

# **FINANCE AND POLICY COMMITTEE**

## **MINUTES AND DECISION RECORD**

20 JUNE 2016

The meeting commenced at 10.00 am in the Civic Centre, Hartlepool

**Present:**

Councillor Christopher Akers Belcher (In the Chair)

Councillors: Allan Barclay, Paul Beck, Alan Clark, Kevin Cranney, Marjorie James, Brenda Loynes, and Stephen Thomas.

Officers: Andrew Atkin, Assistant Chief Executive  
Chris Little, Chief Finance Officer  
Peter Devlin, Chief Solicitor  
Sally Robinson, Director of Child and Adult Services  
Denise Ogden, Director of Regeneration and Neighbourhoods  
Alastair Rae, Public Relations Manager  
David Cosgrove, Democratic Services Team

**1. Apologies for Absence**

None.

**2. Declarations of Interest**

None.

**3. Minutes of the meeting held on 16 May 2016**

Confirmed.

**4. Medium Term Financial Strategy (MTFS) 2017/18 to 2019/20** (*Corporate Management Team*)

**Type of decision**

Budget and Policy Framework.

**Purpose of report**

The purposes of the report were to:-

- (i) Inform Members of information received from the Department for Communities and Local Government regarding the arrangements inviting authorities to apply for multi-year finance settlements for 2017/18 to 2019/20 and determine whether the Council should apply for a multi-year finance settlement;
- (ii) Update Members on the Council's financial position and the forecast budget deficits for 2017/18 to 2019/20;
- (iii) To enable Members to approve the proposed budget timetable, including arrangements for making early decisions to underpin the development of a robust and sustainable 2017/18 budget;
- (iv) To review the Local Council Tax Support scheme options for 2017/18 to 2019/20 and;
- (v) To inform Members of the final 2015/16 outturn.

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

The Chief Finance Officer reported that Members had been previously advised of the challenging financial position that the Council faced over the next three years. The Chancellor in his March 2016 Budget had confirmed that changes in the Government's Council Tax Policy were forecast to increase Council Tax income for all English Councils and from April 2020 local authorities would retain 100% of Business rate income and the revenue support grant would be phased out completely. The retention of business rates raised some very complex issues for all local authorities and the situation in Hartlepool was amplified by the situation surrounding the power station.

The Chief Finance Officer indicated that the Chancellor's budget has also announced a number of key policy decisions that would, or may, impact on local authorities and these included –

- Public Sector Efficiency Review
- Business Rates – Small Business Rates changes
- Business Rates – Annual indexation
- Business Rates – More frequent revaluations
- National Living Wage (NLW)
- Education Reforms

The report set out briefly the potential impact of each with a summary of the Business rate changes and their expected impact on business rate income.

The Chief Finance Officer indicated that in December 2015 the Department for Communities and Local Government (DCLG) announced details of an opportunity for councils to sign up to a 4-year Government funding settlement. Further information on these arrangements was provided in

March 2016. This confirmed that the multi-year settlement offer covered the period up to 2019/20 and related to Revenue Support Grant, Transitional Grant and Rural Services Delivery Grant.

Whilst the 4-year settlement may not be a 100% guarantee it is clear that DCLG is committed to the principle of a 4-year funding settlement. Furthermore, the Secretary of State has stated

“Of course this offer is entirely optional. It is open to any council to continue to work on a year-by-year basis, but I cannot guarantee future levels of funding to those who prefer not to have a 4-year settlement”.

It was not yet known if the ‘Public Sector Efficiency Review’ announced in the Chancellor’s March 2016 would be deemed by the Government to be ‘exceptional circumstances’. The Chief Finance Officer advised Committee that in light of the fact that a four year deal was likely to be the best deal government were offering the Council should take up the offer and submit a Council Efficiency Plan for the same period as required by DCLG before the deadline of 14 October 2016. A draft Efficiency Strategy had been prepared by the Corporate Management Team and was appended to the report.

The report also set out an updated budget forecast for the period to 2019/20 based on a number of forward planning assumptions relating to –

- Council Tax income and growth
- Government Grant Cuts
- Pay awards and the National Living Wage
- Inflation and demographic pressures, and
- Budget Savings approved for implementation in 2017/18.

