

FINANCE AND POLICY COMMITTEE

AGENDA



Monday 25 July, 2016

at 10.00 am

**in the Council Chamber,
Civic Centre, Hartlepool.**

MEMBERS: FINANCE AND POLICY COMMITTEE

Councillors C Akers-Belcher, Barclay, Beck, Clark, Cranney, Hind, James, Loynes, Moore, Thomas and Thompson.

1. APOLOGIES FOR ABSENCE

2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS

3. MINUTES

- 3.1 To receive the minutes of the meeting of the Finance and Policy Committee held on 20 June 2016 (*For information as previously published and circulated*)
- 3.2 To receive the minutes of the meeting of the Safer Hartlepool Partnership held on 11 March 2016.

4. BUDGET AND POLICY FRAMEWORK ITEMS

- 4.1 Council Plan 2017/18 – Proposed Outcome Framework and Service Planning Timetable – *Assistant Chief Executive*

5. KEY DECISIONS

- 5.1 Provision for Adults with Additional Needs at Catcote Futures – *Director of Child and Adult Services and Director of Regeneration and Neighbourhoods*
- 5.2 Substance Misuse Treatment Support Delivery Options Appraisal – *Director of Public Health*
- 5.3 Elwick By-Pass and Grade Separated Junction - Funding Proposals – *Director of Regeneration and Neighbourhoods*
- 5.4 Disposal of Surplus Assets – Land at Seaton Lane – *Director of Regeneration and Neighbourhoods*
- 5.5 Leased Estate Policy – *Director of Regeneration and Neighbourhoods*



6. OTHER ITEMS REQUIRING DECISION

- 6.1 Jacksons Landing Demolition – *Director of Regeneration and Neighbourhoods*
- 6.2 Lease of Accommodation at New Centre for Independent Living – *Director of Regeneration and Neighbourhoods*
- 6.3 Hartfields Manor Lease: Day Opportunity Provision for Older People – *Director of Regeneration and Neighbourhoods and Director of Child and Adults*
- 6.4 Update on Community Defibrillator Programme and Proposals for Future Development – *Director of Public Health*
- 6.5 Irrecoverable Debts – Council Tax and Business Rates – *Chief Finance Officer*

7. ITEMS FOR INFORMATION

- 7.1 Housing Schemes Evaluation – *Director of Regeneration and Neighbourhoods and Chief Finance Officer*

8. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT

FOR INFORMATION: -

Date of next meeting – Monday 5 September, 2016 at 10.00 am in the Civic Centre, Hartlepool.



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
Total	17.240	12.690	12.690
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 1st 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 31st 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

PUBLICATION DATE: 28 JUNE 2016

SAFER HARTLEPOOL PARTNERSHIP MINUTES AND DECISION RECORD

11 March 2016

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

Present:

Councillor: Christopher Akers-Belcher (In the Chair)
Denise Ogden, Director of Regeneration and Neighbourhoods
Clare Clark, Head of Community Safety and Engagement
Barry Coppinger, Office of Police and Crime Commissioner for Cleveland
Chief Inspector Lynn Beeston, Chair of Youth Offending Board
Steve Johnson, Cleveland Fire and Rescue Authority
John Bentley, Safe in Tees Valley
Karen Hawkins, Hartlepool and Stockton on Tees Clinical Commissioning Group

In accordance with Council Procedure Rule 5.2 (ii) Councillor Jim Lindridge was in attendance as substitute for Councillor Marjorie James, Karen Clark as substitute for Louise Wallace, Superintendent John Lyons as substitute for Chief Superintendent Gordon Lang, Rosana Roy as substitute for Julie Allan, David Eggleston as substitute for Barbara Gill, Gilly Marshall as substitute for Stewart Tagg and Danielle Swainston as substitute for Sally Robinson

Also present:

Ian Hayton, Chief Fire Officer
Rachelle Kipling, Office of Police and Crime Commissioner for Cleveland
Louise Soloman, Cleveland Police

Officers: Rachel Parker, Community Safety and Research Officer
Denise Wimpenny, Principal Democratic Services Officer

52. Apologies for Absence

Apologies for absence were submitted on behalf of Councillor James, Hartlepool Borough Council, Louise Wallace, Director of Public Health, Hartlepool Borough Council, Superintendent Gordon Lang, Cleveland Police, Julie Allan, National Probation Service, Barbara Gill, Tees Valley Community Rehabilitation Company, Stewart Tagg, Housing Hartlepool, Sally Robinson, Director of Child and Adult Services, Hartlepool Borough

Council.

53. Declarations of Interest

None at this point in the meeting. However, an interest was declared by Councillor Lindridge later in the meeting (Minute 60 refers)

54. Minutes of the meeting held on 22 January 2016

Confirmed.

55. Matters Arising from the Minutes

With regard to Minute 45, Matters Arising from the Minutes in relation to the Taxi Marshalling Scheme and a request that all funding stream options be explored, the Head of Community Safety and Engagement reported that no further funding contributions had been forthcoming from taxi firms. Other partners had indicated they were willing to make a contribution. It was noted that given the shortfall was £5,000, if any other partners were willing to contribute the level of contribution would reduce for other partners. The Chair sought the Partnership's approval to delegate authority to the Chair and Head of Community Safety and Engagement to liaise with partners to agree the final levels of funding contributions.

With regard to Minute 46, Strategic Assessment 2014 and the decision taken that the issue of early morning restriction orders (EMRO) be referred to the Licensing Committee for review, the Committee was advised that the Licensing Committee had considered this matter at its meeting on 24 February 2016 and had determined that the issue of EMRO's be referred back to the Partnership with a request that evidence be presented that demonstrated a need for an EMRO whereupon the Licensing Committee could give the matter detailed consideration at a future meeting.

The Chair reported that Neville Cameron would no longer be attending future Partnership meetings and requested that the Police and Crime Commissioner convey the Partnership's thanks to Neville for this contribution.

Decision

- (i) That authority be granted to the Chair and Head of Community Safety and Engagement to liaise with partners to agree the final levels of funding contributions for the Taxi Marshalling Scheme.
- (ii) That the information given be noted and the issue of EMRO's be referred back to the Partnership to provide evidence that supported the need for an EMRO.
- (iii) That the Police and Crime Commissioner convey the Partnership's thanks to Neville Cameron for his contribution to the Partnership.

56. Domestic Violence and Abuse Strategy 2016-2019

(Director of Regeneration and Neighbourhoods)

Purpose of report

To agree a process for developing the Safer Hartlepool Partnership Domestic Violence and Abuse Strategy 2016-2019.

Issue(s) for consideration

The Head of Community Safety and Engagement presented the report which set out the background together with the proposed process and timeline to the development of the Domestic Violence and Abuse Strategy 2016-19. Work would begin on developing the Strategy in March 2016 and a local needs assessment would be undertaken to ascertain the extent of domestic violence and abuse in Hartlepool. Key findings of the needs assessment would be used to inform the development of the Strategy, including the proposed strategic objectives and priorities.

The draft Strategy would be presented to the Partnership in June 2016 and, subject to Partnership approval, would be ready to go out for consultation immediately after, details of which were provided. It was anticipated that the finalised strategy would be presented to the Partnership in September 2016.

The Police and Crime Commissioner welcomed the introduction of a National Strategy given that there had been a North East Strategy in place since 2013. It was noted that the PCC's office was currently doing a lot of work in support of the North East Strategy, details of which were provided and the PCC's willingness to support the future development of the Strategy was noted. In response to a query as to whether abuse involving child against parent had been included in the needs assessment given increasing prevalence of this issue, the Head of Community Safety and Engagement expressed support for inclusion of this issue and advised that soundings would be taken from the Youth Council as part of the Face the Public consultation arrangements. The benefits of including restorative justice was highlighted which the Head of Community Safety and Engagement agreed to explore. With regard to consultation on the Strategy, it was suggested that the consultation be extended to include the Consultative Forums.

Decision

- (i) That the proposed schedule for developing and consulting on the Domestic Violence and Abuse Strategy 2016-2019 be approved subject to extending the consultation to include the Consultative Forums.

- (ii) That the suggestions of the Partnership in relation to inclusion of abuse involving child and parent and the option to include restorative justice within the Strategy be explored.

57. Community Safety Plan 2014-17 (Year 3) *(Director of Regeneration and Neighbourhoods)*

Purpose of report

To consider the annual refresh (Year 3) of the 2014-17 Safer Hartlepool Partnership Community Safety Plan, attached at Appendix 1.

Issue(s) for consideration

It was reported that the Partnership had considered and approved the first draft Community Safety Plan (Year 3) 2014-17 and the Plan had also been considered by the Council's Audit and Governance Committee and Finance and Policy Committee. The final version of the Plan was attached at Appendix A and included reference to early morning restriction orders and restorative justice issues as requested by the Partnership at the last meeting. The request from the PCC to include the logo in the final Plan was accepted by the Partnership.

Decision

That the Community Safety Plan 2014-17 (Year 3) be approved subject to the inclusion of the Cleveland Police and Crime Commissioner's logo within the document.

58. Home Office Consultation – Enabling Closer Working Between Emergency Services *(Director of Regeneration and Neighbourhoods)*

Purpose of report

To inform the Partnership of Government plans to introduce new legislation to enable closer working between emergency services.

Issue(s) for consideration

The Director of Regeneration and Neighbourhoods introduced the report which provided background information to the Government's plans to introduce new legislation to enable closer working between emergency services. Following a consultation process the Government intended to legislate to introduce a high level duty to collaborate on all three emergency

services and enable PCC's to take on the functions of Fire and Rescue Authorities, details of which were set out in the report.

The Chair welcomed the Police and Crime Commissioner and Chief Fire Officer who were in attendance at the meeting to provide their views in relation to the Government's proposals. Both the PCC and Fire and Rescue Authority expressed their support for the pending legislation and highlighted the measures that were already in place towards meeting such requirements.

The Chief Fire Officer referred to the strong democratic accountability within the Fire Authority and a memorandum of understanding that had recently been developed in terms of movement towards collaboration in relation to assets and buildings and sharing accommodation across authorities. Discussions had also commenced in relation to a number of closer working initiatives including managing fleet, extending partnership working to identify better ways of protecting the public and examining back office functions with a view to bringing services closer together.

The Police and Crime Commissioner reported on the existing high levels of collaboration, effective communication links and the PCC's commitment to make the best use of reducing resources between the emergency services to do their best for communities.

The Director of Regeneration and Neighbourhoods updated the Partnership on the discussions that had taken place with the Council's Chief Executive in relation to formalising collaboration activities. The Chief Fire Officer referred to pressures on the North East Ambulance Service particularly in relation to the level of call outs and the importance of partner agencies supporting the Ambulance Service with medical emergencies where possible was emphasised.

The opportunity to share office space at Stranton Fire Station was noted. The Chair advised that this information could be fed into the community hub model.

Decision

That the information given and comments of the Partnership be noted.

59. Respect Your Neighbourhood – Environmental Crime Campaign *(Director of Regeneration and Neighbourhoods)*

Purpose of report

To provide an update on the 'Respect Your Neighbourhood – Environmental Crime Campaign'.

To consider the Partnerships continuing support for Neighbourhood Action Days over the forthcoming year.

Issue(s) for consideration

The Director of Regeneration and Neighbourhoods reported on the background to the establishment and purpose of the Respect Your Neighbourhood Environmental Crime Campaign. The Partnership was referred to a copy of the report submitted to the Council's Neighbourhood Services Committee in January, attached at Appendix A, which outlined progress to date in relation to the Campaign and sought the Partnership's support for Neighbourhood Action Days for the forthcoming year.

The report included a summary of days of action for 2015/16, the outcome of a recent review of Neighbourhood Action Days and proposals to ensure the continued success of the campaign.

The Committee welcomed the initiative and the Chair took the opportunity, on behalf of the Committee to thank the staff involved for their hard work in making the campaign such a success.

The benefits of increasing the number of action days to two per month was discussed and the option to feed this suggestion through the Anti-Social Behaviour Group was highlighted. Whilst in support of the Neighbourhood Action Days, which were well received by residents, the Chair requested that the feasibility of increasing the number of actions days be explored. The Chair requested that this suggestion be referred to the Neighbourhood Services Committee for consideration.

Decision

That the suggestion regarding increasing the number of Neighbourhood Action Days to 2 per month be referred to the Neighbourhood Services Committee for consideration.

At this point in the meeting Councillor Lindridge declared a personal interest in the following item of business as a Member of the Police and Crime Panel.

60. The Integrated Neighbourhood Police Team Review (Representative from Cleveland Police)

Issue(s) for consideration

A representative from Cleveland Police, who was in attendance at the meeting, provided the Partnership with a detailed and comprehensive presentation in relation to the future of the Integrated Neighbourhood Police Team following a recent review into the reconfiguration of local policing. The presentation included an overview of future arrangements and focussed on the following:-

- Local Policing Towards 2020
- Background to reason for review - budget cuts and the force delivering local policing with 100 fewer PCs than the current model of delivery requires
- Strategic Threat and Risk Assessment
- Balancing strategic threat and risk assessment against available staff
 - 2010 – 1643 officers
 - 2014 – 1308 officers
 - 2016 – 1267 officers
- How we will do this – local policing, enabling services and collaborative services
- Vision of local policing – restructure of service
- Measures to protect vulnerable people
- Role of Incident Resolution Teams - reallocate officers to support policing plans
- Neighbourhood Policing will continue to be a central strand of local policing model – core role of PCSO's in Neighbourhood Policing would be maintained
- Vulnerable localities index results
- The 3 Ss approach
- Key changes including benefits of change to communities, organisation, officers and staff
- Protect, intervene and prevention initiative
- Recruiting PCSO's to bring numbers back up to 132
- Proposed changes to officer shift patterns to meet demand when most needed

Following conclusion of the presentation the Partnership discussed the issues highlighted in the presentation. The representative responded to issues raised by Members in relation to the operational impact of the proposed changes to staff shift patterns and the proposed changes to protect children from exploitation and on-line grooming and deal with issues

of this type more effectively.

Clarification was provided in relation to the allocation of resources process following some concerns expressed that resources may be re-directed to areas outside of Hartlepool. Assurances were provided that resources allocated to Hartlepool would remain in Hartlepool and whilst the Chief Constable had the power to reallocate resources within the Cleveland area this would only occur in exceptional circumstances. It was reiterated that there would be no reduction in PCSO's in Hartlepool.

In response to a request, the Police representative agreed to provide information to all Elected Members on the changes to shift patterns once finalised and to share information on Cleveland Police Victim's First Policy.

Reference was made to the recent roll out of the Anti-Social Behaviour and Vulnerable Victims System, the benefits of which were shared with the Partnership in terms of the ability to share more accurate up to date information and improve support to vulnerable victims. Thanks were expressed to the Police and Crime Commissioner and Lynn Beeston in her role as Chair of the Youth Offending Board for their contribution towards its implementation. Members were keen to receive more information on the Victim's First process and it was noted that a presentation would be submitted to the Partnership in due course. The launch of the restorative justice approach and the importance of adequate support for victims was emphasised.

The Chair thanked the representative for his attendance and informative presentation.

Decision

- (i) The contents of the presentation and comments of Members were noted.
- (ii) That the changes to police officer shift patterns be shared with Elected Members once finalised.
- (iii) That information regarding Cleveland Police Victim's First Policy and newly commissioned Victims Service be submitted to a future meeting of the Partnership.

61. Safer Hartlepool Partnership Performance *(Director of Regeneration and Neighbourhoods)*

Purpose of report

To provide an overview of Safer Hartlepool Partnership performance for Quarter 3 – October 2015 to December 2015 (inclusive).

Issue(s) for consideration

The Community Safety and Research Officer provided the Partnership with an overview of the Safer Hartlepool Partnership performance during Quarter 3, as set out in an appendix to the report. Information as a comparator with performance in the previous year was also provided.

In the discussion that followed presentation of the report, the Community Safety and Research Officer responded to queries raised in relation to crime figures by type. Whilst Partnership Members were pleased to note a 6% reduction in recorded crime for this reporting period it was reported that as at the end of February Hartlepool projected a 12.8% increase in crime.

In response to a query raised, clarification was provided in relation to the troubled families programme working arrangements as well as the claims process. Disappointment was expressed that there was no data available from the Foundation Trust in relation to the level of alcohol related harm hospital admissions. Members were advised that the Trust had indicated that due to data quality issues the information was not available. The CCG representative added that the CCG was currently working with the Trust in this regard as there had been problems with data provision across the board as a result of introduction of a new patient administration system. This issue would be monitored by the Contract Management Board and it was envisaged the problem would be rectified by the end of the month. The Chair requested that the data be circulated when available.

Decision

- (i) That the Quarter 3 Performance figures and comments of Members be noted and actioned as appropriate.
- (ii) That alcohol related harm hospital admissions data be provided when available.

62. VEMT (Vulnerable Exploited, Missing and Trafficked) Update *(Director of Child and Adult Services)***Purpose of report**

To update Members of the Partnership on the work being undertaken in relation to VEMT (Vulnerable, Exploited, Missing and Trafficked)

Issue(s) for consideration

The report provided background information in relation to the responsibility of all partners of the Local Safeguarding Children's Board to work together

to protect children and young people from harm. The report set out the current national context and the work that was ongoing within Hartlepool to reduce the risk of children and young people being subject to sexual exploitation.

All Tees Local Safeguarding Children's Boards had identified VEMT as a priority and a Tees Sub Group had been established for all partners to work together to protect children from sexual exploitation, details of which were provided. The Group had developed a partnership action plan, attached as an appendix to the report, to take into account the Joint Strategic Needs Assessment, national research and information provided by Cleveland Police as well as local information.

Children who go missing from home or care were particularly vulnerable to being exploited and it was important that all practitioners were aware of this and worked to support these children. With regard to the current Hartlepool situation, the VEMT Practitioners Group in Hartlepool currently had 17 children open on its agenda, all 17 of whom were female and aged between 12 and 17 years of age.

Members welcomed the VEMT conference planned for April 2016 which aimed to raise awareness with schools and look at ways that schools could discuss these issues with children and young people. The importance of prevention in the early years was discussed and the need to engage with primary schools was suggested. Emphasis was placed upon the role of parents being vigilant in terms of monitoring what their children were accessing on line and the need to raise the profile of issues of this type with parents. The links between substance misuse around children and safeguarding issues was discussed as well as the benefits of developing links between safeguarding and substance misuse which it was suggested should be picked up by the Partnership's Substance Misuse Group.

Decision

The Partnership noted the work being undertaken in relation to VEMT and to be vigilant to the risks of child sexual exploitation.

63. Response to the Proposal on the Provision of Court and Tribunal Services in the North East Region *(Director of Regeneration and Neighbourhoods)*

Purpose of report

To update the Partnership on the outcome of the recent Ministry of Justice consultation in relation to proposals to close the Hartlepool Magistrates and County Courts.

Issue(s) for consideration

The Director of Regeneration and Neighbourhoods reported on the background to the national consultation on the provision of court and tribunal estate in England and Wales and proposals to close eight courts and tribunals in the North East. The results of the consultation and Ministry of Justice response highlighted the decision to close Hartlepool Magistrates' Court and County Court which would be moved to Teesside Magistrates' Court and Teesside Combined Court. Further details were attached as appendices to the report. Initial implementation dates indicated that the courts would cease to provide a public facing service between January and March 2017.

The Chair referred to the strong case put forward by the Council against the proposals and expressed disappointment regarding the decision.

Decision

That the Ministry of Justice response and proposed timescale for closure of the Hartlepool Magistrates Court and County Court be noted.

64. Any Other Items which the Chairman Considers are Urgent

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

65. Any Other Business – Current Review of Youth Justice System – Update

The Chair of the Youth Offending Board reported on the ongoing review of the Youth Justice System and the final report that was due for completion in the summer. An interim report revealed that since 2006 the number of young people cautioned had fallen by 77% and the number of young people entering the youth justice system for the first time was down by 81% which was testament to the excellent work carried out in recent years. The young people that remained in the system were those individuals with more challenging or complex needs. Whilst the number of young offenders had fallen, re-offending figures had increased locally which was in line with the national picture.

Reference was made to the key principles central to effective youth justice which included the importance of education. Whilst it was envisaged that there may be proposals to revert back to the former approved school arrangements as opposed to youth custody arrangements, there would

continue to be secure custody arrangements for vulnerable or dangerous cases. It was reported that there would be more flexibility to deliver services locally, the details of which were awaited. The financial position of the Youth Offending Service was also yet to be announced and it was expected that budgetary pressures would continue.

A Member was of the view that a number of young people involved in the Youth Justice System often experienced difficulties with literacy problems which may be a contributory factor in terms of poor attendance levels. Emphasis was placed upon the need to establish links with schools and parents in relation to restorative justice interventions.

Decision

That the information given be noted.

The meeting concluded at 11.55 am.

CHAIR

FINANCE AND POLICY COMMITTEE

25th July 2016



Report of: Assistant Chief Executive

Subject: COUNCIL PLAN 2017/18 – PROPOSED OUTCOME FRAMEWORK & SERVICE PLANNING TIMETABLE

1. TYPE OF DECISION/APPLICABLE CATEGORY

Budget & Policy Framework.

2. PURPOSE OF REPORT

- 2.1 The purpose of this report is for Finance & Policy Committee to consider the proposed Outcome Framework for the 2017/18 Council Plan and agree the timetable for the service planning process.

