FINANCE AND POLICY COMMITTEE AGENDA

HARTLEPOOL
BOROUGH COUNCIL

Monday 22 December 2014

at 9.30 am

in Committee Room B, Civic Centre, Hartlepool

MEMBERS: FINANCE AND POLICY COMMITTEE:

Councillors C Akers-Belcher, Dawkins, Hind, Jackson, James, Loynes, Payne, Richardson, Riddle, Simmons plus one vacancy.

1. APOLOGIES FOR ABSENCE

2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS

3. MINUTES

3.1 To receive the minutes of the meeting of the Finance and Policy Committee held on 24 November 2014 *(for information as previously circulated and published).*

3.2 To receive the minutes of the meeting of the Health and Wellbeing Board held on 20 October 2014.

4. BUDGET AND POLICY FRAMEWORK ITEMS

No items.

5. KEY DECISIONS

No items.

6. OTHER ITEMS REQUIRING DECISION

6.1 Council Tax Base 2015/16 – *Chief Finance Officer*

6.2 Irrecoverable Debts – Sundry Debts and Housing Benefit Overpayments – *Chief Finance Officer*

6.3 Unit 4, Brierton Lane – *Director of Regeneration and Neighbourhoods*
6.4 New Clarence House – *Director of Regeneration and Neighbourhoods*
6.5 Staff Lottery Scheme – *Assistant Director (Neighbourhoods)*

7. ITEMS FOR INFORMATION

7.1 Treasury Management Strategy – *Chief Finance Officer*

8. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT

ITEMS FOR INFORMATION

Date of next meeting – 2 February 2014 at 9.30am in the Civic Centre, Hartlepool

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, Carl Richardson 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 used of the increased budget support fund as follows (original phasing included for information) was approved:

<u>Forecast use of Budget Support Fund</u>

	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 chose, 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 which ever 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.

A 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

HEALTH AND WELLBEING BOARD

MINUTES AND DECISION RECORD

20 October 2014

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

Present:

Councillor C Akers-Belcher, Leader of Council (In the Chair)

Prescribed Members:
Representatives of Hartlepool and Stockton-on-Tees Clinical Commissioning Group (2) – Dr Schock and Alison Wilson
Director of Public Health, Hartlepool Borough Council - Louise Wallace
Director of Child and Adult Services, Hartlepool Borough Council – Gill Alexander
Representatives of Healthwatch – Ruby Marshall and Margaret Wrenn

Other Members:
Chief Executive, Hartlepool Borough Council – Dave Stubbs
Representative of Hartlepool Voluntary and Community Sector – Tracy Woodhall
Shaun Jones as substitute for Caroline Thurlbeck, Representative of NHS England

Also in attendance:-
Dr Louisa Ells, Specialist Advisor to Public Health England (obesity, knowledge and intelligence)
Councillor Ainslie, Member of Audit and Governance Committee
S Johnson, G Johnson, L Allison, J Gray, HealthWatch

Hartlepool Borough Council Officers:
Steven Carter, Workplace Health Improvement Specialist
Deborah Gibbon, Health Improvement Practitioner
Joan Stevens, Scrutiny Manager
Amanda Whitaker, Democratic Services Team
Ed Carter, A Rae, Public Relations Team

21. Apologies for Absence

Elected Members, Hartlepool Borough Council - Councillors Carl Richardson and Chris Simmons
Director of Regeneration and Neighbourhoods, Hartlepool Borough Council – Denise Ogden

Representative of the NHS England – Caroline Thurlbeck
Representative of Tees Esk and Wear Valley NHS Trust – Martin Barkley
Representative of North Tees and Hartlepool NHS Foundation Trust – Alan Foster

22. Declarations of interest by Members

Councillor Christopher Akers-Belcher reiterated the declaration he had made at a previous meeting of the Board (minute 3 refers) that in accordance with the Council's Code of Conduct, he declared a personal interest as Manager for the Local HealthWatch, as a body exercising functions of a public nature, including responsibility for engaging in consultation exercises that could come before the Health and Wellbeing Board. He had advised that where such consultation takes place (or where there is any connection with his employer), as a matter of good corporate governance, he would ensure that he left the meeting for the consideration of such an item to ensure there was no assertion of any conflict of interest

23. Minutes

The minutes of the meeting held on 10 September 2014 were confirmed.

With reference to minute 16, the Chief Officer, Hartlepool and Stockton-on-Tees CCG, advised the Board that the Better Care Fund planning templates had been submitted in accordance with the deadlines previously reported to the Board. There had been no changes made to the planning templates subsequent to the Board meeting. It was noted that feedback would be reported to the Board when it had been received.

24. Childhood Obesity in Hartlepool (*Director of Public Health, Director of Child and Adult Services and Chief Officer, Hartlepool and Stockton-on-Tees CCG*)

The Health and Wellbeing Board, at its meeting on the 11 August 2014, had agreed to establish a defined work programme. The report set out the background to the identification of the topic area of work upon which to focus the Board's activities during 2014/15. The Board had recognised the scale and impact of the obesity epidemic and that it was imperative to tackle the obesity issue at a co-ordinated local level and understand the overall obesity issue in Hartlepool. It was acknowledged that childhood obesity in particular was one of the most serious global public health challenges for the 21st century and on this basis, it was agreed that the Board's work for 2014/15 should focus on childhood obesity.

Detailed background information including statistics and current initiatives were set out in the report. The terms of reference for the Board's piece of work were included in the report together with potential areas to explore to gain evidence to inform the themed work programme. It was suggested that the Board could also wish to refer to a variety of documentary / internet sources as highlighted in the report. Board members reiterated the complexity of the issue and recognised that it was essential to understand the needs of the population together with educational and wider environmental implications.

It was recommended that Members of the Board consider receiving evidence and comparative information and invite a variety of individuals / bodies to participate in a stakeholder conference. The conference was considered to be a critical component of the work to be undertaken by the Board. Suggested invitees were outlined in the report and Board members suggested extending invitations to other partners/organisations including those involved in fast food outlets and supermarkets. It was noted that a report on the conference would be submitted to the Commissioning Executive and an update report would be submitted also to the next meeting of the Board.

It was recognised that a key stakeholder, and part of the Council's infrastructure, was the Children's Strategic Partnership. In recognition of this, specific consideration was given to how the Partnership could participate and it was agreed that the issue should be referred to the Partnership in order to commence their deliberations.

It was recognised also that community engagement would play a crucial role in the process and diversity issues had been considered in the background research for work under the Equality Standards for Local Government. Based upon the research undertaken, the report included suggestions as to potential groups which the Board could involve. Based on information set out in the report, a suggested timetable for the work to be undertaken was presented although it was recognised that this could be changed at any stage in the process.

The Board received a detailed presentation by Dr Louisa Ells, Specialist Advisor to Public Health England (obesity, knowledge and intelligence) and Reader in Public Health and Obesity at Teesside University. The presentation covered issues associated with obesity including causes and significant health and financial implications. The Director of Public Health continued the presentation and addressed obesity issues including changes in trends over a period of time with salient features highlighted by the Director and the Council's Workplace Health Improvement Specialist and Health Improvement Practitioner. The Council's Public Relations Manager concluded the presentation by addressing how obesity is reported, suggested phasing of communication and the continued use of the Change4Life initiative. The Board agreed that the Change4Life initiative was widely recognised and could be targeted locally.

Board Members discussed extensive research which had been undertaken and highlighted the requirement for outcomes to be evidence based and to be mindful of best practice examples. Dr Ells updated the Board on current research and advised that she would be content to share the findings of that research with the Board. During the discussion the benefits of 'whole life' interventions were highlighted including pre conception, maternity and family centred issues.

The appropriateness of utilisation of the BMI formula/national child measurement programme was discussed. It was noted that concerns had been expressed regarding the terms of the 'standard letters' sent to parents regarding the outcome for their child of the national child measurement programme. The letter had been subsequently revised and the Chair of the Board requested that a copy of the revised letter be circulated to all Board Members.

Concerns were expressed in relation to the location of fast food outlets in close proximity to schools. The limitations of the powers of the Council's Planning Committee's consideration of planning applications relating to fast food outlets were highlighted. It was proposed that a letter should be written to the Rt Hon Eric Pickles, MP, Secretary of State for Communities and Local Government as it was considered that in order for progress to be made, it would be necessary for the issue of material planning considerations to be reviewed.

Issues relating to perception and stigma were discussed together with the benefits derived from use of 'Champions'/role models and the involvement of partner organisations. A suggestion was made that consideration should be given as to whether pupil premiums could be utilised in addressing obesity issues.

Decision

(i) The Board endorsed the use of the Change4Life initiative and agreed that an action plan be produced by the Council's Public Relations Manager.
(ii) It was agreed that the Children's Strategic Partnership be requested to consider their participation in the Board's chosen topic area.

25. Any Other Items which the Chairman Considers are Urgent

The Chairman ruled that the following items of business should be considered by the Committee as a matter of urgency in accordance with the provisions of Section 100(B) (4)(b) of the Local Government Act 1972 in order that the matter could be dealt with without delay.

26. Nursing Care

A representative of HealthWatch referred to concerns regarding the availability of nursing care beds in the community. In response, the Chair of the Board agreed that feedback should be made to the Board at its next meeting.

Meeting concluded at 11.15 a.m.

CHAIR

Finance & Policy Committee

22nd December 2014

Report of: **Chief Finance Officer**

Subject: **COUNCIL TAX BASE 2015/16**

1. TYPE OF DECISION / APPLICABLE CATEGORY

1.1 Non key decision.

2. PURPOSE OF REPORT

2.1 The report seeks member approval as required by statutory regulations to a calculated Council Tax Base for 2015/16 which will be used for Council Tax billing purposes.

3. BACKGROUND

3.1 The Council is required by law to calculate its Council Tax Base for the forthcoming year, and inform the major precepting authorities Cleveland Police Authority and Cleveland Fire Authority and local precepting authorities (Parish Councils), before 31st January 2015. The Council Tax Base is expressed as the number of Band D equivalent properties.

3.2 The amount of Council Tax levied on each Band D property located in the Borough of Hartlepool is calculated by dividing the total amount of the precepts determined by this Council, the Police and Crime Commissioner and Cleveland Fire Authority on the Collection Fund in 2015/16, by the Council Tax Base. The amount of Council Tax payable for other bands is determined by applying a fixed proportion of the Band D amount. A separate report on the calculation of the amount of Council Tax payable for each band for 2015/16 will be submitted to Council as part of the budget process.

4. CALCULATION OF TAX BASE

4.1 To calculate the Council Tax Base it is necessary to:

(a) Calculate "the relevant amount" for the year for each valuation band in the valuation list. For each band this represents the full year equivalent of each chargeable dwelling in that band, taking into account entitlement to, exemptions, disability reductions and discounts.

(b) The relevant amount for each band are expressed in terms of Band D equivalents.

(c) Calculate the Empty Homes Premium impact across all valuation bands in equivalent Band D's.

(d) The relevant amounts for each band (b) are then added together with (c) and the total is multiplied by the Council's estimated collection rate for the year.

4.2 As part of the Government's welfare reforms, Councils are required to determine and operate their own local schemes for providing support with Council Tax. Under these arrangements, there is a requirement to adjust the Council Tax Base to reflect the impact of the Local Council Tax Support scheme. Members have approved a 2015/16 LCTS scheme involving a cut of 12%, the same as for 2014/15. The LCTS adjustment is expressed in terms of an equivalent number of Band D's within each Appendix.

4.3. The level of in year collection of Council Tax for 2013/14 was positive. Hartlepool had the second highest collection level in the Tees Valley at 96.1% and was slightly higher than the national average for Metropolitan and Unitary Councils of 96.05%. Long term collection levels continue to be high with 99.2% of Council Tax due being collected within 5 years.

4.4. Recovery of Council Tax sums from Local Council Tax Support claimants will become increasingly challenging in the future. However, for 2015/16 the Council's LCTS scheme involves maintaining the level of cut in awards at 12%. Given this position and the Council's overall effective recovery arrangements, in my professional opinion maintaining the overall non collection level at 1.5% is prudent and appropriate.

4.5. The Council Tax Base for 2015/16 recommended in this report was reflected within the Council's Medium Term Financial Strategy approved by this Committee on 24th November 2014 and therefore includes the forecast growth in 2015/16.

