

FINANCE AND POLICY COMMITTEE MINUTES AND DECISION RECORD

30 January 2015

The meeting commenced at 11.00 am in the Civic Centre, Hartlepool

Present:

Councillor: Christopher Akers-Belcher (In the Chair)

Councillors: Allan Barclay, Keith Dawkins, Tom Hind, Brenda Loynes, Robbie Payne and Carl Richardson

In accordance with Council Procedure Rule 5.2 (ii), Councillor Paul Beck was in attendance as substitute for Councillor Chris Simmons, Councillor Geoff Lilley was in attendance as substitute for Councillor David Riddle and Councillor Allan Clarke was in attendance as substitute for Councillor Marjorie James.

Officers: Dave Stubbs, Chief Executive
Peter Devlin, Chief Solicitor
Chris Little, Chief Finance Officer
Denise Ogden, Director of Regeneration and Neighbourhoods
Louise Wallace, Director of Public Health
John Morton, Assistant Chief Finance Officer
Damien Wilson, Assistant Director, Regeneration
Wally Stagg, Organisational Development Manager
Dale Clark, Estates and Regeneration Manager
Alastair Rae, Public Relations Manager
Joan Stevens, Scrutiny Manager
Angela Armstrong, Principal Democratic Services Officer

108. Apologies for Absence

Apologies for absence were received from Councillors David Riddle, Marjorie James and Chris Simmons.

109. Declarations of Interest

None.

110. Minutes

- (i) Minutes of the meeting of the Finance and Policy Committee held on 22 December 2014 – received.

- (ii) Minutes of the meeting of the Health and Wellbeing Board held on 1 December 2014 – received.

111. HME/NMRM/HMS Trincomalee Review (*Director of Regeneration and Neighbourhoods*)

Type of decision

Key Decision – Test (i) and (ii) apply – Forward Plan Reference RN 26/13.

Purpose of report

To seek approval for the implementation of a single site operation at Hartlepool Maritime Experience (HME) managed and run by the National Museum of the Royal Navy (NMRN) in partnership with the Council and the Trincomalee Trust (TT).

Issue(s) for consideration

The report provided the background to the review of the HME site which recognised that this site represented Hartlepool's key visitor attraction. It was noted that during the review, the NMRN had expressed a desire to fully affiliate the Trincomalee Trust (TT) into the NMRN structures to assist the site to become a key northern NMRN facility. A range of options for the future of the HME had been explored by the HME Review Group and these were outlined in the report. Further details of the proposals were included within confidential appendices attached to the report. **These items contained exempt information under Schedule 12A of the 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).**

The proposals recommended that the HME became a major national facility within the umbrella of the NMRN who would commit significant technical and professional expertise to the further development of the HME. The NMRN had also committed to appropriate investment in the site including extensive additional exhibits sourced from the NMRN world class collection. An analysis of the economic impact of increased visitor numbers had been undertaken using the Scarborough Tourism Activity Monitor (STEAM) and was included in the report.

In response to clarification sought by a Member, the Assistant Director, Regeneration indicated that it would be extremely difficult to move the HMS Trincomalee and questioned whether the NMRN would even consider this a cost effective or desirable move. The Assistant Director added that these proposals offered a great opportunity to utilise the national branding of the

NMRN for the benefit of the Town and that every avenue of economic potential would be explored as part of these proposals.

The following decisions were unanimous.