In relation to the budget savings approved for implementation in 2017/18, one off funding had previously been approved to retain the Lifeguard Service and School Crossing patrols until 2016/17, with these services being removed in 2017/18. The total value of this saving was £195,000, consisting of £75,000 for Lifeguards and £120,000 for School Crossing patrols. For planning purposes the achievement of the Lifeguard saving is included in the updated forecasts, subject to the outcome of a service review to be considered by the relevant policy committee later in the year. The position in relation to School Crossing patrols has been reviewed and this saving has been removed as this saving cannot be achieved as originally anticipated as schools cannot legally use the Dedicated Schools Grant to fund this service.

The strategy for managing the budget deficits from 2017/28 through to 2019/20 was set out in detail in the report. The corporate savings initially identified for 2017/18 included –

- Review of Minimum Revenue Provision (MRP) - £2 million savings (subject of a separate report to this meeting)

- Review of Corporate Costs - £1.031m saving
- New Homes Bonus and Better Care Fund - £0.640 net income reduction

In total these additional savings would reduce the previous budget deficit forecast of £17.240m to £12.690m. This reduced the total deficit as a percentage of the 2016/17 budget from 20% to 15 %. The revised forecast for the savings that needed to be identified by departments was as follows –

	Previous Forecast  £'m	Latest Forecast  £'m	Latest Forecast <u>WITH</u> potential phasing £'m
2017/18	8.663	5.634	4.634
2018/19	3.443	2.784	3.784
Sub Total	12.106	8.418	8.418
2019/20	5.134	4.272	4.272
<b>Total</b>	<b>17.240</b>	<b>12.690</b>	<b>12.690</b>
Total deficit as a percentage of 2016/17 Budget	20%	15%	15%

The final column in the above table reflects the proposal to allocate a £1m forecast 2016/17 managed budget underspend to support the 2017/18 and provide a longer lead time to implement savings. In line with the recommended budget timetable budget decisions for the next three years will be front-load savings into 2017/18 and it was hoped that this would minimise the number of compulsory redundancies.

In relation to the Local Council Tax Support (LCTS) Scheme 2017/18 to 2019/20 members had previously recognised that owing to the impact of continuing Government grant cuts in the next three years that maintaining a 12% LCTS scheme would be increasingly difficult. Members, therefore, supported a planned change in Hartlepool's LCTS scheme from 12% in 2016/17 to 20% in 2017/18. At that time it was recognised that the final decision on the 2017/18 LCTS scheme would not be made until December 2016 and would be based on an updated assessment of the impact of changing the LCTS.

The initial decision to move to a 20% LCTS scheme had been taken before the Government announced the 2% Adult Social Care Precept and the ongoing impact of this significant national policy change had been assessed. These factors had now been assessed as the combined impact of changing the Hartlepool LCTS scheme and the impact of the future Council Tax increases would impact on low income working age households.

This assessment had also considered the impact on households where the LCTS liability was collected by an attachment to benefit. Under these

arrangements the Council secures payment direct from other Welfare Benefits paid by the Department for Work and Pensions (DWP). The maximum weekly amount which could be recovered in this way is £3.70, which equates to £192.40 per year.

After a careful assessment of the issues around the LCTS, CMT was recommending the retention of the 12% LCTS scheme as this would provide a more robust financial base for the Council than a 20% LCTS scheme as there would be less potential for annual increases in Council Tax arrears, which would increasingly be more difficult and costly to recover in future years. The report also detailed the financial support to low income households of maintaining a 12% LCTS scheme for the next three years.

From the future risks outlined in the report, the Chief Finance Officer highlighted those in relation to Business Rates income over the period 2016/17 to 2019/20, including new risks arising from NHS Foundation Trusts applying for Mandatory Business Rate Relief. This was a national issue and the Local Government Association had raised concerns regarding this issue with the Department for Communities and Local Government as the NHS funding regime was based on Business Rates being payable by individual Trusts.