3. BACKGROUND

- 3.1 The Council Plan sets out the Council's overall service planning arrangements and is part of the Budget and Policy Framework. The Plan addresses the key priorities and issues facing the Council, and includes an action plan that covers all departments' key actions, performance indicators and identified risks.
- 3.2 The first stage in developing the Council Plan for 2017/18 is to agree the proposed outcome framework around which the Plan will be developed. The existing outcome framework consists of 33 outcomes spread across 9 theme areas. The framework has been in place for a number of years and although the number of PI's and Actions has been reduced recently no fundamental changes have been made in terms of the outcomes themselves. As a result the Council Plan is a large and fairly complex document meaning it is difficult to clearly ascertain what our key priority areas, and how we are performing against those priorities. Following on from the Hartlepool of the Future work undertaken by CMT, it is proposed that we put in place a new framework that reflects our priorities and clearly sets out our approach to realising our vision of where we want Hartlepool to be.

4. PROPOSALS

- 4.1 We want the new framework to give a much clearer indication of performance and direction of travel against our priorities. It is proposed that the new outcome framework will form part of the broader vision for Hartlepool in terms of what we want Hartlepool to be, what that actually means and how we will know if we are succeeding, the proposed framework for this is set in appendix 1 and is summarised below;
- Hartlepool of the Future; this sets out our vision for Hartlepool and where we want Hartlepool to be
 - Proposed Outcome Framework; this is the proposal for the new Outcome Framework that will form the basis of the 2017/18 Council Plan. The outcomes are currently shown as falling under three headings; People, Place and Organisation. The number of outcomes within the new framework has reduced from 33 to 14.
 - How we know if we are succeeding; these are the longer term strategic measures that will be reported annually to show whether we are making progress. The PI's that will be used to provide data on these measures are identified in the column titled probable measures.
- 4.2 Appendix 2 sets out the new proposed outcome framework alongside the existing outcome framework to enable comparison.
- 4.3 On agreement of the Outcome Framework, work will commence to develop the 2017/18 Council Plan. The timetable for agreement at it each stage is shown below. At the request of Policy Committees and extra stage has been added to the process to allow for committees to consider any changes made following comments on first drafts.

Who	What	When
Finance & Policy Committee	To consider & agree the Council Plan outcome framework for 2017/18 and agree the timetable for preparing the detail of the Plan.	25 th July 2016
Adult Services Committee	To present the relevant first draft Council Plan sections to Policy Committees for consultation.	1 st Dec 2016
Children's Services Committee		6 th Dec 2016
Regeneration Services Committee		2 nd Dec 2016
Neighbourhood Services Committee		13 th Dec 2016
Finance & Policy Committee (CED, RND & PHD)		28 th Nov 2016
Adult Services Committee	To present the second draft Council Plan sections to Policy Committees incorporating the responses from Departments to those queries raised by	2 nd Feb 2017
Children's Services Committee		17 th Jan 2017

Regeneration Services Committee	the Policy Committees at first draft stage.	13 th Jan 2017
Neighbourhood Services Committee		24 th Jan 2017
Finance and Policy Committee (CED, RND & PHD)		9 th Jan 2017
Finance & Policy Committee	To present the final draft of the Council Plan for consideration and approval.	6 th March 2017
Council	To present the final draft of the Council Plan 2017/18 for approval.	23 rd March 2017

5. RISK IMPLICATIONS

- 5.1 The Council needs appropriate planning and performance management arrangements in place in order to manage its key strategic risks. The aim of the Council Plan is to provide assurance to Elected Members that these risks are being managed.

6. FINANCIAL CONSIDERATIONS

- 6.1 All proposals will be prepared giving due regard to financial considerations

7. LEGAL CONSIDERATIONS

- 7.1 No implications.

8. CHILD AND FAMILY POVERTY

- 8.1 Tackling child and family poverty is an integral part of the proposed outcome framework. A detailed Poverty Impact Assessment will be prepared once the draft Council Plan is prepared.

9. EQUALITY AND DIVERSITY CONSIDERATIONS

- 9.1 No implications.

10. STAFF CONSIDERATIONS

- 10.1 No implications.

11. ASSET MANAGEMENT CONSIDERATIONS

- 11.1 No implications.

12. RECOMMENDATIONS

- 12.1 Finance & Policy Committee is requested to:
- agree the proposed outcome framework for 2017/18;
 - agree the proposed timetable for the service planning process.

13. REASONS FOR RECOMMENDATIONS

- 13.1 Finance & Policy Committee have overall responsibility for Performance Management.

14. BACKGROUND PAPERS

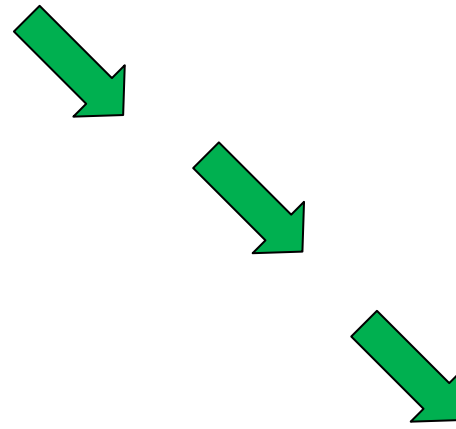
- 14.1 No background papers were used in the preparation of this report.

15. CONTACT OFFICER

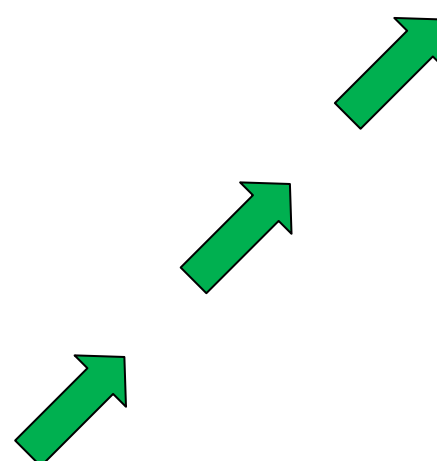
Andrew Atkin
Assistant Chief Executive
01429 523003
Andrew.atkin@hartlepool.gov.uk

1. Hartlepool of the Future. Hartlepool will;		
<ul style="list-style-type: none"> • Be a place people want to live, study, work, visit and play • Have a reputation as a place to come to because of the quality of our education, housing, leisure, employment and skills offers • Be an active part of the Tees Valley offer for skills, employment, housing and leisure • Be a place where people feel included and safe; able to live active, healthy and happy lives 		
2. An Outcome Framework for Hartlepool		
The proposed outcome framework will form the basis of the Council Plan moving into 2017/18		
14 outcomes split into three area's; People (5), Place (6), Council (2)		
People	Place	Council
<ul style="list-style-type: none"> • Hartlepool has healthier communities • Hartlepool has reduced prevalence of child and family poverty • Hartlepool has increased employment & skills levels • Every child in Hartlepool has the best start in life • Vulnerable adults are supported and safeguarded in Hartlepool 	<ul style="list-style-type: none"> • Hartlepool is a safer place • Hartlepool is attracting and growing its businesses • Hartlepool has a high quality, balanced housing offer • Hartlepool is a popular visitor destination and provides an excellent culture and leisure offer for all. • Hartlepool has a high quality natural and built environment that is enjoyed by all. • Hartlepool has excellent transport and connectivity both within the borough and to the rest of the region and beyond. 	<ul style="list-style-type: none"> • The Council delivers effective citizen focused services • The Council has a workforce that is committed to securing a better future for Hartlepool. • The Council works together with its key partners for the betterment of the town.
3. How we know if we are succeeding?		
How we will know if we are succeeding	Probable Measures	
<ul style="list-style-type: none"> • Residents are living a longer healthier life • Our children are healthier and more active • Hartlepool is a place that has high quality health and care services • Children from disadvantaged backgrounds are just as likely to progress into higher education • There are more children living in working households • The skills and qualification levels of Hartlepool residents has increased • More people are in employment • There are more highly skilled job opportunities • Primary and secondary school pupils are exceeding the expected levels of progress • All Hartlepool schools are rated as good or excellent • Fewer children are taken into care as a result of neglect • Crime and anti social behaviour have reduced • There is a better more sustainable housing offer in Hartlepool • Hartlepool attracts more visitors from across the region and further afield. • Hartlepool is a cleaner place • Voter turnout has increased for both local and national elections 	<ul style="list-style-type: none"> • Increase healthy life expectancy at birth • Increase the percentage of children in year 6 who are a healthy weight • Increase the percentage of children in Working Households (%) • Increase the proportion of population 16 – 64 qualified to level 4 or higher • Increase the overall employment rate • Decrease the youth unemployment rate • Increase business stock – business units per 10000 population • All primary and secondary schools are rated as good or excellent • Improve the achievement of a Level 3 qualification by the age of 19 • Increased overall satisfaction with service users with Adult Services • Decrease total recorded crime rate per 1000 population • Increase the proportion of households in Council tax band D - H • Increase Visitor numbers • Increase the % of household waste recycled • Increase voter turnout • Decrease the rate of looked after children per 10,000 population. 	

1. Hartlepool has improved business growth and business infrastructure and an enhanced culture of entrepreneurship
2. Hartlepool has attracted new investment and developed major programmes to regenerate the area and improve connectivity
3. Hartlepool has increased employment and skills levels with a competitive workforce that meets the demands of employers and the economy
4. Hartlepool has a boosted visitor economy
5. Reduction in the prevalence of family and child poverty
6. To promote opportunities for all children and young people to reach their full potential by accessing good quality teaching and curriculum provision which fully meets their needs and enables them to participate in and enjoy their learning
7. Provision of high quality community learning and skills opportunities that widen participation
8. Health Improvement - people are helped to live healthy lifestyles, make healthy choices and reduce health inequalities
9. Health Protection - Health Protection: the populations health is protected from major incidents and other threats, whilst reducing health inequalities
10. Healthcare public health and preventing premature mortality - reduce the number of people living with preventable ill health and people dying prematurely, whilst reducing the gap between communities
11. Every child has the best start in life
12. Children and young people are safe and protected from harm
13. Vulnerable adults are supported and safeguarded and people are able to maintain maximum independence while exercising choice and control about how their outcomes are achieved
14. Hartlepool has reduced crime and repeat victimisation
15. There is reduced harm caused by drugs and alcohol misuse
16. Communities have improved confidence and feel more cohesive and safe
17. Offending and re-offending has reduced
18. Hartlepool has an improved natural and built environment
19. Quality local environments where public and community open spaces are clean, green and safe
20. Provide a sustainable, safe, efficient, effective and accessible transport system
21. Hartlepool is prepared for the impacts of climate change and takes action to mitigate the effects
22. Hartlepool has an improved and more balanced housing offer that meets the needs of residents and is of high quality design
23. Hartlepool has improved housing stock where all homes across tenures offer a decent living environment
24. Housing Services and housing options respond to the specific needs of all communities within Hartlepool
25. Local people have access to Arts, Museums, Community Centres and Events which enrich people's lives
26. Local people have access to library services which enrich people's lives
27. Local people have a greater voice and influence over local decision making and the delivery of services
28. Improve the efficiency and effectiveness of the organisation
29. Deliver effective customer focused services, meeting the needs of diverse groups and maintaining customer satisfaction
30. Maintain effective governance arrangements for core business and key partnerships
31. Maintain the profile and reputation of the Council
32. Deliver effective Member and Workforce arrangements, maximising the efficiency of the Council's Democratic function
33. Ensure the effective implementation of significant government policy changes



1. Hartlepool has healthier communities
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3. Hartlepool has increased employment & skills levels
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11. Hartlepool has excellent transport and connectivity both within the borough and to the rest of the region and beyond
12. The Council delivers effective citizen focused services
13. The Council has a workforce that is committed to securing a better future for Hartlepool
14. The Council works together with its key partners for the betterment of the town



FINANCE AND POLICY COMMITTEE

25 July 2016



Report of: Director of Child and Adult Services and Director of Regeneration and Neighbourhoods

Subject: PROVISION FOR ADULTS WITH ADDITIONAL NEEDS AT CATCOTE FUTURES

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Key Decision (test (ii)) Forward Plan Reference No. CAS052/16.

2. PURPOSE OF REPORT

- 2.1 To provide Members with an overview of the need to support children and young people with autistic spectrum disorders (ASD) in Hartlepool.
- 2.2 To seek approval to assign the lease of Warren Road Day Centre to Hartlepool Aspire Trust, hereinafter referred to as 'Catcote Academy'.

3. BACKGROUND

- 3.1 Empirical data and an analysis of pre-school aged children in Hartlepool clearly indicates that the number of children and young people with ASD is steadily increasing. The needs of the very great majority of school-aged (5 years – 19 years-old) children and young people can currently be met with provisions in town, largely in Hartlepool's schools. Capacity in town, however, is shrinking rapidly as the numbers of children and young people with ASD grow. Placing children and young people in commissioned out-of-town provisions is expensive, as well as being potentially disruptive to daily and family routines.
- 3.2 The needs of adults (18 years-old plus) in Hartlepool with ASD are met through a range of local providers and provisions, including Hartlepool's Centre for Independent Living (CIL). A very small number of adults are supported by Catcote Academy through their provision called Catcote Futures (see **APPENDIX 1**).

- 3.3 Catcote Academy provides care and support for children and young people aged 11-19 years-old. However, the number of places in the academy will not be enough to cope with future demand for places. In addition to this 11-19 provision, the academy also has a separate site on Brierton Lane called Catcote Futures. This provides for the needs of a small number of post-19 adults with ASD. See **APPENDIX 1** for a fuller description of the academy's ASD provision and the pressures on places they face to meet the needs of Hartlepool's young people.
- 3.4 There are a growing number of children reaching adulthood with Autism. The Autism Act 2009 places a duty on Councils to ensure adequate provision is in place to meet local demand.
- 3.5 Current estimate from the Hartlepool Joint Strategic Needs Assessment (JSNA 2015) shows that about 20% of adults and 35% of children with ASD are known to the local authority in Hartlepool.
- 3.6 The provision at Warren Road has previously been given accreditation by the National Autistic Society (NAS) to meet the needs of adults in Hartlepool with ASD. The provision has specialist facilities to support adults to become independent citizens. Services from Warren Road will cease following the opening of the new Centre for Independent Living. There are no current plans for the use of this site or these facilities.
- 3.7 The building at Warren Road is located on the northern side of Oakesway Industrial Estate, dates from the late 1970s and comprises offices, treatment and therapy rooms, catering kitchen and dining room, a garage and ancillary rooms. The site extends to 2.49 acres/1 ha with areas of tarmacked parking and grassed areas. The property is held by the Council by way of a 99 year lease from 1978 at a current ground rent of £13,100 pa. The Council is responsible for all repairs. The lease provides for rent reviews in 2018 and every 10 years thereafter until 2058. There is a substantial backlog of repairs required to put the property fully into good repair as required by the lease. In 2010 the majority of the offices at the property were sublet to Tees Esk and Wear Valley NHS Trust. The Trust have agreed to take space at the new Centre for Independent Living (CIL) and to surrender their existing lease at Warren Rd. They will thus be transferring to the CIL at the same time as Council staff and clients.
- 3.8 Various options for the future of Warren Road have been considered including: subletting the whole property on a commercial basis; letting it in parts (small office suites and industrial units); agreeing a surrender of the Council's lease to the landlord; and attempting to acquire the freehold of the site in order to sell it on for redevelopment. Whilst any of these options could be pursued, commercial demand is considered limited due to its location, and the age and nature of the buildings. Furthermore, if the property becomes vacant while still held by the Council, and it proves difficult to find an alternative user then there will be considerable unrecoverable holding costs (including rent, rates, security and maintenance).

- 3.9 Assigning the lease to Catcote Academy provides suitable space for the provision of their service for which demand exists in the town but also negates the Council's ongoing liability for the rent, rates and repairs. The property is shown hatched on the plan at **APPENDIX 2**. The proposed terms and some further commentary are contained in **CONFIDENTIAL APPENDIX 3**. **This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**

4. PROPOSALS

- 4.1 It is proposed to assign the lease of Warren Road to Catcote Academy on the terms outlined in **CONFIDENTIAL APPENDIX 3**. **This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**
- 4.2 It is proposed to agree a concordat with Catcote Academy regarding the use of Warren Road for the academy's post-19 learners to ensure that there is no duplication of current Council provision such as those delivered at the CIL, for example. The proposed concordat is attached at **CONFIDENTIAL APPENDIX 4**. **This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**

5. RISK IMPLICATIONS

- 5.1 If ASD provision is not developed locally this could lead to a further demand on out-of-area high cost packages of care and support.
- 5.2 There are not considered to be any significant risk implications in relation to the proposal to assign the lease to Catcote Academy. In the event of default by Catcote Academy in relation to the lease, the landlord would have recourse to the Council as the previous tenant but the same consideration would apply to assignment to any third party, and as a reputable educational body funded from the public sector, the Academy is considered to be a low risk in this regard.

6. FINANCIAL CONSIDERATIONS

- 6.1 In considering the issues outlined in this report Members are reminded that significant additional Government Grant cuts will be made over the period 2017/18 to 2019/20. An update of the Medium Term Financial Strategy was submitted to the Finance and Policy Committee on 20th June 2016 and informed Members that the Council faces a budget deficit of £12.7 million over the next three years. This equates to a reduction from the 2016/17 budget of 15% and assumes annual Council Tax increases will be implemented in line with Government Council Tax policy, including the 2% Social Care precept, and Council Tax growth forecasts will be achieved. Achieving this level of reduction will be extremely challenging and detailed proposals for achieving saving of approximately £4 million per year for the next three years will be reported to future policy committees. Any additional budget pressures will increase the level of budget cuts which will need to be made and will need to be referred to the Finance and Policy Committee for consideration.
- 6.2 Part of the business case for the construction of the new CIL relied on vacating Warren Road and disposing of the Council's interest in it. As the new CIL is now under construction with completion due later this year it is critical that the outgoings and liabilities at Warren Road are ended. As discussed under Section 3.6 there are various options but they all involve costs and risks, and the property is of only limited appeal to the general market. Assignment of the lease to Catcote Academy would ensure that the Council does not have to meet void costs, except perhaps for a short period, and means that full responsibility will pass to the Academy.

7. LEGAL CONSIDERATIONS

- 7.1 There are not considered to be any unusual legal considerations in assigning the lease. Consent from the landlord is not required under the terms of the lease.
- 7.2 A concordat is a formal agreement between the Council and Catcote Futures relating to matters of mutual interest. It sets out how the parties will work together to make sure that provision for 19-year-olds and over with disabilities is available and compatible within Hartlepool and where possible (having regard for best interests and individual choice) there is no overlap or duplication of the services provided.

8. CHILD AND FAMILY POVERTY

- 8.1 There are no child and family poverty issues.

9. EQUALITY AND DIVERSITY CONSIDERATIONS

- 9.1 An expansion of Catcote Academy's ASD provision for 11-19 learners will enable Hartlepool to meet the needs of a growing number of children and young people within the town. Additionally, this will reduce the likelihood of expensive and potentially disruptive out-of-town placements.

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

- 10.1 As noted above, if the property were to become vacant it could become the target for crime and anti-social behaviour, particularly bearing in mind its size and location. Other vacant buildings on Oakesway Industrial Estate have been attacked and badly damaged in recent years. Security measures will be put in place to cover any period of vacancy.

11. STAFF CONSIDERATIONS

- 11.1 There are no staff considerations.

12. ASSET MANAGEMENT CONSIDERATIONS

- 12.1 The decision to adopt a commercial approach to asset management requires the Council to realise the full value of any properties or property rights that it disposes of. In this instance, as outlined above, it would be particularly advantageous to dispose of the property in a timely manner.

13. RECOMMENDATIONS

- 13.1 Committee is recommended to approve the assignment of the lease of Warren Road to Catcote Academy on the terms set out in **CONFIDENTIAL APPENDIX 3. This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**
- 13.2 Committee is recommended to approve the implementation of the concordat at **CONFIDENTIAL APPENDIX 4. This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**

- 13.3 The Director of Regeneration and Neighbourhoods to be authorised to put in place appropriate security measures to cover any period of vacancy between vacation by the Council and TEWV and disposal of the property.

14. REASONS FOR RECOMMENDATIONS

- 14.1 An expansion of Catcote Academy's 11-19 provision will enable provision within Hartlepool to meet the needs of a growing number of children and young people with ASD. This will, in turn, reduce the potential need to commission expensive and potentially disruptive out-of-town placements.
- 14.2 Assigning the lease to a trusted educational partner will reduce the likelihood of the Warren Road provision becoming derelict. The terms agreed with Catcote Academy are considered to represent a good outcome for the Council in all the circumstances.
- 14.3 The concordat will ensure that there is no un-agreed duplication of service delivery to adults with ASD in Hartlepool.
- 14.4 If any period of vacancy arises, it is considered critical that appropriate security measures are put in place without delay to protect the building.

15. BACKGROUND PAPERS

- 15.1 Moving Forward Together - the vision for adult services in Hartlepool 2014-2017

https://www.hartlepool.gov.uk/meetings/meeting/3433/adult_services_committee

- 15.2 Service provision at the New Centre for Independent Living

https://www.hartlepool.gov.uk/meetings/meeting/3454/adult_services_committee

16. CONTACT OFFICERS

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Provision for students with Autism Spectrum Disorders (ASD)

Our vision for all students

We aim to ensure that Catcote Academy is a friendly and secure place, with a stimulating and rewarding environment. We want every student to make as much progress as possible and aim to offer enriching experiences alongside a broad, balanced and personalised curriculum, using a range of strategies and approaches appropriate to individual needs and learning styles. The Academy adopts a proactive approach to disability equality, incorporating it into all decisions and activities.

Policies are in place to ensure the wellbeing of the whole school community, and that the aims set out above are supported.

The Academy subscribes to the vision for high aspirations and expectations set out in the Special Educational Needs and Disability Code of Practice 2014, and work to realise it for all of our students. The Code of Practice states that Local Authorities, education providers and their partners should work together to help young people to realise their ambitions in relation to successful preparation for adulthood, including:

- Higher education and/or employment;
- Independent living;
- Participating in society;
- Being as healthy as possible in adult life.