Decision

- (1) That the HME operate under a single site operation, through the implementation of a new not for profit distribution company. Board representation will comprise the Council, NMRN and TT. The single site operation will include one combined staffing structure to achieve overhead reductions and more efficient working and operational practices.
- (2) That approval was granted for a lease to NMRN on the terms as set out in confidential Appendix 3. **This appendix contained exempt information under Schedule 12A of the 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)** to include for the payment of an increased annual subsidy during the first 5 years in addition to phased expenditure to resolve outstanding dilapidations. The NMRN will become responsible for all repairs and maintenance of the property on a full repairing and insuring basis.
- (3) It was noted that the proposals for funding the potential commitment to the NMRN were detailed in the MTFS update report later on the agenda.
- (4) It was noted that the NMRN will commit to ongoing investment as detailed in Section 1.7 of confidential Appendix 2. **This appendix contained exempt information under Schedule 12A of the 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).**
- (5) A further report will be submitted to the Regeneration Services and Finance and Policy Committees detailing the proposed schedule of works, associated costs and timescales, prior to the NMRN taking responsibility for repairs and maintenance.
- (6) That the site operates as a NMRN branded Northern Museum becoming a key facility within NMRN's national organisational structure.

112. Workforce Arrangements (*Chief Executive*)

Type of decision

Key Decision – Test (i) applies – Forward Plan Reference CE 64/14.

Purpose of report

To advise where changes to employees conditions of service may be made and the process to be followed.

Issue(s) for consideration

The report provided the background to the review of workforce arrangements which were part of the MTFS for 2015/16. A package of proposals were detailed 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 any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holder under, the authority, para 4.**

A Member sought clarification on the Ethical Care Charter and how this affected social care. The Chief Executive confirmed that the Council conforms with the Ethical Care Charter in every way and Members were assured that the social care provided by this Authority was second to none. However, Members were reminded of the financial pressures currently faced by the Local Authority which had resulted in adult social care being partly funded from reserves and managed underspends which was extremely difficult. It was noted that this financial situation would result in Members facing an even more difficult set of choices in the coming years, however working in partnership with the Clinical Commissioning Group and Public Health would enable a package to be developed to continue to deliver an excellent service.

A member of the public in attendance questioned if the proposed living wage was fair. The Chief Executive confirmed that this proposal would ensure approximately 800 local authority employees would be brought in line with the national living wage.

The Union representative indicated that detailed negotiations between the Trades Unions and Officer had been ongoing for over 11 months with discussions going back a number of years. It was recognised that whilst the Trades Unions were never happy with any diminution of terms and conditions of employees, the difficulties faced the Council were acknowledged within these proposals.

In order to discuss the confidential appendices the meeting moved into closed session.

113. 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 112 – Workforce Arrangements – Chief Executive 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 any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holder under, the authority, para 4.

Minute 114 – Seaton Carew Masterplan – Proposed CPO Acquisition of Longscar Hall – 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.

112. Workforce Arrangements *(Chief Executive)*

Members further considered where changes to employees conditions of service may be made and the process to be followed.

Decision

The decision can be found in the exempt section of the minutes.

114. Seaton Carew Masterplan – Proposed CPO

Acquisition of Longscar Hall (*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.

Type of decision

Non key.

Purpose of report

To provide Members with an update on the progression of the acquisition of the Longscar Hall and further development of The Front at Seaton Carew.

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.

THE MEETING RETURNED TO OPEN SESSION

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

Type of decision

Budget and Policy Framework.

Purpose of report

- (i) To update the MTFS to reflect the provisional 2015/16 Local Government Settlement announcement on 18 December 2014; and
- (ii) To inform Members of the arrangements to finalise the statutory 2015/16 Budget and Council Tax calculations (excluding Police and Fire precepts) to be referred to Council on 5 February 2015.

Issue(s) for consideration

The report provided the background to the process followed for consideration and implementation of the MTFS. Further details were provided of the key issues confirmed in the Local Government Finance Settlement and also details of changes from the indicative information provided by the Government in January 2014 including:

- Council Tax Freeze and Council Tax Referendum Arrangements
- Core Revenue Grant
- Specific Grants

The report included an update on the financial issues around the review of terms and conditions and the Chief Finance Officer highlighted that as part of the Workforce Arrangements report considered earlier on the agenda, Option 1 – Implement the planned Living Wage of £7.88 per hour had been approved. Details of the funding arrangements for this option was outlined in the report.

