

FINANCE AND POLICY COMMITTEE

MINUTES AND DECISION RECORD

16 OCTOBER 2015

The meeting commenced at 2.00 pm in the Civic Centre, Hartlepool.

Present:

Councillor Christopher Akers Belcher (In the Chair)

Councillors: Kevin Cranney, Carl Richardson, Kayleigh Sirs, and George Springer.

Also Present: Councillor Paul Beck as substitute for Councillor Marjorie James in accordance with Council Procedure Rule 5.2.

Officers: Gill Alexander, Chief Executive
Andrew Atkin, Assistant Chief Executive
Chris Little, Chief Finance Officer
Hayley Martin, Constitutional and Administrative Solicitor
Denise Ogden, Director of Regeneration and Neighbourhoods
Damien Wilson, Assistant Director, Regeneration
Joan Stevens, Scrutiny Manager
Alastair Rae, Public Relations Manager
David Cosgrove, Democratic Services Team

97. Apologies for Absence

Councillors Marjorie James, Brenda Loynes and Chris Simmons.

98. Declarations of Interest

None.

99. Minutes of the meeting held on 21 September, 2015

Confirmed.

100. Carr Hopps Site Redevelopment (*Director of Regeneration and Neighbourhoods*)

Type of decision

Key Decision (test (i)) Forward Plan Reference No.13/09.

Purpose of report

To seek approval to dispose of 1.8 hectares of land at Carr/Hopps Street subject to an exclusivity period to enable a Housing Market Renewal regeneration scheme to proceed.

Issue(s) for consideration

The Assistant Director, Regeneration reported that the Carr/Hopps Street area was the final Housing Market Renewal area in Hartlepool requiring regeneration and redevelopment. The area, shown on the plan appended to the report included Carr and Hopps Streets together with Jobson, Rodney, Richardson, Hawkrigde and Blake Streets adjacent to Hart Lane and the south side of North Cemetery. The area extended to approximately 1.8 hectares and included almost 200 terraced houses.

The renewal of the area had a long history which was briefly set out in the report. A number of decisions had been made by the Regeneration Services Committee in relation to this matter; the most recent of these was in July of this year. Regeneration Services Committee determined that demolition preparatory work would continue; that a tender/development brief be issued for demolition of the existing properties owned by the Council before the end of March 2016, with a view to redevelopment of the site with new build properties; and that a further report would be brought to consider the tenders received.

The site was, therefore, recently offered to developers by an open tender and a number of responses were received. The details of these were given in a confidential appendix to the report which contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).

The site had a number of challenges for regeneration, including the relatively low housing market values in the area, the fourteen properties remaining in private ownership, the costs of demolition and site clearance, the potential for remediation costs and the need to re-configure some, or all, of the road layout. As part of the tender a requirement had been incorporated for developers to prepare a scheme that defined it from the other Housing Market Renewal areas, in terms of design standards, layout and amenities.

Tenderers were asked, therefore, to address all the above issues as well as submitting a financial offer. Each of the proposals took a slightly different approach; however tenders had been evaluated according to a matrix which weights the importance of key factors on the following basis;

- Layout/tenure and quality of design proposals - 25%
- Methodology to acquire the remaining properties and/or opportunities to

- retain and integrate remaining properties within the development - 15%
- Delivery Capability - 30%
- Price - 30%

The tenders received were outlined in a confidential appendix to the report which contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information). The terms on which it was proposed to proceed with a sale of the site were outlined in a further confidential appendix.

The Assistant Director reported that evaluation of the tenders received, as outlined in the confidential appendix to the report, showed that the proposal submitted by Tenderer 3 to be the most innovative, practical and economic. However, the viability of the scheme was subject to further testing and as such it was proposed, in the report, to grant a four month exclusivity period to the developer in which site investigation work will be undertaken to establish detailed development costs. In order to facilitate the work the developer has requested the Council contribute towards these costs. The Assistant Director reported at the meeting that further negotiations with the potential developer had reduced this exclusivity period to three months with a view to foreshortening the period before demolition could begin.

