

FINANCE AND POLICY COMMITTEE MINUTES AND DECISION RECORD

24 November 2014

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

Present:

Councillor: Christopher Akers-Belcher (In the Chair)

Councillors: Tom Hind, Marjorie James, Robbie Payne and David Riddle

In accordance with Council Procedure Rule 5.2 Councillor Gerard Hall was in attendance as a substitute for Councillor Chris Simmons.

Officers: Dave Stubbs, Chief Executive
Peter Devlin, Chief Solicitor
Chris Little, Chief Finance Officer
John Morton, Assistant Chief Finance Officer
Denise Ogden, Director of Regeneration and Neighbourhoods
Louise Wallace, Director of Public Health
Dean Jackson, Assistant Director, Education
Alastair Rae, Public Relations Manager
Joan Stevens, Scrutiny Manager
Angela Armstrong, Principal Democratic Services Officer

76. Apologies for Absence

Apologies for absence were received from Councillors Keith Dawkins, Peter Jackson, Brenda Loynes and Chris Simmons.

77. Declarations of Interest

There were no declarations at this point in the meeting, see minute 82.

78. Minutes

- (i) Minutes of the Finance and Policy Committee held on 13 October 2014 – Received.
- (ii) Minutes of the Health and Wellbeing Board held on 10 September 2014 – Received.
- (iii) Minutes of the Safer Hartlepool Partnership held on 18 July 2014 – Received.

79. Local Council Tax Support 2015/16 *(Chief Finance Officer)*

Type of decision

Budget and Policy Framework

Purpose of report

- (i) To update Members on the operation of the current 2014/15 Local Council Tax Support (LCTS) Scheme;
- (ii) Enable Members to determine a LCTS 2015/16 scheme to be referred to full Council for a final decision as required by statute.

Issue(s) for consideration

The report highlighted that on 21 July 2014 the Committee approved in principle maintaining a LCTS Scheme for 2015/16 with a 12% cut in award values, the same as for the current year, subject to updated financial modelling indicating that this was affordable. The results of the further financial analysis was set out in the report, in particular, reference was made to the pattern of sustained reductions in both the total numbers of claimants and the total cost of awards which helped scheme affordability.

Details of the latest forecast costs of the LCTS scheme and the underlying planning assumptions were set out in section 5 of the report. This indicated that a scheme involving a 12% cut for 2015/16 was viable. However, if Government grant cuts continue as forecast, the Scheme beyond 2017/18 will become unsustainable and levels of cuts in awards will need to rise sharply.

Through sound financial planning, the Council had been able to earmark and allocate one-off Council resources over a number of years to allow the phasing in of cuts to LCTS whilst households adjust to the impacts of the wider national welfare reforms. Section 7.5 within the report set out for information the cumulative support to low income working age households in Hartlepool over a 3 year period if the Council were to implement a 12% scheme cut next year as opposed to the 20% cuts which other Tees Valley Councils have applied since April 2013 and appear likely to continue into 2015/16.

Members were fully supportive of the report, as a 12% cut in award values assisted poorer families to retain money within their household. In response to a question, the Assistant Chief Finance Officer confirmed that there were just over 14,500 claimants of council tax support with around 6,100 of those being low income pensioners.

The following recommendations were agreed unanimously.

Decision

The following be referred to Council:

- (i) That the LCTS scheme for 2015/16 be maintained at 12% the same level as 2014/15.
- (ii) That the re-phased application of LCTS Reserves and the Family Poverty Reserve of £0.226m (created from the 2013/14 final Local Welfare Support outturn) as shown in the table at section 5.10 be approved.
- (iii) That the continuation in 2015/16 of the principles A to E as set out in Section 6 be approved.
- (iv) That the passporting to Parish Councils in accordance with national regulations of approximately £5,000 of the 2015/16 grant settlement be approved.
- (v) That the forecast LCTS scheme cuts for future years as set out in section 5.10 be noted.

80. **Medium Term Financial Strategy (MTFS) 2015/16 to 2018/19** (*Corporate Management Team*)

Type of decision

Budget and Policy Framework.

Purpose of report

- (i) Update the MTFS; and
- (ii) Enable Members to finalise the detailed 2015/16 budget proposals including the proposed Council Tax level (excluding Police and Fire precepts) to be referred to Council on 18 December 2014.

Issue(s) for consideration

The report provided the background on the grant cuts, continued pressure on public finances, new Government priorities and the forecast of grant cuts for Hartlepool. It was highlighted that a continuation of the multi-year financial strategy would enable funding for one-off issues as well as funding to support future budgets. Within the General Fund Budget for 2015/16 it was noted that the grant cut would total £8.2m, a 14.6% reduction on the 2014/15 grant. After reflecting an increase in the Council Tax Base and New Homes Bonus income the resulting net deficit was £7.4m. A summary of the savings by Department was included in the report and was as follows:

Chief Executive's Department - £515k (13%)
Child and Adult Services – Use of Grants - £1,700k (4%)
Child and Adult Services – General Fund - £1,164k (3%)
Regeneration and Neighbourhoods - £1,860k (8%)
Public Health – General Fund - £167k (14%)

It was noted that the provisional staffing impacts included 13 vacant posts; 22 voluntary ER/VR and 12-17 forecast redundancies.