An update was provided on Local Welfare Reform and the decision made earlier in relation to the HME and the National Museum of the Royal Navy. The report included actual funding allocations of new Local Authority responsibilities and indicative funding allocations. In addition, the specific Government capital allocations had been identified and were detailed in the report.

The following decisions were unanimous.

Decision

- 1) The continuation of LWS funding in 2015/16 was noted and it was confirmed that the Council will maintain the base budget for this area at £260,000 for 2015/16;
- 2) It was noted that in view of recommendation 1), the budget pressure for continuing the LWS scheme in 2017/18 when the existing one-off funds runs out can be removed;
- 3) It was noted that the actual core grant and specific grant allocations provide uncommitted resources of £93,000;
- 4) That Option 1 for the Living Wage be implemented and funded as summarised in the following table:

Funding of full year costs for Option 1

	Option 1 £'000
Terms and Conditions savings achieved in excess to MTFS requirement of £200,000	73
Uncommitted Grant as detailed in recommendation (iii)	93
Cost of Living Wage	(150)
Net Uncommitted Resources available to reduce 2016/17 budget deficit	16

Part Year costs 2015/16 - that in 2015/16 funding of £15,000 will need to be allocated from the uncommitted 2014/15 outturn to offset the phased implementation of these changes.

- 5) The use of the Protection Costs Reserves of £750,000 was approved to fund:
 - One-off Protection Costs of £550,000 in relation to the achievement of recurring annual Terms and Conditions savings of £273,000;
 - Funding of £90,000 per year for 2015/16 and 2016/17 for holiday pay costs arising from a recent ECJ decision, which avoided having to identify additional budget cuts of £90,000 for 2015/16 to address the impact of the ECJ decision and provided a longer lead time to potentially reduce the ongoing costs to a lower level;
 - £20,000 uncommitted resources which will be carried forward and a strategy for using these resources developed as part of the 2016/17 budget process. To note that if the actual Protection costs and ECJ holiday pay costs are less than forecast the uncommitted resources will be added to the £20,000.
- 6) The release of one-off funding of £0.52m previously earmarked to maintain LWS spending in 2015/16 and 2016/17 to fund 98% of the potential additional one-off contributions to the NMRN over the period 2015/16 to 2019/20 was approved. It was noted that this proposal will avoid budget pressures in future years;
- 7) It was noted that the one-off funding re-allocated to fund the additional one-off contributions to the NMRN was a worse case forecast. The amount held at the end of each financial year will be reviewed to determine if any funding could be released in light of income received (or forecast to be received in future years) under the 50/50 profit share;
- 8) It was noted that the first call on any resources which can be released (under recommendation 6) may be required to fund capital works to the Hartlepool Maritime Experience. It was noted that further work was needed to identify these potential works and to assign responsibility

between the Council and the NMRM and will be subject to a further report to Committee;

9) It was noted that the statutory budget calculations be referred to Council and prepared to reflect the above decisions;

10) The proposal to carry forward the 2015/16 Local Council Tax Support Scheme New Burdens funding of £38,000 to 2016/17 to retain Council Tax recovery capacity and maintain a longer lead time if this funding was removed after 2015/16 was approved.

116. Catering Options for Hartlepool Art Gallery *(Director of Regeneration and Neighbourhoods)*

Type of decision

Non key.

Purpose of report

To inform Members of an approach received by Catcote School to provide a catering facility at Hartlepool Art Gallery.

Issue(s) for consideration

The report provided the background to the provision of catering options within Hartlepool Art Gallery. Members were informed that Catcote School had approached the Council with an offer to operate the Art Gallery café at no cost to the Council. The benefits would include supporting adults with special needs to gain valuable work experience and could provide a Fair Trade option. The risks were that the opening times would be limited to 10.30am to 2.30pm.

Members were fully supportive of the proposals for Hartlepool Art Gallery. However, Members requested an update on the profitability and operation of Inspirations Café in Stranton Cemetery. The Chair indicated that this information could be included in a future report.