5. RECOMMENDATION

5.1 It is recommended that Members:

a) Approve a Hartlepool BC Council Tax Base for 2015/16 of 22,298.8, as set out at Appendix 1.

b) Approve a Council Tax Base for 2015/16 for Parishes who intend to levy a precept upon the Council's General Fund, as set out in appendices 2 to 9:

Dalton Piercy	103.2	Elwick	461.3
Greatham	574.3	Hart	286.3
Newton Bewley	30.6	Headland	723.4
Brierton	12.2	Claxton	15.6

6. REASON FOR RECOMMENDATION

6.1 To enable the Council to discharge its statutory responsibilities.

7. BACKGROUND PAPERS

7.1 No background papers.

8. CONTACT OFFICER

John Morton
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HARTLEPOOL BOROUGH COUNCIL
TAX BASE 2015/16
12%LCTS Cut

line	VALUATION BAND	@	A	B	C	D	E	F	G	H	TOTAL
1	No. of properties in band		24,015	7,098	5,870	3,049	1,536	600	426	58	42652
2	Exempt dwellings		479	82	57	15	11	3	6	0	653
3	Demolished dwellings		23	1	0	0	0	0	0	0	24
4	**CHARGEABLE DWELLINGS**		**23513**	**7015**	**5813**	**3034**	**1525**	**597**	**420**	**58**	**41975**
5	Disabled reductions		141	79	62	56	35	12	8	16	409
6	Effectively chargeable	141	79	62	56	35	12	8	16	0	409
7	**ADJ CHARGEABLE DWELLINGS**	**141**	**23451**	**6998**	**5807**	**3013**	**1502**	**593**	**428**	**42**	**41975**
8	25% discounts	46	11350	2570	1547	636	236	72	48	0	16505
9	50% discounts	13	58	21	15	12	3	7	16	0	145
10	Empty Properties undergoing Repair (50% disc)	0	69	16	14	5	3	0	0	0	106
11	Former Class C 100% Disc 1 month	0	603	101	53	31	12	3	1	1	805
12	No discounts	82	11371.25	4289.75	4178.25	2329	1248.5	511	363	41	24413.75
13	**TOTAL EQUIVALENT DWELLINGS**	**123**	**20499.875**	**6328.46**	**5401.46**	**2842.92**	**1439.25**	**571.25**	**407.917**	**41.9167**	**37656.04**
14	Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
15	**BAND D EQUIVALENTS**	**68.33**	**13666.58**	**4922.13**	**4801.30**	**2842.92**	**1759.08**	**825.14**	**679.86**	**83.83**	**29649.18**
					Adjustment for Empty Homes Premium						89.04
					Estimated collection rate (%)						**98.5**
					Council Tax Base						**29292.1**
					LCTS Adjustment						**-6993.3**
					Adjusted Tax Base						22298.8

Appendix 2

DALTON PIERCY
CALCULATION OF TAX BASE 2015/16
12% LCTS Cut

line	VALUATION BAND	@	A	B	C	D	E	F	G	H	TOTAL
1	No. of properties in band		3	10	17	13	34	14	11	0	102
2	Exempt dwellings		0	0	0	0	1	0	0	0	1
3	Demolished dwellings		0	0	0	0	0	0	0	0	0
4	**CHARGEABLE DWELLINGS**		**3**	**10**	**17**	**13**	**33**	**14**	**11**	**0**	**101**
5	Disabled reductions		0	0	0	0	0	0	0	0	0
6	Effectively chargeable	0	0	0	0	0	0	0	0	0	0
7	**ADJ CHARGEABLE DWELLINGS**	**0**	**3**	**10**	**17**	**13**	**33**	**14**	**11**	**0**	**101**
8	25% discounts	0	1	2	7	2	6	0	2	0	20
9	50% discounts	0	0	0	0	0	0	0	0	0	0
10	Empty Properties undergoing repair 50% disc	0	0	0	0	0	0	0	0	0	0
11	Former Class C 100% Disc 1 month	0	0	0	0	0	0	0	0	0	0
12	No discounts	0	2	8	10	11	27	14	9	0	81
13	**TOTAL EQUIVALENT DWELLINGS**	**0.00**	**2.75**	**9.50**	**15.25**	**12.50**	**31.50**	**14.00**	**10.50**	**0.00**	**96.00**
14	Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
15	**BAND D EQUIVALENTS**	**0.00**	**1.83**	**7.39**	**13.56**	**12.50**	**38.50**	**20.22**	**17.50**	**0.00**	**111.50**

Empty Homes Premium	**0.39**
Estimated collection rate (%)	**98.5**
Council Tax Base	**110.2**
LCTS Adjustment	-7.00
Adjusted Tax Base	**103.2**

ELWICK
CALCULATION OF TAX BASE 2015/16
12% LCTS Cut

Appendix 3

line	VALUATION BAND	@	A	B	C	D	E	F	G	H	TOTAL
1	No. of properties in band		26	33	66	113	50	35	73	40	436
2	Exempt dwellings		1	1	0	0	0	0	0	0	2
3	Demolished dwellings		0	0	0	0	0	0	0	0	0
4	**CHARGEABLE DWELLINGS**		**25**	**32**	**66**	**113**	**50**	**35**	**73**	**40**	**434**
5	Disabled reductions		0	0	0	0	0	0	0	2	2
6	Effectively chargeable	0	0	0	0	0	0	0	2	0	2
7	**ADJ CHARGEABLE DWELLINGS**	**0**	**25**	**32**	**66**	**113**	**50**	**35**	**75**	**38**	**434**
8	25% discounts	0	16	9	18	39	19	5	5	0	111
9	50% discounts	0	0	0	0	0	0	0	2	0	2
10	Empty Properties undergoing repair 50% disc	0	0	0	0	0	1	0	0	0	1
11	Former Class C 100% Disc 1 month	0	0	0	1	0	1	0	0	0	2
12	No discounts	0	9	23	47	74	29	30	68	38	318
13	**TOTAL EQUIVALENT DWELLINGS**	**0.00**	**21.00**	**29.75**	**61.42**	**103.25**	**44.67**	**33.75**	**72.75**	**38.00**	**404.58**
14	Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
15	**BAND D EQUIVALENTS**	**0.00**	**14.00**	**23.14**	**54.59**	**103.25**	**54.59**	**48.75**	**121.25**	**76.00**	**495.57**

Empty Homes Premium	**1.89**
Estimated collection rate (%)	**98.5**
Council Tax Base	**490.0**
LCTS Adjustment	-28.7
Adjusted Tax Base	**461.3**

GREATHAM

Appendix 4

CALCULATION OF TAX BASE 2015/16
12% LCTS Cut

line	VALUATION BAND	@	A	B	C	D	E	F	G	H	TOTAL
1	No. of properties in band		183	422	180	83	35	10	5	1	919
2	Exempt dwellings		2	5	1	0	0	0	0	0	8
3	Demolished dwellings		0	0	0	0	0	0	0	0	0
4	**CHARGEABLE DWELLINGS**		**181**	**417**	**179**	**83**	**35**	**10**	**5**	**1**	**911**
5	Disabled reductions		4	5	1	3	1	1	0	1	16
6	Effectively chargeable	4	5	1	3	1	1	0	1	0	16
7	**ADJ CHARGEABLE DWELLINGS**	**4**	**182**	**413**	**181**	**81**	**35**	**9**	**6**	**0**	**911**
8	25% discounts	0	92	163	38	17	6	1	1	0	318
9	50% discounts	0	1	1	1	0	0	0	1	0	4
10	Empty Properties undergoing repair 50% disc	0	0	2	0	0	0	0	0	0	2
11	Former Class C 100% Disc 1 month	0	0	0	0	0	0	0	0	0	0
12	No discounts	4	89	247	142	64	29	8	4	0	587
13	**TOTAL EQUIVALENT DWELLINGS**	**4.00**	**158.50**	**370.75**	**171.00**	**76.75**	**33.50**	**8.75**	**5.25**	**0.00**	**828.50**
14	Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
15	**BAND D EQUIVALENTS**	**2.22**	**105.67**	**288.36**	**152.00**	**76.75**	**40.94**	**12.64**	**8.75**	**0.00**	**687.33**

Empty Homes Premium	**0**
Estimated collection rate (%)	**98.5**
Council Tax Base	**677.0**
LCTS Adjustment	-102.7
Adjusted Tax Base	**574.3**

HART **Appendix 5**

CALCULATION OF TAX BASE 2015/16

12% LCTS Cut

line	VALUATION BAND	@	A	B	C	D	E	F	G	H	TOTAL
1	No. of properties in band		15	82	90	42	36	38	26	0	329
2	Exempt dwellings		0	2	1	0	0	0	1	0	4
3	Demolished dwellings		0	0	0	0	0	0	0	0	0
4	**CHARGEABLE DWELLINGS**		**15**	**80**	**89**	**42**	**36**	**38**	**25**	**0**	**325**
5	Disabled reductions		0	0	0	0	0	0	0	0	0
6	Effectively chargeable	0	0	0	0	0	0	0	0	0	0
7	**ADJ CHARGEABLE DWELLINGS**	**0**	**15**	**80**	**89**	**42**	**36**	**38**	**25**	**0**	**325**
8	25% discounts	0	8	28	32	10	1	6	3	0	88
9	50% discounts	0	0	0	0	0	0	0	0	0	0
10	Empty Properties undergoing repair 50% disc	0	0	0	0	0	0	0	0	0	0
11	Former Class C 100% Disc 1 month	0	0	0	0	0	0	0	0	0	0
12	No discounts	0	7	52	57	32	35	32	22	0	237
13	**TOTAL EQUIVALENT DWELLINGS**	**0.00**	**13.00**	**73.00**	**81.00**	**39.50**	**35.75**	**36.50**	**24.25**	**0.00**	**303.00**
14	Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
15	**BAND D EQUIVALENTS**	**0.00**	**8.67**	**56.78**	**72.00**	**39.50**	**43.69**	**52.72**	**40.42**	**0.00**	**313.78**

Empty Homes Premium	**0.39**
Estimated collection rate (%)	**98.5**
Council Tax Base	**309.5**
LCTS Adjustment	-23.2
Adjusted Tax Base	**286.3**

NEWTON BEWLEY

Appendix 6

CALCULATION OF TAX BASE 2015/16
12% LCTS Cut

line	VALUATION BAND	@	A	B	C	D	E	F	G	H	TOTAL
1	No. of properties in band		3	1	8	6	9	5	0	1	33
2	Exempt dwellings		0	0	0	0	1	0	0	0	1
3	Demolished dwellings		0	0	0	0	0	0	0	0	0
4	**CHARGEABLE DWELLINGS**		**3**	**1**	**8**	**6**	**8**	**5**	**0**	**1**	**32**
5	Disabled reductions		0	0	1	0	0	0	0	0	1
6	Effectively chargeable	0	0	1	0	0	0	0	0	0	1
7	**ADJ CHARGEABLE DWELLINGS**	**0**	**3**	**2**	**7**	**6**	**8**	**5**	**0**	**1**	**32**
8	25% discounts	0	1	0	1	0	1	1	0	0	4
9	50% discounts	0	0	0	0	0	0	0	0	0	0
10	Empty Properties undergoing repair 50% disc	0	0	0	0	0	0	0	0	0	0
11	Former Class C 100% Disc 1 month	0	0	0	1	0	0	0	0	0	1
12	No discounts	0	2	2	5	6	7	4	0	1	27
13	**TOTAL EQUIVALENT DWELLINGS**	**0.00**	**2.75**	**2.00**	**6.67**	**6.00**	**7.75**	**4.75**	**0.00**	**1.00**	**30.92**
14	Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
15	**BAND D EQUIVALENTS**	**0.00**	**1.83**	**1.56**	**5.93**	**6.00**	**9.47**	**6.86**	**0.00**	**2.00**	**33.65**

Empty Homes Premium	**0**
Estimated collection rate (%)	**98.5**
Council Tax Base	**33.1**
LCTS Adjustment	-2.5
Adjusted Tax Base	$\boxed{\textbf{30.6}}$

HEADLAND

Appendix 7

CALCULATION OF TAX BASE 2015/16

12% LCTS Cut

line	VALUATION BAND	@	A	B	C	D	E	F	G	H	TOTAL
1	No. of properties in band		1316	289	77	22	8	2	1	0	1715
2	Exempt dwellings		29	2	2	1	0	0	0	0	34
3	Demolished dwellings		0	0	0	0	0	0	0	0	0
4	**CHARGEABLE DWELLINGS**		**1287**	**287**	**75**	**21**	**8**	**2**	**1**	**0**	**1681**
5	Disabled reductions		8	6	2	1	0	1	0	0	18
6	Effectively chargeable	8	6	2	1	0	1	0	0	0	18
7	**ADJ CHARGEABLE DWELLINGS**	**8**	**1285**	**283**	**74**	**20**	**9**	**1**	**1**	**0**	**1681**
8	25% discounts	1	636	87	27	3	4	0	0	0	758
9	50% discounts	1	5	0	0	0	0	0	0	0	6
10	Empty Properties undergoing repair 50% disc	0	4	0	0	0	0	0	0	0	4
11	Former Class C 100% Disc 1 month	0	1	0	0	0	0	0	0	0	1
12	No discounts	6	639	196	47	17	5	1	1	0	912
13	**TOTAL EQUIVALENT DWELLINGS**	**7.25**	**1121.42**	**261.25**	**67.25**	**19.25**	**8.00**	**1.00**	**1.00**	**0.00**	**1486.42**
14	Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
15	**BAND D EQUIVALENTS**	**4.03**	**747.61**	**203.19**	**59.78**	**19.25**	**9.78**	**1.44**	**1.67**	**0.00**	**1046.75**