Provision for ASD

Catcote Academy provides an autism-friendly learning environment for children and young people in the 11-19 years age range. We place particular emphasis on the development of communication skills and fostering personal and social development, in a context designed to minimise stress and to accommodate and manage behaviours associated with ASD. We ensure that student with ASD have access to a broad and relevant curriculum through significantly modified teaching arrangements and methods. Where appropriate, our approach to teaching and learning is based principally on the “structured teaching” methods advocated by TEACCH. TEACCH is complemented by other specialist approaches, including PECS [™], sensory integration, intensive interaction and social stories.

We employ a specialist Occupational Therapist with a range of knowledge and experienced in sensory integration one day per week, who is on hand for observations, assessments and advice relating to individual or groups of students.

Post 19 ASD Provision

For the past six years we have been offering specialist ASD learning within Catcote Futures. There are currently twelve students in this group all accessing five days a week. They are based within the Academy building and use two rooms as a base. In September 2016, however, the Year 7 intake into the Academy will be at least twenty one students and so the Post 19 group will need to be moved to other accommodation or access learning out of area.

Regional Provision

Within Hartlepool and the wider North East region there is a continuum of provision to meet the needs of students with ASD, from mainstream schools with additionally resourced bases to independent specialist providers. For example:

- Manor Community Academy and High Tunstall College of Science (mainstream schools with additionally resourced provision);
- Abbey Hill Academy (special school, learning difficulties);
- Beverley School (special school, ASD);
- Breckenbrough School and Priory Hurworth House (Independent Special Schools catering for a range of needs);
- North East Autism Society (Independent Special Schools, ASD);
- ESPA (Independent Specialist Providers, post 16).

Whilst these providers comprise a range of provision, gaps do remain. In particular, challenging behaviour and severe autism is often unable to be catered for within the region, resulting in very expensive placements further afield e.g. The Hesley Group.

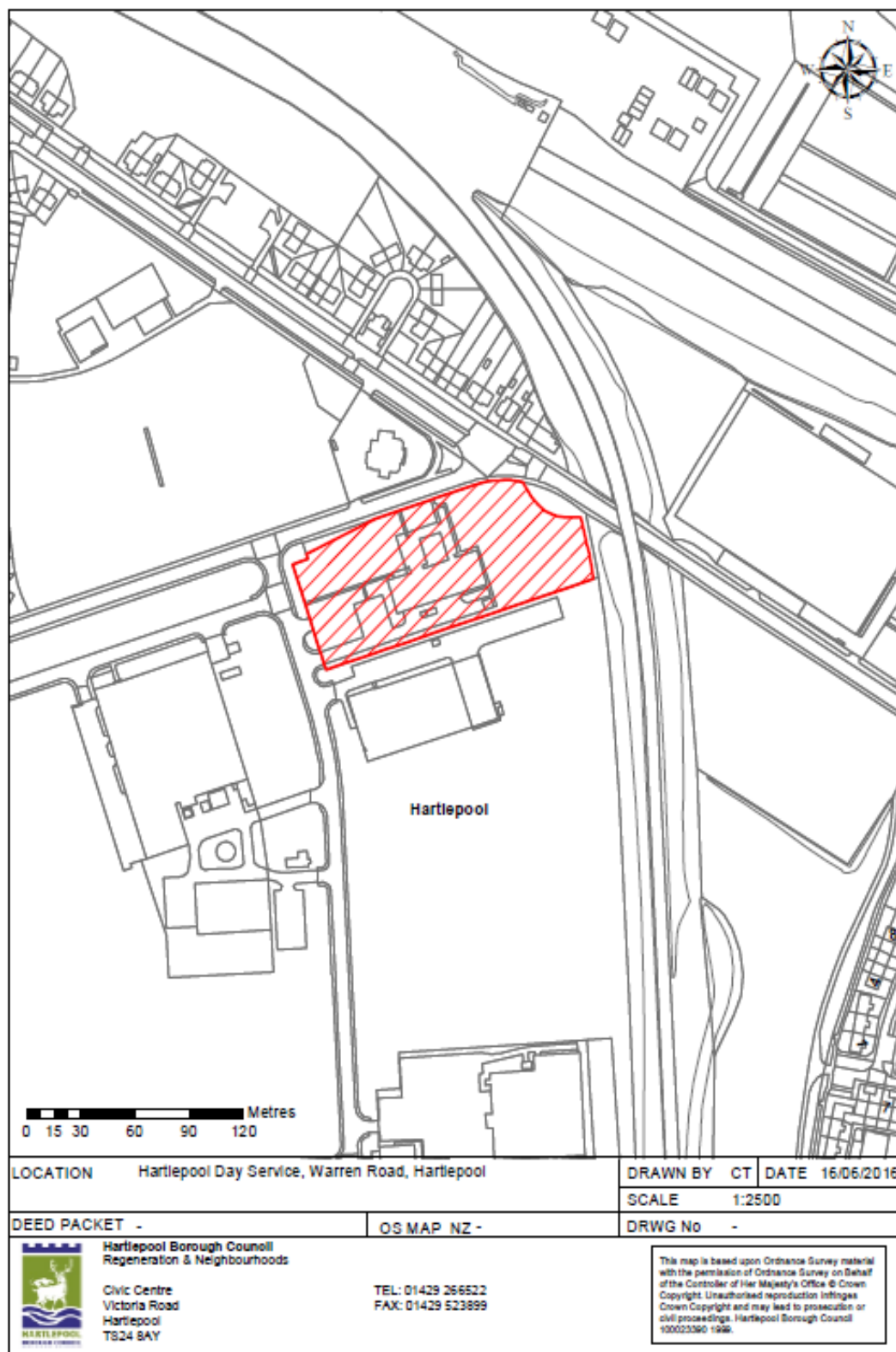
Development points for Catcote Academy

- Pathway to employment, specific to ASD to include employer liaison, workplace opportunities and skills development;
- Specialist short break care for ASD with very challenging behaviour;
- Sensory intervention areas (rebound, suspension equipment, music therapy etc).

Current gaps/limitations in provision

- Autism specific accommodation and resource for Post 19 learners.
- No large areas or equipment for specific sections of sensory integration therapy;
- Transitions for pupils/students to get from home to school (buses are too noisy and students come into school in a heightened state of anxiety;
- Short break care for more challenging students to support parents and alleviate the need for expensive placements outside of the area;
- Communication system (pager/walkie talkies for more challenging students so staff can be called upon to help prevent a situation from escalating);
- Limited spaces where students can withdraw to for quiet time;
- Limited safe space provision resulting in the potential for more Team Teach intervention;
- No softer ground in the outside areas for students with balance/movement difficulties;
- Limited quieter eating areas;
- Limited accessibility and space in life skills area - not able to incorporate TEACCH effectively;
- No hydrotherapy/sensory pool onsite.
- Limited space in some classrooms.

It is becoming more apparent that our provision caters well for students in KS3 but is more ad hoc and 'best fit' as their needs change and they grow older. We need to be more responsive and flexible to changing needs but the school building doesn't always allow us to alter our approach in an effective manner.



FINANCE AND POLICY COMMITTEE

Monday 25th July 2016



Report of: Director of Public Health

Subject: SUBSTANCE MISUSE TREATMENT SUPPORT
DELIVERY OPTIONS APPRAISAL

1. TYPE OF DECISION/APPLICABLE CATEGORY

Key Decision test (i) and (ii) applies - Forward Plan Reference No PH03/16

2. PURPOSE OF REPORT

2.1 To seek approval from the Finance and Policy Committee, to secure a Substance Misuse Treatment Service and associated support, to be funded through the ring fenced Public Health Grant to commence from 1st April 2017.

2.2 This paper will outline 3 options for consideration to secure services and support including:

- Alignment of existing services.
- In house option for the provision of recovery support complemented by a commissioned specialist clinical prescribing service.
- Extension of existing contracts with existing providers.

2.3 The option of decommissioning of all services was considered and discounted. This was due to the potential serious negative impact the decommissioning of treatment services would have, on the circa 1000 individuals, who are currently in treatment, their families and the community as a whole.

3. BACKGROUND

3.1 Drug and alcohol dependency in Hartlepool causes significant harm to both individuals and communities. Investment in prevention, treatment and recovery interventions helps to reduce this burden. For example, drug and alcohol users commit fewer crimes and are less prone to blood-borne viruses and other illnesses, when they access substance misuse treatment services, than when not in treatment. Furthermore, treatment does not only improve the lives of the people in receipt of services, but also that of their families and the communities that they live in.

4. NEED

- 4.1 Hartlepool's Joint Strategic Needs Assessment (JSNA) identified that heroin addiction continues to be a significant issue in Hartlepool, with 698 individuals recorded as receiving Opiate Substitute Treatment (OST) as of Aug 2015. This represents 77% of our drug misusing clients in effective treatment and equates to a significant number of families affected by drug related issues.
- 4.2 The JSNA also identified that the estimated number of Opiate and/or Crack Users (OCU) and injectors in Hartlepool is 1018 (2011-12) collectively they have a significant impact on crime, unemployment, safeguarding children and long term benefit reliance.
- 4.3 Drug use and drug dealing continues to be a community concern particularly in our most deprived neighbourhoods. In Hartlepool the number of people who are dependent on drugs is twice the national average. The rate is 18.90 per 1,000 population compared to a regional rate of 10.37 per 1,000 and an England rate of 8.63 per 1,000 population. Two thirds of people who are estimated to have a substance misuse issue are accessing treatment services.
- 4.4 It is important also to take into account the wider cohort of alcohol users who also have adjunctive drug misuse problems. These clients are particularly complex and extra consideration needs to be given regarding what additional support they may require.
- 4.5 The JSNA reflects the level of chronic heavy drinking in the population. High rates of alcohol specific mortality from chronic liver disease are likely to indicate a significant population who have been drinking heavily and persistently over the past 10-30 years.
- 4.6 Alcohol related hospital admissions can be a result of regular alcohol use above lower risk levels as well as chronic heavy drinking, and are most likely to be found in increasing-risk drinkers, higher risk drinkers, dependent drinkers and binge drinkers.
- 4.7 Alcohol consumption is a contributing factor to hospital admissions and death from a diverse range of conditions. The Local Alcohol Profiles for England demonstrate that:
 - In 2012-14, Hartlepool's alcohol specific mortality rate (LAPE 2.01) which includes deaths of all persons of all ages from ethanol poisoning, methanol poisoning and the toxic effects of alcohol, was 14.1 per 100,000, ranking Hartlepool 70th highest of all 326 LAs in England and 10th highest of the 12 North East LAs (Redcar and Cleveland and Co. Durham having the lowest rate in the North East) with the North East as a whole having the second highest rate in England.
 - In 2014/15, in Hartlepool, there was a rate of 572 hospital admissions per 100,000 population with a primary or secondary diagnoses of alcohol specific conditions (LAPE 6.01) this compared to a North East

rate of 471 per 100,000 and an England rate of 364 per 100,000, ranking Hartlepool the third highest in the North East (only Middlesbrough and North Tyneside higher) and 26th highest of all 326 LAs in England.

- In 2012/13 -14/15, Hartlepool's rate of alcohol-specific hospital stays for those under 18 was 36.4 per 100,000 population, this compared to a regional rate of 60.4 per 100,000 and England rate of 36.6 per 100,000 therefore Hartlepool was broadly in line with the England average, ranking 154th highest of 326 LAs in England and 3rd lowest in the North East (only Newcastle and Stockton having lower rates).
- In 2014/15, Hartlepool's rate of all persons admitted to hospital for alcohol related conditions (LAPE 7.01) was 1673 per 100,000 population, this compared to an England rate of 1258, ranking Hartlepool the 16th highest of all 326 LAs in England and 2nd highest in the North East (Only Middlesbrough were higher)

- 4.8 The National Alcohol Treatment Monitoring System (NATMS) provides evidence that the number of adults in alcohol treatment in Hartlepool in 2014-15 was 284 with 77% (n220) of all those in treatment drinking at higher risk levels as defined by the Alcohol Use Disorder Identification Test (AUDIT) providing scores of 16 or over in the 28 days prior to entering treatment.
- 4.9 To address the harm reflected in the JSNA the service will need to focus on what is known to work in terms of effective prevention; health improvement interventions for those at risk and treatment and recovery services for dependent drinkers and binge drinkers.

5 EVIDENCE

- 5.1 When engaged in treatment, people use less illegal drugs, misuse alcohol less, commit fewer crimes, improve their health and manage their lives better, which also benefits the community. As people progress through treatment, the benefits to them, their families and their communities start to accrue.
- 5.2 In October 2015, the Advisory Council on the Misuse of Drugs (ACMD) published the second and concluding report for the Government, which stated that it wholly supported the national drug strategy push to achieve more recovery outcomes and improve the quality of drug treatment.
- 5.3 ACMD reported that evidence strongly suggested that time limiting Opioid Substitution Treatment (OST), would result in the majority lapsing into heroin use. It may also have significant unintended consequences including increasing drug driven crime, heroin overdose deaths and the spread of some blood borne viruses including HIV and Hepatitis. A further consideration was that implementation of such may not be possible due to medico-legal challenges.
- 5.4 ACMD also reported that evidence showed that those with heroin dependence had a greater likelihood of having life problems, prior to dependence, than

those with dependence on alcohol or other drugs. A heroin-using lifestyle was associated with significant collateral damage including high rates of premature death for survivors, physical and mental health problems, criminal records, unemployment, poor housing and damaged relationships were likely. Therefore recovery was a highly ambitious goal for those with heroin dependence. Recovery includes individuals not only overcoming dependence but also aiming to achieve positive outcomes in health, social and economic functioning that some have previously never had prior to addiction.

- 5.5 ACMD also found that a long-term or ‘extensive’ approach was required to support individuals to make a radical shift in lifestyle. The report noted that support must continue to the UK population of ageing heroin users who have been provided with support across a range of outcome domains for a number of years. This support has included drug treatment services but also mutual aid and wider social, cultural and economic support to enable the recovery journeys of individuals. It recognised that extended access to drug treatment, healthcare and support will be required for those with severe dependence to manage their lives.
- 5.6 The ACMD also found that the current quality of drug treatment in England varied significantly and was being compromised by frequent re-procurement and shrinking resources, this was highlighted as one of the key reasons to be damaging many treatment systems.
- 5.7 The ACMD report called for investment in drug treatment to be protected and a national quality improvement programme to be implemented. It also recommended that ‘churn’ in local systems should be reduced and that more should be done to stop discrimination against people in recovery from heroin addiction.
- 5.8 BALANCE North East is an organisation who raises awareness of the problems caused by alcohol by educating, informing and encouraging people to reduce their alcohol consumption. BALANCE provide evidence that alcohol is linked to more than 60 medical conditions including cancer. Many people remain unaware of the serious damage alcohol can do, even when consumed at relatively low levels and that drinking at higher risk levels increases the risk of alcohol related diseases e.g. the risk of liver disease by 13 times, heart disease 1.7 times for men and 1.3 times for women.
- 5.9 The current strategic objectives 2014-17 of the Safer Hartlepool Partnership in relation to drugs and alcohol misuse as follows:
- Reduce crime and repeat victimisation
 - Reduce the harm caused by drug and alcohol misuse
 - Create confident, cohesive and safe communities
 - Reduce offending and reoffending

6 CURRENT SERVICE AND PERFORMANCE

- 6.1 Historically treatment provision in Hartlepool had been commissioned through several providers. Provision has been delivered by a dedicated clinical provider and separate provider for psychosocial, family and carer support, young peoples' substance misuse service, offender service and a needle exchange. In 2014 this was consolidated into 2 contracts; one for a clinical service and the other for a psychosocial service for both adults and young people, which brought together all other aspects of previously commissioned services. In addition it is also noteworthy that the LA has a strategic core substance misuse delivery team based at Whitby Street.
- 6.2 Hartlepool Borough Council currently commissions a specialist substance misuse prescribing service and substance misuse recovery support service for both adults and young people. These services are funded through the public health grant.
- 6.3 These services are currently managed under 2 separate Public Health contracts and are delivered by 2 individual service providers, Addaction and Lifeline.
- 6.4 The contract values of the service provision prior to review is tabled at confidential **Appendix 2** which also outlines the cost and savings projections of each option and 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).
- 6.5 Currently both contracts are due to expire at the end of March 2017 therefore there is an opportunity, through review, to realise further efficiencies yet develop sustainable substance misuse treatment services for the future.
- 6.6 The performance in relation to substance misuse services is well managed through the National drug treatment Data System (NDTMS). Whilst successful treatment completions have reduced slightly, re-presentation rates for those who have successfully completed treatment have seen a significant improvement on the previous year. Opiate representations have fallen from 36.7% to 10.5% and non opiates have fallen from 15.4% to 5%.
- 6.7 This shows that although there are fewer people exiting treatment in a successful manner, those that do are far less likely to return to drug treatment services, leading to a much greater long term impact on Hartlepool's drug taking population and their families.
- 6.8 During recent consultation with service users and partner agencies, it was identified that there existed a perceived gap in relation to substance misuse service delivery, mental health services and specialist social care services. These are pressurised areas for which limited resource is currently available. Investment in these key areas would therefore improve effectiveness and

reduce pressure on mainstream specialist service provision.

- 6.9 In 2015-16 a service review concluded that there was a need to rationalise middle management structures, with the aim of streamlining service delivery and introducing cost efficiencies against the existing contract values. In addition, needle exchange provision was considered and a joint decision was made between the public health commissioner and the current service provider that service users would benefit from the introduction of a community based pharmacy needle exchange. This was not available across the town unlike other areas and was only provided by a static and mobile facility. Therefore the introduction of community pharmacy needle exchange has increased provision and accessibility. This has increased geographical accessibility of harm minimisation services and has reduced the financial burden of a static and mobile facility.
- 6.10 The review identified that there were efficiencies to be gained in the middle management structure. The commissioner has over the past twelve months, negotiated with providers and a new structure has been implemented. During the restructure the quality of service was maintained and most staff here redeployed or took voluntary redundancy. The service review has resulted in new service delivery opportunities being identified, that have been considered as part of the options appraisal regarding future service delivery of substance misuse treatment.

7. PROPOSALS

- 7.1 Taking account of the recommendations within the second ACMD report, local considerations, consultation feedback and acknowledging the need for further efficiencies due to budget constraints, the following options for the future provision of service have been identified.
- Option A - Alignment of existing services
 - Option B - In house option for the provision of recovery support complemented by a commissioned specialist clinical prescribing service
 - Option C - Extension of existing contracts with existing providers
- 7.2 The table of confidential **Appendix 2** outlines the cost and savings projections for each option and 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). The options are appraised in Table 1 below:

Table 1 - Options, Challenges and Opportunities

Option	Opportunities	Challenges	Cost and Savings Projection
<p>A. Alignment of existing Clinical and Recovery Support contracts under one provider (requires competitive procurement exercise)</p> <p>Through a competitive procurement exercise, bring together the specialist prescribing element of substance misuse treatment with the recovery support element. This will offer economies of scale and provide opportunities to increase efficiencies through reduced management and core costs. It also provides the opportunity for improved information sharing and better integration of services by incorporating all provision under a single contract.</p>	<ul style="list-style-type: none"> • Delivers economies of scale. • Increased efficiencies • Improved information sharing opportunities. • Potential to improve integration of services. • Improved links with social care and secondary MHS through additional investment to strengthen resource in the areas of specialist social care and mental health support. • Utilises volunteers and provides opportunities to develop peer mentors. 	<ul style="list-style-type: none"> • Procurement required which could risk compromising continuity of treatment as described within the second ACMD report to the Government. • Contracts would need to be prescriptive to gain full control of delivery reducing flexibility to respond to change. Changes to service delivery require negotiation with providers and contract variations would need implementing to formally change contractual obligations and service specifications. • Management and core costs of around 10% of the contract value reduce the remaining funds available for service delivery. • Unable to reclaim VAT on supplies. 	<p>Outlined in Confidential Appendix 2</p>

		<ul style="list-style-type: none"> • TUPE considerations would apply • Social Work and Counsellor placements would generate revenue for the provider not the Council. 	
<p>B. In-House Provision of Recovery Support and external provider for specialist clinical provision.</p> <p>Due to the complexities associated with introducing clinical governance, the specialist clinical prescribing element of the contract is not being proposed for in-house provision at the present time. Therefore the clinical contract would need to be extended within this proposal, utilising existing extension options available within the existing Contract. This is due to the need within this option to explore and safely introduce Clinical Governance which is currently not available within the Local Authority.</p> <p>The feasibility of any in-house</p>	<ul style="list-style-type: none"> • Delivers economies of scale • Increased efficiencies • Improved Information sharing opportunities and integration across Council services such as social care for both children and adults, housing, education, employability and skills etc. • Improved integration across Council services <p>Improved links with social care and secondary MHS through additional investment to strengthen resource in the areas of specialist social care and mental health support</p>	<ul style="list-style-type: none"> • TUPE considerations would apply and possibility of restructure following consultation. 	<p>Outlined in Confidential Appendix 2</p>

<p>provision of specialist clinical prescribing services would therefore require additional time to ensure risks to the LA could be mitigated in terms of clinical negligence claims and liability, ensuring all aspects of clinical provision could be delivered safely and effectively within clinical governance guidelines.</p> <p>At present, there are no LA's delivering this type of service provision and HBC would therefore be the first authority nationally to deliver such provision from an in house service.</p> <p>This option therefore only explores the bringing in-house of recovery support services and integrating the provision of such within the existing Substance Misuse (Drug and Alcohol) delivery structure, within the Public Health Department.</p>	<ul style="list-style-type: none"> • Improves control of resources and provides flexibility to meet changing demand. • Overheads greatly reduced – no organisational management costs. • Increased opportunity for further community integration with wider Council services by including Social Care and Mental Health Support staff within service delivery. • Secures future continuity of care, no need for frequent re-procurement exercises and potential changes in service provider which can destabilise provision during the procurement, implementation and mobilisation phases. • Utilises volunteers and provides opportunities to develop peer mentors 		
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	<ul style="list-style-type: none"> • Local Authority can claim back VAT on supplies. • Social Work and Counsellor placements could generate revenue for the Council, at £1800 per placement, to reinvest in other opportunities such as apprenticeships within the Council. • Enhances and strengthens the HBC strategic core substance misuse delivery team within the Public Health Department. 		
<p>C. Extend existing arrangements with current providers (2 x Contracts)</p> <p>This option would effectively leave provision as status quo, with separate clinical and recovery support provided by external organisations on a commissioned basis, however, contract extensions and variations would be required to incorporate interaction with proposed new</p>	<ul style="list-style-type: none"> • Improved links with social care and secondary MHS through additional investment to strengthen resource in the areas of specialist social care and mental health support • Does not require procurement and avoids the possibility of compromising quality of treatment as there is no transition to a new 	<ul style="list-style-type: none"> • No economies of scale • Contract extensions and variations required. • Unable to reclaim VAT on supplies. • Contracts would need to be prescriptive to gain full control of delivery reducing flexibility to respond to change. Changes to service delivery require 	<p>Outlined in Confidential Appendix 2</p>

staffing resource.	<p>provider</p> <ul style="list-style-type: none"> • Utilises volunteers and provides opportunities to develop peer mentors • TUPE considerations would not apply 	<p>negotiation with providers and contract variations would need implementing to formally change contractual obligations and service specifications.</p> <ul style="list-style-type: none"> • Management and Core costs of around 10% reduce the remaining funds available for service delivery. • Social Work and Counsellor placements would generate revenue for the provider not the Council. 	
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8. RISK IMPLICATIONS

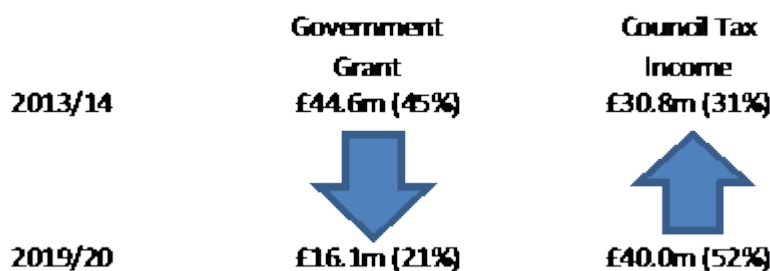
- 8.1 Accurate TUPE information would not be available until a minimum 90 days before contract end.
- 8.2 Within the contract terms and conditions providers cannot recruit into vacant posts during the last 6 months of contract period without prior consultation with public health commissioners.

