Council Officers were being explored to ascertain the best option for the College students as well as the Hartlepool Vision and further detail would form part of the feasibility study and business case for the proposal.

Members were supportive of the proposal as it presented a great opportunity for the redevelopment of the Church Street area as the skills and innovation centre of the Town as well as opportunities for Council Officers to be involved in the development of the proposal. It was recognised that the timescales associated with the LGF funding were challenging and Members looked forward to receiving further reports on the possible options for the relocation of the depot site.

The following recommendations were agreed unanimously.

### **Decision**

The relocation of the Lynn Street depot site to support The Hartlepool Vision and the regeneration of the Church Street area was approved in principle subject to the following:

- (i) A review to identify alternative sites suitable to accommodate a new Council depot facility was authorised.
- (ii) The development of a joint proposal with Cleveland College of Art and Design to prepare a masterplan for the depot site and undertake feasibility work to assess the viability of the Council relocating to alternative premises was authorised.
- (iii) It was noted that a detailed business case for funding the relocation of the depot will be developed and it was anticipated that this would result in a revenue budget pressure in 2016/17 (potential part year impact for 2015/16).

Councillor Jim Ainslie joined the meeting.

## **53. Medium Term Financial Strategy – Review of Reserves as at 31 March 2014** *(Corporate Management Team)*

### **Type of decision**

Non key.

### **Purpose of report**

To enable Members to consider:

- (i) The detailed review undertaken by the Corporate Management Team of the existing financial reserves that were held to manage financial risks:
- (ii) The Corporate Management Team recommendations in relation to the areas where risks had reduced, enabling reserves to be released and reallocated for other purposes, including continued support for the revenue budget beyond 2016/17 when existing one-off funding runs out.

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

The report provided the background to the increasingly challenging position faced by the Council owing to the impact of continuing Government grant cuts, Local Council Tax Support Scheme, demand pressures and continued restrictions of council tax increases. The Chief Finance Officer highlighted the benefits of the Council continuing to adopt a multi-year approach to managing resources, including reserves. This includes phasing in cuts in Local Council Tax Support and support for the revenue budget over the period 2014/15 to 2016/17. The net value of the Council's reserves totalling £34.338m was outlined in the report with further details attached in Appendices A to F as follows:

Corporate Reserves - £28,756,000  
Child and Adult Services – £2,786,000  
Education Services - £1,022,000  
Regeneration and Neighbourhoods - £977,000  
Public Health - £297,000  
Chief Executive's Department - £297,000.

As a result of the review undertaken of the above reserves and the risks reserves were held to manage, the Corporate Management Team recommended that £1.870m could be released. Based on the review of the reserves and the initial assessment of the forecast 2014/15 outturn, the level of uncommitted one-off resources was between £2.170m and £2.285m. It was proposed that this one-off funding would provide the

following resources to fund protection costs and continue support for the revenue budget in 2017/18:

Advice and Guidance - £55,000\*

School Crossing Patrol and Lifeguards - £390,000\*\*

Protection costs from Terms and Conditions review\*\*\* – £750,000.

Support of 2017/18 budget (ie partial sustainability of £1,648m used to support 2016/17 budget) – between £975,000 and £1,090,000.

\* £55,000 will also be provided from the New Burdens grants.

\*\* Retains services for 2 years

\*\*\* It was recommended that any increase/decrease be funded by a corresponding increase/decrease in the resources allocated to support the 2017/18 budget.

It was highlighted that at the current stage, no provision for Ward Member budgets had been made for 2015/16 and that this issue would be addressed as part of the update of the forecast outturn for the current year. It was anticipated that the forecast outturn which could be allocated to support Ward Member budgets of £3,000 per Member. However, further consideration of this issue would be required for 2016/17 to determine if there was an alternative permanent funding source to continue Ward Member budgets. It was also anticipated that £30,000 will be provided from the current year outturn towards sustaining Community Centres in 2015/16.

The Chair thanked Officers for their hard work and commitment to achieving a multi-year approach to the Council's MTFS as well as the fact that funding had been sourced to support the school crossing patrol and lifeguards for a further two years.