A Member sought clarification on whether the operation of the Art Gallery could be linked into the operation of the HME as part of an overall tourism strategy. The Chair indicated that this would be considered as part of the overall review of the operation of the HME and the future development of a Cultural Strategy at a future meeting of the Regeneration Services Committee.

In response to a question from a Member, the Director of Regeneration and Neighbourhoods confirmed that the operating hours would form part of

the overall 12 months review of the operation of the libraries in a report to be presented in July.

The following decision was unanimous.

Decision

- 1) That Catcote Special School be offered an initial twelve month contract to operate the café at Hartlepool Art Gallery. During this twelve month period, the success of this option would be assessed and alternative long-term solutions considered in line with the vision for Church Square.
- 2) That an update on the profitability and operation of Inspirations Café in Stranton Cemetery be included in the July report.

117. The Transfer of the Commissioning Responsibilities to Local Authorities of Public Health Services for 0-5 year olds *(Director of Public Health and Director of Child and Adult Services)*

Type of decision

Non key.

Purpose of report

To provide an update of the progress regarding the transfer of children's 0-5 public health services from NHS England Area Team to Hartlepool Borough Council from 1 October 2015.

Issue(s) for consideration

The report provided the background to the transfer of responsibility for the commissioning of children's 0-5 public health services which were delivered by health visiting services and Family Nurse Partnerships. The mandated services and key milestones were outlined in the report. Further details of the financial arrangements for the transfer of this service was also included within the report.

The report highlighted that work was ongoing between Hartlepool Borough Council, Stockton Borough Council and NHS England Area Team to develop plans for a smooth transfer of the commissioning responsibilities and a North of Tees Transition Board was being established with key partners in October 2015 to continue this work.

In order to progress the transfer, Members asked to consider the following

two options to implement new contracts and ensure services were available to patients throughout the transition year:

- **Option 1.** The Area Team can put in place a single contract for the full-year of 2015/16, with a deed of novation being approved by the relevant local authority at the same time as the contract is signed, confirming that the contract will transfer to the local authority on 1 October 2015.
- **Option 2.** The Area Team can put in place a six-month NHS England contract with the provider for the period from April to September 2015 and can help the local authority put in place a similar, but separate, contract with the provider for the period from October 2015 to March 2016. It would be very desirable for both contracts to be signed before the start of the 2015/16 financial year.

It was noted that discussions had taken place with the Tees Directors of Public Health and option 2 was the preferred option for the new contract.

The Director of Public Health added that the transfer of this responsibility would be a great opportunity and would integrate with the Better Childhood programme.

The following decisions were agreed unanimously.

Decision

- 1) That the progress towards the transfer of commissioning responsibilities and the key issues outlined in the report was noted.
- 2) That the proposal to form a North Tees Transition Board to oversee the transfer and manage the associated risks was endorsed.
- 3) That Option 2 as noted above was the preferred option for the transfer of the contract from October 2015.

118. Housing Benefit Fraud and Error Reduction Incentive Scheme *(Chief Finance Officer)*

Type of decision

Non key.

Purpose of report

To set out the Council's response to the Department for Work and Pensions (DWP's) Fraud and Error Reduction Incentive Scheme (FERIS) initiative.

Issue(s) for consideration

The report provided the background to the implementation of the FERIS initiative. It was noted that the FERIS Scheme had the following three elements:

- Start Up Fund/Maintenance Fund
- Rewards Fund
- Bid Fund

It was highlighted that the Council's Benefits Service had suffered cuts of 26% (£312,000) in the administration grant from Central Government since 2010/11. Future administration cuts were anticipated for 2016/17 onwards and the Benefits Service will increasingly be unable to sustain performance levels if actual grant cuts were as forecast. As a measure to sustain performance as far as possible, it was proposed that any FERIS Rewards monies be earmarked to minimise the impact of future Benefits administration cuts in 2016/17 onwards on service levels to the public.

The following decisions were unanimous.