With regards to the current Business Rate position, the Chief Finance Officer stated that the Council had now moved into the safety net established by government. This essentially meant that the situation in relation to business rates could not get any worse for the Council, though it did mean that any growth in business rates now had to lift the Council out of the safety net first before it started to feed through into actual business rate income growth for the Council.

The report also highlighted that it would be key for the Council to manage public understanding of future financial challenges and engagement around the difficult budget decisions it faced over the next three years. It was important that the Council engaged with both residents' and staff about the difficult choices we face and why we face them. In order to do this the Council would be undertaking an in-depth public engagement and communication exercise over the next few months.

The Chief Finance Officer indicated that the Capital Strategy would be the subject of future reports to the Committee. The Council still needed to remain ambitious for Hartlepool and would need to continue to make capital investment to support growth schemes and projects where there was a future revenue stream.

The report also outlined the child and family poverty aspects of the budget proposal for the next three years, particularly the support provided to low income families through the retention of the LCTS scheme at 12%. Members welcomed the proposal on the LCTS scheme particularly at a time when the new Universal Benefit regime was still bedding in. The budget cuts over recent years had led to a reduction in the number of

Council staff by 430 posts. Members commented that these were good, reasonably well paid jobs largely stripped out of the local economy as most Council employees lived in the town. Even where staff had been able to retire, those jobs had been stripped out of the establishment and not available to new employees.

In relation to the proposals on the Lifeguards budget for 2017/18, the Chair suggested that the recommendations needed to explicitly state that Neighbourhood Services Committee would review and propose what this service may or may not look like in the future. The Chair also stated that those monies from the uncommitted revenue outturn - £93,000 – and 'right to buy' income should be referred to the Regeneration Services Committee for consideration as part of the Empty Homes Strategy with a subsequent report being submitted to this Committee.

### **Decision**

1. That the report be noted.
2. That approval be given to an appropriate application being made to DCLG for a 4-year funding settlement (2016/17 to 2019/20) and that this be referred to Council for approval;
3. That in association with 2 above, the Efficiency Plan detailed at Appendix A to the report be approved;
4. That, subject to the outcome of a detailed service review by the Neighbourhood Services Committee, the decision made as part of the 2015/16 MTFS to remove Lifeguard Service in 2017/18 be noted and that at this stage, the MTFS forecast for 2017/18 assumes this savings of £75,000 will be achieved;
5. That the proposed savings from removing School Crossing Patrols in 2017/18 is removed from the MTFS forecasts;
6. That the following key principles underpinning the 2017/18 to 2019/20 budget strategy be approved: -
  - (a) That in line with the Government's Council Tax policy annual increases in Council Tax of 3.9% (including the 2% Social Care Precept) will be implemented for 2017/18 to 2019/20; and
  - (b) That the recommendation not to implement a 20% LCTS scheme for 2017/18 to 2019/20 and to instead implement a 12% LCTS scheme for the next three years be approved.
7. That the implementation of the Corporate Budget savings detailed in paragraph 6.9 of the report be approved and that a detailed report on the proposed saving from reviewing the Minimum Revenue Provision will be referred to the Audit and Governance Committee for detailed consideration as part of the Committees remit for reviewing the annual

Treasury Management Strategy;

8. That after reflecting the recommended Corporate Budget savings Council notes the need to identify budget savings/reductions of £12.690m from departmental budget over the next three years, which equates to a 15% reduction in the total budget;
9. That the phasing of the £12.690m budget deficit, as summarised in paragraph 14.10 of the report, be noted and that detailed proposals for achieving the necessary savings will be submitted to future Finance and Policy Committee meetings;
10. That the budget timetable submitted as Appendix B to the report, which includes provision to refer some early budget decisions to Council in September/October, be noted;
11. That the public engagement and communication exercise be noted and supported as appropriate.
12. The uncommitted revenue outturn of £93,000 and 'right to buy' income should be referred to the Regeneration Services Committee for consideration as part of the Empty Homes Strategy with a subsequent report being submitted to this Committee.

**5. Review of Minimum Revenue Provision (MRP) Policy for 2017/18** *(Chief Finance Officer)*

**Type of decision**

Budget and Policy Framework.