A ward Councillor commented that residents in this area had suffered from raised expectation and then a series of disappointments for over nine years. Some of the residents who remained there felt their community was little more than a ghost town neglected by the Council. The ward Councillor stated that matters needed to be speeded up with demolition starting on 1 March so that residents could see that progress was being made. The Assistant Director stated that he would discuss the suggestion further with the potential developer, depending on Members decision, but did state that the prospective developer had expressed a desire to commence as soon as possible, subject to the completion of appropriate site assessments and legal agreements.

Decision

1. That the proposed sale on the terms detailed in Confidential Appendix 3 to the report be approved; 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, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).
2. That the Director of Regeneration and Neighbourhoods, Chief Finance Officer and Chief Solicitor be authorised to complete the necessary legal agreements.

3. That approval be given to the granting of a three month exclusivity agreement to the developer. This was to enable the finalisation of a detailed viability assessment. If the results of the assessment meant that the sale could only proceed on revised terms, a further decision would be sought from this Committee.
4. That the payment of a contribution towards the site investigation and viability study costs as detailed in Confidential Appendix 3 to the report be approved; 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, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).
5. That a report be submitted to a future meeting exploring the way the Council could become more pro-actively involved in site and property development.

101. Medium Term Financial Strategy (MTFS) 2016/17 Savings Proposal - Budget Consultations *(Corporate Management Team)*

Type of decision

Non key decision.

Purpose of report

To feedback the views / comments received from each of the individual Policy Committees in relation to the 2016/17 savings proposals.

Issue(s) for consideration

The Chief Finance Officer reported that a number of reports considered by this Committee since the 2015/16 budget was approved, including the June 2015 Medium Term Financial Strategy (MTFS) report, had highlighted the increasingly challenging financial position facing the Council. To provide a longer lead time to address continuing Government grant cuts the Council had established a Budget Support Fund of £4.731m to support the budget over the period 2015/16 to 2018/19, with £2.620m being allocated to support the 2016/17 budget.

At this stage the greatest financial uncertainty and risk related to the scale and timing of the 2016/17 Government Grant cuts for individual Councils, as these details would not be announced by the Government until late December 2015. This made financial planning extremely challenging and in the event that the actual grant cut was higher than forecast Councils would only have a very limited timescale to address this issue. The report went on to detail the extent of the budget deficits over the next three financial years,

the increased financial risks placed on the Council by the governments proposals on business rates and the particularly the power station. The proposed decision timetable was also set out for Members information. Attached as appendix to the report were the detailed comments of the Policy Committees. Where additional information had been requested, the Chief Financial Officer stated that this would be included in a report to the following committee meeting.

The Chair of the Regeneration Services Committee indicated that he had requested a report detailing the costs incurred during the refurbishment works as part of the Empty Homes Strategy. The Director of Regeneration and Neighbourhoods reported that such a report was being prepared.

A Member of the public questioned what income the Council was receiving from energy derived from solar panels. The Director of Regeneration and Neighbourhoods stated that she did not have those figures to hand but could supply them to the Committee and the member of the public. The member of the public also questioned what income was being derived from installing the panels in the public's own homes. The Director stated that the feed-in tariffs from solar energy were now significantly lower than previously and the decision had been made not to establish such a venture as it would only be competing with similar local companies.

The Chair indicated that in Appendix A, Members had requested details of all proposed redundancies and the costs associated. The Chair requested that any proposed changes in personnel should be communicated with all Policy Chairs at the earliest opportunity.

Decision

1. That the views / comments expressed by each of the individual Policy Committees, as outlined in Appendix A of the report be noted.
2. That the responses received from the Policy Committees be fed back to the Corporate Management Team to assist in the preparation of finalised savings proposals for 2016/17, which would go on to be considered by the Finance and Policy Committee on the 16 November 2015.

102. Medium Term Financial Strategy (MTFS) - Review of Reserves as at 31st March 2015 *(Corporate Management Team)*

Type of decision

Non key decision.