The Chief Finance Officer provided clarification on a number of points raised by Members. It was noted that the recommendation of unearmarked reserves to be held by a Local Authority was between 3% and 5% and this review confirmed that this Council would hold around 4% reserves which was mid-range of this recommendation.

In response to concerns raised by a Member at the reduction in Ward Member budgets, the Chair confirmed that the reduction was in line with Council-wide budget cuts, however Ward Member budgets would be subject to a further review beyond 2015/16. A Member highlighted that previously, Ward Member budgets had been top sliced to support the Environmental Apprentice Scheme and clarification was sought on whether this has been included within the considerations. The Chair indicated that whilst this had not been included within the current considerations, this could be considered when the final budget report was considered by Members.

The following recommendations were unanimous.

## **Decision**

Members noted the report and approved the following recommendations to be included in the final budget proposals to be considered by this Committee on 24 November 2014 and Council on 11 December 2014:

- (i) The recommendation of the Corporate Management Team and Chief Finance Officer that following an assessment of risk, the reserves review had identified £1,870, which could be released was approved.
- (ii) The recommendation of the Corporate Management Team and Chief Finance Officer to allocate the one-off resources identified from the reserves review and the initial forecast 2014/15 outturn to fund the commitments detailed in the report was approved. It was noted that this recommendation reflected the decision made by this Committee on 30 June 2014 regarding the use of these resources.
- (iii) The recommendation of the Corporate Management Team and Chief Finance Officer that in the event of an increase/decrease in the forecast Terms and Condition Protection costs that this be funded by a corresponding increase/decrease in the resources allocated to support the 2017/18 budget was approved.
- (iv) That the proposal to continue Ward Member budgets in 2015/16 at £3,000 per Member to fund this amount from the forecast additional 2014/15 outturn was approved. It was noted that this proposal would provide a longer lead time to consider options regarding the sustainability of this initiative beyond 2015/15 including the Council's overall position.
- (v) That further consideration be undertaken when the Committee receives the final budget report in November 2014, to ascertain whether the current financial support from within the Ward Member budgets for the Environmental Apprenticeships would continue.

#### **54. Medium Term Financial Strategy (MTFS) 2015/16 Savings Proposal – Budget Consultations** *(Corporate Management Team)*

##### **Type of decision**

Non key.

##### **Purpose of report**

To feedback the views/comments received from each of the individual Policy Committees in relation to the 2015/16 savings proposals.

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

The report provided the background to the consideration of the budget proposals for 2015/16 along with an overview of the Council's financial

position. In accordance with the agreed process, details of proposed savings for 2015/16 were presented to the individual Policy Committees in July/August/September 2014. The views and comments made by the Policy Committees were outlined in the report.

In accordance with the agreed process, the views/comments expressed by the individual Policy Committees would be utilised by the Corporate Management Team in the development of the final budget proposals which will be considered by this Committee on 24 November 2014 and referred to Council on 11 December 2014.

The Chair of the Neighbourhood Services Committee commented that there had been a lot of discussion around some difficult decisions taken by the Committee but that Members were pleased to note that funding had been identified to continue to support the school crossing patrol and lifeguard services for the forthcoming two years.

The Chair of the Children's Services Committee emphasised the significant concerns that the Committee had expressed in relation to the outsourcing of the core youth service provision and reiterated the Committee's view that the two remaining youth centres in the town should be preserved as they were very much valued by the local communities who use them. In relation to Looked After Children costs, it was highlighted to Members that Officers were hoping to reduce that budget through early intervention and ensuring families were helped earlier therefore reducing the need for children to become 'looked after'.

The Chair reiterated the need to be mindful of the shortfall in the capital receipt from the sale of Throston Community Centre and that community centres should be able to deliver more services to ensure their sustainability.

The following recommendations were unanimous.