**Purpose of report**

To provide detailed information on the proposal included in the Medium Term Financial Strategy report to revise the Minimum Revenue Provision (MRP) policy for 2017/18 prior to this proposal being referred to the Audit and Governance Committee for detailed scrutiny, before submission to full Council.

**Issue(s) for consideration**

The Chief Finance Officer reported that following consultation with the Chair of the Finance and Policy Committee a review of the current MRP policy commenced during 2015/16 to provide an adequate lead time to review the complex technical and legal requirements in relation to the MRP. This lead time was necessary to enable the submitted detailed report to be prepared for consideration by this Committee and also referred to the Audit and Governance Committee, prior to any changes being submitted to Council for implementation in 2017/18.

The MRP policy is part of the annual Treasury Management Strategy which provides the framework for managing the repayment of the Council's borrowing used to fund previous capital investment. In accordance with regulations which came into force on 31 March 2008 local authorities were required, on an annual basis, to determine a MRP policy which it considered was appropriate to ensure the Capital Financing Requirement (CFR) was repaid over an appropriate period. The CFR and MRP were defined as follows:

- The CFR is the accumulated level of borrowing undertaken to finance capital expenditure; and
- The MRP is the annual charge to the revenue budget to repay the CFR.

The existing MRP policy consists of two components:

- MRP for pre 31st March 2008 borrowing

Borrowing up to this date was all subject to Government approval via the granting of 'credit approvals', which provided authority to borrow for capital purposes. In accordance with national regulations applying at that time the MRP for non-housing capital investment was set at 4% of the CFR.

- MRP for post 1st April 2008 borrowing

From this date local authority borrowing is regulated via the Prudential Code, which enables individual authorities to set their own borrowing limits, subject to specific conditions being met. The most important condition is the ability to repay Prudential Borrowing over an appropriate time period. It is not proposed to make any changes to the MRP policy for post 1<sup>st</sup> April 2008 borrowing and MRP payments will continue in accordance with existing arrangements to ensure the debt is repaid over the existing asset lives.

The position in relation to pre 31<sup>st</sup> March 2008 borrowing needed to be reviewed to ensure those arrangements remained appropriate in light of the significant changes to the Local Government funding system introduced over the last few years. From this Council's perspective reviewing the MRP policy for the 2017/18 financial year provides the maximum benefits in terms of the scale of the ongoing saving which can be achieved and the number of years this saving can be sustained for. If this review had been completed in an earlier financial year the financial benefits would have been lower and sustained over a shorter time period.

The Chief Finance Officer stated that the revised MRP policy now reported was prudent and would ensure:

- The balance of the CFR at 31st March 2008 will be fully repaid after 50 years, i.e. by 31st March 2057.
- Under the current MRP policy this would not be achieved as 13%



(£9.4m) of the CFR would still be outstanding at 31st March 2057. There would still be 7% (£5.1m) outstanding at 31st March 2072 – some 65 years after 31st March 2008;

- The revised MRP policy does not increase the overall level of debt, although it does change the repayment profile.
- The annual financial commitment of making MRP repayments will be fairer for both Council Tax payers and the budget over a 50 year period.
- By adopting the revised MRP policy the annual charge to the revenue budget will never exceed the current charge. This would provide a revenue savings which could be taken into account when setting the 2017/18 budget.

The revised recommended MRP policy for the pre CFR at 31st March 2008 cannot be applied retrospectively as the financial accounts for 2008/09 to 2014/15 have been closed. However, the financial impact of the revised MRP policy and the current policy has been assessed. This analysis shows that by 31st March 2017 the Council will have 'overprovided MRP' by £13.8m.

The Chief Finance Officer highlighted that if this policy change had been considered 12 months earlier the Council would have 'overprovided MRP' by £11.7m. As indicated earlier in the report this demonstrated that if the revised policy had been considered earlier the overall benefit and resulting annual savings would have been lower and for a shorter number of years.

To address the overprovision of MRP under the existing policy it was recommended that no MRP payments are made in relation to the pre-2008 CFR for the period 2017/18 to 2028/29. The proposal would enable the Council to re-base the repayment of the CFR so that the CFR outstanding at 31st March 2028 would be at the level it should have been had the revised MRP policy applied from 1st April 2008.