Purpose of report

To enable Members to consider the detailed review undertaken by the

Corporate Management Team of the existing financial reserves that are held to manage financial risks; and the Corporate Management Team recommendations in relation to the areas where risks have reduced, enabling reserves to be released and re-allocated to either support the 2016/17 budget if the actual grant cut is higher than forecast and/or to fund other one-off priorities.

Issue(s) for consideration

The Chief Financial Officer reported that the quarter 1 budget monitoring report recommended that one-off resources achieved from the 2015/16 forecast outturn (which for planning purposes it was assumed would be achieved) and the reserves review should be earmarked to manage the risk that a potentially higher actual grant cut than that being budgeted for could be imposed by government. This would allow the authority a longer timescale to manage the situation and would enable more robust plans to be developed and consultation to be completed.

This proposal would build on the strategic multi-year approach to managing the Council's overall financial position which had been taken since the Government commenced cutting Local Authority funding in 2011/12. This approach had provided robust financial foundations for managing the complex ranges of services provided by the Council during a period of sustained annual cuts in Government funding and increased financial risks. Significant benefits of this approach include:

- Establishing a Budget Support Fund – which would be used to mitigate budget cuts over the next 3 years;
- Earmarking one-off funding to support the Local Council Tax Support (LCTS) scheme – which enabled the Council to limit the cut in support to 8.5% in 2013/14, 12% in 2014/15 and 2015/16 and proposed 12% in 2016/17. Without this funding LCTS cuts of 20% would have been required since 2013/14, in line with the arrangements adopted by the other four Tees Valley Authorities;
- Earmarking one-off funding to mitigate the impact of the 48% reduction in the Power Station Rateable Value. Whilst, this was not a permanent solution to this significant income reduction the one-off funding provided a longer lead time to manage this position;
- Earmarking one-off funding for redundancy and early retirement costs – without this funding even greater budget cuts would be been required to meet these contractual commitments.

The report went on to outlined the approach to the review of reserves which had been undertaken in accordance with Audit Commission advice and good practice. As reported in previous years the starting point for the reserves review was the Statement of Accounts which detailed the total reserves held by the Council at the end of the financial year. For this review the relevant Statement of Accounts shows the position at 31st March 2015 and at that date the Council held total reserves of £61.896m.

As detailed in previous reviews the Council's reserves included resources earmarked for specific commitments and these amounts cannot be used for alternative purposes. At 31st March 2015 these amounts accounted for 71% (i.e. £43.999m) of the overall reserves, as detailed in Appendix A to the report and in summary consisted of the following items, details of which were set out in the report:

Reserve Held in Trust
Reserves Allocated for Specific Commitments
Reserves allocated for Council Priorities
General Fund Reserve
Redundancies and Early Retirement Costs Reserve.

The Chief Finance Officer commented that the multi-year approach to managing budgets and reserves had formed a key element of the Council's financial strategy. This approach had helped the Council manage the impact of a 39% (£30.4m) cut in Government grant since 2010/11 and provided resources to fund one-off expenditure commitments. This approach would become even more important over the next three years owing to the continuation of cuts in Government funding and continuing financial risks being managed by the Council.

The Chair welcomed the report and indicated that he was aware of the significant amount of work that had been undertaken in providing this review and he thanked the Chief Finance Officer and his staff for that work. Members questioned how the amount held in reserves compared with those of other authorities. The Chief Finance Officer indicated that much depended on the size and budget of the authority. Local Authorities were advised to hold General Fund Reserves of between 2 – 5%. Hartlepool held a General Fund Reserve of near 5% because of the size of the authority. Durham County Council, for example, would likely hold a reserve of a lower percentage level but because of their budget, the sum would be significantly higher. On other reserves, it depended on how each individual authority chose to manage risk.