Empty Homes Premium	**2.17**
Estimated collection rate (%)	**98.5**
Council Tax Base	**1033.2**
LCTS Adjustment	-309.8
Adjusted Tax Base	$\boxed{\textbf{723.4}}$

BRIERTON
CALCULATION OF TAX BASE 2015/16
12% LCTS Cut

Appendix 8

line	VALUATION BAND	@	A	B	C	D	E	F	G	H	TOTAL
1	No. of properties in band		0	5	5	2	3	0	0	0	15
2	Exempt dwellings		0	0	0	0	0	0	0	0	0
3	Demolished dwellings		0	0	0	0	0	0	0	0	0
4	**CHARGEABLE DWELLINGS**		**0**	**5**	**5**	**2**	**3**	**0**	**0**	**0**	**15**
5	Disabled reductions		0	0	0	0	0	0	0	0	0
6	Effectively chargeable	0	0	0	0	0	0	0	0	0	0
7	**ADJ CHARGEABLE DWELLINGS**	**0**	**0**	**5**	**5**	**2**	**3**	**0**	**0**	**0**	**15**
8	25% discounts	0	0	2	1	1	0	0	0	0	4
9	50% discounts	0	0	0	0	0	0	0	0	0	0
10	Empty Properties undergoing repair 50% disc	0	0	0	0	0	0	0	0	0	0
11	Former Class C 100% Disc 1 month	0	0	0	0	0	0	0	0	0	0
12	No discounts	0	0	3	4	1	3	0	0	0	11
13	**TOTAL EQUIVALENT DWELLINGS**	**0.00**	**0.00**	**4.50**	**4.75**	**1.75**	**3.00**	**0.00**	**0.00**	**0.00**	**14.00**
14	Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
15	**BAND D EQUIVALENTS**	**0.00**	**0.00**	**3.50**	**4.22**	**1.75**	**3.67**	**0.00**	**0.00**	**0.00**	**13.14**
	Empty Homes Premium										
	Estimated collection rate (%)										**98.5**
	Council Tax Base										**12.9**
	LCTS Adjustment										-0.7
	Adjusted Tax Base										**12.2**

CLAXTON
CALCULATION OF TAX BASE 2015/16
12% LCTS Cut

Appendix 9

line	VALUATION BAND	@	A	B	C	D	E	F	G	H	TOTAL
1	No. of properties in band		2	0	1	6	2	2	1	1	15
2	Exempt dwellings		0	0	0	0	0	0	0	0	0
3	Demolished dwellings		0	0	0	0	0	0	0	0	0
4	**CHARGEABLE DWELLINGS**		**2**	**0**	**1**	**6**	**2**	**2**	**1**	**1**	**15**
5	Disabled reductions		0	0	0	0	0	0	0	0	0
6	Effectively chargeable	0	0	0	0	0	0	0	0	0	0
7	**ADJ CHARGEABLE DWELLINGS**	**0**	**2**	**0**	**1**	**6**	**2**	**2**	**1**	**1**	**15**
8	25% discounts	0	1	0	1	2	1	0	0	0	5
9	50% discounts	0	0	0	0	0	0	0	0	0	0
10	Empty Properties undergoing repair 50% disc	0	0	0	0	1	0	0	0	0	1
11	Former Class C 100% Disc 1 month	0	0	0	0	0	0	0	0	0	0
12	No discounts	0	1	0	0	3	1	2	1	1	9
13	**TOTAL EQUIVALENT DWELLINGS**	**0.00**	**1.75**	**0.00**	**0.75**	**5.00**	**1.75**	**2.00**	**1.00**	**1.00**	**13.25**
14	Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
15	**BAND D EQUIVALENTS**	**0.00**	**1.17**	**0.00**	**0.67**	**5.00**	**2.14**	**2.89**	**1.67**	**2.00**	**15.53**
	Empty Homes Premium										**0.33**
	Estimated collection rate (%)										**98.5**
	Council Tax Base										**15.6**
	LCTS Adjustment										0
	Adjusted Tax Base										**15.6**

Finance and Policy Committee

22nd December 2014

HARTLEPOOL BOROUGH COUNCIL

Report of: **Chief Finance Officer**

Subject: **IRRECOVERABLE DEBTS - SUNDRY DEBTS AND HOUSING BENEFIT OVERPAYMENTS**

1. TYPE OF DECISION / APPLICABLE CATEGORY

1.1 Non key decision.

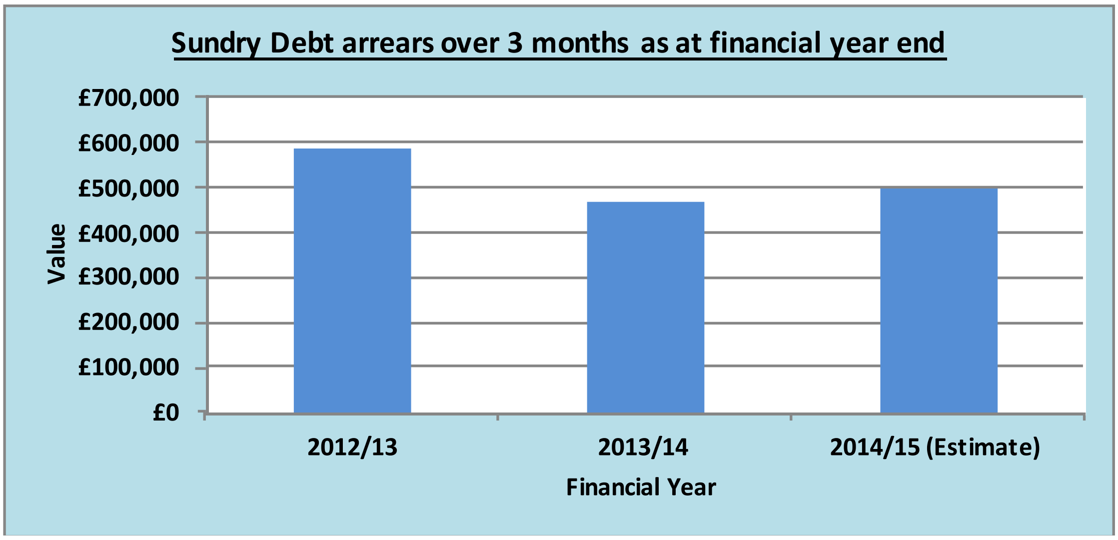
2. PURPOSE OF REPORT

2.1 The report seeks member approval to write out a number of debts considered irrecoverable. The Council's financial procedure rules provide that any debt due to the Council of £1000 or more can only be written-out with the express permission of Members

3. BACKGROUND

<u>Sundry Debt</u>

3.1 The Council each year bills about £23m of sundry debts. The Council's performance in collecting these debts is positive with 88% of debts collected within the year they are billed. The level of outstanding debt more than 3 months old is a key measure of the effectiveness of recovery arrangements. The Council continues to sustain a high level of recovery performance with the level of sundry debt arrears over 3 months old being maintained at about £0.5m as shown in the graph below. Furthermore, longer term collection of sundry debt continues to be very positive, with over 99% of sundry debts raised being fully recovered within 2 years.

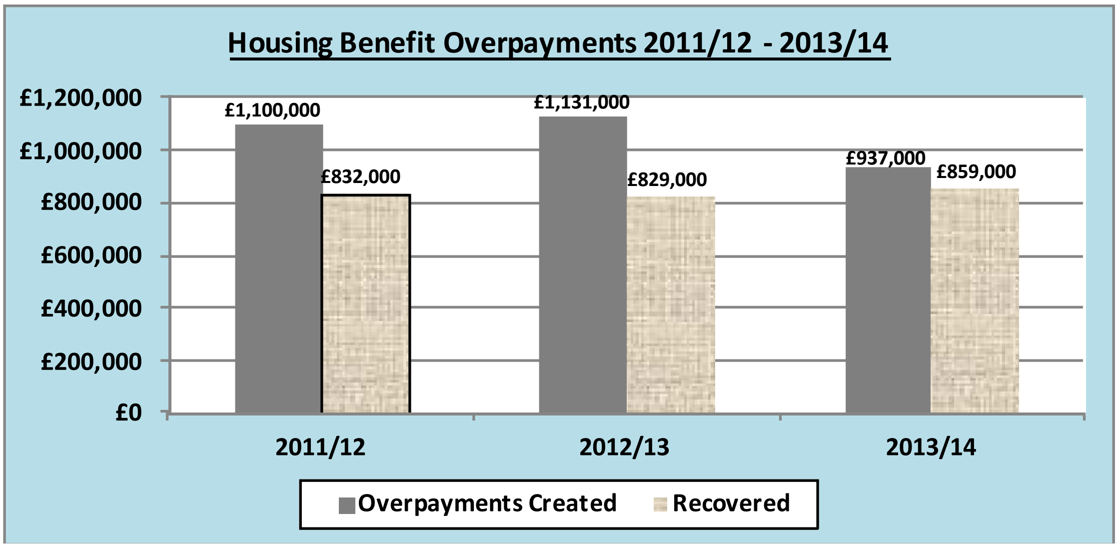


3.2. Whilst the Council continues to vigorously pursue recovery there are some sundry debts that become irrecoverable and this report seeks approval to their write out.

Housing Benefit Overpayment

3.3. The Council administers Housing Benefit on behalf of the Department for Work and Pensions and each year makes awards totalling about £48m to about 11,500 households in the Borough. Housing Benefit is a complex means tested type of financial support that relies on the claimant informing the Council as their personal circumstances change so that the value of their awards can be adjusted. Sometimes there are delays in the Council receiving and validating information resulting in historical overpaid benefit.

3.4. Where Housing Benefit awards are reduced, the level of any overpayment of benefit is calculated which is recoverable from the claimant. The value of overpayments created in 2013/14 fell by 17% compared to the value created in 2012/13. Furthermore, the Council sustained high levels of overpayment recovery in 2013/14 by cash payments or deductions from ongoing benefit entitlements. The value of overpayments created in each of the last 3 financial years is shown below together with the amount of overpayments recovered:



Where the claimant continues to be in receipt of Housing Benefit, recovery is made from ongoing benefit at a standard rate as advised by the DWP, currently £10.95 per week or £18.25 per week for proven fraud overpayment cases. For those claimants no longer in receipt of benefit, they are invoiced and subject to the same recovery arrangements as sundry debts.

3.5. By their nature, recovery of housing benefit overpayment debts is challenging. The Council continues to pursue recovery in a firm but fair manner and will seek to avoid hardship by negotiating realistic and affordable repayment arrangements. Repayment in some instances will take a number of years which increases the risk of non collection. This report seeks approval to write out of the Council's financial accounts a number of housing benefit overpayments for the reasons set out in section 4.

4. FINANCIAL ISSUES

4.1 The external auditor in giving an opinion on the Council's financial accounts, needs to be satisfied that debtors are fairly stated within the Council's Balance Sheet and that there are effective arrangements for identifying any debts considered irrecoverable and that they have been written out of the Council's accounts.

4.2 As part of the process of compiling the annual financial statements an assessment of the recoverability of all debts is undertaken and financial provisions are made for potential non recovery. All of the debts proposed for write out within this report can be covered by the existing provision.

4.3. The following debts are now considered irrecoverable and are recommended for write for the reasons set out:

Sundry Debts – absconder / deceased / miscellaneous - Appendix A ** - £6,241.62.

Sundry Debts – company in liquidation - Appendix B £2,251.80.

Housing Benefit Overpayments – absconder / deceased / miscellaneous – Appendix C £32,960.40 **.

Appendices A and C contain exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely (para3), information relating to the financial or business affairs of any particular person (including the authority holding that information.

5. RECOMMENDATION

5.1 It is recommended that Members write out irrecoverable sundry debts totalling £8,493.42 and irrecoverable housing benefit overpayments totalling £32,960.40.

6. REASON FOR RECOMMENDATION

6.1 To ensure the Council's financial accounts are correctly stated.

7. BACKGROUND PAPERS

7.1 No background papers.

8. CONTACT OFFICER

John Morton
Assistant Chief Finance Officer
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John.morton@hartlepool.gov.uk

Sundry Debt Write outs over £1000 – Companies Dissolved / In Liquidation
Period 13th March 2014 to 30th November 2014

The following Sundry Debts are the balances left outstanding following Companies ceasing to trade.