This proposal would enable a recurring annual revenue budget saving of £2 million to be taken over a 12 year period i.e. 2017/18 to 2028/29. In 2029/30 the savings would reduce to £1.4m. There would then be a further reduction in 2030/31 to £1m.

However, the Chief Finance Officer stated that a key issue for the Committee to recognise was that from 2030/31 the aggregate annual MRP (i.e. covering the pre and post 2008 CFR) would be £1m lower than it would have been if the existing MRP policy was maintained.

To ensure the annual saving could be relied upon over a 50 year period the Council would need to manage annual fluctuations by maintaining a phasing reserve. As the revised MRP policy was a long term financial strategy the phasing reserve also needed to reflect this planning horizon.

The Chair indicated that the Phasing Reserve required for the change in policy to be implemented would be referenced in the wider review of reserves later in the year.

### **Decision**

1. That the report and the potential to achieve an annual saving of £2m over the period 2017/18 to 2028/29 by implementing a revised MRP policy for the pre 31st March 2008 CFR be noted;
2. That the Committee notes that the recommended revised MRP policy is a long term strategy covering a 50 year period and to ensure the annual recurring saving detailed in the report can be achieved a phasing reserve will be required. This reserve can be funded from small annual contributions from the existing budget;
3. That the report be referred for early consideration by the Audit and Governance Committee to enable this savings to be built into the 2017/18 budget strategy to help address the 2017/18 budget deficit.

## **6. Holiday Hunger Pilot Scheme** (*Director of Child and Adult Services*)

### **Type of decision**

Non-key decision.

### **Purpose of report**

To outline the proposals for a holiday hunger pilot scheme to be delivered during the school summer holiday period and the seek agreement from Finance and Policy Committee to implement the pilot.

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

The Director of Child and Adult Services reported that in March 2016 the Committee considered a report outlining the development of the Child and Family Poverty Strategy 2016 onwards. The report outlined options for Members to consider in relation to maximising the impact of the available reserve and, at the request of Members, proposed three options, which were agreed, as follows:

- A programme in schools to address money management and budgeting;
  - Building capacity and skills within the voluntary sector to support families in poverty particularly offering debt advice, money management.
- At its meeting on 15th February 2016, Finance and Policy Committee agreed to extend the contract with West View Advice and Resource Centre to deliver the Council's financial advice and support service during the 2016/17 financial year. This decision committed £110,000 of the £500,000 reserve;

- Deliver a pilot Holiday Hunger scheme during the 2016 school summer holidays and support organisations that are currently working directly with families in food poverty to develop the scheme so that it is sustainable in the long term.

During the discussion on the issue of holiday hunger the Chair noted as follows: ‘... it was essential that the Council undertook the pilot previously agreed on school holiday hunger to assess the real need in the community.’

Following the request that a scheme be delivered this summer, officers in Child and Adult Services, Public Health and Neighbourhood and Regeneration had met to develop a cost effective holiday hunger pilot scheme which maximised the available resources within the Child and Family Poverty reserve, builds community capacity and was potentially sustainable in the long term.

The scheme proposed was based around two specific parts, an initiative with the Trussell Trust, who operate the Food Bank in Hartlepool, to offer an enhanced service over the summer from community based locations and the development of a ring fenced non-recurrent resource for local and voluntary organisations to bid for funds to deliver a scheme in their local community.

The food bank element would be in addition to the regular support available from the main food bank. It was proposed that there would be distribution sites at locations in the north, central and south areas of the town via either children’s centres or voluntary and community centres. Further options would be explored but initial options included; West View Advice and Resource Centre or Hindpool Children’s Centre (North), Chatham or Lynnfield Children’s Centre (Central) and Kilmarnock Road Resource Centre or Rossmere Children’s Centre (South). It was proposed that HBC work in partnership with the Trussell Trust to add value to the scheme through adding menu cards to the food parcels offering information and advice on how to prepare healthy, well balanced meals based on the contents. Parcels would also include information on access to other services for example the crisis fund and other financial support services. It was anticipated that through this initiative, 80 food boxes would be available each week (maximum 480 in total), spread across the North, Central and South venues.