Decision

1. That the report be noted;
2. That the proposal to allocate £0.5m from the Reserves Review for Child and Family Poverty be approved and that detailed proposals for addressing this issue would be developed and reported to a future meeting as part of the MTFS process.
3. That the proposal to earmark the forecast uncommitted resources arising from the 2015/16 forecast managed under spend and review of reserves (net of £0.5m allocated for Child and Family Poverty) of between £1.058m and £1.278m be approved, until details of the 2016/17 actual Government grant cut are known;

4. That a further report be submitted to the Finance and Policy Committee once the 2016/17 actual Government grant cut was known to enable Members to approve a strategy for the resources detailed in recommendation 2 and this would consider the issues detailed in paragraphs 7.8 and 7.9 of the report;
5. That a separate report reviewing Social Housing Business Case, including the Social Housing Repairs and Maintenance Sinking Fund Reserve, be submitted to a future meeting to align with the MTFS timetable;
6. That revised proposals for using the Protection Costs Reserves of £750,000 and the Hartlepool Living Wage Reserve of £49,000 be developed to help address, on a temporary basis, the impact on the MTFS of not achieving the Terms and Conditions savings and underpin alternative proposals for implementing the Hartlepool Living Wage and managing the impact of the National Living Wage increases proposed by the Government. These proposals would be included in the MTFS report to the Committee on 16th November 2015.

103. Irrecoverable Debts – Council Tax and Business Rates *(Chief Finance Officer)*

Type of decision

Non Key Decision.

Purpose of report

To seek Members approval to write-out a number of Council Tax and Business Rates debts which are now considered to be irrecoverable.

Issue(s) for consideration

The Chief Finance Officer reported on a number of business rates and council tax debts that it was proposed be written off following the debts proving to be unrecoverable. The report set out the basis on which council tax and business rates were collected, the particularly high levels of tax that were collected by the council and the specific reasons behind the debts that it was proposed be written off.

A Member of the public commented that council tax could be paid by residents on a ten or twelve monthly basis and questioned if the Council had considered allowing other payment schemes, such as weekly payments. The Chief Finance Officer stated that most did choose the ten or twelve month payment scheme but if any resident had specific problems with those, they could contact the council and an appropriate individual payment scheme could be agreed and implemented.

Decision

That approval be given to write-out irrecoverable Council Tax and Business Rates debts to the value of £92,082.05 and that the Committee noted that £57,953.91 of this write out would be the responsibility of Central Government which would have no financial impact on Hartlepool.

104. Office of Surveillance Commissioners Inspection – Hartlepool Borough Council (*Chief Solicitor*)

Type of decision

Non Key Decision.

Purpose of report

To advise the Committee on the inspection undertaken by His Honour Norman Jones, QC, Assistant Surveillance Commissioner on the 1 July, 2015 and his resulting report as to the Council's compliance with the Regulation of Investigatory Powers, Act 2000.

Issue(s) for consideration

The Constitutional and Administrative Solicitor reported that the inspection report, which had been approved by the Right Honourable Lord Judge as the Chief Surveillance Commissioner, considered compliance in respect of the management of covert surveillance activities undertaken by (or on behalf) of the Council from the date of the inspection to that last undertaken by the same Commissioner on the 9th July, 2012. The report, submitted in full as an appendix to the report, outlined a series of detailed recommendations.

The one recommendation which required Members' attention was to ensure that Elected Members were kept informed of RIPA usage. This had to be balanced against the minimal reliance on RIPA by the Council as there had only been two authorisations in between inspections. It was, therefore, suggested that this action was added to the Council's overview of performance and risk which were reported quarterly to this Committee and which could also comprise an annual reference so that Members are kept fully informed of RIPA usage.

Decision

1. That the recommendations contained within the inspection report of the Assistant Surveillance Commissioner HH Norman Jones QC dated 1 July, 2015 be noted.
2. That in relation to recommendation (v) of that report, that Elected Members receive regular reports through performance and risk information, as outlined.

3. That the Council's response is formally notified to the Office of Surveillance Commissioners and that further reports are submitted as and when required.

105. 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 is not payable/receivable.
- Receiving and examining reports on any exemptions granted in respect of the Council's Contract Procedure Rules.

