

# **FINANCE AND POLICY COMMITTEE**

## **MINUTES AND DECISION RECORD**

29 June 2015

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

**Present:**

Councillor Christopher Akers-Belcher (In the Chair)

Councillors: Allan Barclay, Kevin Cranney, Marjorie James, Carl Richardson, David Riddle, Chris Simmons, George Springer and Paul Thompson.

Also Present: Councillor Jim Lindridge as substitute for Councillor Sirs in accordance with Council Procedure Rule 5.2.

Councillor Jim Ainslie.

Keith Bayley, Hartlepool Voluntary Development Agency

Officers: Gill Alexander, Chief Executive  
Andrew Atkin, Assistant Chief Executive  
Chris Little, Chief Finance Officer  
Peter Devlin, Chief Solicitor  
Damien Wilson, Assistant Director, Regeneration  
Joan Stevens, Scrutiny Manager  
Alastair Rae, Public Relations Manager  
David Cosgrove, Democratic Services Team

### **14. Apologies for Absence**

Councillors Brenda Loynes and Kaylee Sirs.

### **15. Declarations of Interest**

Councillors Cranney and C Akers-Belcher declared personal interests in Minute No. 18.

Councillor C Akers-Belcher declared a prejudicial interest in Minute No. 17 and left the meeting during the consideration of the recommendations in the report that related to that interest.

### **16. Minutes of the meeting held on 1 June 2015**

Confirmed.

## **17. Medium Term Financial Strategy (MTFS) 2016/17 to 2018/19** *(Corporate Management Team)*

### **Type of decision**

Budget and Policy Framework.

### **Purpose of report**

The purposes of the report were to:-

- (i) Update Members on the Council's financial position and the budget deficits forecast for 2016/17 to 2018/19;
- (ii) To enable Members to approve the recommended approach to be adopted for managing the budget deficits for 2016/17 to 2018/19;
- (iii) To enable Members to approve the proposed budget timetable; and
- (iv) To enable Members to reconsider a strategy for using the uncommitted 2014/15 outturn.

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

The Chief Finance Officer reported that as detailed in previous MTFS reports the Council faces an increasingly challenging financial position which is driven by four key issues:

- Continuing significant Government grant cuts in 2016/17 and future years;
- The impact of financial risks transferred to Local Authorities from April 2013 arising from the implementation of the Business Rates Retention system and the transfer of responsibility for the Local Council Tax Support Scheme;
- The impact of demand led pressures – particularly in relation to Older People demographic pressures and increases in Looked After Children;
- Continued restriction of Council Tax increases.

An initial assessment of the forecast budget deficits for 2016/17 to 2017/18 was reported in the previous MTFS report and indicated the following annual budget deficits:

2016/17	£5.051m
2017/18	£5.084m
2018/19	£4.503m
Total	£14.638m

The above forecasts were based on key planning assumptions, which would need to be reviewed when more information becomes available. These included; Government Funding Reductions, Business Rates income and Council Tax income.

The Chief Finance Officer stated that the Leader had written to the Secretary of State for Communities and Local Government to request a meeting to discuss the financial impact of the significant rateable valuation reduction for the power station and the effects this would have on Hartlepool's finances.

In outlining the main aspects detailed within the report, The Chief Finance Officer highlighted the budget pressures that would be funded from existing risk reserves until 2017/18 (Deprivation of Liberty Safeguards and Looked After Children) though these would need to be included as pressures thereafter. Taking into account the pressures and the utilisation of various corporate savings which have been identified the revised forecast deficit of 2016/17 to 2018/19 was still £13.997m, though this would still be dependent on actual grant cuts and the Chief Finance Officer stated that the 10% per annum reduction presumed within the forecast may be optimistic as there was the potential for the grant reductions in the 2016/17 and 2017/18 to be higher than forecast.

The Chief Finance Officer reported that following on from arrangements adopted last year the recommended timetable for 2016/17 has been developed which would maximise the time available at the start of the process for the development of detailed Departmental savings proposals and consideration of these proposals by individual Policy Committees. This recognised that these tasks were critical to the delivery of sustainable savings and needs an appropriate timeframe for completion. Details of the budget timetable were set out in the report which showed the proposal for this Committee to consider the 2016/17 budget proposals in December before the finalisation of the budget proposals and the statutory Council Tax approvals in February 2016. It was highlight that the timetable is dependent upon the timing of the 2016/17 grant announcement by the Government.