The Council Tax options and the impact of those options were provided in the report and included:

- Freeze; or
- 1.9% increase; or
- Referendum to seek support for increase above 1.9%.

The MTFS forecast reflected a 2015/16 Council Tax freeze in line with the Committees previous direction.

There were a number of potential legislative/funding changes that would impact on the budget and these were outlined in the report. Further details on the capital programme and public health funding for 2015/16 were also included in the report. It was highlighted that the revised budget deficit for 2016/17 to 2018/19 included a reduction in the forecast deficit of £2.7m to £14.8m which would be slightly more manageable. The phasing of the deficit has also been revised and this has removed the 2016/17 peak in deficit forecast. However, there were a number of challenges facing the Council including the fact that budgets had been cut for 5 years, rebadging options had already been used, there were continuing demand pressures and the ongoing risk faced with the receipt of business rates income from the Power Station and Business Rate appeals.

In conclusion, it was noted that the multi-year financial strategy was essential to managing the Council's increased risks, specifically the Power Station business rates. The budget proposal for 2015/16 was designed to minimise impact on services and jobs. In 2016/17 and 2017/18 the Council would need to cut its budget by £14.8m which would be 17% of the 2015/16 budget.

The Chair reiterated it was the will of Council to freeze Council Tax and as such the Medium Term Financial Strategy and budget setting had been undertaken on that assumption. A discussion ensued on the business rate income risk associated with the Power Station and the Chief Finance Officer confirmed that unplanned shutdowns were not accounted for in the MTFS and a specific risk reserve established to manage this risk. However, an assessment had been carried out that the Power Station would operate at 70-80% capacity through to July 2015 when one of the reactors would be back to 100% operation with the second reactor back to 100% operation early in 2016. In response to a question from a Member, the Chief Finance Officer confirmed that the level of all business rates was

assessed by the HMRC Valuation Office. The Chair confirmed that further representations would be made to the Local Government Minister to discuss the impact of the issue of the reduced business rates paid by the Power Station once this is known.

A discussion took place on the provision of Ward Member budgets and it was suggested that part of the uncommitted forecast outturn be utilised to ensure Ward Member budgets were line with the previous year at £4k per Member. It was noted that the saving of £40,000 available after the recent industrial action would be allocated to support the funding of the apprentice programme which had previously been funded as a part contribution from all Members Ward budgets. A Member suggested that in the current financial climate with the significant budget cuts faced by the Council, Ward Member budgets were a luxury and should be removed altogether. It was highlighted that previous discussions around the reduction in the Community Pool budget had noted that applying for funding from Ward Member budgets would remain an option for local organisations such as community brownie groups and sports clubs.

A Member requested further information on the vacant posts referred to in the report including where vacancies were held and for what purpose.

In relation to the Lynn Street Depot proposal, concern was expressed that this proposal may result in an overspend on the predicted budget and reassurance was sought that a maximum expenditure would be agreed with no additionalities to be requested at a later date. The Chair confirmed that this issue would be discussed in more detail later in the meeting.

In response to a question, the Chief Executive confirmed that the clawback arrangements for the development at the Domes, Seaton Carew were still in place and would be undertaken should it be necessary.

The Chair referred to the proposal to remove the Ward Member budgets from the recommendations and suggested a vote on this proposal: the proposal was lost.

As discussed earlier in the meeting, the Chair sought Members' consideration of the use the uncommitted forecast outturn to increase Ward Member budgets to be in line with previous year's budgets to £4k per Member; the proposal was carried.

The proposal to use the permanent saving on the Coroners Service for the continuation of free summer swims on a permanent basis was approved, it was suggested that transport be included within this proposal.

The Chair confirmed that once the outcome of the business rates appeal submitted by the Power Station was known, the Chair, Chief Executive and Chief Finance Officer would request a meeting with the Local Government Minister to explore ways of dealing with the business rate income risk of the Power Station in the future.

With the amendments to the recommendations noted above to be incorporated, the recommendations were approved unanimously.

Decision

The following recommendations were approved unanimously for submission to Council:

General Fund 2014/15 Final Outturn (including impact of Reserves Review)

- (1) Approve the updated forecast outturn position detailed in Appendix A (including the outcome of the Reserves Review detailed in Appendix B) and the reserves recommended in table 4 to Appendix A, including:
 - The proposal from the Trade Unions to allocate the saving from the day of industrial action of £40,000 to support the apprenticeship scheme; and
 - One-off funding to provide 2015/16 Ward Member budget of £4,000 per Member with an additional £1,000 per Member to be funded from the uncommitted forecast outturn to bring the budgets in line with previous years.
- (2) It was noted that after reflecting the above proposal the uncommitted forecast 2014/15 General Fund outturn was between £1,457m to £1,542m and it was approved that:
 - The lower forecast of £1,457m be allocated to supplement the existing Budget Support Fund available to support the MTFS. Proposals for using the Budget Support Fund were detailed in later recommendations.
 - The additional uncommitted forecast outturn of £85,000 (ie £1,542m less £1,457m) remain uncommitted until the final outturn was known apart from the £33k to be utilised to increase the Member Ward Budgets by £1k to £4k per Member.