9. FINANCIAL CONSIDERATIONS

- 9.1 An update of the Medium Term Financial Strategy (MTFS) 2017/18 to 2019/20 was considered by the Finance and Policy Committee on 20th June 2016. This report highlighted the key issues impacting on the development of the budget for 2017/18 and future years, which reflects the following key issues:
 - The scale of the Government grant cuts implemented over the over the last 6 years which have had a disproportionate impact on Authorities, including Hartlepool, with the greatest dependency on Government Grant, with the least ability to raise resources locally from Council Tax or Business Rates and higher levels of need and deprivation;
 - The announcement by the Government that Local Authorities will continue to face further significant funding cuts over the next three years (2017/18 and 2019/20). For Hartlepool, this means a further cut in Government funding of **£9.8m** by 2019/20;
 - The financial impact of Government's National Minimum Wage, which it is anticipated will increase the Council's costs by £2m per year from 2019/20 and will not be covered by the Government providing 'new burdens' funding;
 - In recognition of financial pressures on Local Authorities, arising from Government grant cuts and the National Living Wage, the Government has implemented the 2% Social Care precept. This is a significant change in the Government's Council Tax policy and enables Authorities with Social Care responsibility to increase Council Tax by 3.9%, without needing a Council Tax referendum. The Chancellor's March 2016 budget forecasts assume individual Authorities will implement annual Council Tax increases of 3.9% until 2019/20.

The MTFS report highlighted the significant shift in the balance of Council funding from Government Grant (reflecting further cuts up to 2019/20) to Council Tax (reflecting the change in Government Council Tax policy) between 2013/14 and 2019/20, as follows:

Changes in Funding 2013/14 to 2019/20 (figures in brackets show income as percentage of total Council Resources)



The MTFs report advised Members that a range of corporate savings have been identified which reduces the forecast deficit for the next three years from £17.240m to £12.690m. The revised forecast deficit still equates to a 15% reduction on the 2016/17 budget. After reflecting the recommended use of one-off resources from the forecast 2016/17 managed outturn the Council will need to make the following annual budget reductions:

- 2017/18 - £4.634m
- 2018/19 - £3.784m
- 2019/20 - £4.272m

- 9.2 Public Health England's (PHE) social return on investment statistics stated that during the Spending Review (2011-12 to 2014-15) drug treatment in Hartlepool was estimated to have a cost-benefit ratio of 1:5.51 - in other words, for every £1 spent on the local treatment system, £5.51 was gained in total benefits to the community.
- 9.3 PHE estimated that the cost associated with alcohol misuse in Hartlepool is in excess of £30 million. This figure equates to an overall cost per head of population of £343, the sixth highest of the 12 LA's in the North East.
- 9.4 Following a 6.2% in year public health grant budget cut in 15/16 and with additional cuts to the budget of 2- 2.5% each year for the next 4 years (equating to an additional 10% cut on the budget over the same period). It is crucial therefore that sustainable efficiencies are identified to ensure that whilst offering value for money there is a continuous review of service delivery options in order that quality and effectiveness of services are maintained, albeit within a significantly reduced funding package.
- 9.5 An opportunity exists to offer Social Work, and Counsellor placements to third year university students which has potential to raise approx £1800, per placement, per year, which in turn could be utilised to offer further employment opportunities within the LA i.e. apprenticeships. This would only apply to option B as other options would not generate revenue for the LA.

10. LEGAL CONSIDERATIONS.

- 10.1 Time limiting OST or removing treatment provision completely may be subject to medico-legal challenge.
- 10.2 Option A and C requires adherence to the council Procurement Strategy and processes.
- 10.3 The development of an In-house Substance Misuse Recovery Service, following the expiry of current contract with our existing provider would not require a procurement process.

11. CHILD AND FAMILY POVERTY

- 11.1 Reduction or cessation of service provision for those with substance misuse addictions is likely to have a detrimental impact on Child and Family Poverty. See **Appendix 1**.

12. EQUALITY AND DIVERSITY CONSIDERATIONS

- 12.1 Existing service provision will be enhanced with no adverse effect on any of the protected groups.

13. STAFF CONSIDERATIONS

Staffing consideration in **Appendix 2** outlines each option and 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).

14. ASSET MANAGEMENT CONSIDERATIONS

- 14.1 Option A – Would require the successful provider to source additional accommodation from which to deliver the service from within the contract value, although LA assets such as Whitby Street and the Windsor Rooms would still be available for the provider to use.
- 14.2 Option B - Would utilise the existing LA owned treatment building for adult treatment services on Whitby Street and the Windsor Rooms for Young People's treatment with some additional consideration required around possible integration of interventions within other community based settings.
- 14.3 Option C - Requires no further considerations as arrangements for existing property, which is currently utilised by each provider, would continue.

15. RECOMMENDATIONS

- 15.1 It is requested that Finance and Policy Committee consider the 3 options for future substance misuse service delivery. Officer recommendation is to support Option B as the preferred option for service delivery.

16. REASONS FOR RECOMMENDATIONS

- 16.1 Option B represents the most cost efficient and effective use of Public Health funds, as well as providing the greatest opportunity for direct integration with existing Council services. These services include but are not limited to, social care, housing, education, employability and skills.

17. BACKGROUND PAPERS

- 17.1 The following papers were used in the preparation of this report:
- JSNA Support Pack – Key Data to Support planning effective drugs prevention, treatment and recovery in 2016-17
 - JSNA Support Pack – Key data to support planning of effective alcohol harm prevention, treatment and recovery in 2016-17
 - NICE Clinical Guidelines for Drug and Alcohol Treatment
 - ACMD Report 23rd Oct 2015 - How can opioid substitution therapy (and drug treatment and recovery systems) be optimised to maximise recovery outcomes for Service users.
 - Safer Hartlepool Partnership Strategic Assessment 2015
 - Balance North East - Local Alcohol Profiles England 2016
 - Health Profile – Hartlepool 2015

18. CONTACT OFFICER

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Poverty Impact Assessment**1. Is this decision a Budget & Policy Framework or Key Decision? YES****If YES please answer question 2 below****2. Will there be an impact of the decision requested in respect of Child and Family Poverty? YES****If YES please complete the matrix below**

GROUP	POSITIVE IMPACT	NEGATIVE IMPACT	NO IMPACT	REASON & EVIDENCE
Young working people aged 18 - 21			X No change	Substance Misuse recovery Support Services will remain accessible to all adults and Young people with substance misuse issues.
Those who are disabled or suffer from illness / mental illness	X			The additional funding identified to secure services of a Community Psychiatric Nurse (CPN) would ensure that clients with Mental Health issues immediate access to secondary mental health support services.
Those with low educational attainment	X			Referral access to Adult Ed and community education facilities such as CFE. Group activities secured within CFE as part of the 12 week tier 4 programme. Practical qualification opportunities including Bricklaying DIY skills and CSCS card.
Those who are unemployed	X			Referral access to employment opportunities, benefits advice and liaison with JC+ staff. Hot-desking within JC+ for Recovery Co-ordinators.
Those who are underemployed	X			Referral access to employment opportunities, benefits advice and liaison with JC+ staff. Hot-desking within JC+ for Recovery Co-ordinators.
Children born into families in poverty	X			Specialist Substance Misuse Social Worker – By identifying funds through restructure savings to secure services of dedicated specialist substance misuse social worker, introducing improved early identification of life problems and prevent escalation of issues to reduce future demand on services

				<p>through integrated preventative work, improved communication and relevant referral and support.</p> <p>The social worker will not hold a caseload but will liaise with the Recovery Co-ordinators and mental health services to reduce future demand for mainstream social care interventions. This will be achieved through early identification and mitigation of risk from a social care perspective which will be included within an individualised care plan package for both the client and their families.</p>
Those who find difficulty in managing their finances			X No change	Maintain referral pathway with Citizens advice Bureau for financial advice opportunities.
Lone parents	X			<p>Specialist Substance Misuse Social Worker – By identifying funds through restructure savings to secure services of dedicated specialist substance misuse social worker, introducing improved early identification of life problems and prevent escalation of issues to reduce future demand on services through integrated preventative work, improved communication and relevant referral and support.</p> <p>The social worker will not hold a caseload but will liaise with the Recovery Co-ordinators and mental health services to reduce future demand for mainstream social care interventions. This will be achieved through early identification and mitigation of risk from a social care perspective which will be included within an individualised care plan package for both the client and their families.</p>

Those from minority ethnic backgrounds			X No change	Substance Misuse recovery Support Services will remain accessible to all adults and Young people with substance misuse issues.
Poverty is measured in different ways. Will the policy / decision have an impact on child and family poverty and in what way?				
Poverty Measure (examples of poverty measures appended overleaf)	POSITIVE IMPACT	NEGATIVE IMPACT	NO IMPACT	REASON & EVIDENCE
Overall impact of Policy / Decision				
NO IMPACT / NO CHANGE		ADJUST / CHANGE POLICY / SERVICE	X	
ADVERSE IMPACT BUT CONTINUE		STOP / REMOVE POLICY / SERVICE		
Examples of Indicators that impact of Child and Family Poverty.				
Economic				
Children in Low Income Families (%)				
Children in Working Households (%)				
Overall employment rate (%)				
Proportion of young people who are NEET				
Adults with Learning difficulties in employment				
Education				
Free School meals attainment gap (key stage 2 and key stage 4)				
Gap in progression to higher education FSM / Non FSM				
Achievement gap between disadvantaged pupils and all pupils (key stage 2 and key stage 4)				
Housing				
Average time taken to process Housing Benefit / Council tax benefit claims				
Number of affordable homes built				
Health				
Prevalence of underweight children in reception year				
Prevalence of obese children in reception year				
Prevalence of underweight children in year 6				
Prevalence of obese children in reception year 6				
Life expectancy				

FINANCE AND POLICY COMMITTEE

25th July 2016



Report of: Director of Regeneration and Neighbourhoods

Subject: ELWICK BY-PASS AND GRADE SEPERATED JUNCTION- FUNDING PROPOSALS

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Key Decision (test (i)) Forward Plan Reference No RN12/16.

2. PURPOSE OF REPORT

2.1 The purpose of the report is to seek approval to:-

- i) accept the Growing Places Fund Loan to fund the feasibility study;
- ii) bid for potential funding for the construction of a by-pass and grade separated junction at Elwick village;
- iii) accept such funding if successful on the basis of repayment through developer contributions from those developments directly benefitting from the works.

3. BACKGROUND

3.1 One of the key proposals within the recently approved Hartlepool Local Plan Preferred Options Consultation Document, is for a bypass to the north of Elwick Village and the construction of a new grade separated junction on the A19 at the northern Elwick entrance.

3.2 The need for this highway improvement has become apparent over recent years as both the A689 and the A179 have continued to become more and more congested. Through implementing these infrastructure improvements many benefits will be experienced including reduced congestion on other roads, increased safety in Elwick Village and increased safety on the A19 at the Elwick junctions.

3.3 Officers are seeking approval to submit an early bid for Local Growth Funding (LGF) for circa £18 million to fund the major works. This funding is

a repayable grant and as such it provided on the basis that the money will be repaid when development commences. S106 agreements are expected to be put in place to generate the income to repay the grant over a 15 year period. The funding will however enable the early implementation of the works, and unlock the development potential required in accordance with the Hartlepool Local Plan Preferred Options Consultation Document.

- 3.4 A Strategic Outline Business Case is in the process of being prepared to demonstrate the deliverability of the scheme. The cost of this (circa £20,000) has been funded from existing Local Transport Plan (LTP) and Planning budgets.
- 3.5 An application has currently been submitted for a Growing Places Fund loan for £600,000. This will enable a full business case to be prepared including detailed designs to be undertaken, and the purchase of any land, necessary to accommodate both pieces of highway infrastructure to be made. A full business case is required to provide the necessary due diligence information required to secure additional funding. This application was recently approved by the Tees Valley Combined Authority Board and, subject to approval by Members; Officers will work with the Combined Authority to agree the terms of the Growing Places Fund loan. This funding is again a repayable grant and is expected to be repaid from developer contributions from developments directly benefiting from the work.
- 3.6 Local Growth Fund 3 programme-level bids, rather than scheme-based bids, are now being sought for the third round of the Local Growth Fund, which nationally is worth £1.8bn. Most of this funding will be released from 2018 and is subject to a competitive bidding process, with no area entitled to a particular share of the funding. The scheme could form part of the Tees Valley programme-level bid. Development of the draft submission for Growth Deal Round 3 is underway with task and finish groups in June to agree draft programmes for approval at the Tees Valley Combined Authority Board thereafter.
- 3.7 Approval is also sought to apply to other potential funding sources such as:
- 3.7.1 Highways England Growth and Housing Fund. There is the potential for a further round of funding via this fund that was established as part of the first Road Investment Strategy. The fund is worth £100 million and provides leverage and flexibility for Highways England to support Local Enterprise Partnerships (LEPs) Local Authorities and the private sector to mobilise development sites that require prompt investment in our network to allow them to progress quickly.
- 3.7.2 Growing Places Fund. The £730 million Growing Places Fund supports key infrastructure projects designed to unlock wider economic growth, create jobs and build houses in England. The fund provides a major opportunity for Local Enterprise Partnerships (LEPs) and Local Authorities through a Combined Authority arrangement to identify and prioritise the infrastructure they need for growth. An allocation has been made to Tees Valley Unlimited and the Department for Communities and Local Government continues to

work with the LEP to support and encourage them in delivering the Growing Places Fund and expects recycled Growing Places Fund to be deployed to support Strategic Economic Plans alongside the Local Growth Fund.

- 3.7.3 Homes and Communities Agency Funding (Home Building Fund) This is a new funding stream shortly to be announced after the EU referendum at the end of June early July. Home Building Fund is for a total of £3billion nationally. This is split £2 billion for infrastructure and £1 billion for housing and is proposed to take the form of a loan directly, and repayable, by developers (rather than LAs). The Council will work with the developers to assist in the facilitation and development of the funding application for this funding.
- 3.7.4 In the event that no external funding can be secured for the £17.4 million construction costs, a further report will be submitted to Members.

4. PROPOSALS

- 4.1 It is proposed to apply for two separate loans in respect of the provision of the Elwick by-pass and grade separated junction at Elwick Village.
- 4.2 A Growing Places fund loan for £600,000, to enable a full business case to be prepared and detailed designs to be undertaken, along with the purchase of any land necessary to accommodate both pieces of highway infrastructure. This was recently approved by the Tees Valley Combined Authority Board and, subject to approval by Members; Officers will work with the Combined Authority to agree the terms of the Growing Places Fund loan.
- 4.3 Once the detailed designs and land purchase negotiations are further developed, officers will explore the most appropriate funding route as covered in section 3 to enable this project to progress and secure funding for the remainder of the works.
- 4.4 Any funding secured through either route will be repaid through securing developer contributions and delivered through S106 legal agreements with housing developers within the vicinity of the improvements, which will ensure the money is re-paid pro rata as the housing development is constructed.

5. FINANCIAL CONSIDERATIONS

- 5.1 The proposal is that any funding secured to provide the by-pass and grade separated junction will be recovered from developer contributions through section 106 agreements from any development benefitting from its provision. These contributions will be received pro-rata as the development is constructed at agreed cumulative build out stages. It is expected at this stage that any grant repayment profile will be aligned with the timescales in which we expect to receive the S106 developer contributions, and the Council will not be required to fund any of the costs on a temporary basis.

- 5.2 Further details regarding the funding agreements are required to confirm this assumption and the business case will identify the likely profile for receiving S106 contributions. Any risks in relation to developer contributions will need to be quantified as part of the full business case and the Council will endeavor to cover this risk in any funding agreements it enters into. Once the funding arrangements are confirmed, and the full business case is prepared, a further report will be prepared setting out clearly any financial implications for the Council prior to any works being carried out.
- 5.3 At this stage, if the proposals are approved, the Council is committed to fund the following:-
- the outline business case £20k
 - Full Business Case, Design costs and Land Purchase £600k
- 5.4 The outline business case of £20k will be funded from existing budgets and an application will be submitted for an interest free loan to cover the other costs totaling £600k. In the event that for any reason the scheme does not progress to the next stage, the Council may need to provide one-off funding of £600k to repay this loan from either a future years managed budget underspend, or the uncommitted General Fund Reserve – which would then need to be repaid. At this stage the risk of the Council having to fund the repayment of £600k is low, although this risk will need to be monitored and reported as part of the Medium Term Financial Strategy.
- 5.5 In considering the issues outlined in this report Members are reminded that significant additional Government Grant cuts will be made over the period 2017/18 to 2019/20. An update of the Medium Term Financial Strategy was submitted to the Finance and Policy Committee on 20th June 2016 and informed Members that the Council faces a budget deficit of £12.7 million over the next three years. This equates to a reduction from the 2016/17 budget of 15% and assumes annual Council Tax increases will be implemented in line with Government Council Tax policy, including the 2% Social Care precept, and Council Tax growth forecasts will be achieved. Achieving this level of reduction will be extremely challenging and detailed proposals for achieving saving of approximately £4 million per year for the next three years will be reported to future policy committees. Any additional budget pressures will increase the level of budget cuts which will need to be made and will need to be referred to the Finance and Policy Committee for consideration.

6. RISK IMPLICATIONS

- 6.1 If funding for these works is not secured development in the north western area of the town will not be able to commence as Highway's England have indicated that they are likely to object to the intensification of traffic movements on the A19/Elwick Village junctions due to safety concerns and have already issued two holding orders in respect of the current applications for High Tunstall and the second phase of Quarry Farm.

- 6.2 Failure to provide the works within the new Local Plan period may result in the Council failing to meet its new homes targets and thus jeopardise the receipt of new homes bonus funding from central government.
- 6.3 The full Business Case is required to fully understand the risks associated with the scheme. This will confirm the scheme design and associated costings and also consider the risks associated with the timescale for receiving developer contributions.
- 6.4 All of the funding options proposed assume that it will be possible to repay the grant from S106 contributions; however funding agreements will need to cover the risk that contributions are delayed. If this is not possible the Council may need to fund the cost of the works until the developments are progressed.

7. LEGAL CONSIDERATIONS

- 7.1 There are no legal considerations relating to this report

8. CHILD AND FAMILY POVERTY

- 8.1 There are no child and family poverty implications relating to this report

9. EQUALITY AND DIVERSITY CONSIDERATIONS

- 9.1 There are no equality and diversity considerations relating to this report

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

- 10.1 There are no Section 17 considerations relating to this report

11. STAFF CONSIDERATIONS

- 11.1 There are no staff considerations relating to this report

12. ASSET MANAGEMENT CONSIDERATIONS

- 12.1 There are no asset management considerations relating to this report.