The Chief Finance Officer then moved on to the strategy for use of the uncommitted outturn from the 2014/15 budget. As reported to the meeting on 1 June 2015, there was an uncommitted outturn of £596,000. Members had previously indicated that they would wish to fully cash back the Jacksons Landing interest free loan when resources were available. The Chief Finance Officer reported at the meeting that an extension of the loan free period had been negotiated with repayment being extended until October 2017.

The outturn report suggested that Members may wish to only allocate part of outturn to cash back the Jacksons Landing interest free loan, say £500,000, which when added to existing funding would provide total cash backing of 90%. As an alternative to this proposal Members may wish to cash back 80% of the interest free loan, which would commit £400,000 of

the available outturn. Reducing the value of the interest free loan which was cash backed to either 80% or 90% would not result in a significant financial risk to the Council, particularly as the repayment period had been extended until October 2017.

The proposal to cash back 80% of the interest free loan would then enable £196,000 (£96,000 if cash backed at 90%) to be allocated for other priorities, which may include consideration of the following issues:

- HVDA Funding (Hartlepool Voluntary Development Agency) – at Council on 26th March 2015 it was resolved “that consideration of any support for HVDA from any favourable outturn from the 2014/15 budget be referred to the Finance and Policy Committee and that the Manager of HVDA be invited to the meeting to present the up-to-date financial position of the organisation”.
- Moneywise Community banking – The Chair of Hartlepool Credit Union has written to the Chief Executive requesting financial support from the Council.
- Enforcement Officers – The proposal would provide additional capacity to address issues across the town and provide time to develop a sustainable business case for the permanent employment of additional Enforcement Officers.

A Member questioned if there were any proposals to ring-fence the Independent Living Fund finance that was being allocated to local authorities by central government. The Chief Finance Officer stated that that would form part of a future report to be brought to Members.

A Member considered that in light of the difficult decisions on funding the authority would have to make, no further effort should be made by officers to seek potential sources of funding for Members Ward Budgets; any finance that could be found should be put directly into front line services. The Leader stated that it had been clear that when the budget was allocated for Member Ward Budgets in 2015/16 it was only for this year.

At this point the Chair took the recommendations (i) to (vii) inclusive which were agreed unanimously by the Members present.

In accordance with the prejudicial interest declared at the commencement of the meeting Councillor C Akers-Belcher left the meeting to enable the remaining recommendations to be considered

### **Councillor Carl Richardson in the Chair**

The Vice-Chair indicated that Members needed to determine which of the options set out in the report should be considered for the use of the

uncommitted outturn from 2014/15. Option 2 - “allocate £500,000 of the uncommitted revenue outturn towards cash backing the Jacksons Landing interest free loan, which would provide cash backing of 90% and enable £96,000 to be allocated towards other priorities” was moved and seconded. Option 3 - “allocate £400,000 of the uncommitted revenue outturn towards cash backing the Jacksons Landing interest free loan, which would provide cash backing of 80% and enable £196,000 to be allocated towards other priorities” was also moved and seconded. In light of Option 3 being moved, the Members that had proposed Option 2 withdrew their proposal.

The Vice-Chair put Option 3 to the Committee and Members supported the option unanimously.

Members indicated that as a consequence of agreeing Option 3, there was the potential to allocate funds to HVDA, and as the Manager of HVDA was present, he should be given an opportunity to address Members.

Mr Bayley stated that the financial position of HVDA was well known to Members. If some financial support could be found to support HVDA, Mr Bayley suggested that two particular schemes that would have a high impact would be to have a development officer to assist groups in the town access other sources of finance and the reinstatement of the Volunteer Centre. There were many requests for schemes/charities that people could volunteer for and connecting those people with such schemes and charities would be an extremely valuable resource. This could also assist in people finding employment as around half of all volunteers used volunteering as a way into work.

Most of the reserves HVDA had had been utilised and if any further reserves were used the organisation wouldn't be around this time next year. The organisation had set out a position using reserves and a much smaller staff team working on reduced hours to take it forward until 2016/17 when it was hoped there would be Big Lottery funding to take the organisation forward. The Big Lottery would be directed towards a number of smaller organisations that would need the advice and guidance that HVDA could provide. The concern was that if HVDA was not in being at the time the Big Lottery funding came through those organisations would be accessing services through development agencies in Stockton and Middlesbrough. Mr Bayley stated that any support would assist HVDA bridge the gap until European funding became available in 2016/17.