Local Council Tax Support Scheme 2014/15 Forecast Outturn

- (3) To note the detailed Local Council Tax Support (LCTS) scheme report to be referred to Council on 18 December 2014 will recommend that the 2014/15 underspend of £0,328m be allocated to supplement the LCTS Reserve which will enable a lower reduction in LCTS support to be achieved in 2017/18.

2015/16 General Fund Budget

- (4) Approve the implementation of the following corporate savings:

- Additional ICT contract saving - £0.150m
- Terms and Conditions Review - £0.200m
- Centralised estimates saving - £0.270m

- (5) The risk in achieving the Terms and Conditions savings from 1 April 2015 and consequential impact on funding available to implement the increase in the Hartlepool Living Wage was noted.
- (6) The following package of measures to fund the 2015/16 budget deficit, which included the corporate savings recommended in paragraph 15.8 of the report and a contribution from the Budget Support fund was approved:

	£'000	Percentage
Departmental Budget Savings	5,406	73%
Use of the Budget Support Fund	1,116	15%
Corporate Budget Savings	620	8%
Use of one off resources to defer proposed savings in relation to Lifeguards, School Crossing Patrols and Advice and Guidance services	305	4%
	7,447	100%

- (7) Approve the Departmental savings options detailed in Appendix C.1 to C.7 and summarised below:

	£'000	Percentage of 2014/15 budget
Chief Executive's Department (1)	515	13%
Child and Adult Service - Use of grants (2)	1,700	4%
Child and Adult Services – Budget reductions	1,164	3%
Regeneration and Neighbourhoods (3)	1,860	8%
Public Health (General Fund budgets)	167	14%
Total Department budgets	5,406	

- (8) The information provided in paragraph 6.6 in relation to the impact of either accepting the Council Tax freeze grant, or increasing Council Tax by 1.9% was noted.
- (9) A 2015/16 Council Tax freeze for Council services was approved.
- (10) That the permanent saving of £30,000 on the Coroners Service should be allocated to continue free summer swims and associated transport on a permanent basis.
- (11) The proposal that any final variation to the actual 2015/16 Core Grant

allocation and / or final Collection Fund balance be managed by a corresponding increase/decrease in the use of the Budget Support Fund in 2015/16 was approved and it was noted that details of any necessary change will be reported within the final Council Tax setting report.

Potential Legislative/Funding Changes

- (12) The potential legislative changes detailed in section 7 in relation to the Care Act and the Independent Living Fund, which it was anticipated will be budget neutral for 2015/16 were noted and that further details will be reported to Committee when known.
- (13) The potential changes detailed in section 7 in relation to Local Welfare Support, which may require the Council to review the previous local decisions regarding funding for this service for the period 2014/15 to 2016/17 were noted and that further details will be reported to Committee when known.
- (14) The potential for additional Local Council Tax Support scheme new burdens funding continuing in 2015/16 detailed in section 7 was noted. The Council received £110,000 for 2014/15.
- (15) The additional grant cut in relation to the Carbon Reduction Commitment funding detailed in section 7 was noted and that this amount has been reflected in the updated MTFS forecasts for 2015/16.

General Fund 2016/17 to 2018/19

- (16) The indicative annual Council Tax increases for Council Services for the period 2016/17 to 2018/19 of 1.9% were approved and it was noted that the actual level of Council Tax will be considered on an annual basis to reflect the Council Tax referendum regime and Council Tax freeze arrangements that apply at the time.
- (17) The phased use of the increased budget support fund as follows (original phasing included for information) was approved:

Forecast use of Budget Support Fund

	Original Phasing £'000	Latest Recommended Phasing £'000
2015/16	1,626	1,116
2016/17	1,648	2,700
2017/18	0	915
2018/19	0	0
Total	3,274	4,731

- (18) The revised forecast deficits after reflecting the revised phasing of the Budget Support Fund as follows (original forecasts included for information) were noted:

Forecast Annual Budget Deficits

	Original Forecast £'000	Revised Forecast £'000
2016/17	7,600	5,100
2017/18	6,018	5,190
2018/19	3,890	4,518
Total	17,508	14,808

Capital Programme 2015/16

- (19) The use of Prudential Borrowing for the purchase of 7 bungalows, as detailed in paragraph 9.5 was approved, subject to the Homes and Communities Agency grant being secured towards the cost of this scheme.
- (20) The capital budget for the replacement of the depot, which will enable CCAD to relocate to this site, of between £3.065m to £3.75m (noting that the higher figure includes a contingency which it was recommended was included owing to the complexities and short time scale for designing and preparing the cost estimates for this scheme. Officers will work to limit costs to the lower figure) and the following funding was approved:

- £1.065m contribution from 2014/15 Regeneration and Neighbourhood Services General Fund outturn;
- Prudential Borrowing £2m #
- Prudential Borrowing £0.685m. This amount will only be used if the scheme costs £3.75m##

The repayment costs will be funded from a combination of efficiency/operational savings arising from relocating the depot and increased income generated from new opportunities, which cannot currently be delivered from the existing depot. Therefore, there will be no cost to the General Fund budget in 2015/16.