### **Decision**

- (i) That the views/comments expressed by each of the individual Policy Committees outlined in the report were noted and endorsed.
- (ii) That the responses received from the individual Policy Committees be fed back to the Corporate Management Team to assist in the preparation of finalised savings proposals for 2015/16 to be considered by this Committee on 24 November 2014.

## **55. Quarter 1 – Council Overview of Performance and Risk 2014/15** *(Assistant Chief Executive)*

### **Type of decision**



Non key.

### **Purpose of report**

To inform the Committee of the progress made against the 2014/15 Council Plan, for the period ending 30 June 2014.

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

The Assistant Chief Executive presented a report which described progress made against the actions and performance indicators included in the Council Plan for 2014/15. Updates had been provided for 63 of the 78 targeted indicators, data was either currently not available for the remaining 15 indicators or there were proposals to remove the indicator from the Council Plan. It was noted that at this stage 86% of actions were on target.

### **Decision**

- (i) The current position with regard to performance was noted.
- (ii) The removal of the following indicators was approved:
  - CSD P109 – to be replaced with Percentage of C&F Assessments completed within 45 working days.
  - LAA HC11
  - RND P050
  - RND P113
- (iii) The removal of the following action was approved:
  - HS 2E3
  - HS 2B2
  - HS 3A 13
- (iv) The removal of the following risks were approved:
  - CAD R012
  - CAD R015
  - RND R032
  - CAD R045

## **56. Supermarket Levy Proposal** *(Chief Finance Officer)*

### **Type of decision**

Non key.

### **Purpose of report**

To provide information on a request received to support a proposal to give local authorities the power to introduce a Levy of up to 8.5% of the rateable

value on supermarkets or large retail outlets in their area with a rateable value of more than £500,000 and for the revenue to be retained by individual local authorities to be used to help improve their local communities. The Committee was asked to determine a recommendation to be referred to Council.

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

The report provided the background to an approach received from Local Works (a national campaign body) to seek support for a proposal to give Councils powers to introduce a Levy on the rateable value of large retail outlets. The potential financial impacts for Hartlepool was that only 3 retailers with a rateable value in excess of £500,000 and they are all supermarkets and these three retailers together pay £3.46m in Business Rates.

It was noted that the introduction of a supermarket levy may have the potential to yield a new revenue stream that could be used to improve local communities. However, the large supermarket chains were likely to resist and challenge this potential legislation. There were no financial costs in signing up to the Derby levy proposal, however should the Government decide not to support the levy, there may be future costs for Councils who support the levy should they decide to pursue legislative change via a Private Members' Bill.

During the discussions that followed, Members considered the risk attached to supporting this levy and were supportive of awaiting Government guidance on the potential progression of this levy. Members were mindful of the amount of work and support in the community provided by local supermarkets. However, one Member did express support for the campaign.

### **Decision**

It was recommended to Council that at the current time, Hartlepool Council should not support the campaign, and would await any guidance to be issued from Central Government on the progression of the Supermarket Levy.

## **57. Employee Sickness Absence 1<sup>st</sup> Quarter 2014/15** (Assistant Chief Executive)

### **Type of decision**

For information.

### **Purpose of report**

To update the Committee on the Council's performance in relation to employee sickness absence, for the first quarter of 2014/15.

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

The report provided details of employee sickness absence for the first quarter of 2014/15 and actions taken across the Council to achieve this. Members were advised that the target figure for 2014/15 was 7.40 days absence per wte (whole time equivalent). The actual sickness rate at the end of the first quarter showed the Council's performance was 6.89 days per whole time equivalent per employee per annum. There had been continuous improvement year on year, as detailed in the Council's annual sickness absence statistics included in the report. The Council continued to focus on sickness absence management to ensure the Council achieved its target at the end of the reporting year.

The report included sickness absence statistics by department, including and excluding schools, as well as a breakdown of long, medium and short term sickness absence.

### **Decision**

That the employee sickness absence rates for the first quarter of 2014/15 were noted.

## **58. Any Other Items which the Chairman Considers are Urgent**

None.

The meeting concluded at 10.25 am.

**P J DEVLIN**

**CHIEF SOLICITOR**

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