Account No	Name and Address	Due date	Amount	Reason for Write off
8066295	J Hughes Construction Ltd Hughes House Cargo Fleet Lane Middlesbrough	20.12.13	£2251.80	Company in Liquidation.
		TOTAL	**£2251.80**	

FINANCE AND POLICY COMMITTEE

22nd December 2014

HARTLEPOOL BOROUGH COUNCIL

Report of: Director of Regeneration and Neighbourhoods

Subject: UNIT 4 BRIERTON LANE

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1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Non key decision.

2. PURPOSE OF REPORT

2.1 To consider the options in relation to the potential disposal of unit 4 Brierton Lane at less than best value.

3. BACKGROUND

3.1 Unit 4 Brierton Lane is a shop unit owned by Owton Manor West Neighbourhood Watch and Residents Association located in a small parade at the western end of Brierton Lane, near the junction with Eskdale Rd. In June 2006 it was agreed to sell land forming part of the pavement (subject to a stopping up order) to the Association for £2,000 so that they could construct an extension to their property. The property is shown hatched on the plan at **APPENDIX 1**

3.2 Planning permission was granted for the extension and it was subsequently built but the transfer of the land never took place, nor was the pavement formally stopped up. Nevertheless, the extension was occupied by the Association until it closed down about 2 years ago. Following the closure of the Association, the whole property has been vacant. The former Manager , has on a voluntary basis looked after the property since it was closed and following the closure placed it on the market for sale, unaware that part still belonged to the Council. A sale has now been agreed and the solicitors have identified the defect in legal title.

3.3 A sale of the whole unit has been agreed on terms as set in **CONFIDENTIAL APPENDIX 3 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, (paragraph 3)**

information relating to the financial or business affairs of any particular person (including the authority holding that information.

The purchasers' are buying the property in their own name but intend to use it for Southbrooke Community Project (SCP) purposes. SCP is an Incorporated Charitable Organisation and intends to use the property for alternative education and community services. SCP is based at Southbrooke Community Farm and further details of the organisation including its business plan are given in **CONFIDENTIAL APPENDIX 4 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, (paragraph 3) information relating to the financial or business affairs of any particular person (including the authority holding that information.**

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3.4 As the extension has been built on Council land in legal terms both the land and the extension have now become the Council's property the combined value of which is assessed by the Council's Asset & Regeneration Manager as £12,000.

Although the onus to ensure the land was transferred prior to construction commencing on site this was the responsibility of the Residents Association. They have requested that the Council honor the terms as agreed in 2006 which would require a sale of the land and extension at £2,000 which is £10,000 less than the assessment of the current value. The proposed purchasers have agreed that a restrictive covenant be incorporated within the sale to restrict the use to non- profit educational, community and youth work purposes limited to a period of 10 years. Should they wish to dispose of the property earlier than this period then they would pay the Council the remaining proportion of the £10,000 on the basis of a reducing amount of £1,000 for each year the property is operated in accordance with the user covenant.

This arrangement protects the Council's interest in that the property will be retained for use in conjunction with the Southbrooke Project therefore benefiting from the social, economic and wellbeing benefits that this provides whilst also ensuring the proportionate payment of the remaining capital value should the property be sold for an alternate use during a 10 year period.

3.5 In August 2012 the Council adopted a protocol for the sale of land at less than best value to be followed in cases of this nature should Members consider that this is the appropriate way forward. The protocol can be summarised as follows:

- *The matter to be referred initially to the relevant Committee:*
  This report is the referral to the relevant committee.

- *Proposals will be discussed with External Audit (Mazars):*
  Discussions with the Council's external auditors have not raised any material concerns.

- *Valuation report and description provided by the Estates and Asset Manager:*
  Please see attached report at **APPENDIX 2.**

- *An assessment with supporting evidence provided by the department promoting the scheme of the non monetary benefits to the Council:*
  Southbrooke Community Project (SCP) is a local authority approved provider, for the delivery of alternative education, to young people not in full time education at their registered school. The schools currently have 7 young people placed at SCP, which is near to their capacity. SCP offers accreditation in a 'Princes Trust' qualification which requires the youngsters to complete written course work. The current classroom at SCP is adequate but in no way does it replicate the environment that a school offers. The department would welcome SCP moving the academic study part of the course to the improved facilities which would be provided by the unit in Brierton Lane and strongly believes the youngsters would too. Use of the premises for these purposes would be subject to the Council's Health & Safety team visiting and approving them.

  Neither the Council nor the schools can guarantee that SCP would continue to receive young people onto their programme in the future. The decision as to whether a young person goes to SCP is the choice of the youngster and their parents. However there is likely to be an ongoing demand for these services.

- *Confirmation that the disposal contributes positively to an agreed Council priority and that it will not adversely affect a higher priority:*
  As noted above, there is a need to provide placement opportunities for young people not in full time education at their registered school; this disposal will contribute to the requirement and will not have any adverse effects on other priorities.

- *A clear statement from the department promoting the scheme that the benefits the Borough or its residents will derive cannot be achieved unless the sale takes place at an under value, together with confirmation that no alternative means of funding is available:*
  The benefits of the sale and the subsequent scheme cannot be achieved without sale at under value as a requirement for sale at full value is likely to result in the sale to the Southbrooke Project not proceeding.

- *An assessment of the impact of the proposals on achieving existing £6.5m capital receipts target by the Section 151 officer:*
  This site is not one of the properties identified for disposal for the purposes of the Capital Receipts Target. There is a plan in place to achieve that particular target.

- *An assessment of the value of the capital receipt which would be foregone:*
  The forgone receipt is £10,000.

- *A statement from the Council's Chief Solicitor as to whether he considers a disposal is capable of falling within the terms of the consent:*
  The Chief Solicitor has advised that although a local authority can dispose of land 'in any manner they wish' this is constrained by Section 123 of the Local Government Act, 1972, wherein the consideration for any disposal should not be 'less than the best that can reasonably be obtained'. Where a local authority considers that a disposal should proceed at an 'under value' it needs to consider the requirements set out in Circular 06/03, which is for the most part is replicated in the Council's own protocol on such disposals (see the relevant commentary in this report). The Circular notes Government policy that local authorities should be able to dispose of surplus land 'wherever possible' but in the expectation that the sale of land would be for the 'best consideration reasonably obtainable'. Equally it is recognised there may be circumstances which justify a sale at an undervalue. Primarily the Council would need to determine if such a sale at an undervalue would assist in securing the promotion or improvement of the economic, social or environmental well-being of its area. Hence there is a balancing exercise between receipt of a reduced capital sum on any sale and the economic and other benefits that might flow from such a sale. Authorities are also reminded in the Circular that they must always 'remain aware of the need to fulfil their fiduciary duty in a way which is accountable to local people'

- *Sufficient information to enable Members to come to a conclusion as to whether the disposal would be proper use of the consent, having regard to the Council's fiduciary duties to local people:*
  The consent to dispose of property at less than best value would in this instance be given in order to support the provision by the Southbrooke Community project of a range of services from the property including the alternative education service and related services including detached youth work and breakfast and after school clubs.

- *An independent valuation where appropriate:*
  An independent valuation is not thought necessary in this instance as a valuation report has been provided by the Council's Principal Estate Surveyor.(Appendix 4)

- *A statement from the department promoting the scheme outlining whether the proposal is likely to infringe state aid regulations:*
  The proposed sale does not infringe state aid rules

4. OPTIONS

4.1 The following options should be considered:

a. Agree to the disposal of the Council's interest provided the market value payment of £12,000 is received from Owton Manor West Neighbourhood Watch & Resident Association as part of the overall proceeds of sale.

b. Agree to a sale for £2,000 for the freehold interest with vacant possession on the terms set out in **CONFIDENTIAL APPENDIX 5 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, (paragraph 3) information relating to the financial or business affairs of any particular person (including the authority holding that information.** This would be a sale at less than best value but the foregone receipt would assist Manor West Association to finalise their affairs and ensure that the sale to the purchasers' on behalf of Southbrooke Project proceeds with the social, wellbeing and economic benefits that this achieves.

c. Attempt to sell the Councils' proportion of the property for full market value. Clearly this would result in a higher capital receipt but would make it less likely that the sale can proceed to the proposed purchasers and create ongoing difficulties for the Association, who have continued to incur the costs of maintaining the building since its closure. In addition, it would be necessary to physically divide the 2 ownerships internally, which would be difficult..

d. Retain the property and / or lease it out. The Council has no operational need for the property and whilst it might be possible to lease it out, as noted above there would be difficulties and expense involved in subdividing it from the part owned by Manor West.

5. FINANCIAL CONSIDERATIONS

5.1 The foregone receipt would be £10,000 and the actual receipt would be £2,000. The sale of the property will contribute to the Capital Receipt target in the Medium Term Financial Strategy but was not identified as one of the properties to be disposed of for that target.

6. EQUALITY AND DIVERSITY CONSIDERATIONS

6.1 There are no equality or diversity considerations in this instance.

7. STAFF CONSIDERATIONS

7.1 There are no staff considerations in this instance.

8. ASSET MANAGEMENT CONSIDERATIONS

8.1 The attention of the Committee is drawn to the Asset Management element of the Medium Term Financial Strategy. The decision by Cabinet in January 2009 requires a commercial, proactive approach to be taken on Asset Management issues, the proceeds of this proposed transaction being a contribution to the Medium Term Financial Strategy (MTFS).

8.2 The decision to adopt a commercial approach to asset management strategies requires the Council to realize the full value of any properties or property rights that it disposes of. However in this instance for the reasons outlined above, a sale at less than best value may be considered.

9. SECTION 17 OF THE CRIME AND DISORDER ACT 1998 CONSIDERATIONS

9.1 The proposed use should help contribute to reducing low level crime and anti social behaviour in the area through successful engagement with young people and the local community generally.

10. RECOMMENDATIONS

10.1 It is recommended that Members consider the options but taking account of the specific circumstances and original intention of the parties together with the social economic and wellbeing benefits of facilitating the transfer it is recommended to conclude a disposal at less than best value subject to safeguarding the Councils' interest as set out in the terms and conditions in **CONFIDENTIAL APPENDIX 5 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, (paragraph 3) information relating to the financial or business affairs of any particular person (including the authority holding that information.**

11. REASONS FOR RECOMMENDATIONS

11.1 The Council has a duty to achieve best value from the disposal of its assets and ensure the generation of capital receipts to support the Council's budgetary position, however there was a clear intention that the Council were prepared to sell land for the extension for £2,000 in 2006 and it is unclear why the transaction was never completed. However although the value of the Council's interest has increased as a consequence of the extension being constructed there is an opportunity for the Council to secure wider economic social and wellbeing benefits from the sale at less than best consideration.