Allocating the revenue savings/increased income will mean that this amount was not available towards achieving the Regeneration and Neighbourhood Services revenue savings in 2016/17, which will mean that more difficult savings will need to be implemented in 2016/17. Proposals to potentially mitigate this impact were detailed in recommendation (21).

The part year loan repayment costs in 2015/16 will be

approximately £14,000 and can be funded from the existing capital financing budget. The full year costs in 2016/17 will be approximately £50,000 and this will be a budget pressure in 2016/17.

- (21) It was approved that any one-off resources released or any additional capital receipts (ie in excess of the existing target) which can be achieved over the next few years be considered to be used to reduce the borrowing required to fund the depot relocation. This would be the subject of consideration as part of the following years (ie 2016/17) Medium Term Financial Strategy report. These proposals will then enable the revenue savings allocated to fund loan repayment costs to be taken in future years as part of the Regeneration and Neighbourhoods savings plan.
- (22) The use Prudential Borrowing for the replacement of Operational Equipment as detailed in Appendix E, table 3 was approved and it was noted that the annual repayment costs were already included within existing operational and trading accounts budgets.

Power Station Business Rates

- (23) It was approved that as soon as the outcome of the current application by the Power Station for a reduction in Business Rates was known, the Chair, Chief Executive and Chief Finance Officer would request a meeting with the Local Government Minister to again highlight the financial impact of the Power Station and to request that this exceptional and volatile risk be excluded from the standard safety net arrangements.

Robustness of Budget Forecasts

- (24) The detailed advice provided by the Chief Finance Officer and Corporate Management Team in section 11 of the report was noted.
- (25) An increase in the temporary Prudential Borrowing pending the achievement of planned capital receipts from £1.128m to £1.221m for 2014/15 was approved, and it was noted that it was anticipated this amount will be repaid early in 2015/16 when capital receipts were forecast to be achieved.

81. Disposal of Surplus Assets – Former Seaton Carew Nursery School Site *(Director of Regeneration and Neighbourhoods)*

Type of decision

Key Decision – Test (i) applies – Forward Plan Reference No RN 13/90.

Purpose of report

To seek approval for the disposal of the Council owned land identified in the attached plan (Appendix 1). This land was the site of the former Seaton Carew Nursery.

Issue(s) for consideration

The report provided the background to the previous considerations of the proposals to merge Seaton Carew Nursery and Holy Trinity Church of England Primary School. It was highlighted that Esh Homes Limited were developing land formerly owned by the Council that had been sold as part of the Seaton Carew Masterplan proposals. The closure of the Seaton Nursery School had released a piece of land 1428sqm which borders the current development site and it was proposed to negotiate with Esh, given the proximity to their existing site, to offer an opportunity to expand their existing development to include this piece of land.

It was noted that this piece of land would be difficult to develop as a stand-alone site and by negotiating a sale with Esh based on a pro-rata valuation of the capital receipt from the wider housing site, there would be no need to advertise externally. On this basis, Heads of Terms had been drafted and were attached at confidential Appendix 2. **This item contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006 namely information relating to the financial or business affairs of any particular person (including the authority holding that information) para 3.**

Decision

The disposal of the Seaton Nursery School site in accordance with the agreed terms was approved.

82. Future Location of Hartlepool Community Monitoring Centre *(Director of Regeneration and Neighbourhoods)*

Type of decision

Key Decision – Test (i) and (ii) apply – Forward Plan Reference No RN 18/14.

Purpose of report

To consider the future location of the Council's CCTV monitoring service.

Issue(s) for consideration

The report provided the background to the proposed relocation of the Council's CCTV monitoring service. A number of locations had been investigated and were listed within the report. Some of these locations had been discounted and the reasons for this were outlined in the report. Following extensive investigations, the following three locations were identified as feasible locations for the CCTV monitoring service:

- (a) Civic Centre (ground floor)
- (b) Hartlepool Police Station (Floor 4 – Avenue Road)
- (c) Stockton Borough Council Monitoring Centre

A detailed analysis of the benefits, risks and costs associated with each option was included in the report. In order to achieve best value a further analysis had been undertaken of the current operation of the CCTV service and a number of options in relation to the delivery of the service, including alternative shift patterns, were also presented for consideration. Details of the costs associated with the above options were included in confidential Appendix B. **This item contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely information relating to the financial or business affairs of any particular person (including the authority holding that information) para 3.**

Depending on which option was chosen, the procurement options were outlined in the report.

The Chair commented that as Chair of the Safer Hartlepool Partnership and in view of the Council's crime and disorder obligations, the complete removal of the CCTV monitoring service should not be considered. In response to clarification sought from a Member, the Director of Regeneration and Neighbourhoods confirmed that whichever option was chosen, the fibres and associated technology would need to be centralised into one place which would cost £200k on top of the cost of whichever option was chosen. The Director indicated that further detailed information could be provided on the options considered but asked Members to be mindful of the timescales involved as notice would be required on the lease of Greenbank due to the owners desire to sell the property and any new technology required would need to go through the necessary procurement processes.

At this point in the meeting Councillors Marjorie James and Robbie Payne

declared personal interests in this item.

It was suggested that further consideration of this item be deferred to the next meeting of the Committee to enable the provision of a cost analysis on the alternative options and a full debate on the options available.