To complement the initiative with the Food Bank, it was proposed that a ring fenced non-recurrent resource would be created from the Child Poverty reserve totalling £25,000, which would be open to voluntary and community sectors organisations to bid to deliver a holiday hunger initiative. The use of the fund would be targeted towards organisations that were supporting children and young people through the provision of meals during the school summer holiday. The maximum amount any single organisation could bid for would be £3,000.

Following the summer holidays there would be a full evaluation of the

schemes and the level of need in the town.

Members supported the proposals put forward in the report. It was suggested that in the south of the town, the Owton Manor Community Centre would be a more viable location for the food bank operation as it was also the venue for the Community Hub in that area. Members were also concerned at the promotion of the scheme to those that would be most in need. The Chair suggested that promotion of the scheme into families could be undertaken in a similar fashion to the free swims programme where each school was given leaflets for each child to take home. Officers indicated that they would look to use every avenue possible, including social media and word of mouth through officers that had contact with those families that could benefit.

The Chair of the Neighbourhood Services Committee commented that at a recent meeting of the Allotments Forum, there had been discussions on the potential donation of excess fresh produce from allotment holders being donated to the scheme.

The Chair indicated that the scheme proposed was based on 80 boxes being issued each week. The Chair sought the Committees approval to delegated power being extended to the Director of Child and Adult Services in consultation with the Chairs of this and the Children's Services Committees to approve additional boxes being issued; this was supported by Members. The Chair also questioned how the issuing of grants would be decided. Officers suggested a similar small forum of Members to that used to decide the Northgate Community Fund grants could be established with authority to approve the grant applications. Members suggested that the Chairs of the Finance and Policy, Regeneration Services and Children's Services Committees should form such a forum for determining these grants with delegated authority to approve applications within the remit and budget of the scheme.

## **Decision**

1. That the pilot scheme for operation during the school summer holiday 2016 based on the following arrangements:
  - (a) Food parcels distributed from three locations in partnership with the Trussell Trust;
  - (b) That where possible, the offer from allotment holders for the donation of fresh produce be utilised in the food parcels;
  - (c) That delegated power being given to the Director of Child and Adult Services in consultation with the Chairs of this and the Children's Services Committees to approve additional food parcels being issued above the 80 proposed, should demand arise.
  - (d) The creation of a ring fenced non-recurrent resource of £25,000 from the Child and Family Poverty reserve be approved for voluntary and community sector organisations to bid to deliver a

- holiday hunger initiative;
  - (e) That a Forum of Members be established consisting of the Chairs of the Finance and Policy, Children's Services and Regeneration Services Committees to consider and approve bids for grants under the scheme;
  - (f) That use of the fund is targeted towards organisations that are supporting children and young people through the provision of meals during the school summer holiday; and
  - (g) That the limit per organisation bidding be £3,000.
2. That Committee notes that an evaluation will be undertaken and reported to Committee following the conclusion of the pilot programme.

## **7. Quarter 4 – Council Overview of Performance and Risk 2015/16** *(Assistant Chief Executive)*

### **Type of decision**

Non-key decision.

### **Purpose of report**

To inform Finance and Policy Committee of the progress made against the 2015/16 Council Plan, for the period ending 31 March 2016.

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

The Assistant Chief Executive reported that the current Council Plan had been agreed by Council on the 26 March 2015. The report set out progress against the 177 actions and 141 performance indicators contained within the plan. As this was the final progress report of the year, the Assistant Chief Executive commented that the level of achievement through the year as monitored by the various actions and indicators was extremely high with very little slippage when considering the pressures within the authority and some of the ambitious targets. Members questioned if there was a case of some targets being over ambitious. The Assistant Chief Executive stated that while being realistic about what could be achieved within the resources available, there was still a need and, indeed an ambition among officers, to continue to improve services for the people of Hartlepool.

A Member of the public questioned when the two serious case reviews referred to within the Child and Adult Services Department section of the report would be published. The Director of Child and Adult Services stated that both reports would be published once the reports had been signed off by all the relevant partners.