12. BACKGROUND PAPERS

12.1 There are no Background Papers in this instance.

13. CONTACT OFFICER

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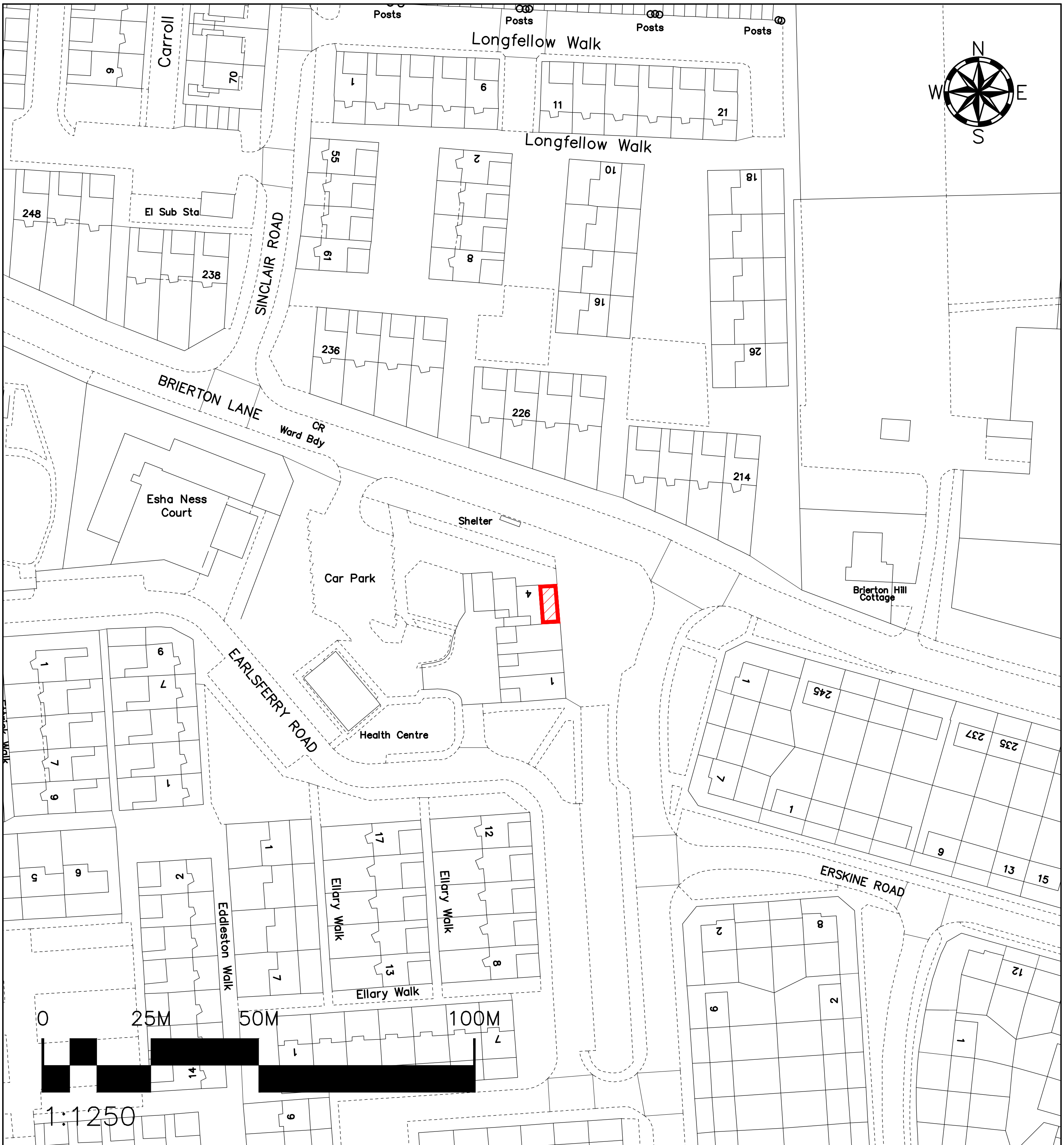

LOCATION	Part of Unit 4 Brierton Lane, Hartlepool
	AREA - 38.94 sq/m
DRAWN BY	CT
DATE	24/11/14
SCALE	1:1250
DEED PACKET	-
OS MAP	-
DRWG NO	E/S/811

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HARTLEPOOL BOROUGH COUNCIL

Regeneration and Neighbourhoods
Valuation Report for Internal Financial Reporting Purposes Only

Property:

Unit 4 Brierton Lane Hartlepool TS25 4BX

UPRN:

None assigned

Service Department:

Regeneration and Neighbourhoods

Current Use:

Vacant

Description of Property:

The property comprises a small single storey shop unit located on the corner of a parade of similar units and one larger shop in a mainly residential area about 2 ½ miles from Hartlepool Town Centre. It is constructed of cavity brickwork under a flat roof and has roller shutters to the front elevation. The unit was constructed as an extension to the original unit and interconnects with it.

Accommodation

Comprises: Shop/office 19.99 sq m

Kitchen 5.83 sq m

Lobby 3.74 sq m

WC with wash hand basin 3.2 sq m

Floor/Site Area:

The total Net Internal Area is 29.56 sq m

Nature of Interest:

Freehold. The property currently forms part of the adopted pavement but it is considered a stopping up application would be successful.

Reason for valuation:

Proposed Sale

Date of Inspection

1st October 2014

Valuation Date:

As at 24th November 2014

Method of Valuation

Comparables/Investment

Basis of Valuation:

Fair Value Market Value

Value

£12,000

The investigations and enquiries upon which all of our valuations are based are carried out by valuation surveyors, making appropriate investigations having regard to the purpose of the valuation. Our reports and valuations are prepared in accordance with the RICS *Appraisal and Valuation Standards* (the '*Red Book'*).
Subject to any variation expressly agreed and recorded in the accompanying letter, our work will be on the basis set out below:

1) Condition and repair

Unless specifically instructed to carry out a separate building survey, or commission a test of service installations, our valuation will assume:

(i) That except for any defects specifically noted in our report, the property is in good condition.

(ii) That no construction materials have been used that are deleterious, or likely to give rise to structural defects.

(iii) That no hazardous materials are present.

(iv) That all relevant statutory requirements relating to use or construction have been complied with.

(v) That any services, together with any associated computer hardware and software, are fully operational and free from impending breakdown or malfunction.

We shall, however, reflect the general condition noted during the course of our valuation inspection and any defects or hazards of which we become aware in the course of our investigations. Any matters that we consider material to the valuation will be referred to in our report.

2) Ground conditions and environmental risks

Unless provided with information to the contrary, our valuation will assume:

(i) That the site is physically capable of development or redevelopment, when appropriate, and that no special or unusual costs will be incurred in providing foundations and infrastructure.

(ii) That there are no archaeological remains on or under the land which could adversely impact on value.

(iii) That the property is not adversely affected by any form of pollution or contamination.

(iv) That there is no abnormal risk of flooding.

We shall, however, comment on any factors discovered during the course of our valuation enquiries that could affect the market perception of risks caused by these factors.

3) Tenure and tenancies

We shall rely upon information already held relating to tenure, and related matters. We will not commission a formal legal search and will assume the information provided to be accurate, up-to-date and complete.

4) Planning and highway enquiries

We shall make informal enquiries of the local planning and highway authorities where necessary and also rely on existing information held within the Procurement and Property Services Division and information that is publicly published or available free of charge. Any information obtained will be assumed to be correct. No local searches will be instigated. Except where stated to the contrary, we shall assume that there are no local authority planning or highway proposals that might involve the use of compulsory purchase powers or otherwise directly affect the property.

5) Floor areas

All measurements will be taken in accordance with the RICS *Code of Measuring Practice*. The floor areas in our report will be derived from measurements taken on site or that have been scaled from the drawings supplied from the Procurement and Property Services Division.

6) Plant and machinery

We will include in our valuations those items of plant and machinery normally considered to be part of the service installations to a building and which would normally pass with the property on a sale or letting. We will exclude all items of process plant and machinery and equipment, together with their special foundations and supports, furniture and furnishings, vehicles, stock and loose tools, and tenants' fixtures and fittings.

7) Tenant status

Although we reflect our general understanding of a tenant's status in our valuation, we will make no detailed enquiries about the financial status of tenants. We will assume that appropriate enquiries were made when leases were originally exchanged, or when consent was granted to any assignment or underletting.

8) Development properties
For properties in the course of development, we will reflect the stage reached in construction and the costs remaining to be spent at the date of valuation. We have regard to the contractual liabilities of the parties involved in the development and any cost estimates that have been prepared by the professional advisers to the project. For recently completed developments, we will take no account of any retentions, nor will we make allowance for any outstanding development costs, fees, or other expenditure for which there may be a liability.

9) Costs of Construction

All costs of construction are taken from New Build Prices stated in the latest BCIS Survey of Tender Prices.

10) The Depreciated Replacement Cost Method

Depreciated Replacement Cost (DRC) is recognised as an acceptable method of valuation where more reliable methods, such as market comparison or an income (profits test) cannot be applied.

This valuation relies on the DRC method and the valuation is provided for the internal market only, assuming the continuing use of the asset. The valuation is therefore subject to the prospect of the continuing viability of this asset.

The Depreciated Replacement Cost of an asset is not necessarily the price that could be achieved by disposing of the asset and such a price depends on various assumptions.

Where it is considered that there is an alternative use for the land of the property and the value of this use is higher than the Depreciated Replacement Cost, this is stated within the 'Value' section of this report.

The depreciation that is applied to the valuation is a physical quantification of the obsolescence of the property taking the following into account:

Physical Obsolescence: This is the result of wear and tear over the years, which may be combined with a lack of maintenance. The valuer compares the decline in value of an asset of a similar age for which there is a market with the value of new assets in that market.

Functional Obsolescence: Functional obsolescence arises where the design or specification of the asset no longer fulfils the function for which it was originally designed. An example would be a building that was designed with specific features to accommodate a process that is no longer carried out.

Economic Obsolescence: This arises from the impact of changing economic conditions on the demand for goods or services produced by the asset.

Signed
Philip Timmins BA Hons MRICS
Principal Estates Surveyor

Date 24.11.14

FINANCE AND POLICY COMMITTEE

22nd December 2014

HARTLEPOOL BOROUGH COUNCIL

Report of: Director of Regeneration and Neighbourhoods

Subject: NEW CLARENCE HOUSE

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Non key decision.

2. PURPOSE OF REPORT

2.1 To seek consent for the variation of the long lease to the rear access road and the release of a restrictive covenant affecting the property.

3. BACKGROUND

3.1 New Clarence House was built in the 1990's as a new headquarters and printing press facility for the Hartlepool Mail. At the time the nearby road layout was altered as part of the City Challenge regeneration scheme and in order to help facilitate the development, the Council granted a 99 year lease over Council owned land adjoining William Gray House to Northeast Press for access to the rear of the site. The user clause in the lease stipulated that the land was to be used solely for Hartlepool Mail operations. Northeast Press was subsequently acquired by Johnston Press. The Council is also the beneficiary of a restrictive covenant affecting the property. The restrictive covenant restricts the use of the building to:

(i) The trade or business of newspaper publishers and printers and/or

(ii) office or commercial development within Use Classes A2 or B1 of the Town and Country Planning (Use Classes) Order 1987

The second part of the covenant effectively prevents use of the property for retail (except uses such as estate agents, insurance brokers etc) as well as other commercial or residential uses except offices.

3.2 After a period of full occupation, the building was mainly vacated by the Mail (apart from a small number of office staff) and the property was placed on the market for sale or to let. Both the lease terms and to a lesser extent the restrictive covenant are an impediment to the full use and value of the property and the owner's agent approached the Council's Estates Manager to agree terms to resolve these issues. The New Clarence House site is shown cross hatched on the plan at **APPENDIX 1,** and the Council owned land subject to the long lease is shown hatched.

3.3 The owner's agent has now been able to agree a lease of the property to a local firm and in order to facilitate the lease, terms have been provisionally agreed for the variation of the lease over the Council owned land and release of the restrictive covenant. The terms agreed are set out in **CONFIDENTIAL APPENDIX 2**. **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, (paragraph 3) information relating to the financial or business affairs of any particular person (including the authority holding that information.**

3.4 Johnston Press has given board approval to progress with this lease, which is scheduled to begin in January. They will be using the office space for their business and the yard and warehouses for their engineering equipment. The lessee's have approximately 150 staff currently based in Hartlepool. The firm has been looking for new premises for some time and as a significant employer it is clearly desirable to retain their presence in the town and indeed the relocation of 150 staff into the heart of the town centre could have beneficial impacts for the local retail economy.

3.5 With regard to the number and weight of vehicles using the rear access and their potential effect on the adjoining adopted road and pavement, discussions with the Council's Highways Engineer have confirmed that there should not be any undue damage from heavy vehicles accessing the rear of the property. The use of the building by Seymour's is unlikely to involve significantly more heavy traffic than was the case when printing was carried out on the site.

4. PROPOSALS

4.1 It is proposed to proceed with the variation of the user clause in the lease to allow unrestricted use of the demised land and to release the restrictive covenant to allow any use of the freehold property on the terms set out in **CONFIDENTIAL APPENDIX 2 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, (paragraph 3) information relating to the financial or business affairs of any particular person (including the authority holding that information.**

5. FINANCIAL CONSIDERATIONS

5.1 A capital receipt will be obtained from the transaction which will contribute to the £6.5m Capital Receipts target included in the Medium Term Financial Strategy.

5.2 The restriction in relation to retail trading was originally imposed to prevent competition with the shopping centre, which was wholly owned by the Council at the time. The loss of this restriction is not considered likely to lead to retail use of the site as the building is not suitable and current market demand and retail value levels are not likely to support a conversion to retail use or development. It is therefore unlikely that there will be adverse any impact now or in the foreseeable future on the shopping centre or indeed other retail businesses in the area.

6. EQUALITY AND DIVERSITY CONSIDERATIONS

6.1 There are no equality or diversity considerations in this instance.

7. ASSET MANAGEMENT CONSIDERATIONS

7.1 The attention of the Committee is drawn to the Asset Management element of the Medium Term Financial Strategy. The decision by Cabinet in January 2009 requires a commercial, proactive approach to be taken on Asset Management issues, the proceeds of this proposed transaction being a contribution to the Medium Term Financial Strategy (MTFS).

7.2 The decision to adopt a commercial approach to asset management strategies requires the Council to realise the full value of any properties or property rights that it disposes of.