Decision

That this report be deferred to a future meeting of the Committee to enable Members to receive a cost analysis of the alternative options considered.

83. Disposal of Surplus Assets – Sale of Land – Vision Retail Park *(Director of Regeneration and Neighbourhoods)*

Type of decision

Key Decision – Test (i) applies – Forward Plan Reference No RN 13/09.

Purpose of report

To seek approval for the sale of 0.67 acres of land adjacent to the Vision Retail Park (as shown hatched in Appendix 1).

Issue(s) for consideration

The report provided the background and history to the use of the former Highlight Retail Park which had been recently sold to M7, a development company who were investing in excess of £2m to refurbish and remodel the retail park. As part of the investment proposals, M7 had approached the Council to acquire the additional land which currently formed part of a planting area adjacent to the road. It was highlighted that the scheme will enable significant investment to upgrade and improve a largely vacant retail scheme and will form part of the Regeneration master planning area which was a key priority for the Council. The Estates and Regeneration Manager had considered the proposals and provided a valuation which was attached at confidential Appendix 2. **This information contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006 namely information relating to the financial or business affairs of any particular person (including the authority holding that information) para 3.**

It was noted that the offer submitted by M7 was below the full market value and would be undertaken as a sale at less than best value under the Local Government Act General Disposal Consent 2003. However, the Chief Solicitor asked Members to determine if such a sale at an undervalue would

assist in securing the promotion or improvement of the economic, social or environmental wellbeing of its area.

A Member highlighted the need to ensure that any costs associated with the control of vermin or feral cats due to the removal of any shrubs within the boundaries be undertaken in a sensitive manner to local businesses.

The following decision was approved unanimously.

Decision

- (i) That the sale of the land adjacent to the Vision Retail Park as outlined in Appendix 1 be approved on the basis of the offer submitted in confidential Appendix 2.
- (ii) That any costs associated with vermin or feral cats control as a result of the removal of any shrubs within the boundaries be dealt with in a sensitive manner for local businesses.

84. Review of Polling Districts, Polling Places and Polling Stations (*Chief Solicitor*)

Type of decision

Key Decision – Test (ii) applies – Forward Plan Reference No CE 65/14.

Purpose of report

The Committee previously received a report on 18 August 2014 with a request to consider and determine a timetable for this review and to authorise the Chief Solicitor to take necessary steps to implement the review and undertake appropriate consultations. A consultation process was undertaken from 1 September through to 31 October and the results of that consultation were outlined in the confines of this report as well as proposals emanating from the consultation exercise as outlined in Appendix 1. The Committee were requested to consider those proposals and to make recommendations to Council.

Issue(s) for consideration

The report provided the background to the timing of the review of polling districts, polling places and polling stations. Consultation had been undertaken between 1 September and 31 October 2014 and the outcome of this consultation was attached at Appendix 2. A number of proposals were detailed in Appendix 1 for the following:

- (i) Reconfiguration of Polling Districts KB and KD in the Victoria Ward.

- (ii) Polling District AE – Burn Valley Ward
- (iii) Polling District BD – De Brus Ward
- (iv) Polling District CA – Fens and Rossmere
- (v) Miscellaneous

Members were supportive of the proposals and highlighted the following issues:

Phoenix Close – It was suggested that when the polling districts, polling places and polling stations were next reviewed, that consideration be given to changing the polling place for Phoenix Close from HA (Grange Primary School) to HF (Owton Manor Baptist Church).

Portable Unit on Hartlepool General Hospital site – A Member expressed concerns at using the Hospital site given the general feeling around the potential relocation of hospital services. The Chief Solicitor indicated that the identification of suitable polling stations was difficult and added that whilst the use of a portable unit at this location was not ideal, a suitable location was required. After the forthcoming elections in May 2015, alternative options for this area would be explored further. In response to a question from a Member, the Chief Solicitor confirmed that there were no parking charges for a stipulated period within the hospital site which should enable voters to access the polling station and cast their vote.

The decision was approved unanimously.

Decision

- (i) That the proposals resulting from the review of Polling Districts, Polling Places and Polling Stations be recommended to Council for approval.
- (ii) That the provision of an alternative site for the location of the portable unit within the Hartlepool General Hospital site be explored further.

85. Disposal of Surplus Assets – Seaton Lane Sites (*Director of Regeneration and Neighbourhoods*)

Type of decision

Key Decision – Test (i) and (ii) apply – Forward Plan Reference RN 13/09.

Purpose of report

To seek approval to the sale of 3 Council owned sites on Seaton Lane for the development of healthcare facilities.

Issue(s) for consideration

The report provided the background and history to the three areas of land on Seaton Lane including the Educational Development Centre as shown on Appendix 1. A healthcare developer had approached the Council with interest in all three sites previously marketed and terms had been agreed and were included within confidential Appendix 2. **This item contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006 namely information relating to the financial or business affairs of any particular person (including the authority holding that information) para 3.** The Estates and Regeneration Manager considered that the sale represented market value in accordance with the provisions of S123 Local Government Act 1972.

Members were supportive of the proposals and hoped for speedy conclusion to the development. The following decision was unanimous.

Decision

That the disposal of the sites subject to the terms as outlined in confidential Appendix 2 be approved including to re-imbursement of the reasonable costs of the developer for the costs of the demolition should the sale not conclude.