13. CONCLUSIONS

- 13.1 As part of the Council's future financial strategy Members are committed to growing the town to secure increased Council Tax income to help offset continuing Government grant cuts and help mitigate the impact on services.
- 13.2 To enable these developments to be achieved the Council will need to facilitate improvements in the highways network. The report outlines specific proposals in relation to significant investment to the A19 and the provision of a new Elwick by-pass. It is anticipated that the substantive highways scheme of approximately £18m will be fully funded from external funding.
- 13.3 However, to secure this funding the Council needs to prepare a detailed business case and project design, which will cost £600k. It is anticipated that these costs can be funded from an external interest free loan, which will be repaid from future section 106 monies.
- 13.4 In the event that the scheme does not progress the Council may be required to repay the interest free loan. At this stage this is assessed as low risk and it is not necessary to cash back the interest free loan. However, there is a potential risk that at a future date the Council may need to repay the interest free loan from either a future managed budget under spend, or from the un-earmarked General Fund Reserve – which would then need to be repaid.

14. RECOMMENDATIONS

- 14.1 That Members approve acceptance of the successful bid for £600k through the Growing Places Fund, for the business case, advanced design works and land acquisition.
- 14.2 That Members approve further bids to the Local Growth Fund and other funding pots for the remainder of the funding required to construct a grade separated junction and by-pass road at Elwick Village, and to note that a further report will be submitted before the Council is contractually committed to the main scheme.
- 14.3 Seek approval from Finance and Policy Committee to underwrite the applications for the external interest free loan of £600,000, from either a future years managed under spend, or the Un-earmarked General Fund Reserve – which would then need to be repaid, and to include this proposal in the Medium Term Financial Strategy proposals to be referred to Council.

15. REASONS FOR RECOMMENDATIONS

- 15.1 To “unlock” development land in the north western areas of the town for housing development to meet the requirements of the emerging Local Plan in respect of provision of new housing to ensure that the Council continues to receive its New Homes bonus from Central Government.

16. BACKGROUND PAPERS

- 16.1 There are no background papers

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FINANCE AND POLICY COMMITTEE

25th July 2016



Report of: Director of Regeneration and Neighbourhoods

Subject: DISPOSAL OF SURPLUS ASSETS – LAND AT SEATON LANE

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Key – test (i) applies RN 13/09

2. PURPOSE OF REPORT

2.1 To seek approval for the sale of land at Seaton Lane.

3. BACKGROUND

- 3.1 The Council owns land shown hatched on the plan at **APPENDIX 1** together with further land shaded on the same plan. The land shown cross hatched is owned by Brenda Rd Developments Ltd. They have obtained outline planning permission for the construction of a major care village development comprising a residential 70 bed care home, 300 residential apartments with care for persons aged 55 and over, 50 residential apartments, 80 key worker apartments, 80 homes, a community centre, retail units, workshops and offices together with parking spaces, and a bandstand. The plans also include areas of landscaping and open space.
- 3.2 The planning permission granted includes the Council owned land hatched on the plan at **APPENDIX 1**. On the basis of the layout provided for the outline planning permission, the currently Council owned land will be used to provide landscaping and open space areas.
- 3.3 Following negotiations with the developer's agent, terms have been agreed for the sale of the Council owned land to the developer on the basis outlined in **CONFIDENTIAL APPENDIX 2**. **This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs**

of any particular person (including the authority holding that information).

4. PROPOSALS

- 4.1 It is proposed to proceed with a sale of the land hatched on the plan at **APPENDIX 1** on the terms outlined in **CONFIDENTIAL APPENDIX 2. This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**

5. RISK IMPLICATIONS

- 5.1 The sale of the land is not conditional on the development proceeding and as such the risk to income is mitigated. The values proposed reflect the Estates & Regeneration Managers opinion of Market value taking account of current development potential on some areas of the site.

6. FINANCIAL CONSIDERATIONS

- 6.1 The sale would result in a significant capital receipt being obtained.
- 6.2 In considering the issues outlined in this report Members are reminded that significant additional Government Grant cuts will be made over the period 2017/18 to 2019/20. An update of the Medium Term Financial Strategy was submitted to the Finance and Policy Committee on 20th June 2016 and informed Members that the Council faces a budget deficit of £12.7 million over the next three years. This equates to a reduction from the 2016/17 budget of 15% and assumes annual Council Tax increases will be implemented in line with Government Council Tax policy, including the 2% Social Care precept, and Council Tax growth forecasts will be achieved. Achieving this level of reduction will be extremely challenging and detailed proposals for achieving saving of approximately £4 million per year for the next three years will be reported to future policy committees. Any additional budget pressures will increase the level of budget cuts which will need to be made and will need to be referred to the Finance and Policy Committee for consideration.
- 6.3 The MTFs approved by Council on 18th February 2016 reminded Members that the Council has an existing capital receipts target of £6.5m to fund capital schemes which have already commenced and recommended a new capital receipts target for 2016/17 of £1m, taking the total target to £7.5m.
- 6.4 Based on experience achieving the previous target, which has taken longer to achieve than initially forecast owing to challenging market conditions,

achieving further capital receipts will remain challenging and require careful management. It also needs to be recognised that existing deliverable planning approvals have already been granted for 2,668 houses on privately owned land. In addition to permissions already granted there are a substantial number of housing planning applications that are under consideration that may further impact on the future demand for residential land if approved due to saturation of the market and this dynamic will be critical in the achievement of ongoing capital receipts of £7.5m.

- 6.5 The monies from the sale of the land at Seaton Lane will contribute to the achievement of the £7.5m capital receipts target. An update on the progress in achieving the overall target will be submitted to the next Finance & Policy Committee meeting.

7. LEGAL CONSIDERATIONS

- 7.1 In relation to part of the land which is public open space land, it will be necessary to advertise the proposed disposal and to consider any objections or representations made. However, it should be noted that the developer will be obliged to keep this part of the land in the same use and to allow public access at all times.

8. CHILD AND FAMILY POVERTY

- 8.1 There are no child and family poverty implications relating to this report.

9. EQUALITY AND DIVERSITY CONSIDERATIONS

- 9.1 There are no equality and diversity considerations relating to this report.

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

- 10.1 There are no Section 17 considerations relating to this report.

11. STAFF CONSIDERATIONS

- 11.1 There are no staff considerations relating to this report.

12. ASSET MANAGEMENT CONSIDERATIONS

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

13. RECOMMENDATIONS

- 13.1 Committee is recommended to approve the sale on the terms outlined in **CONFIDENTIAL APPENDIX 2. This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**

14. REASONS FOR RECOMMENDATIONS

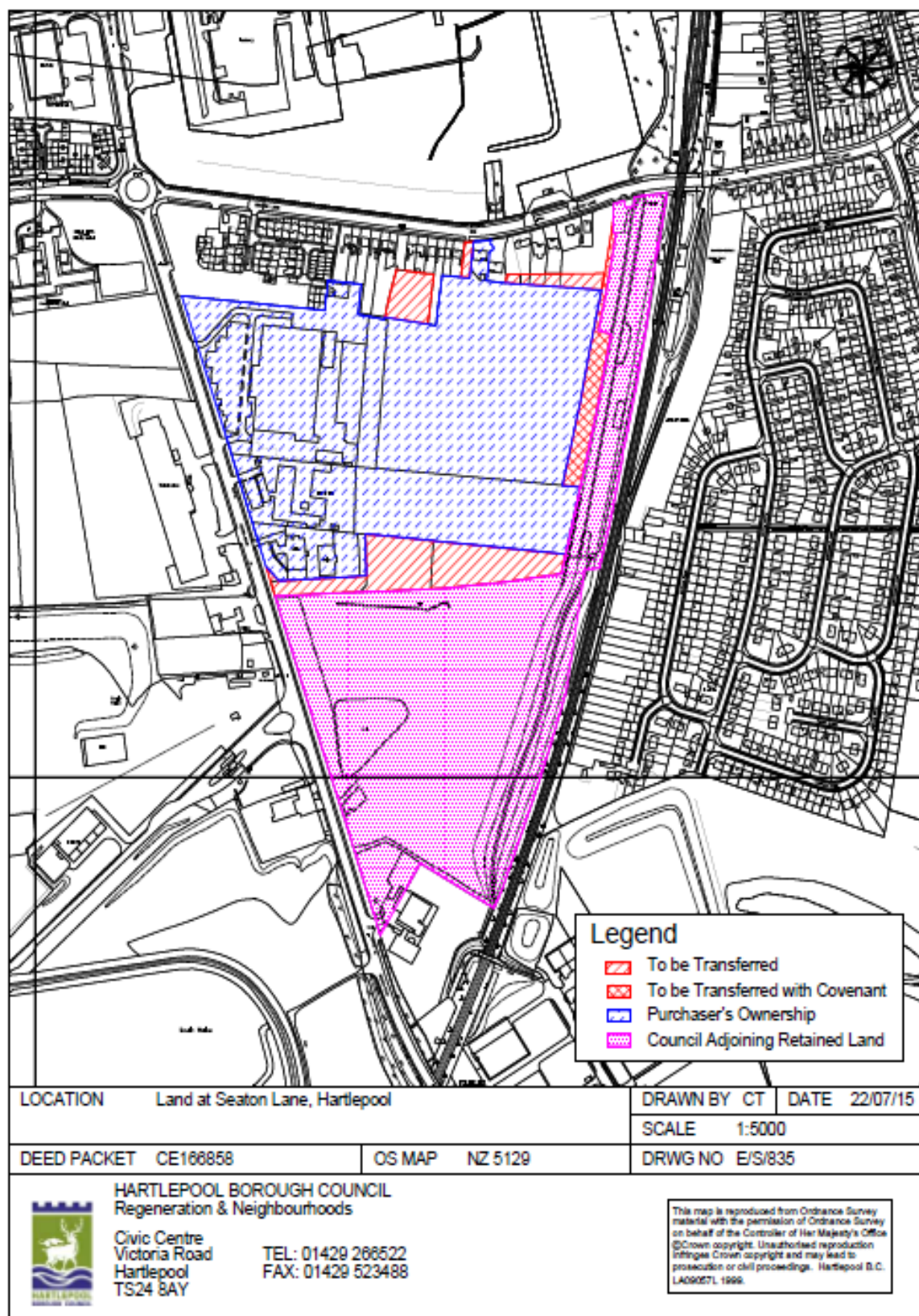
- 14.1 The sale terms are considered to reflect fully the current market value of the land.
- 14.2 The sale of the land will help to facilitate the implementation of the development, which should result in significant job opportunities and the provision of a modern care home and new homes in the care, retirement and general needs sectors, together with some retail and workshop units.
- 14.3 The sale of the land will contribute to the achievement of the approved capital receipts target of £7.5m.

15. BACKGROUND PAPERS

- 15.1 There are no background papers in this instance.

16. CONTACT OFFICER

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FINANCE AND POLICY COMMITTEE

25th July 2016



Report of: Director of Regeneration and Neighbourhoods

Subject: LEASED ESTATE POLICY

1. TYPE OF DECISION/ APPLICABLE CATEGORY

1.1 Key Test (1) applies- Forward Plan Reference RN 18/16.

2. PURPOSE OF REPORT

2.1 The purpose of the report is to:

- 1) Adopt a leased estate policy that sets out the principles for the Council to work to in order to maximise income from its leased estate;
- 2) Advise Members of the categories of properties contained within the leased estate together with the current levels of income;
- 3) Seek approval to review existing lease agreements with a view to optimising income;
- 4) Obtain approval that any future concessionary rent proposal is considered in accordance with the criteria adopted for Community Asset Transfer to maintain consistency.
- 5) Obtain acceptance that property should not be used as a form of indirect service subsidy and processes are agreed to maintain consistency and transparency.

3. BACKGROUND

3.1 The Council has a portfolio of non-operational properties. These are held for the principal purpose of generating income through the payment of rent by private and public sector tenants. The current rent roll, excluding residential properties, is £801,446

3.2 For ease of reference the properties have been grouped into the following categories:

a) **Commercial**

This refers to properties let on a commercial arm's length basis to businesses, individuals and a variety of other public and private sector organisations. This category incorporates the key income generators including, Northgate House, Victoria Football Ground, Newburn Bridge industrial estate, Hartlepool Enterprise Centre and farm land at Hart. The Council has 72 lettings within this category, excluding the Middleton Grange Shopping Centre. The current rent roll of this category is £502,449. Potential exists for increases in rentals over the next 3 years in accordance with lease renewal and rent review provisions.

b) **Middleton Grange Shopping Centre (MGSC)**

The shopping centre forms a large part of the leased estate and because of this, and the variability of the rental income, it needs to be considered separately from the rest of the estate. The Council is the freeholder of the centre, which is let on a long lease to Mars Pension Trustees and managed by agents JLL. Under the lease the Council receives 15% of the net rental income from the retailers, less various deductions. This rent varies each year as units are let or become vacant and as retail rents within the centre rise or fall.

Movements in the property market in the last few years have had a significant negative impact on the centre in terms of occupancy levels and rental income. This has resulted in a fall in income in recent years with income received in 2014/ 15 being £221,157 against an anticipated finance budget figure of £330,000. This financial risk was recognised in the Medium Term Financial Strategy and a Risk Reserve was established. The £500,000 reserve also makes provision for a shortfall in local land charges income however it is predominately earmarked to cover the risk of a shortfall in income on the Shopping Centre. Based on the current projection it is expected that this reserve will provide sufficient funding to cover any shortfall in 2016/ 17. This position will be closely monitored and reviewed before the 2017/18 budget is set.

Since the acquisition of the centre by Mars in early 2014, there has been a much improved working relationship with the centre; JLL have actively sought discussion with the Council and have shared their vision. At an early stage they presented a number of proposals designed to improve the centre's performance in the short, medium and longer term. The current active management of the centre has led to an improved situation with respect to the ground floor units; however the impending closure of BHS and the recent BREXIT decision may bring about delays in the investment required for their more ambitious ideas to be implemented.

c) **Ground rents**

Traditionally Local Authorities granted long leases generally in relation to land upon which mainly residential properties were constructed. The

long lease enables authorities to retain an element of control of the developments and future alterations to ensure consistency as well as generating an ongoing income stream. As part of the lease term annual ground rents are payable. In general these are nominal as premiums were set at the time the leases were granted. The Council has the benefit of 45 residential ground rents of individual houses, which are located mainly on the Headland. The ground rent portfolio also includes seven small residential estates let to housing associations in the late 1980s and early 1990s to facilitate affordable housing developments. In addition, the portfolio includes a number of commercial property sites let on long leases.

Similarly under the Academies Act 2010, newly formed Academies are let on a standard 125 year lease (in unison with DfE requirements) at nil rent, subject to the use being restricted to educational purposes. Former community schools that are now Academies comprise Eldon Grove, Brougham, Stranton, Owton Manor, West Park and West View Primary Schools; Catcote School is also now an Academy and Jesmond Gardens Primary School is converting this year. Dyke House, Manor College and English Martyrs are also academies but were Foundation or church schools prior to becoming academies. The total current rent roll from this category is £416. As almost all of the leases have fixed rents and have many years to run, there is only very limited scope for increased income from this source. Projections for future income levels through lease renewals and rent reviews are limited and taking into account lease terms it is unlikely there will be any potential increase in levels over the next 3 years.

d) **Community / Ancillary properties including Community Asset Transfer**

This category includes gardens, garages and small land plots together with a range of leases including for example the bowling greens, and Day Nurseries. The category also includes a number of properties that have been let on concessionary rents. The total rent roll within this category is £25,430.

A small number of properties in this category have been let under community asset transfer arrangements. The principle of Community Asset Transfer was promoted under the Localism agenda and a formal policy was adopted by the Council in 2011. The purpose of Community Asset Transfer is to allow the Voluntary and Community sector (VCS) the opportunity to provide services that benefit the community that have conventionally been provided or commissioned by the Council and/ or the private sector. The advantages of this arrangement include more cost effective delivery, innovative and responsive ways of working, local “ownership” of facilities and services and revenue savings.

Under these arrangements, leases are granted at nil rent, the tenant community organisations take on responsibility for all outgoings and the delivery of services which were previously undertaken by the Council.

The lease arrangement ensures that the properties are used in an appropriate way and that there are opportunities for reviews of the performance of the organisation. In the event that an organisation becomes insolvent or is otherwise wound up, the property returns to the Council and can then be re-let, sold or used directly. The Council's Community Asset Transfer Policy includes a comprehensive evaluation process which tests the suitability of the organisation and its proposals.

Although the Community Asset Transfer Policy was originally developed to facilitate the transfer of assets such as Community Centre's, the principals and methodology to assess the suitability of organizations to deliver community objectives is very effective. The Estates Team receives ongoing requests from Community Groups and societies who want to provide services such as drama groups, youth clubs, sports clubs etc and need the use of parts of buildings on an ad hoc/permanent basis but cannot afford to pay market value. In these circumstances it is up to the VCS organisation to demonstrate social value to enable the Council to determine which groups receive support.

It is proposed that future requests received by the Estates team are appraised in consultation with the related service department in accordance with the Community Asset Transfer criteria and where appropriate consideration is given to identify suitable accommodation within the portfolio. To demonstrate fairness and equality between the private, public and voluntary sectors and to maintain transparency a framework needs to be developed for VCS groups to consider as part of their application demonstrating a social return on investment. Consideration also needs to be given towards creating a separate budget to cover any shortfall in accommodation costs. In this way the process is totally transparent, the Estates team is not involved in making judgments as to the appropriateness of particular groups and the rent roll is maintained. Alternatively where accommodation is not available within the portfolio the monies can be used to facilitate alternate premises.

Similarly, a number of lettings have also been made where the Council has commissioned a service and has offered the necessary accommodation at nil rent as part of the tender. This acts to reduce the cost of the tender to the commissioning department but is in effect a subsidy from the Council's estate. In order to increase transparency it is proposed that in future the market rental value of the property should be charged to the service provider whose responsibility it will be to reimburse the non operational property budget for the loss of rental income.

Potential exists for the income in this category to be increased, Although market rents based on commercial lettings can be applied the majority of the organisations occupying the premises are community based not for profit groups and as such it is unlikely that they would be

sustainable if the increases proposed are applied. In such cases an RPI increase should apply as a minimum in all future break clauses.

e) **Properties shared for operational reasons**

The Council has a number of properties where joint working arrangements are in place to improve service delivery. Where such arrangements exist, rents and contributions to operating costs are negotiated, based upon market value. Such arrangements exist at Hartfields Day Centre and the Community Drugs Centre which are shared with the NHS to facilitate multi-agency working arrangements. The rents paid by the NHS bodies contribute to the premises revenue costs. The current rent roll from this category is £52,000. Taking account of the current lease terms it is unlikely that there will be any potential to increase these levels over the next 3 years.

- 3.3 Fundamentally the non operational portfolio is owned and managed to maximise the financial return to the Council. It is acknowledged that there may also be social and economic benefits that deviate from this key objective but where this involves elements of subsidy this need to be reimbursed to the property budget to maintain transparency.
- 3.4 Opportunities to increase income are driven through new lettings of vacant space, lease renewals and rent reviews. Lease terms determine the timetable for invoking reviews and renewals and increases are determined by evidence of market value at the time of negotiations.
- 3.5 Movements in the property market in the last few years have had a significant negative impact on the leased estate in terms of occupancy levels and rental income. This has been particularly acute in the case of the shopping centre where high void levels and falling rental values have resulted in a large fall in income. The current active management of the centre has led to an improved situation with a significant take-up of space which will feed through to an improved rental income situation in due course. However the loss of Marks & Spencer's, the impending closure of BHS together with the BREXIT decision, will unfortunately slow down the level of investment required to achieve the new owners more ambitious plans. As such all efforts are being made to ensure at the appropriate time that rents are negotiated to achieve the best return.
- 3.6 It is acknowledged that the income target increases year on year by inflation however with existing long term leases it is not possible to amend the lease terms to reflect this increase so it can be passed on to tenants, however new leases will incorporate this additional requirement.

4. PROPOSALS

- 4.1 It is proposed that the portfolio will continue to be managed to maximise the financial returns to the Council and this will be a key focus of activity for the Estates team. Currently there are inconsistencies based upon historical

decisions regarding the leased estate and complications in terms of property being used as an indirect subsidy either through concessionary lettings or as part of the tender process for external delivery.

4.2 The following working principles and procedures are proposed for the Estates & Regeneration Manager to work to:-

- Achieve market value for all properties and assets
- Where market value has not been obtained aim to achieve this over the course of the lease at through implementing lease renewals and rent reviews
- Rents to increase by RPI as a minimum at each break clause
- Where market demand is low, aim to achieve the median in the market
- Concessionary rents will only be considered where an organisation or service can actively evidence/demonstrate a social value/community benefitor rate of return on the investment

4.3 It is proposed to review the leases for those properties where there is potential to increase rent, as follows:-

- a. where we could introduce a charge,
- b. examine all rents to ensure they are obtaining market value;
- c. review break clauses within leases and
- d. where long leases can be changed

4.4 It is proposed that where concessionary rent proposals are considered appropriate that the suitability of an organisation is considered in accordance with the Community Asset Transfer criteria, and determined by the appropriate service department who have the experience to decide which groups are supported. In addition an allocated budget needs to be identified so that any subsidy provided towards property costs is reimbursed by the sponsoring department. Similarly any tenders that include the requirement for the provider to occupy Council buildings should provide for the reimbursement of any rent to the non operational budget. This proposal is expected to be budget neutral to the Council overall, however it will improve financial transparency and ensure that any value is reflected in the non operational property budget.

5. RISK IMPLICATIONS

5.1 The demand for occupation of non operational properties is dependent on the local and national economy, and any void periods due to business failure or a general reduction in demand will impact on the rent roll. Similarly increases through rent reviews and lease renewals are directly related to supply and demand and a reduction in growth within the economy has a direct impact on the ability to justify additional rental.