8. SECTION 17 OF THE CRIME AND DISORDER ACT 1998 CONSIDERATIONS

8.1 There are no Section 17 considerations in this instance.

9. RECOMMENDATIONS

9.1 It is recommended that the Council proceed with the release of the restrictive covenant and variation of the user clause in the lease on the terms outlined in **CONFIDENTIAL APPENDIX 2 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, (paragraph 3) information relating to the financial or business affairs of any particular person (including the authority holding that information.**

10. REASONS FOR RECOMMENDATIONS

10.1 The Council will receive a capital receipt which will contribute to the capital receipts target of £6.5m included in the Medium Term Financial Strategy.

10.2 The lease to the new occupier should help to secure the retention of the firm and around 150 jobs in Hartlepool and will involve the full re-use of a prominent town centre building.

10.3 Discussions with the Council's Highways Engineer have confirmed that the adjoining adopted road and pavement should not suffer undue damage from any heavy vehicles accessing the rear of New Clarence House.

11. BACKGROUND PAPERS

11.1 There are no Background Papers in this instance.

12. CONTACT OFFICER

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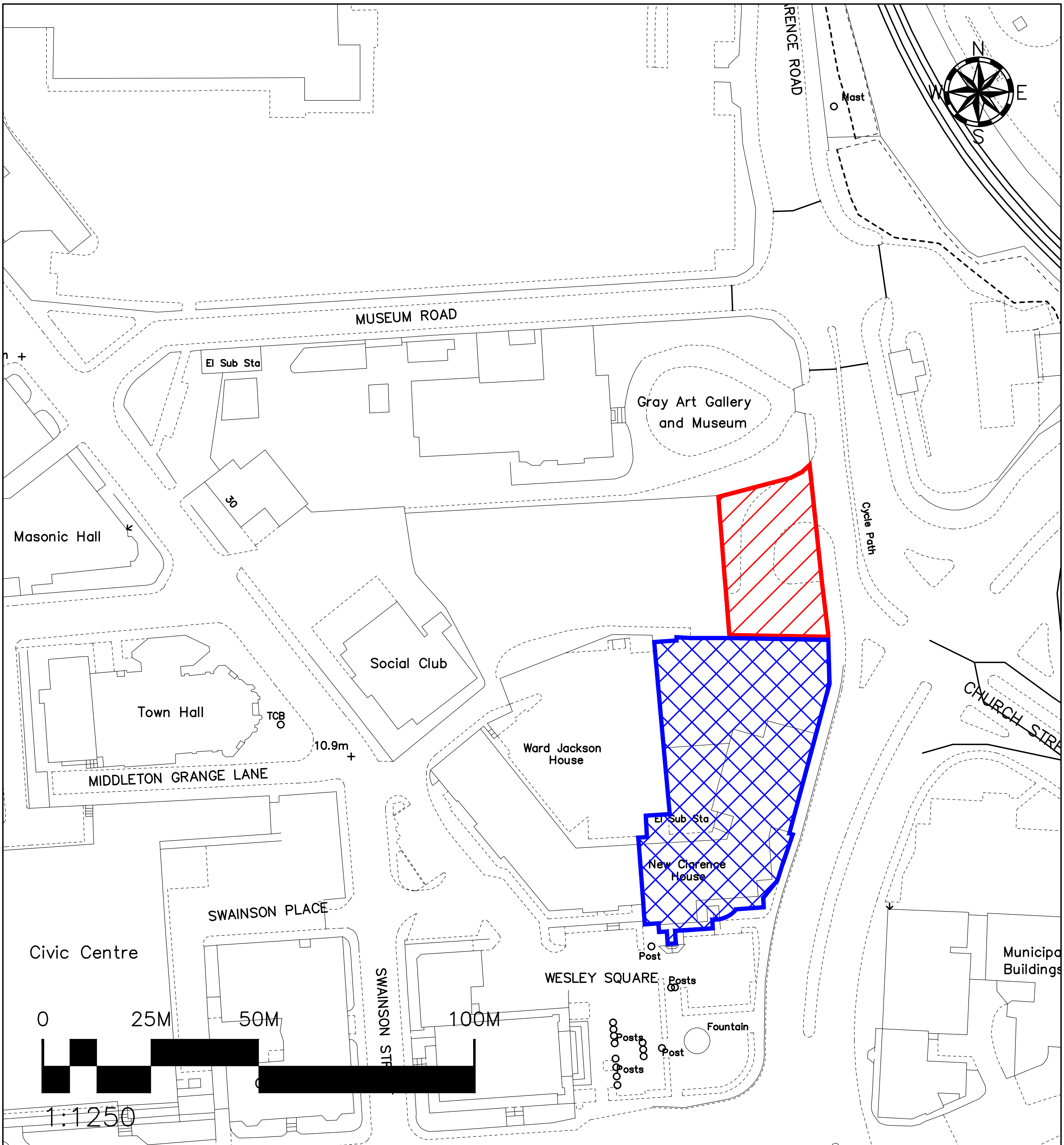

LOCATION Land at Clarence Road, Hartlepool		DRAWN BY CT / DATE 24/11/14
		SCALE 1:1250
DEED PACKET -	OS MAP -	DRWG NO E/S/813

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FINANCE AND POLICY COMMITTEE

22nd December 2014

Report of: Assistant Director (Neighbourhoods)

Subject: STAFF LOTTERY SCHEME

1 TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Non Key Decision.

2 PURPOSE OF REPORT

2.1 To seek approval from Members of Finance and Policy Committee to introduce a staff lottery scheme.

3 BACKGROUND

3.1 Many organisations have set up staff lottery schemes with the aim to generate money for good causes or to support one-off projects, at the same time as offering benefits and cash prizes to staff.

3.2 A number of public sector organisations have set up staff lottery schemes including City of York Council, Nottingham University Hospitals NHS Trust, South Tees Hospitals NHS Foundation Trust and Mid Yorkshire Hospitals NHS Trust.

3.3 Hartlepools proposed scheme has been compiled after reviewing some of the schemes in operation above. The aim of the scheme is to generate income which can be used to support initiatives across all departments within the Council and/or assist in the establishment of staff benefit initiatives.

3.4 The process requires an application to the Gambling Commission to legally operate a lottery scheme. Certain criteria must be met in order to qualify as a small Local Authority lottery:-

- proceeds must not exceed £250K per annum and it must be open to all eligible employees
- a quarterly return must be submitted to the Gambling Commission and this will be independently audited
- HBC staff lottery will be a 'small society lottery' under the terms of the Gambling Act 2005 with the scheme being monitored and governed by a

separately constituted internal select committee; including the monthly draw
- at least 20% of income received must be paid out in prizes, however the make-up of prizes can be determined by the level of income and agreed parameters set by the lottery committee

4 PROPOSAL

4.1 The scheme will be available to all employees of the Council. Staff will join the scheme by completing an application form and fees will be collected by deduction from their salary. Staff have the option to opt in or out of the scheme but it is proposed that once signed up they remain a member for at least a 6 month period in order to minimise the administration involved within the payroll section.

4.2 Take up is important to ensure that sufficient funds are collected to offer attractive prizes. It is therefore proposed that a minimum 50% of all proceeds from the lottery will be returned to staff as cash prizes, by way of a monthly draw, with additional enhanced prizes throughout the year. As previously stated the lottery committee will determine the makeup of prizes offered, however an example may include the following

- 1st prize 70% of the total prize fund
- 2nd prize 20% of the total prize fund
- 3rd prize 5% of the total prize fund

The remaining 5% could be used to fund an additional 'special draw' e.g., annually at Christmas.

4.3 Take up of the scheme is very difficult to predict and consultation may be undertaken to establish if there will be sufficient demand to support an attractive prize fund. Potential sponsorship of non financial prizes would be explored as a further enhancement to the scheme.

4.4 Based on the proposals set out above, scenarios have been prepared to show the potential prize fund and project fund available depending on the level of take up for the scheme. The monthly fee will be set following further consultation prior to the launch of a scheme, however £5 per month has been suggested to ensure there is an adequate prize fund, and this has been used for illustrative purposes in the following table.

Table 1 - Staff Lottery Scheme Potential Scenarios

No. of Employees	Take Up	Total Monthly Prize Fund Available £	Annual Fund to Support Projects/ Fund Running Costs £
100	2%	250	3,000
200	4%	500	6,000
300	7%	750	9,000
400	9%	1,000	12,000
500	11%	1,250	15,000
600	13%	1,500	18,000
700	16%	1,750	21,000
800	18%	2,000	24,000
900	20%	2,250	27,000
1,000	22%	2,500	30,000
1,100	24%	2,750	33,000
1,200	27%	3,000	36,000
1,300	29%	3,250	39,000
1,400	31%	3,500	42,000

4.5 The prize fund established will be used to support various projects including good causes and staff events. All applications to the fund will be received and approved by the Staff Lottery Committee and staff will be encouraged to put forward applications to the committee for consideration. The scheme will be managed and run by staff and is external to Council funding streams.

4.6 The running costs associated with the scheme are expected to be minimal and will be covered from the income collected and reduce the amount available for redistribution. The annual fee payable to the Gambling Commission is less than £100 p.a. and printing and stationary costs will also be incurred. An admin fee of 5% of all deductions made will be charged to cover the admin costs incurred by the Payroll section. This will ensure that there is no cost to the Council for delivering the scheme. All other functions are expected to be undertaken by the volunteers who will make up the staff lottery committee.

4.7 Generally staff lottery schemes are governed by volunteers employed within the organisation and this comprises of an executive and staff representatives. The executive's role is to ensure business is undertaken in accordance with the lottery's constitution. The Chair of the lottery committee generally provides the link between the committee and the corporate management team.

4.8 The Secretary attends all meetings and ensures the facilitation of the committee and the running of the lottery.

4.9 The Treasurer is a representative of the Council's corporate finance team and maintains all the financial records. All transactions are in compliance with the council's standing financial instructions and are subject to audit inspection. The Treasurer also issues quarterly account returns to the licensing department in accordance with the Gambling Act 2005.

4.10 The membership of the committee will also include staff representatives who will represent various staff groups included within the Staff Lottery membership. No remuneration will be paid to any member of the Committee for their role with the staff lottery.

5 CONCLUSION

5.1 The introduction of a Staff Lottery Scheme will provide a fund for prizes to staff as well as a fund to support one-off initiatives and staff rewards. This may be used to support schemes that staff feel are important and add value to their working environment. The scheme will be run by volunteers and running costs, which are expected to be minimal, will be funded from income collected. This will ensure that there is no cost to the Council for delivering the scheme.

5.2 A full constitution will be prepared and an application will be submitted to the Gambling Commission. If successful, further consultation will be undertaken with staff and a staff lottery committee will be selected from staff volunteers.

6. RECOMMENDATIONS

6.1 Members approve the introduction of a Staff Lottery Scheme as outlined in section 4 of the report.

7. REASONS FOR RECOMMENDATIONS

7.1 To generate money for good causes and / or support for one off projects – staff related.

8. BACKGROUND PAPERS

8.1 None.

9. CONTACT OFFICER

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FINANCE AND POLICY COMMITTEE

22 December 2014

HARTLEPOOL BOROUGH COUNCIL

Report of: Chief Finance Officer

Subject: TREASURY MANAGEMENT STRATEGY

1. TYPE OF DECISION

1.1 For information

2.1 PURPOSE OF REPORT

2.1 The purpose of the report is to provide an overview of the recommended 2015/16 Treasury Management Strategy considered by the Audit and Governance Committee on 13th November 2014 before it is referred to the full Council for approval.

3. BACKGROUND

3.1 The Treasury Management Strategy covers the:

- the borrowing strategy relating to the Council's core borrowing requirement arising from historic capital expenditure funded from Prudential Borrowing;
- the borrowing strategy for the use of Prudential Borrowing for approved capital investment business cases, for example LED streetlight replacement, housing schemes and the development of a new 'Centre for Independent Living' where loan repayment costs are funded from budget savings and / or increased income; and
- the annual Investment strategy relating to the Council's cash flow.

3.2 The Treasury Management Strategy needs to ensure the loan repayment costs of historic capital expenditure do not exceed the available General Fund revenue budget, which has been reduced as part of the Medium Term Financial Strategy. Similarly, for specific business cases the Treasury Management Strategy needs to ensure loan repayment costs do not exceed the costs built into the business cases.

3.3 The Local Government Act 2003 requires the Council to 'have regard to' the CIPFA (Chartered Institute of Public Finance and Accountancy) Prudential Code and to set prudential indicators for the next three years to ensure capital investment plans are affordable, prudent and sustainable.

3.4 The Act therefore requires the Council to set out a Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy, which sets out the policies for managing investments and for giving priority to the security and liquidity of those investments. The Secretary of State has issued Guidance on Local Government Investments which came into force on 1st April, 2004.