### **Decision**

1. That the position in performance as at end of March 2016 (Quarter 4) be noted;
2. That the position in relation to use of RIPA powers as set out in the report be noted;
3. That the Actions identified as not completed, as set out in Table 1 (CAD 15/16 LLS02) and Table 4 (PHD 15/16 HW19) of the report be noted;
4. That the Performance Indicators identified as target not achieved, as set out in Table 2 (CSD P144, NI 75 and ACS P066), Table 5 (ACS P059, ACS P081 and PHD 2.03) and Table 6 (RND P094, NI 193, RND P120, ACS P107, ACS P108a) of the report be noted;
5. That the change to risks as set out in Table 3 (CAD R066), Table 7 (CAD R048 AND RND R088) and Table 8 (CED R097 and CED R006) be noted.

## **8. Performance Reporting 2016/17** *(Assistant Chief Executive)*

### **Type of decision**

Non-key decision.

### **Purpose of report**

To update Finance and Policy Committee on the new style of performance reports, commencing at quarter 1 2016/17, and to identify the priority areas the committee would like to receive updates on during the quarterly reporting cycle.

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

The Assistant Chief Executive reported that previously, progress on the actions, Performance Indicators (PIs) and risks that make up the Council Plan has been reported quarterly to CMT and Finance and Policy Committee. The style of performance reports had remained largely unchanged for a number of years which in part prompted a review of the corporate approach. In March, the Policy Committee Chairs agreed a new format and style to performance reporting which aimed to be more engaging for elected members, and to reduce the number of lengthy quarterly reports to Policy Committees on individual service areas.

From the end of quarter 1 Finance and Policy committee would receive the new style performance report which would include an overview of the Council Plan produced from performance information in Covalent and an update on one specific activity or project that sits within the committees

remit. Other Policy Committees would receive a similar style report relating to their respective areas only (these reports would be for information only and they would not be requested to make decisions on performance).

In order to ensure that those projects or activities that were important to the Committee were included it was agreed that each Committee would identify four areas at the beginning of the financial year to be included in their quarterly performance reports.

The Assistant Chief Executive indicated that the suggested topics from the Department's for this Committee were:

- Strategic Asset Management
- Community Hubs
- Workplace Health
- Welfare Reform / Benefit System changes

Members suggested that one issue they would wish to see reported was around corporate procurement. The Director of Regeneration and Neighbourhoods stated that the Committee would still receive the quarterly reports on procurement as was included later on this agenda. It was proposed that as workplace health was monitored regularly at meetings of the Local Joint Consultative Committee, which under its new arrangements, reported through this Committee, that subject could reasonably be removed from the list and replaced by Corporate Procurement.

Members questioned if there was to be any formal scoping reports looking into the detail that would be provided to members. The Assistant Chief Executive indicated that that had not been the intention but Members involvement in the identification of specific areas of concern could be examined further.

### **Decision**

That the Finance and Policy Committee confirm the four topics to be included within the Council Plan performance reporting for 2016/17 will be –

- Strategic Asset Management;
- Community Hubs;
- Corporate Procurement;
- Welfare Reform / Benefit System changes;

and that further consideration be given to the inclusion of members in the 'scoping' of the issues to be included within these subject areas throughout the year.

## **9. Employee Sickness Absence Annual Report 2015/16** (Assistant Chief Executive)

### **Type of decision**

Non-key decision.

### **Purpose of report**

To update the Committee on the Council's performance in 2015/16 in relation to employee sickness absence and to seek approval for the sickness absence targets and key focus areas for 2016/17.

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

The Assistant Chief Executive reported that the target figure for 2015/16 for the Council excluding Schools was 8.20 average wte (whole time equivalent) days absence per wte employee. The end of year figure is over target at 9.06 wte and demonstrates a fractional increase in sickness absence rates from 2014/15 of 0.59 wte days.

The Council continues to focus on sickness absence management to drive these figures down further. This commitment is demonstrated in the target proposed again of 8.2 days across the Council excluding schools with individual targets for the four departments.

The Assistant Chief Executive stated that the most difficult area had again been long term sickness absences and a great deal of effort was being put into assisting those returning from such sickness absences return to work in a managed way that suited their own and the workplace needs.