6. FINANCIAL CONSIDERATIONS

- 6.1 The leased estate is generally managed in order to maximise rental income and to minimise costs in the short, medium and longer term. In recent years this has involved much greater attention to recovering rent arrears and terminating leases with unviable tenants. Furthermore prospective tenants are more rigorously vetted and vacant units have been actively marketed to reduce void levels.
- 6.2 It is proposed that the current and forthcoming rent reviews and lease renewals are pursued in order to maximise the income to the Council and contribute to the medium term financial strategy. Rent reviews and lease renewals can only be implemented in accordance with lease terms and the provisions of the Landlord & Tenant Act and therefore by default the opportunities for reviewing rental levels are periodic and have to be based on evidence of increases in market value comparables.
- 6.3 Within the Medium Term Financial Strategy (MTFS) there is an annual inflation assumption of 2.5% on all income budgets. Based on the current budgets set for the leased estate this will require an increase of £11,750 in 2016/ 17, (excluding the shopping centre, where an inflationary increase has not been included owing to current market conditions). The potential increases; as a result of forthcoming lease renewals and rent reviews, should achieve the required inflationary increase and may provide additional income to support the 2016/ 17 budget. In the event that this income is received it is recommended that the use of the Budget Support Fund is re-phased to reflect the level of income achieved, as this will help manage the budget position in 2017/18 and beyond. It is proposed that any new leases incorporate a clause requiring rents to be increased in accordance with inflation in order to assist in mitigating the annual financial targets.
- 6.4 It is important that income from property is transparent. Currently in some cases property is being used as an indirect subsidy. In the future it is proposed that market rents for all properties are paid either directly by the tenant or by the promoting service department. As such this would provide for complete transparency and justification for the subsidy.
- 6.5 In considering the issues outlined in this report Members are reminded that significant additional Government Grant cuts will be made over the period 2017/18 to 2019/20. An update of the Medium Term Financial Strategy was submitted to the Finance and Policy Committee on 20th June 2016 and informed Members that the Council faces a budget deficit of £12.7 million over the next three years. This equates to a reduction from the 2016/17 budget of 15% and assumes annual Council Tax increases will be implemented in line with Government Council Tax policy, including the 2% Social Care precept, and Council Tax growth forecasts will be achieved. Achieving this level of reduction will be extremely challenging and detailed proposals for achieving saving of approximately £4 million per year for the next three years will be reported to future policy committees. Any additional budget pressures will increase the level of budget cuts which will need to be

made and will need to be referred to the Finance and Policy Committee for consideration.

7. CONCLUSION

- 7.1 The leased estate forms a critical element of the MTFS and as such the property estate needs to be managed commercially to ensure maximum rents are achieved.
- 7.2 Currently there are inconsistencies based upon historical decisions regarding the leased estate and complications in terms of property being used as an indirect subsidy either through concessionary lettings or as part of the tender process for external delivery.
- 7.3 In order to ensure consistency is applied regarding the management of the leased estate to obtain maximum market value of the Council's estate it is paramount officers are provided with operating principles and guidelines in which to work.
- 7.4 On occasion concessionary arrangements for properties have been agreed at nil or below market rents, either as part of a formal scheme for example community asset transfer, or to assist organisations in delivering services, e.g. outdoor bowling greens, childcare provision and housing for young care leavers. Transparency of decision making is however paramount and although there are distinct benefits justifying decisions regarding the use of property at below market rents, the impact of these decisions should not affect the non operational property budget and services that agree to subsidies to facilitate service provision should reimburse any shortfalls.

8. LEGAL CONSIDERATIONS

- 8.1 The Chief Solicitor will undertake the legal documentation to formalise any amendments to leases.

9. CHILD AND FAMILY POVERTY

- 9.1 There are no Child and Family poverty considerations in this instance.

10. EQUALITY AND DIVERSITY CONSIDERATIONS

- 10.1 There are no equality or diversity considerations in this instance

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

11.1 There are no Section 17 considerations in this instance.

12. STAFF CONSIDERATIONS

12.1 There are no staff considerations in this instance.

13. ASSET MANAGEMENT CONSIDERATIONS

13.1 The leased estate is being actively managed to maximise income as part of the Council's asset management strategy.

14. RECOMMENDATIONS

14.1 Members are asked to :

- i. Adopt the principles regarding maximising income to the Council as set out in section 4.2 of the report
- ii. Accept that any future concessionary rent proposal is considered by the service department in accordance with the criteria adopted for Community asset transfer to maintain consistency and transparency.
- iii. Agree that property should not be used as a form of indirect service subsidy and processes are developed and agreed to maintain financial transparency.
- iv. Approve the proposal to review rents for those properties where there is potential to increase rent:-
 - a. where we could introduce a charge
 - b. examine all rents to ensure they are obtaining market value
 - c. review break clauses within leases
 - d. where long leases can be changed
- v. Approve the proposal that any additional income achieved from implementing the recommendations above is allocated to re-phase the use of the Budget Support Fund from 2016/17 to 2017/18, as this will help manage the budget position in 2017/18 and beyond.

15. REASON FOR RECOMMENDATIONS

- 15.1 The Director of Regeneration and Neighbourhoods is tasked with the objective in relation to Asset Management to maximise the returns from the property portfolio.

16. BACKGROUND PAPERS

- 16.1 There are no background papers in this instance.

17. CONTACT OFFICER

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FINANCE AND POLICY COMMITTEE

25th July 2016



Report of: Director of Regeneration and Neighbourhoods

Subject: JACKSONS LANDING DEMOLITION

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Non Key Decision

2. PURPOSE OF REPORT

2.1 To seek approval to demolish Jacksons Landing subsequent to the “We are Family” music festival on 10th September, 2016 and to seek Council approval to allocate funding for the demolition costs.

3. BACKGROUND

3.1 A report considering the options in relation to demolishing Jacksons landing is being considered by the Regeneration Committee on 23rd July, 2016 and is attached at **APPENDIX A**.

3.2 As there is currently no budget in place for the demolition works, a funding decision is required which is a departure from the Budget and Policy Framework. This report seeks approval from the Finance & Policy Committee to refer the recommendation to Council on 8th September, 2016 in order to approve the capital budget. Owing to the tight timescale, this report is being prepared before the Regeneration Committee has met on 22nd July, 2016 and therefore seeks approval, subject to the Regeneration Committee accepting the recommendations in the attached report.

4. PROPOSALS

4.1 The development of Jacksons Landing is a key part of the Masterplan and demolition of the site rather than renovation of the existing building is considered necessary to realise the full transformational potential. The

objective is for the site to become a landmark visitor attraction complemented by other attractions that will change people's perception of the area.

- 4.2 The attached report considers three different options for demolition including retaining the building until a developer is found, demolition of the building including the concrete base, demolition of the building only. The recommended option is to demolish the building only at a cost of £40,000. as this will be the most cost effective option, saving £35,000 compared to demolishing the whole structure. It also ensures that there is a suitable public realm area until an appropriate developer is found.
- 4.3 The attached report considers three different options for demolition including retaining the building until a developer is found, demolition of the building including the concrete base, demolition of the building only. The recommended option is to demolish the building only at a cost of £40,000. as this will be the most cost effective option, saving £35,000 compared to demolishing the whole structure. It also ensures that there is a suitable public realm area until an appropriate developer is found.
- 4.4 It is recommended that the demolition cost funded from the amount set aside to cash back the interest free loan from the Local Growth Fund (LGF) to be repaid in October 2017. This will reduce the value of expenditure that is cash backed from 83% to 81% and will result in a small increase in future borrowing costs if sale proceeds do not cover the costs incurred in purchasing and demolishing the site.

5. RISK IMPLICATIONS

- 5.1 There is the possibility that interested parties may consider the existing building an asset suitable for conversion. As such, demolishing the building could reduce potential interest. However, given the time the building was on the market prior to its acquisition by the Council, this is not considered to be a significant risk.

6. FINANCIAL CONSIDERATIONS

- 6.1 There is currently no budget provision allocated to fund the demolition costs for Jacksons Landing. Therefore, it is recommended that the demolition cost be funded from the amount set aside to cash back the interest free loan from the Local Growth Fund (LGF) to be repaid in October 2017. This will reduce the value of expenditure that is cash backed from 83% to 81% and will result in a very small increase in future borrowing costs if sale proceeds do not cover the costs incurred in purchasing and demolishing the site.
- 6.2 It is also recommended that if resources become available during the current year from the 2016/17 managed outturn, or reserves review to be completed

later in the year, that part of these resources are allocated to return the cash backing of expenditure on Jackson's landing to 83%.

7. LEGAL CONSIDERATIONS

- 7.1 There are no legal considerations due to the site been owned by Hartlepool Borough Council, and demolition will be sought to be approved via Planning Services.

8. CHILD AND FAMILY POVERTY

- 8.1 There are no child and family poverty implications relating to this report.

9. EQUALITY AND DIVERSITY CONSIDERATIONS

- 9.1 There are no equality and diversity considerations in relation to the demolition of the building.

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

- 10.1 The demolition of the Jacksons Landing building will remove a vacant building and reduce the opportunity for crime and anti-social behaviour.

11. STAFF CONSIDERATIONS

- 11.1 There are no staff considerations relating to this report.

12. ASSET MANAGEMENT CONSIDERATIONS

- 12.1 Following the demolition of the building the site will be monitored by Council officers and measures will be put in place to maintain the site until it is redeveloped. Currently the existing building is a security and maintenance liability.

13. RECOMMENDATIONS

- 13.1 The Committee is recommended to:
- i. Approve the funding of £40,000 for the demolition of the existing Jacksons Landing building following the "We are Family" event on 10th September 2016 including retention of the existing concrete floor plate.

- ii. Note that there is currently no budget provision allocated to fund the demolition costs for Jacksons Landing and therefore seek Council approval to allocate £40,000 to fund these costs from the resources previously allocated to cash back the potential repayment of the interest free loan if the sale proceeds do not cover the repayment costs.
- iii. To note that recommendation (ii) will reduce the cash backing for the Jackson's landing costs from 83% to 81%.
- iv. Approve the proposal that if resources become available during the current year from the 2016/17 managed outturn, or reserves review to be completed later in the year, that part of these resources are allocated to return the cash backing of expenditure on Jackson's landing to 83%. This would require resources of £40,000 to be allocated

14. REASONS FOR RECOMMENDATIONS

- 14.1 To enable funding to be allocated to enable the Jacksons Landing Building to be developed to facilitate the development of this site.

15. BACKGROUND PAPERS

- 15.1 Finance and Policy Committee Report, Jacksons Landing Update, 1st June 2015.

16. CONTACT OFFICER

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REGENERATION SERVICES COMMITTEE

22nd July 2016



Report of: Director of Regeneration and Neighbourhoods

Subject: JACKSONS LANDING DEMOLITION

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Non-Key decision.

2. PURPOSE OF REPORT

- 2.1 The purpose of the report is to seek Committee approval to demolish the existing Jacksons Landing building subsequent to the “We are family” music festival on 10th September 2016.
- 2.2 The Committee is also requested to consider options relating to the extent of the demolition and related cost implications.

3. BACKGROUND

- 3.1 The Hartlepool Regeneration Masterplan was adopted by the Council in November 2015 and identified the Waterfront as a key area for future development. A key proposal in the Masterplan is for Jacksons Landing to become the site for a landmark visitor attraction complemented by other attractions, a hotel and leisure uses, and public realm improvements.
- 3.2 Jacksons Landing has previously had a troubled past as a commercial entity. The 4.97 acre site became vacant in 2004. It is currently occupied by an 80,000 sqft former retail outlet building over ground and first floors with 380 associated parking spaces. The building is currently an empty shell and its fixtures and fittings have been removed.
- 3.3 Jacksons Landing was acquired by the Council in 2013 in recognition that it provided a strategic opportunity to deliver transformational change within the Masterplan area, and promote job growth for the local economy. Through its ownership the Council has the ability to influence the quality and form of

development and to maximise the economic, social and wellbeing benefits for the town.

- 3.4 The Hartlepool Regeneration Masterplan identifies that the site has a potential development capacity of 11,200 sq m with scope to accommodate a range of quality land mark buildings accommodating leisure, hotel, cultural uses and residential uses.
- 3.5 The National Museum Royal Navy (Hartlepool) are taking responsibility for the operation of Hartlepool Maritime Experience from 1st June 2016. They operate a number of prestigious maritime museums in Portsmouth, Belfast and Dundee and have exciting investment plans for the Hartlepool Maritime Experience which should significantly increase visitor numbers and increase demand within the area.
- 3.6 Increasing visitor numbers will encourage interest from developers to invest in Jacksons Landing to take advantage of the proximity to a national attraction and the resultant visitor footfall. In addition, the Vision Retail Park situated adjacent to Jacksons Landing is currently benefitting from a significant investment from its owners .
- 3.7 The building proposed for demolition has hosted a number of interim uses that promote activity and interest to the area. The “We are family” music festival in 2015 was successful in attracting 5,000 visitors providing significant benefits to the local economy.
- 3.8 The Hartlepool Regeneration Masterplan identifies the site for transformational development with the potential to create new fit for purpose landmark buildings that can act as a catalyst for the regeneration of the town. Retention and conversion of the existing building is unlikely to realise the transformational benefits to the town or maximise the site’s waterfront potential.
- 3.9 Removing the existing building offers the opportunity to re-launch the waterfront as a visitor destination and change people’s perception of the area.
- 3.10 Therefore, the timing is right for the demolition of the structure. An LGF application for £4.75m of Local Growth Funds has been applied for through the Tees Valley Combined Authority for the waterfront area which includes Jacksons Landing. The current status is that this is a pipeline project and funding will be made available to support developing the site to its full potential.
- 3.11 A development brief is being created in order to attract private sector investors and also to provide them the detailed information required for submission of proposals that align with the vision for the site. Currently a national hotel operator is in discussions with the Council regarding developing part of Jacksons Landing, and Members will be kept up to date on this matter.

4. DEMOLITION OPTIONS

- 4.1 Removal of the existing building will be an important signal of the Council's desire for change and will enable developers to appreciate the quality and size of the opportunity. Retention and conversion of the existing building is unlikely to realise the ambition and vision for the site. Demolition at this stage is considered to be an appropriate option and will have cost implications.
- 4.2 In the short term, the cleared site could be used for a variety of temporary uses including events and festivals.
- 4.3 Members are requested to consider whether demolition in advance of the appointment of a preferred developer is considered appropriate, together with the extent of the works. As such the options are as follows;

Option 1

1. Retain the existing building until a developer is sought through the formal marketing process. The building could continue to be used for interim uses to introduce new activity and interest in the area.

Option 2

2. To demolish the structure; retain the existing large concrete floor plate; make good small patches such as the lift pit with concrete; and, to install bollards to prevent unauthorised vehicular access. The concrete floor plate will be c200mm higher than the existing public realm areas, but this is not considered a significant hazard as it will be clearly demarcated from the surrounding blocked paving. The concrete floor plate is deemed to be in reasonable condition and will provide a floor covering until the site is developed in the future.

Option 3

3. To demolish the structure; remove the concrete floor plate. It is anticipated that this additional work will cost a further £35,000 to carry out. Excavation of the slab will require reinstatement work which increases cost. In addition to the demolition works, thirty bollards will then be installed as part of the contract to prevent vehicular access.
- 4.4 Option 2 is recommended with start on site after 19th September 2016 following the "We are family" event that will be using the building the previous week. The event will hold up to 5,000 spectators and will

incorporate some of the best local bands, food and beers from the area. It is proposed to delay the demolition until after this event.

- 4.5 Option 2 will enable the demolition of the building to be done in a cost effective way whilst maintaining a suitable public realm area until an appropriate developer is found. A developer will need to mitigate the cost of potentially removing the floor plate from any future offer made to the Council. Prices for the proposed demolition works have been sought through a tender exercise. The total cost of demolition for Option 2 is expected to be £40,000.
- 4.6 Post demolition the site will be secured by placing bollards to block vehicular access. This is deemed to be the most appropriate measure to avoid trespass.

5. RISK IMPLICATIONS

- 5.1 There is the possibility that interested parties may consider the existing building an asset suitable for conversion. As such, demolishing the building could reduce potential interest. However, given the time the building was on the market prior to its acquisition by the Council, this is not considered to be a significant risk.

6. FINANCIAL CONSIDERATIONS

- 6.1 The price of steel is currently low so the amount recycled for profit by the demolition contractor is affected which impacts on the tender price.
- 6.2 The preferred option to demolish without taking out the concrete floor plate is recommended in order to save on costs. The lowest tendered cost is £40,000 which includes for the installation of bollards to be placed to deter fly-tipping and utility disconnections
- 6.3 There is currently no budget provision to fund the demolition of the Jacksons Landing building. However, these costs will need to be incurred to facilitate the redevelopment of this site and it may be possible to fund the costs on the basis of a loan repayable from the sale proceeds from the future sale of this site.
- 6.4 As future sale proceeds cannot be guaranteed at this stage an alternative funding strategy is needed to enable these works to progress. The Council has previously earmarked one off resources to cash back 83% from the Tees Valley Unlimited (TVU), Growing Places Fund, to cover the initial purchase costs. This arrangement minimises the potential risk if the sale/development of this site is not secured before the interest free loan needs to be repaid in October 2017.

- 6.5 It is recommended that part of the resources allocated to cash back the interest free loan should now be allocated to fund the demolition costs. This proposal will slightly increase the financial risk to the Council from either a delayed sale/development of this site beyond October 2017 and reduce the value of expenditure cash backed from 83% to 81%. In addition, the proposal will slightly increase the maximum financial risk in the event that the sale/development does not achieve a sufficient capital receipt to cover the expenditure not covered by resources already earmarked to cash back the interest free loan.
- 6.6 As previously reported any shortfall would need to be funded from Prudential Borrowing and the resulting annual repayment costs would then create a budget pressure, which would increase the forecast budget deficits over the period 2017/18 to 2019/20. The potential permanent budget pressure could increase from £11,000 to £13,000 per annum.
- 6.7 It is recommended that if resources become available during the current year from the 2016/17 managed outturn, or the review of reserves to be completed later in the year, consideration be given to earmarking uncommitted resources to return the cash backing of expenditure on Jackson's landing to 83%. This funding proposal represents a departure from the Budget and Policy Framework and will therefore need to be referred to Finance and Policy Committee and Council for full approval.
- 6.8 In considering the issues outlined in this report Members are reminded that significant additional Government Grant cuts will be made over the period 2017/18 to 2019/20. An update of the Medium Term Financial Strategy was submitted to the Finance and Policy Committee on 20th June 2016 and informed Members that the Council faces a budget deficit of £12.7 million over the next three years. This equates to a reduction from the 2016/17 budget of 15% and assumes annual Council Tax increases will be implemented in line with Government Council Tax policy, including the 2% Social Care precept, and Council Tax growth forecasts will be achieved. Achieving this level of reduction will be extremely challenging and detailed proposals for achieving saving of approximately £4 million per year for the next three years will be reported to future policy committees. Any additional budget pressures will increase the level of budget cuts which will need to be made and will need to be referred to the Finance and Policy Committee for consideration.

7. LEGAL CONSIDERATIONS

- 7.1 There are no legal considerations due to the site been owned by Hartlepool Borough Council, and demolition will be sought to be approved via Planning Services.

8. CHILD AND FAMILY POVERTY

16.05.25 - F&P - 6.1 Jacksons Landing Demolition

- 8.1 There are no child and family poverty implications relating to this report.

9. EQUALITY AND DIVERSITY CONSIDERATIONS

- 9.1 There are no equality and diversity considerations in relation to the demolition of the building.

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

- 10.1 The demolition of the Jacksons Landing building will remove a vacant building and reduce the opportunity for crime and anti-social behaviour.

11. STAFF CONSIDERATIONS

- 11.1 There are no staff considerations relating to this report.

12. ASSET MANAGEMENT CONSIDERATIONS

- 12.1 Following the demolition of the building the site will be monitored by Council officers and measures will be put in place to maintain the site until it is redeveloped. Currently the existing building is a security and maintenance liability.

13. RECOMMENDATIONS

- 13.1 The Regeneration Services Committee is recommended to:
- Approve demolition of the existing Jacksons Landing building following the “We are family” event on 10th September 2016 including retention of the existing concrete floor plate.
 - Note that there is currently no budget provision allocated to fund the demolition costs for Jacksons Landing and to refer the funding proposal to Finance and Policy Committee to seek Council approval to allocate £40,000 to fund these costs from the resources previously allocated to cash back the potential repayment of the interest free loan if the sale proceeds do not cover the repayment costs.
 - To note that recommendation (3) will reduce the cash backing for the Jackson’s landing costs from 83% to 81%.

- Approve the proposal that if resources become available during the current year from the 2016/17 managed outturn, or reserves review to be completed later in the year, that part of these resources are allocated to return the cash backing of expenditure on Jackson's landing to 83%. This would require resources of £40,000 to be allocated.

14. REASONS FOR RECOMMENDATIONS

- 14.1 The removal of the existing building will enhance the appeal of the site to potential developers and facilitate its future transformation and redevelopment as a landmark destination for the town.

15. BACKGROUND PAPERS

- 15.1 Finance and Policy Committee Report, Jacksons Landing Update, 1st June 2015.

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FINANCE AND POLICY COMMITTEE

25th July 2016



Report of: Director of Regeneration and Neighbourhoods

Subject: LEASE OF ACCOMMODATION AT NEW CENTRE
FOR INDEPENDENT LIVING

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Non Key decision.

2. PURPOSE OF REPORT

2.1 To seek approval for the lease out of part of the new Centre for Independent Living currently under construction in Burbank Street.