3.5 The Council is required to nominate a body to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies, before making recommendations to full Council. This responsibility has been allocated to the Audit and Governance Committee. Key elements of Audit and Governance report are detailed in the following paragraphs for Members information owing to the linkages with the Medium Term Financial Strategy.

4. ECONOMIC ENVIRONMENT AND OUTLOOK FOR INTEREST RATES

4.1 **The Global Economy**

4.2 **U.S.A. economy** – The Federal Reserve has continued monthly reductions in Quantitative Easing (QE) throughout 2014 and it was announced that QE had ended in October. The U.S.A faces similar debt problems to those of the UK, although the annual Government deficit has been halved from its peak without appearing to do too much damage to growth. However, weak labour force participation remains a key concern for the Federal Reserve as this will continue to depress sustainable consumer lead growth. Therefore, the Federal Reserve faces a similar dilemma to the Bank of England regarding the timing and scale of future interest rate increases.

4.3 **Eurozone economy** – continues to face the most challenging economic position owing to the increasing threat from weak or negative growth and deflation. Therefore, whilst concerns in financial markets for the Eurozone subsided during 2013, the sovereign debt difficulties (i.e. Government debt levels) have not gone away. Consequently major issues could return for countries which have not addressed the fundamental issues of low growth, international uncompetitiveness and the need for economic reform. These factors mean that sovereign debt concerns have not disappeared, but have only been postponed. This situation is likely to lead to continuing weak or negative growth over the next few years within the Eurozone.

4.4 **China** – Government action in 2014 to stimulate the economy is not working as well as anticipated and the growth target of 7.5% is increasingly unlikely to be met. There are also concerns regarding the creditworthiness of bank lending to the corporate sector and Chinese local government during the post 2008 credit expansion period and the potential impact of a significant reduction in houses prices drawing nearer. These factors could reduce future Chinese growth, which would have a negative impact on other economies.

4.5 **The UK Economy**

4.6 The UK economy grew in 2013 and is forecast to continue growing in 2014 and 2015. However, for the recovery to become more balanced and sustainable in the longer term, the recovery needs to move away from dependence on consumer expenditure and the housing market to exporting, particularly manufactured goods. This will be challenging owing to the outlook for the global economy, particularly in relation to the Eurozone.

4.7 One of the key issues for the UK economy and the Council's Treasury Management Strategy is the outlook for interest rates. In August 2013 the Governor of the Bank of England initiated "forward guidance", with the intention of making the banks policies more effective and to provide businesses and households with greater clarity on future interest rates.

4.8 Forward Guidance has been updated on a regular basis by the Governor of the Bank of England to reflect changes in the economic outlook. In response to the frequency of changes in the outlook for interest rates announced by the Governor some economic commentators have suggested the Governor has changed from being the 'unreliable boyfriend', blowing hot one day and cold the next (i.e. will interest rates increase soon, or won't they), to being the 'fearful fiancée' who has popped the question but can't bring himself to name the day (i.e. interest rates will increase, but the size and timing of the increase(s) is uncertain).

4.9 The position facing the Governor is extremely complicated owing to the unprecedented challenges of managing interest increases from the current historically low level and of managing the unwinding of 'Quantitative Easing'. The frequency of updated forward guidance reflects the Governors consistent approach that interest rate decisions will be driven by data and regular updates are designed to enable business and households to prepare for future changes in interest rates.

4.10 At this stage the outlook is for steady and small increase in the Base Rate commencing in 2015, with a peak rate below the pre 2008 Base Rate of 5%, reflecting the negative impact increased interest rates will have on the economy. What remains uncertain is the timing of the first interest increase and the frequency/value of subsequent increases. The Governor has indicated these decisions will be subject to regular review to assess the impact of changes in the economy.

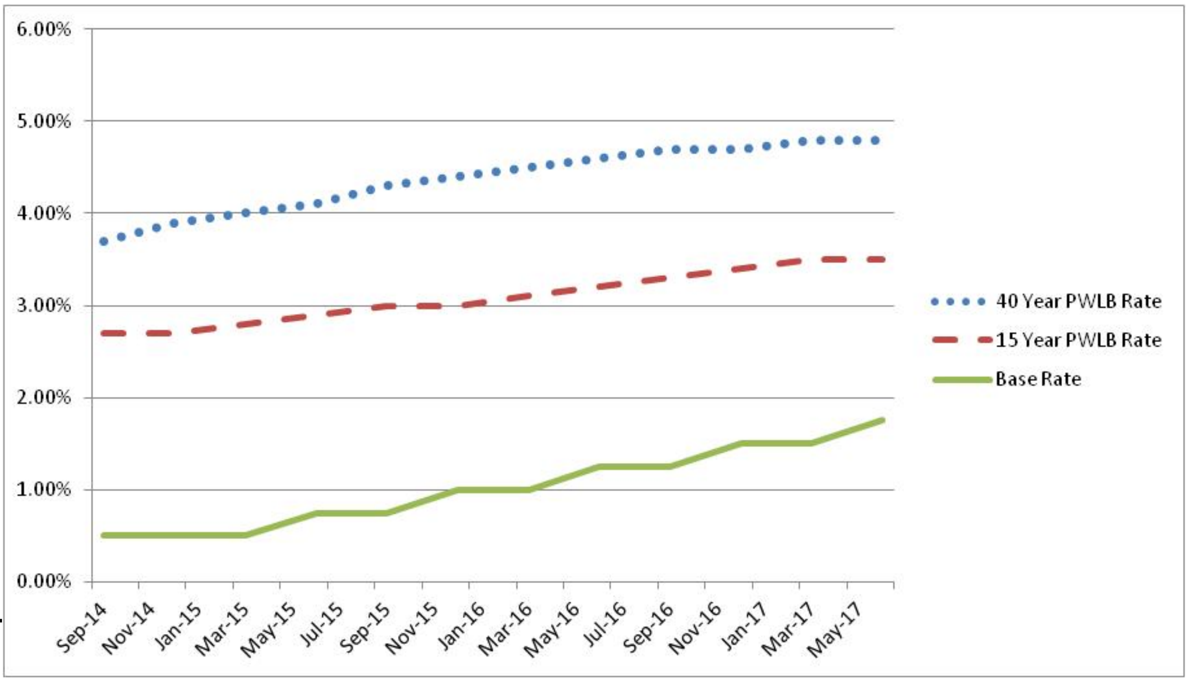
4.11 In terms of the impact on longer term borrowing rates it is currently anticipated that there will much smaller increases as longer terms rates have changed less and forecast rates already anticipate increases in the Base Rate.

4.12 **Interest Rate Forecasts**

4.13 As indicated above forecasting future interest rates remains extremely challenging as the base rate has remained unchanged for longer than most economists initially forecast. Capita Asset Services (the Council's Treasury

Management advisors) continue to update their forecasts to reflect statements by the Governor and changes in the economy. The latest forecasts up to June 2017 are provided in the following graph.

Interest Rate Forecast up to June 2017



5. BORROWING STRATEGY 2015/16

5.1 As indicated earlier in the report borrowing strategies are needed for the Core Borrowing Requirement and the Borrowing Requirement related to specific business cases, as outlined in the following paragraphs.

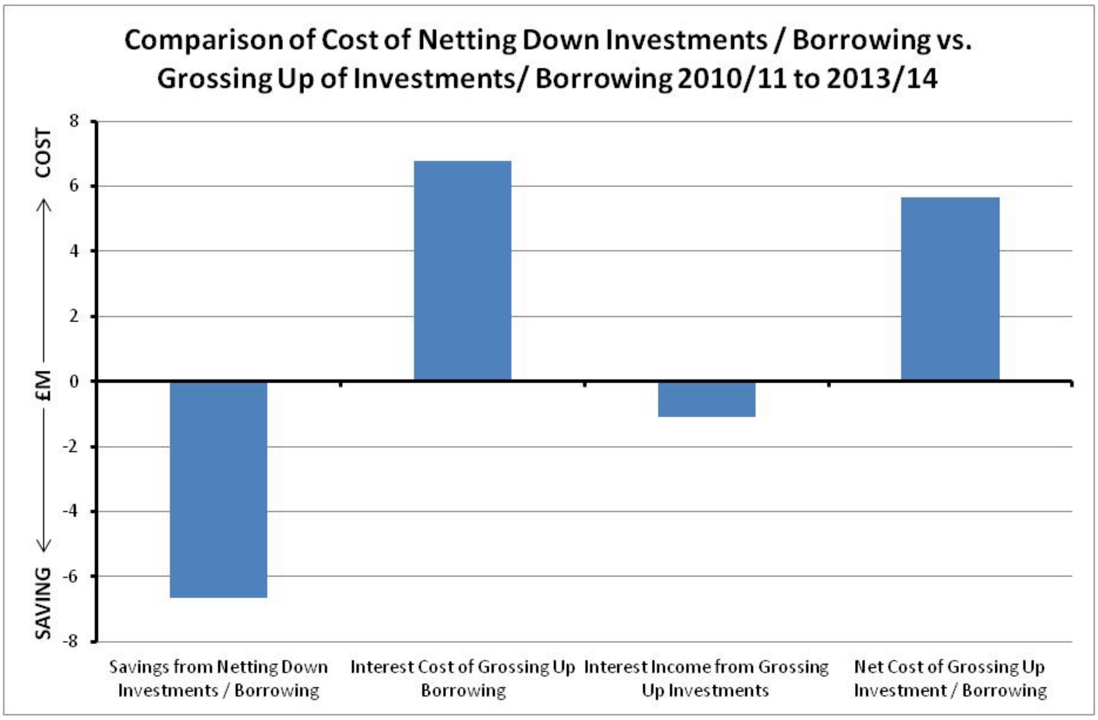
5.2 **Core Borrowing Requirement**

5.3 The continuing objective of the Council's Treasury Management Strategy is to fund the core annual borrowing requirement at the lowest possible long term interest rate.

5.4 Since the unprecedented reduction in the Base Rate to 0.5% in March 2009 (the lowest level in more than 300 years) the Treasury Management Strategy has been to net down investments and borrowings. This approach has been adopted by many other Authorities. In simplistic terms this approach is the equivalent of a household having an offset mortgage, although the regulations for the Council's Treasury Management arrangements are significantly more complex and the Council is managing public money.

5.5 This approach also enabled the Council to reduce investment counterparty risk and to provide the lowest cost to the Council for the last 4 years (2010/11 to 2013/14). Reducing investment counterparty risk continued to be particularly important during the banking crisis as it reduced the value of external investments at a time of significant financial uncertainty. This approach continued the Council's cautious investment approach, which also avoided investing in foreign banks, including Icelandic banks.

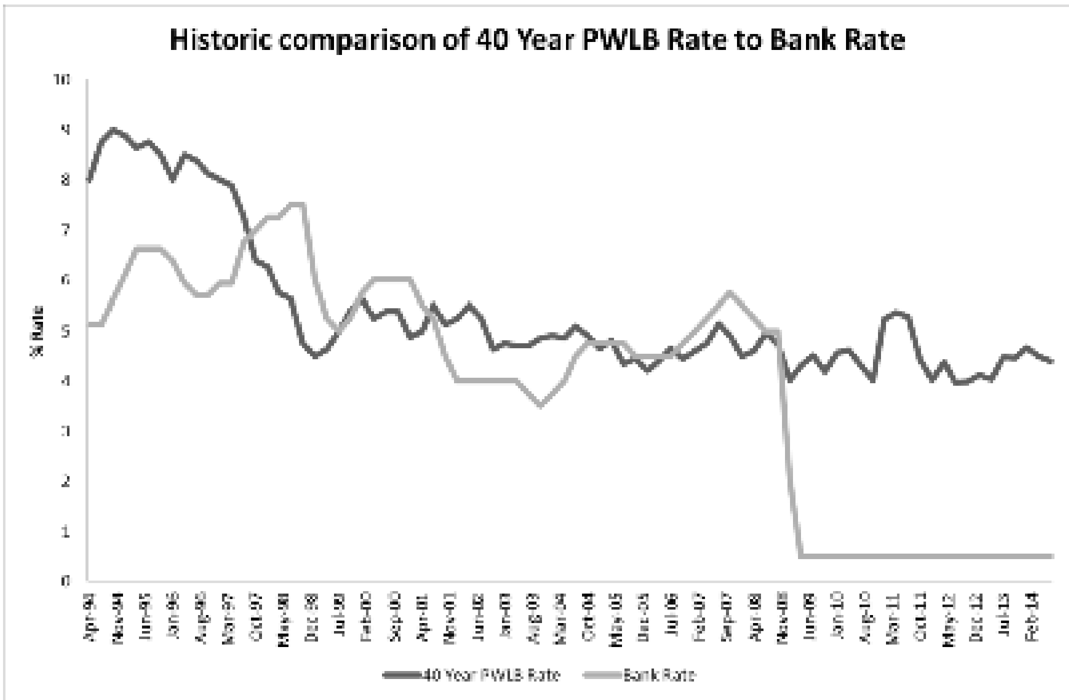
5.6 The approach avoided committing to longer term interest rates for loans, which have typically remained at about 4.2% for 40-year debt, as opposed to generating only around 0.6% on investments (the average for 2010/11 to 2013/14). This approach has provided temporary revenue saving on the cost of 'carrying' debt of around 3.6% per annum (i.e. the difference between long term interest rates for borrowing and short term rates for investments). Over the period 2010/11 to 2013/14 this has resulted in cumulative savings of £6.7m compared to a potential cumulative net cost of carrying the debt of £5.7m as summarised in the graph below. The resulting savings have been reflected in the annual outturn strategy which has earmarked resources to support the revenue budget in future years, support the Local Council Tax Support scheme and manage financial risks (for example Business Rates Risks).