86. Rail Devolution and Rail North: Influencing the Future of Northern and Transpennine Rail Services (Director of Regeneration and Neighbourhoods)

Type of decision

Non key decision.

Purpose of report

To set out the proposed governance arrangements for Rail North Ltd and the Association of Northern Transport Authorities, and sought the approval of Members for the Council to become a member of both bodies.

Issue(s) for consideration

The report provided the background to the provision of rail services in the north east, the franchises for which were due to expire in February 2016. Further detail was provided on the proposal submitted by 30 local transport authorities in the North of England under the brand name of Rail North, to

the Secretary of State to commence in February 2016. The prime objective of the devolution proposal was to support the economic aspirations of the North of England. In November 2013, the Secretary of State responded that although he supported the principle of devolution, he wished to see a lower risk partnership structure between DfT and Rail North. It was therefore agreed that the DfT and Rail North would jointly develop proposals for a single integrated partnership structure with substantial decision-making authority to manage the franchises. In addition, a Leaders Sub-Forum to progress devolution work would be constructed on a geographical basis with a Leader representing Tees Valley.

Further details on the Rail North governance proposition and arrangements, the development of partnership with the Department for Transport and the franchise specification were included within the report. It was proposed that the geographical sub-groups be created to meet at least twice a year and one of the proposed groups was the 'Tees Valley' which would also cover Hartlepool. The Leader was appointed to represent Hartlepool on this sub-group.

During the discussions that followed Members were supportive of the proposals and hoped that Hartlepool could benefit from a better transport infrastructure for the region. It was highlighted that there were capacity issues on the trains travelling to Newcastle on weekends and from mid-November to the end of December during weekdays also. It was suggested that the providers be lobbied to include an additional two carriages on these services at a bare minimum. The Director of Regeneration and Neighbourhoods indicated she would ensure the comments in relation to capacity would be forwarded to the appropriate body for consideration. The Chief Executive indicated that there had been a recent commitment given from Central Government that better carriages would be provided.

The following decisions were unanimous.

Decision

- (i) The proposed governance arrangements for Rail North Ltd (RNL) and the Association of Rail North Partner Authorities ("The Association") were noted and it was agreed in principle that the Council should become a member of both bodies. The Leader will sit as a representative on the Association.
- (ii) That the Director of Regeneration and Neighbourhoods in consultation with the Leader, make the appropriate arrangements to enable the Council to be admitted to membership, by entering into the RNL Members' Agreement.
- (iii) It was noted that a representative of the Tees Valley Local Authorities be appointed to the Leaders' Committee of the Association (currently known as the Leaders' Sub-Committee).
- (iv) It was noted that a further report would be presented to the Finance and Policy Committee when Heads of Terms for the DfT/RNL

- Partnership were finalised.
- (v) That the Director of Regeneration and Neighbourhoods forward Members' concern which were expressed at the capacity levels of the routes between Hartlepool and Newcastle, especially on weekends and weekdays from mid-November to the end of December.

87. Quarter 2 – Council Overview of Performance and Risk 2014/15 *(Assistant Chief Executive)*

Type of decision

Non key decision.

Purpose of report

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

Issue(s) for consideration

The report provided the background to the Council's Performance Management System (Covalent) and the analysis undertaken against actions, performance indicators and risks detailed in the Council Plan. It was noted that in total the Council Plan included 211 actions with 169 performance indicators. Of the 169 indicators, 95 were for monitoring purposes and a further 13 were collected on an annual basis. Detailed performance data for each Department was included within the report.

The report highlighted CSD P111 – Alternative provision in Hartlepool is judged to be good or better by OFSTED. It was suggested that due to the timing of inspections, this indicator be removed from the Plan. As there were only 2 provisions within the town and they had been inspected, there would be no change to outturn this reporting year. In addition, one action had been assessed as requiring intervention and this was RND 14/15 EN15 – Develop and implement a young driver training programme across the Tees Valley. It was suggested that the target date for this action be revised to March 2015 to enable a bid to be prepared for the Strategic Road Safety Partnership to approve.

The following decision was unanimous.

Decision

- (i) The current position with regard to performance was noted.
- (ii) The revised date for RND 14/15 EN15 – Develop and implement young driver training programme across the Tees Valley – revised to 31 March 2015 was approved.
- (iii) That CSD P111 – Alternative provision in Hartlepool to be judged to be good or better by OFSTED – be removed from the Council Plan.

88. A Combined Authority for the Tees Valley (*Chief Executive*)

Type of decision

Non key decision.

Purpose of report

To:

- Highlight our ambition for establishing a Combined Authority for the Tees Valley to achieve our economic goals and to receive greater devolved powers;
- Clarify what the Combined Authority would do;
- Clarify its membership;
- Describe the scrutiny arrangements and how they would be funded;
- Provide an update on timescales following a recent discussion with DCLG;
- Set out plans for consulting on a Combined Authority;
- Outline the decision-making process going forward.

Issue(s) for consideration

The report provided the background to the development of a proposal for a combined authority within the Tees Valley. It was hoped that this would provide a stronger voice for the Tees Valley with Central Government and enable the Tees Valley to take advantage and secure any available funding. The Combined Authority would be democratically accountable and responsible to local need and enable the Tees Valley to compete successfully alongside other, often much larger sub regions as future Governments may well channel further addition resources through Combined Authorities.