3. BACKGROUND

3.1 Committee will be aware that the Council is currently building a new Centre for Independent Living (CIL) in Burbank Street on a site adjoining the existing centre, also known as the Havelock Centre. The new facility will replace the Havelock Centre and Warren Road Day Centre as well as other premises that have been leased by the Council on a short term basis. The property is shown hatched on the plan at **APPENDIX 1**.

3.2 Part of the Warren Road site is currently let to Tees Esk and Wear Valley NHS Trust (TEWV). The Trust work with the Council's services at Warren Road and in order to maintain this arrangement the Trust has agreed to relocate to the new CIL.

3.3 It is therefore proposed to grant a lease to the Trust of part of the first floor of the new CIL. The Trust will also formally surrender their existing lease. The terms agreed are outlined in **CONFIDENTIAL APPENDIX 2. This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**

- 3.4 The proposed disposal of Warren Rd Day Centre is being separately reported to Committee for approval.

4. PROPOSALS

- 4.1 It is proposed to accept a surrender of the existing lease to TEWV at Warren Road and to grant a new lease on the terms outlined in **CONFIDENTIAL APPENDIX 2. This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**

5. RISK IMPLICATIONS

- 5.1 There are no risk implications relating to this report.

6. FINANCIAL CONSIDERATIONS

- 6.1 The rental income which will be received from TEWV forms part of the business case for the new CIL.
- 6.2 In considering the issues outlined in this report Members are reminded that significant additional Government Grant cuts will be made over the period 2017/18 to 2019/20. An update of the Medium Term Financial Strategy was submitted to the Finance and Policy Committee on 20th June 2016 and informed Members that the Council faces a budget deficit of £12.7 million over the next three years. This equates to a reduction from the 2016/17 budget of 15% and assumes annual Council Tax increases will be implemented in line with Government Council Tax policy, including the 2% Social Care precept, and Council Tax growth forecasts will be achieved. Achieving this level of reduction will be extremely challenging and detailed proposals for achieving saving of approximately £4 million per year for the next three years will be reported to future policy committees. Any additional budget pressures will increase the level of budget cuts which will need to be made and will need to be referred to the Finance and Policy Committee for consideration.

7. LEGAL CONSIDERATIONS

- 7.1 There are no unusual legal considerations in this instance. The Chief Solicitor will be instructed to act for the Council in the termination of the existing lease and grant of the new lease.

8. CHILD AND FAMILY POVERTY

- 8.1 There are no child and family poverty implications relating to this report.

9. EQUALITY AND DIVERSITY CONSIDERATIONS

- 9.1 There are no equality and diversity considerations relating to this report.

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

- 10.1 There are no Section 17 considerations relating to this report.

11. STAFF CONSIDERATIONS

- 11.1 There are no staff considerations relating to this report.

12. ASSET MANAGEMENT CONSIDERATIONS

- 12.1 The decision to adopt a commercial approach to asset management requires the Council to realise the full value of any properties or property rights that it disposes of, including the grant of leases. The termination of the existing lease to TEWV at Warren Road and the grant of the new lease both supports service provision and good asset management, as it enables the disposal of Warren Road to proceed and contributes to the costs of the new CIL building.

13. RECOMMENDATIONS

- 13.1 Committee is recommended to approve the termination of the existing TEWV lease and the grant of the new lease to the Trust at the new CIL.

14. REASONS FOR RECOMMENDATIONS

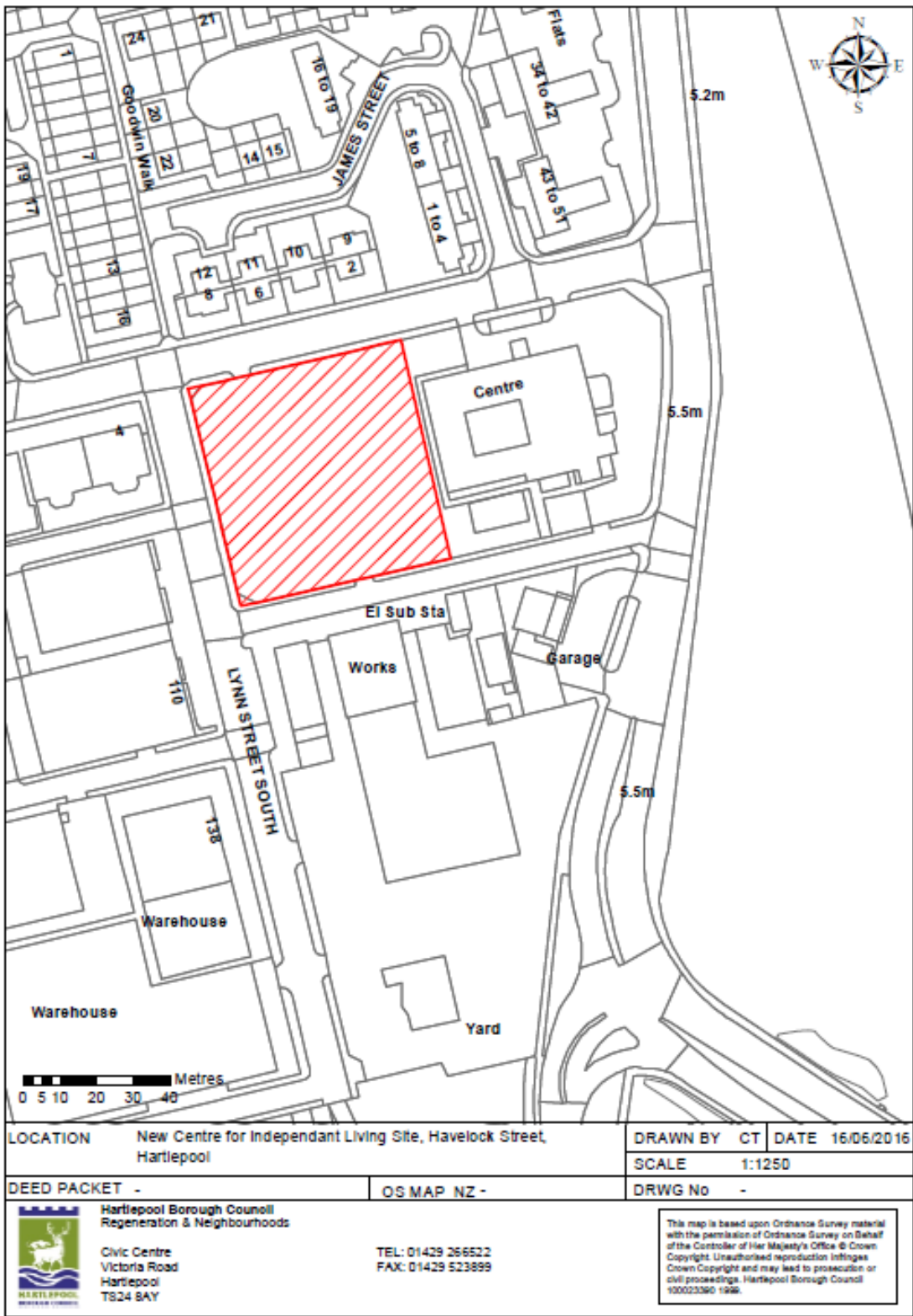
- 14.1 The new lease terms are considered to reflect current market rental value.
- 14.2 The termination of the existing lease enables TEWV to re-locate to the new CIL and allows the disposal of the Warren Road property to proceed subject to separate Committee approval.
- 14.3 The co-location of TEWV and related Council services is beneficial for both services, and their clients.

15. BACKGROUND PAPERS

- 15.1 Report to Finance and Policy Committee 28th March 2014 Proposed New Centre for Independent Living Burbank Street.

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FINANCE AND POLICY COMMITTEE

25 July 2016



Report of: Director of Regeneration and Neighbourhoods and
Director of Child and Adults

Subject: HARTFIELDS MANOR LEASE: DAY OPPORTUNITY
PROVISION FOR OLDER PEOPLE

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Non Key Decision.

2. PURPOSE OF REPORT

2.1 To seek approval to grant a lease for occupation of the space allocated for day opportunities at Hartfields Manor.

3. BACKGROUND

- 3.1 The Council leases space in the Hartfields Manor extra care housing scheme from the Joseph Rowntree Trust. The first floor area is used as offices and is shared with the NHS. The ground floor provides space for a day opportunity service. The lease is for a term of 15 years from 1 September 2008. The leased part of the building is shown hatched on the plan at **APPENDIX 1**. The building location is shown on Plans 2 and 3 at **APPENDIX 1**. When the space was first taken in 2008, the ground floor was let on licence to Blakelock Day Care Co-operative, who provided day services for older people under a contract with the Council.
- 3.2 In October 2014, the contract with Blakelock Day Care Co-operative was terminated and the Council's Child and Adult Services department supported people directly until the end of September 2015. From 1 October 2015, a new care contract was awarded to Hartlepool Care Services Ltd following a full tendering process. The contract includes provision of a range of services, one of which is to provide day opportunities to support older people.
- 3.3 The provision is part of the work that was approved by Adult Services Committee to re-commission low level support services for older people with the aim of providing a range of social inclusion services through one provider

encompassing: information and advice, low level support, luncheon clubs (and luncheon club plus) and social inclusion opportunities within a building based setting. The service is a key element of the Better Care Fund plan for Hartlepool which is focused on improving outcomes for older people with an increased focus on prevention and early intervention. The commissioned service is called Hartlepool Getting Out and About and offers:

- 3.3.1 Information & Advice - The provider has developed a bank of essential information for older people in the community (made available on paper and electronically so it can be accessed easily). The service gathers information on local activities, classes and community and interest groups and all information is uploaded to Hartlepool Now.

This service can be provided by sitting alongside people and using the information gathered and held on directories and electronic devices to find the information / service they require. If the person needs help to understand the information, time is allocated by staff to enable the person to do this. If specialist help is needed to further explain the information all avenues will be pursued to obtain this support. This will include signposting to advocacy services and volunteers if available.

- 3.3.2 Low Level Support - provided for individuals with low level needs on a one to one basis for a period of up to 6 weeks, aiming to promote independence and enable people to get on with their lives. This may include:

- Telephone calls to enquire after someone's well being;
- Assisted visits to community groups, activities and other locations in order to build people's confidence; facilitate connections to social/educational and other activities; and encourage them to get out and about;
- Support to get to important appointments e.g. during a period after someone has had a fall and is lacks confidence going out and about on their own; and
- Assistance to do one or two shopping visits and information and encouragement after that to encourage individuals to arrange long term solutions for getting their shopping if the need for support is going to continue.

- 3.3.3 Luncheon Clubs (Plus) –operate in a variety of settings, for example pubs and community centres, throughout the town. Lunch club sessions will be held for up to three hours and will provide an opportunity for people to buy lunch and enjoy an informal social atmosphere.

A range of activities such as gentle exercise classes, wellbeing sessions, guest speakers and handicrafts are provided alongside the actual luncheon club, making use of nearby community resources. Information and sign posting will also be provided through assistance to access the internet, leaflets etc and staff will assist with arranging transport for people who use the service.

The current service facilitates luncheon clubs in 5 venues, supporting approximately 70 people. For people who require help with eating or accessing the toilet the service will provide Luncheon Club Plus. These sessions operate in the same way as the luncheon clubs identified above but have a higher staffing ratio and can support people who are less able, but wish to remain in their local community.

- 3.3.4 Social Inclusion – this centre based element of the service is available for frail elderly people for whom other elements of the service identified above would not be suitable to meet their needs. This service is provided at Hartfields Day Centre from 10am to 3pm Monday to Friday and complemented by a luncheon club plus session on a Saturday.

The service provides stimulating activities such as gentle exercise classes, wellbeing sessions, visits to places of interest, guest speakers, gardening, films and drama, handicrafts etc. Information and sign posting is also provided through assistance to access the internet, leaflets etc. The current service includes a meal and transport is also arranged and provided.

The overall service model helps people to overcome barriers to accessing activities and resources for the first time; provides continued support until people feel able to continue to access independently and promotes continued engagement and attendance.

- 3.4 Under the terms of the contract, it was agreed that the service would continue to be based at Hartfields Manor for at least the first six months of the 3 year contract, but that thereafter it could be re-located elsewhere if Hartlepool Care Services could find other suitable accommodation in a more central and accessible location.
- 3.5 The provider has been unable to access alternative suitable accommodation and it has been agreed with Adult Services that the service should continue to operate from the space at Hartfields. The lease will be linked to the provision of the day opportunity service, should the service cease at any time in accordance with the contractual arrangements with Adult Services the lease will terminate. **CONFIDENTIAL APPENDIX 2 This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**
- 3.6 It is proposed to formalise the occupation by means of a grant of a lease.
- 3.7 Under the terms of the head lease, the property can only be used as offices or a day care centre. The alternative to occupation by the day opportunity service provider is therefore use as offices by the Council or subletting as offices. All sub-lettings are subject to the consent of the landlord, Joseph Rowntree Housing Trust.

4. PROPOSALS

- 4.1 It is proposed to grant a lease to Hartlepool Care Services Ltd on the terms outlined in **CONFIDENTIAL APPENDIX 2 This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**

5. RISK IMPLICATIONS

- 5.1 There are no risks identified. Granting a lease to Hartlepool Care Services ensures continued occupation of the accommodation and reduces the risk of vacant space.

6. FINANCIAL CONSIDERATIONS

- 6.1 In considering the issues outlined in this report Members are reminded that significant additional Government Grant cuts will be made over the period 2017/18 to 2019/20. An update of the Medium Term Financial Strategy was submitted to the Finance and Policy Committee on 20th June 2016 and informed Members that the Council faces a budget deficit of £12.7 million over the next three years. This equates to a reduction from the 2016/17 budget of 15% and assumes annual Council Tax increases will be implemented in line with Government Council Tax policy, including the 2% Social Care precept, and Council Tax growth forecasts will be achieved. Achieving this level of reduction will be extremely challenging and detailed proposals for achieving saving of approximately £4 million per year for the next three years will be reported to future policy committees. Any additional budget pressures will increase the level of budget cuts which will need to be made and will need to be referred to the Finance and Policy Committee for consideration.
- 6.2 The rental income is included in the 2016/17 base budget for Adult Services.

7. LEGAL CONSIDERATIONS

- 7.1 The Chief Solicitor will be given instructions to deal with any necessary legal work in connection with this matter.

8. CHILD AND FAMILY POVERTY

- 8.1 There are no child and family poverty implications in this instance.

9. EQUALITY AND DIVERSITY CONSIDERATIONS

- 9.1 There are no equality and diversity considerations linked to the granting of the lease. The decision to bring together day opportunities and low level services for older people (including the building based service at Hartfields) was taken by Adult Services Committee in November 2013 as part of the savings programme for 2014/15. An Equality Impact Assessment was completed at that time and was taken into account when the decision was made.

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

- 10.1 There are no Section 17 considerations in this instance.

11. STAFF CONSIDERATIONS

- 11.1 There are no staff considerations in this instance.

12. ASSET MANAGEMENT CONSIDERATIONS

- 12.1 The Council holds the accommodation on a 15 year lease from 1 September 2008. Under the terms of the lease the Council is responsible for repair and may only use the premises as Use Class B1 offices or a day centre. The lease allows for this space to be sublet to other users subject to the use restrictions. The lease for Hartlepool Care Services Ltd is acceptable and will provide a revenue income to the Council to offset the overall costs.

13. RECOMMENDATIONS

- 13.1 Members are recommended to approve the proposed letting on the terms detailed in **CONFIDENTIAL APPENDIX 2 This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information)** in order to ensure the continued delivery of day services for older people.

14. REASONS FOR RECOMMENDATIONS

- 14.1 The letting is being proposed to help facilitate the provision of day opportunity services for older people.
- 14.2 The rent and other terms are considered to reflect market value for the use.

15. BACKGROUND PAPERS

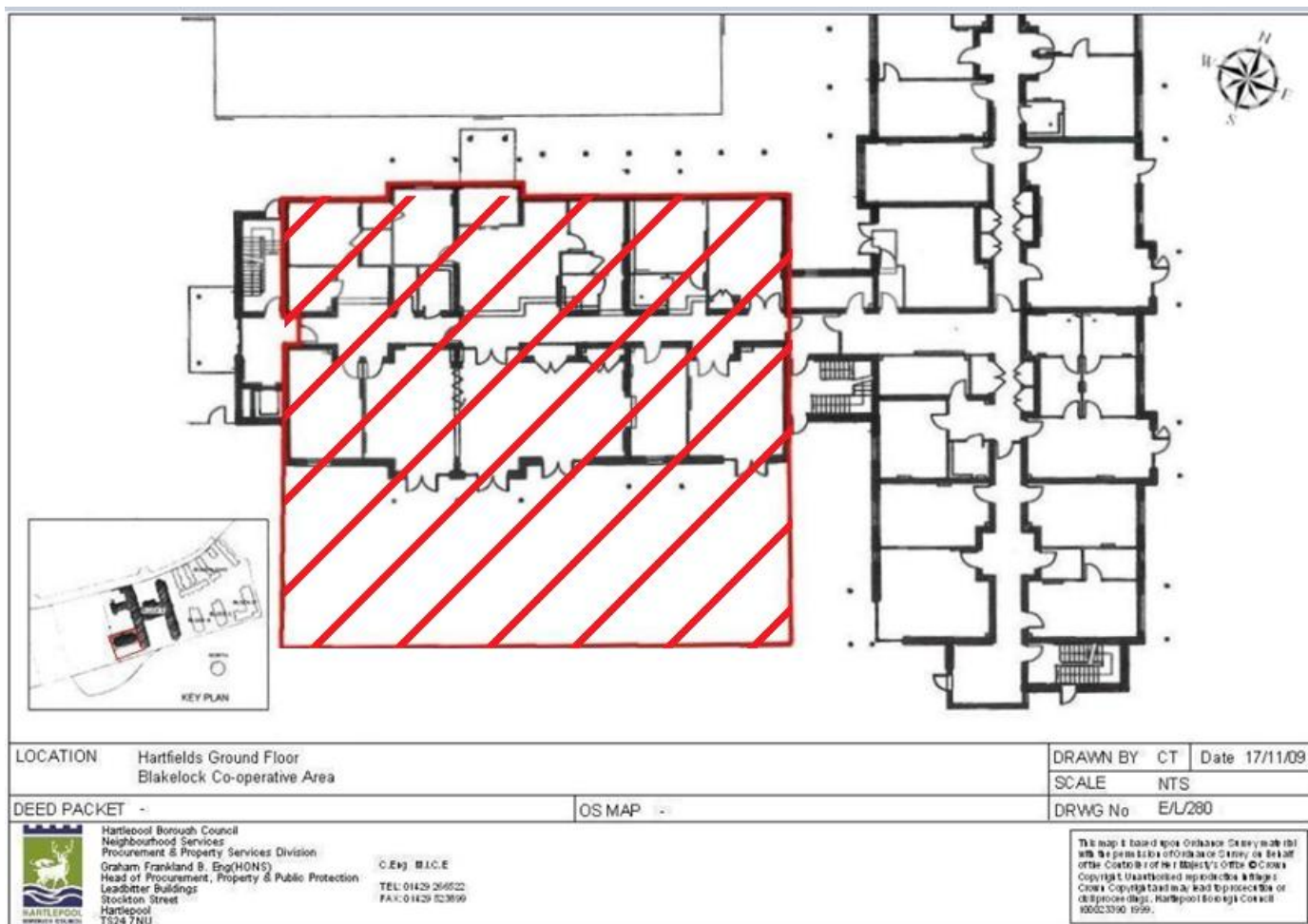
- 15.1 Report to Adult Services Committee on 4 November 2013
'Savings Programme 2014/15 – Adult Services'

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6.3 APPENDIX 1



Plan 2



Plan 3



FINANCE AND POLICY COMMITTEE

25 July 2016



Report of: Director of Public Health

Subject: UPDATE ON COMMUNITY DEFIBRILLATOR PROGRAMME AND PROPOSALS FOR FUTURE DEVELOPMENT

1. TYPE OF DECISION/APPLICABLE CATEGORY

Non Key.

2. PURPOSE OF REPORT

- 2.1 To update members on the progress of installing defibrillator ('defib') units at key locations across Hartlepool and the subsequent mapping exercise to identify any gaps.
- 2.2 To seek member approval to further develop the scheme in partnership with the Defibs4Hartlepool charity group by investing further Public Health resources into the initiative.

3. BACKGROUND

- 3.1 Previous Public Health funding has provided 8 defib units plus spare equipment, and 5 external storage cabinets in key areas, which allow the defibs to be accessed 24/7 by the community in an emergency (known as 'cPAD' or community public access defibrillator sites):

- Hartlepool Civic Centre (cPAD)
- Greatham Community Centre (cPAD)
- Hart Village Hall (cPAD)
- Spotted Cow pub, Elwick Village (cPAD)
- Owton Manor Community Centre (cPAD)
- Grayfields Sports Pavilion (static)
- Brierton Sports Centre (static)
- Carlton Outdoor Education Centre (static)

3.2 A mapping exercise has taken place with the North East Ambulance Service (NEAS) to register the new defib locations with the emergency services. Further 'static' defib units (which are only accessible when buildings are open) have also been identified at the following locations:

- Middleton Grange Shopping Centre (2 units)
- Hartfields Retirement Village
- Hartlepool Hospice
- Hartlepool United Football Club
- Hartlepool College of FE
- Summerhill Visitors Centre
- Headland Sports Hall / Borough Hall
- Mill House Leisure Centre
- Barnard Grove primary school
- Clavering primary school
- Eldon Grove academy
- Hartlepool Marina (recently donated by Tesco)
- ASDA superstore, Marina Way
- Tesco superstore, Belle Vue Way

3.3 Due to a major restructure within NEAS, capacity to deliver awareness training has been a major problem, and the majority of sites still require training for staff and the general community. However, NEAS now aim to provide subsequent annual awareness sessions for the cPAD areas and dates are being agreed. Sessions will also provide a suitable opportunity for NEAS to look at the cabinets and check the defibrillators for any issues and offer any guidance as required.