Decision

- 1) The Council's participation in the DWP's Fraud and Error Reduction Scheme (FERIS) was noted.
- 2) That any FERIS Reward grant be ear-marked to address 2016/17 DWP Housing Benefit administration grant cuts to mitigate impacts on benefit service standards.

119. Benefit Fraud Investigation Arrangements *(Chief Finance Officer)*

Type of decision

Non key.

Purpose of report

- (i) To set out details of the DWP's Single Fraud Investigation Service (SFIS); and
- (ii) To set out the business case for the retention within the Council of Benefits Investigation expertise to address potential abuses of the Council's Local Council Tax Support Scheme and provide appropriate capacity to service the Council's ongoing responsibilities to SFIS.

Issue(s) for consideration

The report provided the background to the implementation of Local Council Tax Support Scheme, Local Welfare Support arrangements and the Advice and Guidance services provided to support vulnerable households. It was noted that the DWP had confirmed that the investigation of Housing Benefit Fraud and residual Council Tax Benefit Fraud will transfer to Single Fraud Investigation Services (SFIS) on 1 July 2015. Details of the staffing implications were detailed in the report.

As part of the new SFIS arrangements, the Council will have an ongoing role in supporting SFIS investigations as well as ensuring effective governance of its own Local Council Tax Support Scheme. It was therefore proposed to retain the two current benefits fraud investigators. The appropriate Trades Unions had been consulted and were supportive of the proposal.

The Chair highlighted that the Council had an obligation to implement an Anti Fraud Policy and to not retain the staff who implement this policy would renege on that responsibility.

The following decision was unanimous.

Decision

The proposed arrangements for safeguarding the Council's Local Council Tax Support Scheme including the business case for the retention of Local Counter Fraud Capacity was approved.

120. Strategic Financial Management Report – as at 31 December 2014 *(Chief Finance Officer)*

Type of decision

Non key.

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 detail on the background and reporting arrangements for 2014/15. Further detail was provided on the 2014/15 Forecast General Fund Outturn (including the reserves review).

Details of the Corporate Income Collection Performance were included in the report on Business Rates and Council Tax income. Comparative figures on the collection of sundry debts were also detailed in the report.

A comprehensive review of capital receipts had been undertaken and was included within the MTFS which was reported to Council in December 2014. A summary of the capital expenditure to 30 November 2014 was summarised in the report. In relation to the Council Capital Fund (CCF) a number of schemes were completed and the residual funding balance was no longer required which had resulted in £0.026m being unallocated. It was therefore recommended that these budgets be transferred to the unallocated CCF resulting in a balance of £0.083m.

In addition, the residual budgets on Brinkburn Youth Centre Boiler and the Historic Quay Office Suite Boiler were no longer required and it was therefore recommended that these budgets which totalled £0.010m were transferred into the unallocated Corporate Planned Maintenance Budget (CPM) which resulted in a balance of £0.039m.

The following decision was unanimous.

Decision

- 1) The report was noted.
- 2) It was noted that a strategy for using forecast uncommitted resources of £0.188m be developed as part of the 2016/17 budget process.
- 3) The transfer of £0.026m into the unallocated Council Capital Fund as detailed in paragraph 8.8 of the report was approved.
- 4) The transfer of £0.010m into unallocated Corporate Planned Maintenance as detailed in paragraph 8.10 of the report was approved.

121. Delegated Powers Property Transactions Quarterly Report – 2014 (Q3) *(Director of Regeneration and Neighbourhoods)*

Type of decision

For information.

Purpose of report

To inform Members of the recent Minor Property Issues dealt with under Delegated Powers since the matters were last reported for 2014 (Q2) on 24 November 2014.

Issue(s) for consideration

The report provided the background to the quarterly reporting arrangements of the delegated powers for a variety of property transactions. To date the delegation had been effective and a number of transactions had been progressed in accordance with delegated consent as 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.

122. Any Other Items which the Chairman Considers are Urgent

None.

The meeting concluded at 12.27 pm

P J DEVLIN

CHIEF SOLICITOR

PUBLICATION DATE: 6 February 2015