The principal functions of the Combined Authority would be to set the strategic economic vision, key priorities and outcomes for the Tees Valley area including economic development, strategic transport and

infrastructure, employment and skills, business investment and low carbon. Additional duties would include determining the use of funding received for joint purposes, approving the commissioning of capital projects and considering funding agreements and joint venture arrangements.

The membership of the Combined Authority would include one Member appointed by each of the five Tees Valley Authorities – Leader or Elected Mayor with each Member taking a lead on a specific portfolio. The timetable was outlined in the report including a detailed consultation plan to be delivered in December 2014 and January 2015 and concluded with the implementation in October/November 2015.

One of the key areas highlighted by Members as needing development was a regional transport infrastructure to enable access to a larger travel to work area for local people. It was recognised that whilst a Combined Authority would enable the Tees Valley to capitalise on opportunities the importance of maintaining Hartlepool's sovereignty was highlighted by Members. The Chair commented that the Tees Valley local authorities had a proven track record in successful partnership working and a Combined Authority would build on this creating more employment, skills, business investment, low carbon and a strategic direction to improve the transport infrastructure.

A Member sought clarification on the responsibilities for economic development and regeneration. The Director of Regeneration and Neighbourhoods confirmed that regeneration was a local issue although local authorities needed to be mindful that any regeneration undertaken in its local area complemented other regeneration within the Tees Valley area. In relation to economic development, the Chief Executive highlighted that a Combined Authority would be better placed to secure business investment on a regional basis as European funding would only be awarded to Combined Authorities. A further report was requested to be submitted to the Finance and Policy Committee during the consultation period providing further details on the differing responsibilities of regeneration and economic development.

The decisions were approved unanimously.

Decision

- (i) The progress being made towards the creation of a Combined Authority for the Tees Valley as set out in the report was endorsed.
- (ii) Appropriate consultation be carried out as outlined in the report.
- (iii) A further report be submitted to the five Borough Councils at the conclusion of the consultation prior to the submission of a scheme to the Secretary of State.
- (iv) That a further report on the differing responsibilities of regeneration and economic development be submitted to the Finance and Policy Committee during the consultation period.

89. Strategic Financial Management Report – as at 30 September 2014 *(Corporate Management Team)*

Type of decision

Non key decision.

Purpose of report

To inform Members of:

- (i) 2014/15 Forecast General Fund Outturn;
- (ii) Corporate Income Collection Performance; and
- (iii) 2014/15 Capital Programme Monitoring.

Issue(s) for consideration

The report provided the background and reporting arrangements for the Strategic Financial Management. It was noted that to enable a wider number of Members to understand the financial position of the Council and their service specific areas, each Policy Committee would receive a separate report. Further detail was included on the 2014/15 forecast general fund outturn (including a reserves review) which highlighted that the latest forecast was between £1.457m and £1.542m. The report also outlined the Council's strategy in relation to corporate income collection performance including business rates income, council tax and sundry debts.

An outline of the capital expenditure for all departments to the 30 September 2014 was summarised in the report. Details of how the Council Capital Fund (CCF) of unallocated resources had been utilised including £11k to replace Seaton Library roof were outlined in the report and the Chief Finance Officer highlighted that the Grayfields Boiler Plant Renewal (not the Civic Centre as noted in the report) budget of £13k was no longer required and therefore it was recommended that this budget be transferred to the CCF budget which resulted in a balance of £57k.

The decisions were approved unanimously.

Decision

- (i) The report was noted.
- (ii) It was noted that the forecast uncommitted resources of between £1.457m and £1.542m were anticipated from the 2014/15 outturn and proposals for using these resources to support the budget in 2015/16 and beyond were detailed in the MTFS report elsewhere on the agenda.

- (iii) The use of £11k unallocated CCF to replace Seaton Library roof and the transfer of the Grayfields Boiler Plant Renewal budget of £13k into the unallocated CCF was approved.

90. Section 106 Agreements Review (*Director of Regeneration and Neighbourhoods*)

Type of decision

Non key decision.

Purpose of report

To update the Committee on the purpose and use of Section 106 Agreements and the management of financial resources secured by planning obligations under Section 106 of the Town and Country Planning Act 1990 (as amended).

Issue(s) for consideration

The report provided the background to the implementation and monitoring of Section 106 agreements which were used to regulate future development of land, compensate the local community for any impact caused by a development and help shape the new development. Discussions were ongoing regarding proposals to consult on the allocation and spending of 106 monies to provide improved Member involvement. A further report on the mechanics of this consultation will be submitted to the Planning and Regeneration Services Committees.

A discussion ensued on Service Land Drainage and the Chief Executive confirmed that the responsibility for Service Land Drainage was due to transfer to the Council and will form part of future 106 agreements where necessary.

The Chief Solicitor confirmed that any development with S106 agreements would have agreed triggers in place depending on the scale of development to ensure any S106 agreements were undertaken and these were monitored regularly.