There were still Members that wished to see the detailed financial reserves held by HVDA which it was understood had been supplied to the authority. The Chief Financial Officer stated he had not seen those statements and the Chief Solicitor advised that any such consideration would require the meeting to go into closed session.

It was suggested that consideration should be given to using the Council's own Neighbourhood Development Officers to assist through provision 'in kind' to assist the voluntary sector groups referred to that needed

assistance. A Member of the public questioned what the strength of the voluntary and charity sector was in Hartlepool as in 2010 it was reported that there was over 100 registered charities in the town. Mr Bayley stated that the figures given were about right for that time but there had been no update assessment undertaken. In 2010/11 charities had a turnover of around £17m in Hartlepool though this was expected that this would be much reduced now as there were significantly fewer full time posts in the sector.

Members clarified that HVDA could sustain itself until additional new money became available from Europe and the Big Lottery. Mr Bayley confirmed this was the case though the organisation was working at a very minimal level. If the Council could allocate £30,000 of funding, HVDA could keep the Volunteer Centre open to assist groups around the town supported by a Development Officer.

Members also referred to the option of using some of the additional finance to employ additional Neighbourhood Enforcement Officers. It was proposed that the whole of the £196,000 be allocated to the Neighbourhood Services Department so that options including increased enforcement and enhancing Neighbourhood Development to support HVDA can be considered. This was supported by a Member who stated that they were receiving significant numbers of complaints from residents in relation to neighbourhood issues that improved enforcement could resolve, such as dog fouling and fly tipping.

It was proposed and seconded that the £196,000 should be broken down to provide £30,000 of support to HVDA, a further £30,000 to the Credit Union (Moneywise Community Banking) with the remaining £136,000 being allocated to the Neighbourhood Services Department. Another Member indicated that the report referred to a loan the Council had been made to the Credit Union and suggested that this be converted to a grant so the Credit Union would not need to repay it to the Council. The Chief Finance Officer stated that the Credit Union hadn't made reference to the loan in their correspondence to the Council but if Members were minded to agree to the loan being converted into a grant, the finance would need to come from the £196,000.

The Vice-Chair put the two proposals to the meeting. The first proposal to allocate the whole of the finance to the Neighbourhood Services Department was carried on a majority vote with the second proposal lost.

The Vice-Chair then sought the Committee's approval to note recommendation (x) in the report relating to the 2015/16 Council Capital Fund which was agreed.

## **Decision**

1. That the report be noted and that further information on the issues detailed in paragraph 4.4 of the report would be reported to a future

meeting;

2. That the recommended Corporate Savings and Budget Pressures summarised in paragraph 4.19 of the report be approved, which would reduce the 2016/17 to 2018/19 forecast deficit from £14.638m to £13.997m;
3. That the risk that the actual budget deficits may be higher if actual Government grant cuts are higher than forecast and/or additional funding cannot be achieved to offset the Power Station Business Rates reduction be noted.
4. That the recommended phasing for the use of the Budget Support Fund, which is designed to smooth the annual budget reductions and provide a longer lead time to make permanent savings, as detailed in paragraph 4.21 of the report be approved.
5. That the revised annual deficits, after reflecting recommendations 2 and 4 and as detailed in paragraph 4.22 of the report be approved.
6. That the budget timetable detailed in the report be approved, which will enable budget decisions to be considered and approved by Council in December 2015 and Council Tax setting to be completed in February 2016.
7. That Option 3 - Allocate £400,000 of the uncommitted revenue outturn towards cash backing the Jacksons Landing interest free loan, which will provide cash backing of 80% and enable £196,000 to be allocated towards other priorities be approved.
8. That the whole of the £196,000 be allocated to the Neighbourhood Services Department to be utilised to support Members priorities relating to additional Enforcement Officers, the utilisation of Neighbourhood Development Officers to support HVDA and voluntary groups in the town and further consideration of the loan to Hartlepool Credit Union (Moneywise Community Banking) being converted into a grant.
9. That the Committee notes that a review of the approved 2015/16 Council Capital Fund will be completed and details reported to a future meeting.