Issue(s) for consideration

The Director of Regeneration and Neighbourhoods indicated that Appendix A to the report set out the required information for each procurement tender awarded since the last quarterly report. Appendix B to the report provided details of the required information in relation to Contract Procedure Rules exemptions granted since the last Corporate Procurement Quarterly Report on Contracts. The table at confidential Appendix C included the commercial information in respect of the tenders received. This appendix contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).

Decision

That the report be noted.

106. Northgate Public Services Community Fund *(Assistant Chief Executive)*

Type of decision

For information.

Purpose of report

To inform the Finance and Policy Committee of the allocations made by the Northgate Public Services (NPS) Community Forum on 17 September 2015.

Issue(s) for consideration

The Assistant Chief Executive reported that one of the commitments as part of the ICT contract was the NPS Community Fund of £40,000 per annum, £10,000 of which was match funding the Gus Robinson Foundation for scholarships through the Hartlepool College of Further Education (as already agreed by Finance and Policy Committee.)

The remaining £30,000 had been made available to the voluntary and community sector (VCS), the Council, other public sector partners and Northgate. The agreed aims of the Fund were agreed at Finance and Policy Committee and were to reduce the proportion of individuals, small businesses and charities without basic IT skills and increase the number of people accessing digital services.

The deadline for 2015/16 applications was Friday 3 July with a total of 8 applications received. The applications had been considered by the NPS Community Forum and the report considered was attached as Appendix B to the report which included details of the projects to be supported.

Decision

1. That the allocations made by the NPS Community Fund Forum be noted.
2. That the balance of the fund is to be rolled forward to next year's allocation be noted.

107. Welfare Reform Impacts *(Chief Finance Officer)*

Type of decision

For information.

Purpose of report

The purpose of the report was to update Members on the Government's Welfare Reforms programme, the current and future forecast impacts in Hartlepool and the actions being taken by the Council to help mitigate the impacts of the changes.

Issue(s) for consideration

The Chief Finance Officer submitted an update report on the impact of the welfare reforms as requested by Members. The report gave a detailed

update on the first phase of the reforms which included:

- Local Council Tax Support Scheme (LCTS)
- Bedroom Tax / Social Rented Sector Under occupancy Charge
- Benefit Cap
- Local Welfare Support

The Chancellor's 2015 Summer Budget set out a number of headline measures to deliver further cuts of £12bn from the national welfare budget principally:

- Freezing a number of working age benefits in cash terms for 4 years from April 2016, including Job Seekers Allowance, Income Support, Employment and Support Allowance (formerly Incapacity Benefit), Child Benefit and Local Housing Allowance, to save £3.5bn by 2019/20;
- Reducing the Benefit Cap to £23,000 for claims in London and £20,000 for claims elsewhere;
- From April 2017, removing entitlement to Housing Benefit / Support from 18 – 21 year olds;
- From April 2016, changes to Child Tax Credits and Working Tax Credits to save about £4.5bn.

The Welfare Reform and Work Bill 2015 covering the key changes is currently progressing through Parliament. The report set out some of the likely impacts of these changes with estimates of some of the numbers of households / individuals that may be affected in Hartlepool.

Members expressed their concerns at the reductions in working tax credits on the low paid in Hartlepool, particularly those on zero hours contracts. The Chair thanked the officer for the report indicating it showed the level of support still being given by the authority to those most in need. This was of particular note in the level of support still available through the local council tax support scheme which was greater than other Tees Valley authorities.

A Member questioned what level of financial support would be required for the refugee families being welcomed into the town. The Chief Finance Officer commented that government were still working on the level of support that would be allocated nationally. The Chair commented that the Local Government Association was also working on this issue to ensure longer term funding was an essential part of the package.

Decision

That the report and the actions being taken by the Council to mitigate as far as possible the impacts of the Welfare Reforms be noted.

108. Any Other Items which the Chairman Considers are Urgent

None.

109. Date and Time of Next Meeting

Members were advised that the next meeting had been changed and would now be held on Monday 23 November, 2015 at 1.00 pm and not on 16 November as originally diared. The meeting date would also involve a joint meeting with members of the Regeneration Services Committee.

The meeting concluded at 2.48 pm

P J DEVLIN

CHIEF SOLICITOR

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