5.7 The existing Treasury Management Strategy always recognised that this approach was not sustainable in the longer term as the one-off resources which have been used to temporarily avoid long term borrowing will be used up. Therefore, at some point the Council will need to fund the borrowing requirement from longer term loans and secure affordable long term interest rates to achieve the Treasury Management savings already built into the 2015/16 base budget of £1.270m:

- Sustainable saving built into base budget from 2014/15 £1m;
- Additional sustainable saving built into base budget from 2015/16 £0.270m

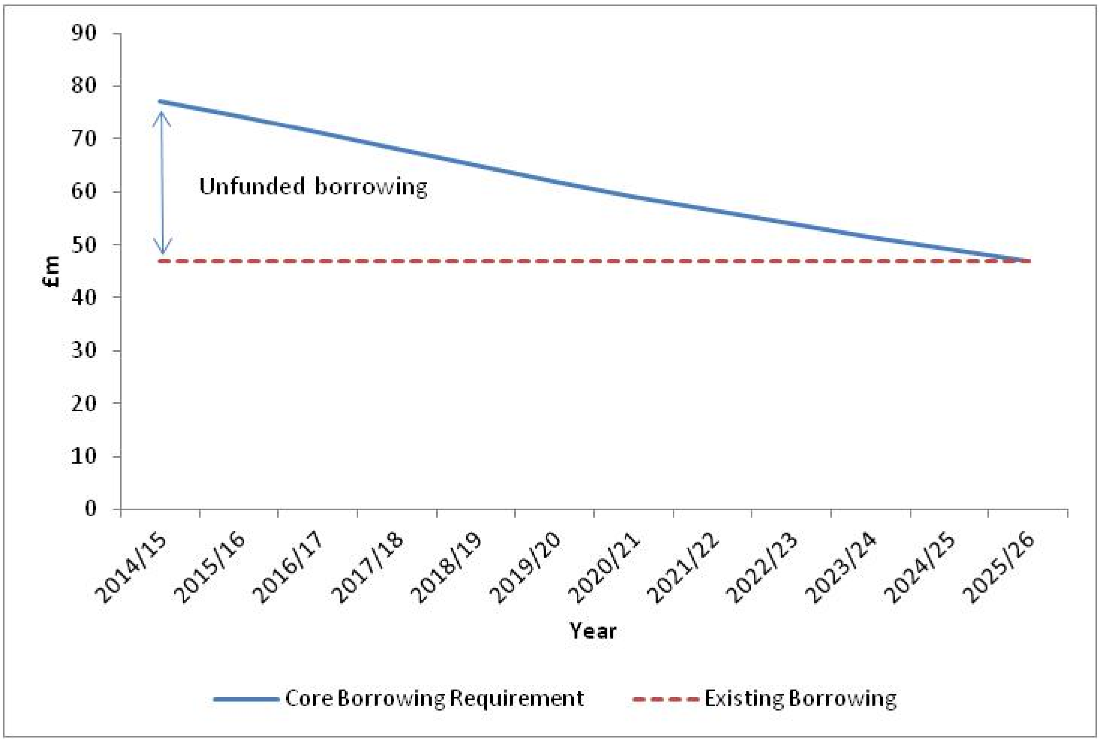
5.8 The timing of borrowing decisions will need to reflect the outlook for the Base Rate and the impact this will have on longer term interest rates. Whilst, current long term interest rates are significantly higher than the current Base Rate they are still historically low, as highlighted in the following graph:



5.9 Recent announcements by the Governor of the Bank of England indicate that increases in the current Base Rate of 0.5% are now getting closer, although the timing and scale of increases is still uncertain. Whilst, most economists and financial commentators are not expecting the Base Rate to return to 5%, they had not forecast the unprecedented cut to 0.5%. This underlines the financial challenge facing the Council in making future borrowing decisions.

5.10 As reported previously the Core Borrowing requirement is forecast to reduce over a number of years as the Council is not adding to this debt. This position reflects the Government's decision to replace supported Prudential Borrowing with capital grants for capital projects/programmes it wishes to support. This change was necessary owing to the impact of re-localising Business Rates and the system for supporting revenue budgets. On this basis the level of the Core Borrowing requirement will reduce from £80.378m at 31st March 2014 to £47.058m at 31st March 2026, as summarised in the following graph.

Forecast Core Borrowing requirement 2014/15 to 2025/26



5.11 The "triangle" on the graph shows the annual reductions in the difference between the Core Borrowing requirement and the existing fixed long terms loans. This difference shows the value of unfunded borrowing and as time progresses the financial risk to the Council reduces as a result of the cumulative impact of annual repayments of the borrowing requirement.

5.12 The decisions which need to be made over the next 12 to 24 months will be key to ensuring interest costs are contained within the reduced revenue budget provision. In due course these decisions will be subject to scrutiny with the benefit of hindsight. However, these decisions need to be made on current information to secure the lowest long term cost for the Council. The following options are available:

- **Option 1 – Delay long term borrowing** - under this option long term borrowing will be delayed until there is a significant increase in the base rate;

- **Option 2 – Fully fund the borrowing requirement up to 2025/26** - under this option long term borrowing will be taken to secure a loan fixed at current long term interest rates;

- **Option 3 – Partly fund the borrowing requirements** – under this option long term loans could be taken out for either part of the unfunded borrowing requirement, or for the whole requirement up to 2018/19 (i.e. to cover the existing MTFS period).

5.13 The advantages and disadvantages of these alternatives are summarised below:

Option	Advantages	Disadvantages
1	• Maximises potential short-term interest cost savings (i.e. the next 3 years); • Potential to maximise medium term savings (i.e. 3 to 5 years) if Base rate remains below current long term interest rate.	• Greater risk than other options that when long term borrowing is undertaken interest rates are higher than current long term interest rates, resulting in higher overall cost and unbudgeted revenue pressure.
2	• Provides greatest certainty of long term interest costs and ensures costs within budget.	• Significant cost of 'carry' over the next 3 years as interest rates on borrowings will significantly exceed interest rates earned on investments. This will result in annual budget pressures.
3	• Provides certainty of medium term interest costs; • Provides a balance between certainty of future interest costs and benefits of potential short-term savings.	• Lower benefit from short-term interest savings (i.e. within the next 3 years).

5.14 In recommending one of the above options the key requirement is to ensure the borrowing costs associated with the Core Borrowing Requirement are minimised in the long term and can be sustained within the existing revenue budget over:

- the period of the current Medium Term Financial Strategy; and
- the period beyond 2018/19 to ensure the longer term financial sustainability of the Council.

5.15 Borrowing costs will need to be secured by locking into long term interest rates at the appropriate time and before there is any significant increase in current long term interest rates.

5.16 At the same time the Council will need to avoid incurring costs of 'carrying' long terms loans by unwinding the current netting down of borrowing and investments which would arise as a result of the significant difference between long term interest rates and the interest earned on investments. In normal financial circumstances this is not an issue as long term rates and short-term interest rates are typically much closer. Historically there have been significant periods when short-terms interest rates exceeded long-term interest rates which meant there were no costs of 'carrying' long terms loans in advance of need. However, owing to forecast interest rates for short and long term loans to June 2017 there are significant potential costs of 'carrying' investments. The graph in paragraph 3.13 highlights the difference in forecast interest rates.

5.17 On this basis of the issues detailed in the previous paragraphs it is recommended that **Option 1 – delay long term borrowing** is implemented, which continues the existing strategy. This recommendation is based on the planning assumption of continuing to maintain the 'Treasury Management Reserves' (balance at 31st March 2014 of £0.87m) to manage the potential risk that interest rates increase sooner and / or to a higher level than currently forecast. This reserve will avoid an in-year budget pressure in 2015/16 from higher and / or earlier increases in interest rates if this situation arises. As the position on the future timing and scale of interest rate becomes clearer the value of the Treasury Management Reserve will be reviewed to reflect an updated assessment of risk.

5.18 Owing to the unprecedented financial environment and the uncertainty over the timing and scale of future interest rate increases this strategy will be kept under constant review. If circumstances change and it is anticipated interest rates will increase sooner and to a higher level than currently anticipated it may then be appropriate to implement **Option 2 – Fully fund the borrowing requirement** to fix long term interest costs at an affordable level to protect the Council's long term financial position.

5.19 **Borrowing Requirement Business Cases**

5.20 The options detailed in paragraph 5.12 are also applicable to the borrowing requirement for business cases where the loan repayment costs will be funded from savings and / or increased income.

5.21 However, the financial viability of each business case is assessed on an individual basis reflecting the specific risk factors for individual business cases. This includes the repayment period for loans and fixed interest rates for the duration of the loan. This assessment is designed to ensure the business case can be delivered without resulting in a General Fund budget pressures and corresponding increase in the overall budget deficit.

5.22 Therefore, in order to ensure the above objectives are achieved it is recommended that **option 2** is adopted for individual Business Cases to secure fixed interest rates.

5.23 **Municipal Bonds Agency**

5.24 The Local Government Association are looking to establish a Municipal Bonds Agency predominantly for the purpose of potentially offering lower interest rates to councils. As the Council's borrowing and investment Strategies hinge around netting down, involvement in the Municipal Bonds Agency is not something that will be progressed at present. This approach avoids incurring a share of the initial set-up costs for the Municipal Bonds Agency. This position will be reviewed if the Council's position changes in the future.

6. BANKING CONTRACT UPDATE

6.1 Owing to concerns surrounding the Co-operative Bank (the Council's bank) a proactive strategy was implemented in 2013/14 of clearing the Council's bank account on a daily basis and placing deposits with more highly rated institutions.

6.2 Later in the year the Co-operative Bank announced that after current local authority contracts expire, it will no longer be providing banking services to Local Authorities. The bank's stated aim is to simplify and rebuild the bank by focusing on individuals and small/medium sized businesses whilst ending relationships that require more complex banking requirements, such as with Local Authorities.

6.3 The Council was already planning a tendering process for the banking contract when the Co-op made the announcement and in August 2014 a new contract was awarded to Lloyds Bank. Schools were transferred to the new bank on 1 November 2014 and a phased implementation for the rest of the Council is planned to begin on 1 December 2014.

7. CONCLUSION

7.1 The borrowing decisions to be taken over the next 12 to 24 months will be particularly challenging owing to the expectation of increases in the current historically low Base Rate. The actions to be taken by the Bank of England to increase the Base Rate and to reduce the economy's dependency on 'Quantitative Easing' are unprecedented. Whilst, most economists and financial commentators are expecting a gradual increase in the Base Rate and a peak below the pre-crisis Base Rate of 5%, this position cannot be guaranteed.

7.2 It is anticipated that increases in the Base Rate are already largely factored in to longer terms interest rates. Again this position cannot be guaranteed.

7.3 Against this uncertain national background and the requirement to make significant budget reductions to balance the 2015/16 to 2017/18 budget the Council will need to make significant borrowing decisions over the next 12 to 24 months to secure the Treasury Management savings already built into the base budget. Similar decisions will be made by many other authorities as they also seek to fund long term borrowing requirements.

7.4 The Council's core borrowing requirement is forecast to reduce from £80.4m at 31st March 2014, to £47.1m at 31st March 2026, which reduces the impact of higher interest rates over this period owing to annual reductions in the borrowing requirement.

7.5 The report outlines a strategy for managing interest rate risks with the aim of ensuring the borrowing requirement can be funded from the available revenue budget and use of the Treasury Management Reserve if necessary.

8. RECOMMENDATIONS

8.1 It is recommended that Members:

i) Note the report.
ii) Note that following scrutiny of the recommended Treasury Management Strategy by the Audit and Governance Committee on 11th December 2014 it will be referred to Council for approval and consideration of any recommendations made by the Audit and Governance Committee.

9. CONTACT OFFICER

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