**Councillor C Akers-Belcher in the Chair**

## **18. Acquisition of Assets - Anderson's Bakery Ashgrove Avenue** (*Director of Regeneration and Neighbourhoods*)

### **Type of decision**

Key Decision (test (i)) Forward Plan Reference RN98/11.

### **Purpose of report**

To set out information relating to the opportunity in relation to the former Anderson's Bakery property in Ashgrove Avenue.

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

The Assistant Director, Regeneration reported that property known as Anderson's Bakery comprised an interwar built end terrace originally constructed as two houses. It was converted into and used as a baker's shop with upper floor living accommodation for many years. More recently the business was closed and the property was sold to Developing Initiatives for Support in the Community (DISC) who purchased it with a view to converting the property into residential use.

Following their purchase in March 2014 DISC applied for planning permission in October for conversion of the property into four one bedroom flats together with a communal lounge for residents. The flats were intended for general needs social housing, for which DISC have funding. The application was refused in February of this year. The Council's Planning Service Manager has now received notification that DISC will appeal against the decision.

Due to the level of public concern raised by the DISC planning application, consideration is being given to acquiring the property by agreement from DISC in order to convert the property back into two houses as part of the Empty Homes Programme. The property has been inspected and valued and a schedule of costs for converting the property back into 2 houses has been prepared by the Consultancy Group. The financial considerations were set out in an confidential appendix to the report. The appendix 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 Business Case for the Empty Home Programme (EHP) has a cash budget per housing unit produced in order to ensure that there are adequate funds to acquire and refurbish the target number of units. However, it needed to be recognised that owing to the former use of his property and the current condition of the building that this conversion was not a typical EHP project. The conversion of the property would require a significantly more extensive range of structural works than a normal EHP scheme. Therefore, whilst the objective of this scheme would be to provide afforded housing, the costs of this project would exceed the normal EHP unit cost budget and details were given in the confidential appendix.

Given the anticipated costs it would not be possible to purchase and refurbish the property within the Empty Property Programme the normal unit



cost for an EHP unit. Given that the end use would be for general needs social housing, there was scope to use Section 106 funds. The Council had a fund derived from Section 106 contributions intended for social housing and thus potentially some of this could be used to meet the cost of acquiring, converting and renovating Anderson's Bakery.

Ward Councillors commented that the original proposals from DISC had caused a great deal of concern in the local community and the proposal for the Council to purchase the property and return it to general housing was welcomed. In considering the options it was suggested that the costs set out would be reviewed to find any savings possible. Once the properties had been sold, then any return over the costs of conversion should be returned to the empty homes scheme. In considering the options set out in the report, the Chair suggested that consideration should also be given to including any adaptations that may be required that would make the properties an option for foster families caring for disabled children. The Chair also commented that the Council had had preliminary discussions with DISC who were minded to sell the property to the authority should Members support option 1 "purchasing at a purchase price equivalent to DISC's acquisition price and costs to date on the project." This was supported unanimously by the Committee.

### **Decision**

- i) That the Committee notes that the conversion of the Anderson's Bakery building into two housing units is not a normal Empty Homes Programme scheme owing to the former use and current condition of the building, which means that the cost of the scheme exceed the normal unit cost budget.
- ii) That the Committee supports option 1 "purchasing at a purchase price equivalent to DISC's acquisition price and costs to date on the project" supplementing the normal Empty Homes Programme unit cost budget with Section 106 resources.
- iii) That the Committee notes that any Section 106 resources allocated for this scheme would not be available for other projects and the housing outputs achieved would be two less than if these resources had been allocated to a normal EHP scheme.

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

No items.

## **20. 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 21 – West Hartlepool Rugby Football Club (WHRFC) – 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).

- 21. West Hartlepool Rugby Football Club (WHRFC)** (*Chief Finance Officer*) 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)

**Type of decision**

Non-key decision.

**Purpose of report**

To consider revised arrangements in relation to an existing loan in together with a request for an additional amount from West Hartlepool Rugby Football Club (WHRFC).

**Issue(s) for consideration**

Details are set out in the exempt section of the minutes.

**Decision**

The decision is set out in the exempt section of the minutes.

The meeting concluded at 10.50 am.

**P J DEVLIN**

**CHIEF SOLICITOR**

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