Members expressed their concern at the mental health and wellbeing of staff particularly through the testing times of continual budgetary pressures. The Chair of the Regeneration Services Committee requested that officers explore the eligibility criteria associated with the Adult Education pilot project that was designed to support those with mild to moderate mental health and stress issues to assess if this could provide an additional resource.

Members considered that the authority should be looking towards providing courses and support for not only those people with mental health concerns but also the wider workforce in helping improve their general wellbeing. It was also suggested by a Member that some materials could be provided through the internal Intranet; self help resources, short videos etc, so staff had a ready resource to help when they needed guidance on dealing with issues around stress or other life events both at work and at home.

The Assistant Chief Executive indicated that not all the sickness attributable to stress was workplace related stress. There were some courses for staff available through Public Health. It was, however, a major issue for some



people to declare that they were suffering from stress, whether at work or at home, and talking to their manager may not always be the most appropriate person so there were confidential arrangements in place for people to self refer. Not all sick notes gave enough detail to determine whether the stress was work or home based, where it was known, there were different tools and processes that could be put in place to support the member of staff. The Assistant Chief Executive indicated that he would explore the suggestions put forward by Members.

The Chair questioned what level of corporate monitoring was undertaken in relation to staff appraisals and any issues raised through them; such as workplace stress. The Assistant Chief Executive commented that there was no specific corporate check though the appraisal scheme was being reviewed at the moment with a view to slimming the process and paperwork down. The Chair asked if the changes would be discussed with the Trade Unions. The Assistant Chief Executive stated that the changes would be discussed but that there was no change to the policy being made where agreement would need to be sought, simply changes to its implementation.

### **Decision**

That the Committee notes the information in relation to employee absence in 2015/16 and approval be given to the sickness absence targets and key focus areas for 2016/17 as set out in the report.

## **10. 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 the report contained information for each procurement tender awarded since the last quarterly report for Members information.

The Chair commented that Members were becoming concerned that a

number of contracts were being procured without being appropriately listed within the Council Forward Plan. There were also concerns with regard to contracts being extended with, or re-procured with, Contractors whose performance was 'not up to scratch'. Members suggested that there needed to be appropriate and timely reporting to policy committees before contracts were let/re-let so Members could assess whether the performance of the existing contractor was up to expectations and whether services needed to be re-let or brought in-house. This would be particularly appropriate for those services that could potentially be delivered through the new community hubs. The Director indicated that she would look to the contract procedure rules to assess what changes could be made in accordance with Members wishes but did feel that there needed to be some thresholds. The Chair suggested that it may be prudent to consider the issues through the forthcoming constitution review seminars.

Members also expressed a desire to bring as many local firms as possible into tendering for Council contracts. Experience showed very few local businesses had any knowledge of NEPO (North East Purchasing Organisation) and the fact that they could bid for council work locally. The Director stated that as far as possible, officers did look to local suppliers but it had to be acknowledged that there isn't always a local market there for the Council to access. The lack of local business knowledge of NEPO was not a significant issue and was no bar to firms tendering for Council work. The Assistant Chief Executive added that there was a lot of effort put into encouraging local businesses to bid for work and the tendering processes and documentation had been significantly streamlined a few years ago. There had been 'meet the buyer' events in the past and officers would look to the potential of future events and other means of accessing local businesses.

A Member was concerned that there were parts of the authority letting work that were still reticent to use the internal contractor when one was available. The internal contractors should always be supported as many jobs relied on that income stream coming through.

A Member of the public questioned if there were European Union rules that may impact on the council's contracts. The Director stated there were EU contract thresholds but that they were very rarely approached by any Council scheme or contract.

### **Decision**

That the report and Members comments be noted.

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

The Chairman stated that there was no business to be considered by the Committee as a matter of urgency.

The Chair requested that the absent Members be contacted to seek the appointment of substitutes for future meeting should they not be available to attend.

The Committee noted that the next meeting would be held on Monday 25 July, 2016 at 10.00 am in the Civic Centre.

The meeting concluded at 11.25 am.

**P J DEVLIN**

**CHIEF SOLICITOR**

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