Decision

- (i) That the contents of the report were noted.
- (ii) That Ward Members be consulted in relation to improved Member involvement in the allocation and spending of S106 monies with a further report on the mechanics of this consultation to be submitted to Planning and Regeneration Services Committees.

91. Delegated Powers Property Transactions Quarterly Report – 2014 (Q2) *(Director of Regeneration and Neighbourhoods)*

Type of decision

For information.

Purpose of report

To inform the Committee of the recent minor property issues dealt with under delegated powers since the matters were last reported on 18 August 2014.

Issue(s) for consideration

The report provided the background to the reporting of property transactions under delegated powers which was submitted to the Committee on a quarterly basis.

The report highlighted that to date, the delegation had been effective and a number of transactions had been progressed in accordance with delegated consent and these were summarised in confidential appendix 1. **This item contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely information relating to the financial or business affairs of any particular person (including the authority holding that information) para 3.**

Decision

The report and the property issues dealt with under Delegated Powers were noted.

92. Corporate Procurement Quarterly Report on Contracts *(Director of Regeneration and Neighbourhoods)*

Type of decision

For information.

Purpose of report

To satisfy the requirements of the Council's Contract Procedure Rules with regard to the Finance and Policy Committee:

- Receiving and examining quarterly reports on the outcome of contract letting procedures including those where the lowest/highest price was not payable/receivable.
- Receiving and examining reports on any exemptions granted to these Contract Procedure Rules.

Issue(s) for consideration

The report provided the background to the quarterly monitoring of contracts. Attached at Appendix A were the details required for each procurement tender issued since the last quarterly report. Included within Appendix B were details of the required information in relation to Contract Procedure Rules exemptions granted since the last report. Also attached at confidential Appendix C was a table including the commercial information in respect of the tenders received. **This item contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006 namely information relating to the financial or business affairs of any particular person (including the authority holding that information) para 3.**

Decision

- (i) The contents of the report were noted.
- (ii) It was noted that a review of the Council's Contract Procedure Rules will be undertaken once the detail of the new rules was released to consider whether any changes were required to ensure conformity.
- (iii) That a further report be submitted to the Committee identifying these changes should that be the case.

93. Update on Public Sector Procurement Reforms (*Director of Regeneration and Neighbourhoods*)

Type of decision

For information.

Purpose of report

To update the Committee on forthcoming changes to the UK's Public

Procurement Rules.

Issue(s) for consideration

The report provided the background to the forthcoming changes to the EU procurement directives which will be enacted in the UK by the Public Contracts Regulations 2015. There were three key changes to procurement practices which will come into force early in 2015 involving:

- Pre-Qualification Questionnaires
- Better access to bid opportunities
- Prompt payment

The Government had recently published a consultation paper on the detailed regulations which underpinned these measures and consultation on the new directive was undertaken until 17 October 2014.

The Council continuously strives to improve its procurement processes and as a result there was minimal activity required to meet the requirements of this forthcoming legislation with further detail being included in the report.

Concern was expressed by Members that the removal of pre-qualification questionnaires may prove a challenge and be detrimental for local community and voluntary organisations, local businesses and small medium enterprises.

A Member questioned what support was provided to new businesses to enable them to bid for contracts. The Director of Regeneration and Neighbourhoods confirmed that a review was ongoing of the existing frameworks to explore ways of supporting new local businesses to grow and ensure all opportunities for local businesses were maximised.

The Union representative in attendance expressed some concerns that the changes may be counter productive in relation to the health and safety responsibilities of smaller organisations.

Decision

That the contents of the report were noted.

94. Employee Sickness Absence 2nd 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 second quarter of 2014/15.

Issue(s) for consideration

The report provided detailed information on the Council's performance by Department, including schools up to the second quarter of 2014/15. It was noted that the target figure for 2014/15 for the Council was 7.40 days absence whole time equivalent (wte) employee and the actual sickness rate at the end of the second quarter shows the rate at 6.57 days per wte.

Further detail was provided on the reasons for sickness and an analysis of long, medium and short term sickness absence.

Decision

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

95. Local Government (Access to Information) (Variation Order) 2006

Under Section 100(A)(4) of the Local Government Act 1972, the press and public were excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as defined in the paragraphs referred to 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.

Minute 96 – Disposal of Surplus Assets – Lynn Street Depot (*Director of Regeneration and Neighbourhoods*) – 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 information relating to the financial or business affairs of any particular person (including the authority holding that information) (para3).

96. Disposal of Surplus Assets – Lynn Street Depot

(Director of Regeneration and Neighbourhoods) 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 information relating to the financial or business affairs of any particular person (including the authority holding that information) (para 3).

Type of decision

Key Decision – Test (i) applies – Forward Plan Reference RN 13/09.

Purpose of report

To update Members on the feasibility work regarding the relocation of the Council's Depot Facility to a new site and the disposal of the existing site to Cleveland College of Art and Design (CCAD) which will facilitate their expansion and redevelopment proposals.

Issue(s) for consideration

Further details can be found in the exempt section of the minutes.

Decision

Further details can be found in the exempt section of the minutes.

97. Any Other Items which the Chairman Considers are Urgent

None.

The meeting concluded at 12.15 pm

P J DEVLIN

CHIEF SOLICITOR

PUBLICATION DATE: 3 December 2014