3.4 The current distribution of cPAD and static defibrillators across Hartlepool is shown in **Appendix 1** (please note this excludes private workplaces).

3.5 Following the update report to Finance and Policy Committee dated 23rd March 2015, a number of additional sites were identified for the installation of a defibrillator unit and the following progress has been made:

- Seaton Carew promenade – Seaton Carew football club have purchased a unit and are looking to fund an external storage cabinet to become a cPAD site. Discussions have also taken place about installing a cPAD unit at Rocket House or Seaton Carew library.
- Hartlepool Central Library – no progress to date but Middleton Grange unit covers this area.
- Hartlepool Maritime Experience – static unit recently donated by Tesco for residents of Hartlepool Marina.
- Lynn Street Depot – due to the sale of the depot this location has now been changed to Toft's Farm industrial estate.
- Schools – see progress above (item 3.2)
- Public changing facilities accessible for sport and recreation – defibrillator now required as part of risk assessment for local football leagues.

- Larger workplaces /supermarkets – Tesco and Asda supermarkets have made a commitment to install defibrillators in all stores.
- Refuse wagons – good practice from Staffordshire Moorlands District Council, where defibs are held on each refuse wagon and refuse workers are trained in emergency first aid.
- Any other key sites /areas as appropriate.

4. PROPOSALS

- 4.1 It is proposed that a further £10k be sought from Public Health resources to provide defibrillator units at other key locations in community and workplace settings in addition to those highlighted above (item 3.5). Locations will be chosen on a needs basis in consultation with NEAS, elected members and the wider community, considering ambulance response times, demographics of the area, footfall etc.
- 4.2 Requests have already been received for a cPAD defibrillator at the Fisherman's Arms pub at the Headland and Throston Grange Primary School via the Defibs 4 Hartlepool group. If further Public Health resources are approved these requests and further requests could be considered for funding.

5. RISK IMPLICATIONS

- 5.1 There is a significant risk that should a member of the public/staff suffer a sudden cardiac arrest in or near a Council building, school or external workplace, there may not be a defibrillator unit available on site which may lead to an unsuccessful outcome. Every minute without CPR and defibrillation reduces a person's chance of survival by 10%.

6. FINANCIAL CONSIDERATIONS

6.1 An update of the Medium Term Financial Strategy (MTFS) 2017/18 to 2019/20 was considered by the Finance and Policy Committee on 20th June 2016. This report highlighted the key issues impacting on the development of the budget for 2017/18 and future years, which reflects the following key issues:

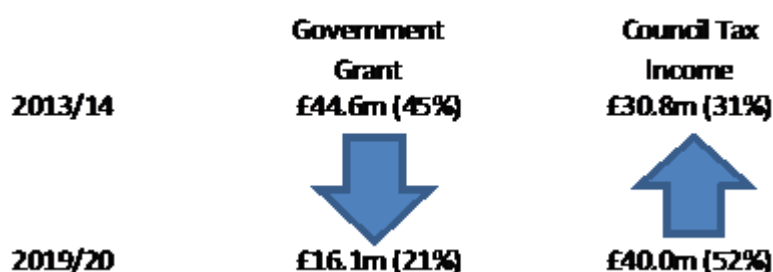
- The scale of the Government grant cuts implemented over the over the last 6 years which have had a disproportionate impact on Authorities, including Hartlepool, with the greatest dependency on Government Grant, with the least ability to raise resources locally from Council Tax or Business Rates and higher levels of need and deprivation;
- The announcement by the Government that Local Authorities will continue to face further significant funding cuts over the next three

years (2017/18 and 2019/20). For Hartlepool, this means a further cut in Government funding of **£9.8m** by 2019/20;

- The financial impact of Government's National Minimum Wage, which it is anticipated will increase the Council's costs by £2m per year from 2019/20 and will not be covered by the Government providing 'new burdens' funding;
- In recognition of financial pressures on Local Authorities, arising from Government grant cuts and the National Living Wage, the Government has implemented the 2% Social Care precept. This is a significant change in the Government's Council Tax policy and enables Authorities with Social Care responsibility to increase Council Tax by 3.9%, without needing a Council Tax referendum. The Chancellor's March 2016 budget forecasts assume individual Authorities will implement annual Council Tax increases of 3.9% until 2019/20.

The MTFS report highlighted the significant shift in the balance of Council funding from Government Grant (reflecting further cuts up to 2019/20) to Council Tax (reflecting the change in Government Council Tax policy) between 2013/14 and 2019/20, as follows:

Changes in Funding 2013/14 to 2019/20 (figures in brackets show income as percentage of total Council Resources)



The MTFS report advised Members that a range of corporate savings have been identified which reduces the forecast deficit for the next three years from £17.240m to £12.690m. The revised forecast deficit still equates to a 15% reduction on the 2016/17 budget. After reflecting the recommended use of one-off resources from the forecast 2016/17 managed outturn the Council will need to make the following annual budget reductions:

- 2017/18 - £4.634m
- 2018/19 - £3.784m
- 2019/20 - £4.272m

6.2 In addition to the £849 cost per unit, there are costs for the ongoing maintenance of each unit. It was agreed that Public Health would cover

these costs for the previous units ordered, however maintenance costs could be reduced if the host organisation could cover their own costs as detailed below.

6.3 Ongoing costs per unit are as follows:

- New battery every 3-5 years = Approx £125 per unit
- Spare / replacement pads after each use (must be two sets at all times, and replaceable every 24-36 months) = Approx £100 per set
- Optional hygiene equipment (gloves, tough cut scissors, pocket mask, paper towels, razors) = Approx £30 per unit
- Additional costs in staff time – attending training, carrying out regular checks on equipment, maintaining records etc.
- Additional costs (£590) would be required if a unit was to be stored outdoors in a secure cabinet

6.4 Each unit comes with a minimum 5 year warranty. Staff training for existing cPAD sites is currently provided free of charge by NEAS – initial training lasts 4hours plus a 2hour refresher annually. Training may be chargeable in the future.

6.5 The total cost per unit would be £849 plus approximately £100 per year in maintenance, until warranties expire (minimum 5 years) i.e. £500 in total. For example, purchasing 6 units including 5 years of maintenance would therefore equate to £8094 + VAT in total, however the Defibs4Hartlepool group may also match fund where possible. Further costs (£590 per unit plus installation costs) would be required to install an external storage cabinet for 24/7 access by the community.

7. **LEGAL CONSIDERATIONS**

7.1 There are no legal considerations arising from this report.

8. **CHILD AND FAMILY POVERTY (IMPACT ASSESSMENT FORM TO BE COMPLETED AS APPROPRIATE.)**

8.1 None identified.

9. **EQUALITY AND DIVERSITY CONSIDERATIONS (IMPACT ASSESSMENT FORM TO BE COMPLETED AS APPROPRIATE.)**

9.1 There are no equality or diversity considerations arising from this report.

10. STAFF CONSIDERATIONS

- 10.1 There may be a staff training requirement where a defib is installed or located in an HBC building. Training is not compulsory to use a defib in an emergency situation, but is recommended as good practice.

11. ASSET MANAGEMENT CONSIDERATIONS

- 11.1 The Council's asset management plans will need to be taken into consideration when decisions are being made about where to locate or install a defib unit if the building is HBC-owned.

12. RECOMMENDATIONS

- 12.1 It is recommended that 10K is identified from the Public Health to meet the costs of the additional defibrillator units and ongoing maintenance, as sites are identified.

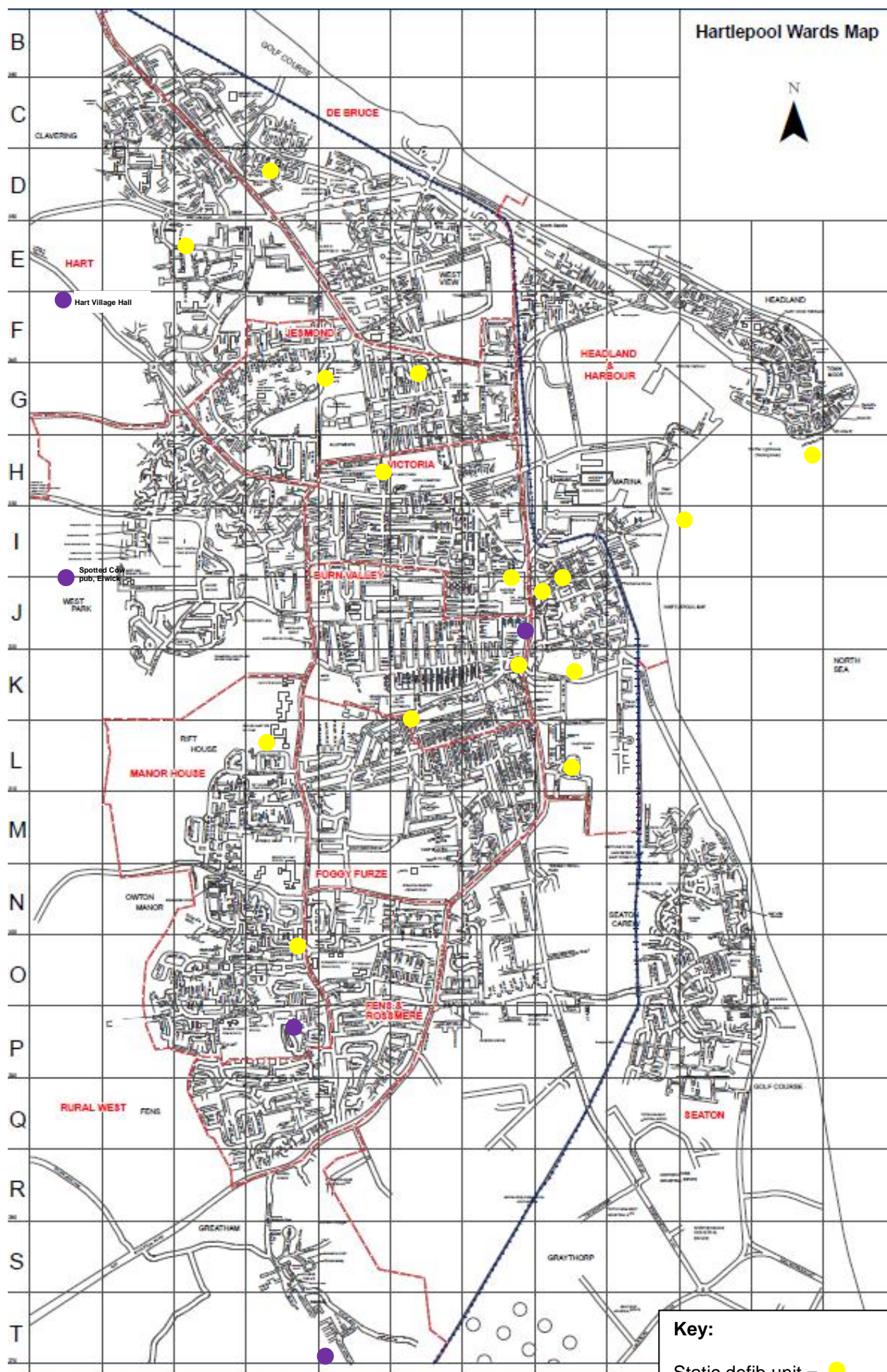
13. REASONS FOR RECOMMENDATIONS

- 13.1 By allocating funds from the Public Health it will ensure a more consistent and sustainable approach to the community defibrillator programme in the medium to long term cardiovascular health is a key public health priority.

14. CONTACT OFFICERS

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FINANCE AND POLICY COMMITTEE

25th July 2016



Report of: Chief Finance Officer

Subject: IRRECOVERABLE DEBTS – COUNCIL TAX
AND BUSINESS RATES

1. TYPE OF DECISION/APPLICABLE CATEGORY

Non Key Decision.

2. PURPOSE OF REPORT

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

3. BACKGROUND

- 3.1 The Council's financial procedure rules provide that any debt due to the Council of £1000 or more can only be written-out with the express permission of Members.

Council Tax

- 3.2. After the award of relevant discounts, exemptions and Local Council Tax Support awards, the Council collects annually about £41.3m of Council Tax covering over 42,000 properties. The Council's performance in collection of Council Tax continues to be positive, despite the difficult economic climate and the impacts of the abolition of Council Tax Benefit / introduction of Local Council Tax Support meaning that since April 2013, meaning all working age households have some Council Tax to pay.
- 3.3. In 2015/16, the Council collected 95.4% of the Council Tax due, slightly below the average of North Eastern councils of 95.9%, (the range was 93.6% to 97.8%). However after 5 years, in Hartlepool in excess of 99.3% of Council Tax will have been collected (this is a local indicator and comparative data is not available).

- 3.4. Collection of Council Tax from LCTS households is more challenging but analysis shows that in Hartlepool, collection levels are also positive with 94.4% of 2013/14 and 81.1% of 2014/15 Council Tax liabilities for working age LCTS households being collected by 31st March 2016.

Business Rates

- 3.5. The Council currently bills and collects about £34.7 million of business rates per annum. With the introduction of the retained business rates system on 1st April 2013, it is important that the Council has effective arrangements for recovery of these sums and this responsibility will grow in significance given the Chancellor's Autumn Statement 2015 announcement that the Government intends to move to 100% local retention of business rates. In addition, the Council has a legacy responsibility to continue to pursue recovery of outstanding business rates arrears relating to the former National Non Domestic Rates Pool that operated until 31st March 2013.
- 3.6. The Council's performance in collection of NNDR is positive. In 2015/16, 98.5% of business rates were collected within the financial year it was billed, slightly higher than the average of North Eastern Councils of 98.3% (the range was 97.2% to 99.2%). In terms of long term collection of business rates, after 5 years in Hartlepool, in excess of 99.8% of business rates due will have been collected (this is a local indicator and comparative data is not available).
- 3.7. The Business Rates recommended for write out relate to company liquidations where the Council is limited to submitting a claim in insolvency proceedings. The Council is unlikely to receive any settlement from these proceedings, as the Council ranks below other creditors notably HM Revenue and Customs, therefore the debt is being prudently written out of the accounting system.

Recovery Actions Council Tax and Business Rates

- 3.8. A range of recovery actions are deployed to secure Council Tax and Business Rates recovery including court action, Enforcement Agents (Bailiffs), Attachment of Earnings Orders, Attachment of Benefits Orders, bankruptcy / liquidation proceedings and charging orders. For absconded debtors, extensive tracing is undertaken over a period of time and should any forwarding address become apparent, the relevant Council Tax / Business Rate debt would be reinstated onto the system, and enforcement action would recommence.
- 3.9. If any payment is subsequently received in respect of any of the individual debts referred to in this report, the relevant debt will also be reinstated onto the council's computer systems. Whilst every effort is made to collect debts due to the Council, certain debts become irrecoverable, and this report seeks agreement for their write-out.

4. RISK IMPLICATIONS

- 4.1. When determining the Council Tax Base for a financial year and the forecast yield from Business Rates an assessment and adjustment is made for potential non collection. In addition, as part of the process for compiling the annual statement of accounts, a detailed review is made of all Council Tax and Business Rates accounts and accounting provisions are established against which any debts considered to be non collectable can subsequently be written off. These risk management arrangements are consistent with statutory requirements and good practice.

5. FINANCIAL CONSIDERATIONS

- 5.1. In terms of the annual Council Tax and Business Rates debit to be collected, the amount proposed for write out in this report continues to be very low. National 2015/16 statistics, put Hartlepool in the lowest quartile for amounts written off for Council Tax (Hartlepool is ranked 261 out of 327 Councils) and also in the lowest quartile for Business Rates write offs (Hartlepool is ranked 266 out of 327 Councils). This position reflects the Council's good long term collection rates and sustained robust recovery procedures. The proposed write out's in this report are well within the financial planning assumptions underpinning the Council's budget.
- 5.2. For Business Rates, historical accounting provisions have been established and have been charged against the former Central Government National Non Domestic Rates / Business Rates Pool for any business rates debts prior to 1st April 2013, considered to be at risk of non recovery. **Of the proposed business rates write outs contained in this report of £60,146.46, £32,271.71 will be charged against the Central Government National Non Domestic Rates Pool bad debt provision or will be borne by Central Government under the Business Rates Retention System and thereby will have no financial impact on the Council.**
- 5.3. The appendices attached to this report detail the individual Council Tax and Business Rates debts over £1000, and the reasons why each debt remains unrecovered. The amounts recommended for write out are the net debt outstanding and the net amounts involved often span more than one financial year. The total amount for write out are as follows:

Council Tax £27,424.29

Appendix A – C Tax Deceased Debts- £2,260.55

Appendix B – C Tax Absconder Debts - £7,566.68

Appendix C – C Tax Bankrupt / Debt Relief Order Debts - £12,670.39

Appendix D – C Tax Miscellaneous- £4,926.67

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

Appendix E – Business Rates Liquidation / Dissolved Company Debt - £60,146.46.

All debts submitted for write-out from the accounting records have been comprehensively scrutinised by officers.

6. LEGAL CONSIDERATIONS

- 6.1. There are no legal considerations.

7. CHILD/ FAMILY POVERTY CONSIDERATIONS

- 7.1. There are no child/ family poverty considerations.

8. EQUALITY AND DIVERSITY CONSIDERATIONS

- 8.1. There are no equality and diversity considerations.

9. STAFF CONSIDERATIONS

- 9.1. There are no staff considerations.

10. ASSET MANAGEMENT CONSIDERATIONS

- 10.1. There are no asset management considerations.

11. APPENDICES

Appendix A – C Tax Deceased Debts

Appendix B – C Tax Absconder Debts

Appendix C – C Tax Bankrupt / Debt Relief Order Debts

Appendix D – C Tax Miscellaneous

Appendix E – Business Rates Company Liquidation / Company Dissolved Debt

12. RECOMMENDATION

- 12.1. That Members agree to write-out irrecoverable Council Tax of £27,424.29 and Business Rates debts to the value of £60,146.46 and to note that £32,271.71 of this Business Rates write out will be the responsibility of Central Government which will have no financial impact on Hartlepool.

13. REASONS FOR RECOMMENDATION

- 13.1 To ensure the appropriate accounting treatment of debtors within the council's financial systems and financial accounts.

14. BACKGROUND PAPERS

- 14.1 No background papers.

15. CONTACT OFFICER

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Business Rates - Companies**Ceased Trading - Liquidation / Company Dissolved**
Over £1000**6.5 Appendix E****Pre 1 April 2013**

Account Ref	Name	Address	O/S BALANCE	From	To	Reason for write off
9050326013	The Windmill Hotel and Restaurant Ltd	The Windmill, Dalton Piercy	£3,378.00	21.04.12	31.03.13	Liquidation
9050335292	Puro Leisure Ltd	Unit 25a Park View Road	£1,018.97	03.02.13	31.03.13	Liquidation
	submitted 16.05.16					
		Totals	<u>£4,396.97</u>			

Post 1 April 2013

Account Ref	Name	Address	O/S BALANCE	From	To	Reason for write off
9050348955	Sheara's Fish Inn Ltd	The Lighthouse, Church Street	£5,025.69	01.12.14	31.07.15	Company Dissolved
9050326013	The Windmill Hotel and Restaurant Ltd	The Windmill, Dalton Piercy	£1,761.41	01.04.13	09.05.13	Liquidation
9050347533	West Stone Enterprises Ltd	5 Victoria Road	£2,581.46	01.04.15	31.03.16	Liquidation
9050353940	Moda Italia Clothing Ltd	135 Middleton Grange	£14,596.25	06.08.15	09.01.16	Company Dissolved
9050350984	Changes Bar Ltd	100 York Road	£7,018.98	30.03.15	14.10.15	Company Dissolved
9050349773	Autumn Winter Ltd	109 York Road	£2,349.93	28.01.15	25.11.15	Liquidation
9050335292	Puro Leisure Ltd	Unit 25a Park View Road	£6,184.98	01.04.13	25.02.14	Liquidation
9050355625	Puro Leisure Ltd	Depot, Mainsforth Terrace	£16,230.79	01.04.13	25.02.14	Liquidation
	submitted 16.05.16					
		Totals	<u>£55,749.49</u>			

BUSINESS RATES TOTAL**£60,146.46**

FINANCE AND POLICY COMMITTEE

25th July 2016



Report of: Director of Regeneration and Neighbourhoods and
Chief Finance Officer

Subject: HOUSING SCHEMES EVALUATION

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 None – for information only.

2. PURPOSE OF REPORT

2.1 The purposes of the report are:

- i) To update Members on the progress to date in relation to the social housing schemes completed by the Council since 2010;
- ii) To evaluate how these schemes have performed compared to the original business case planning assumptions;
- iii) To provide an update on the implications of recent Government Policy Changes and the requirement to re-open the Housing Revenue Account (HRA).

3. BACKGROUND

- 3.1 The Council ceased to be a housing provider in 2003 following the completion of a Large Scale Voluntary Transfer. This secured significant capital investment in the housing stock, which would not otherwise have been possible.
- 3.2 In 2010 the Council took advantage of a change in funding regimes and successfully applied for Social Housing Grant to partly fund the provision of new housing, which resulted in the construction of 82 new homes. The Council was successful in achieving lower than expected borrowing costs for this development, and this benefit helped to create a 'subsidy' which it was agreed would be reinvested to acquire additional housing stock.
- 3.3 This led to the development of the Empty Properties Purchasing scheme and further grant funding was obtained from the DCLG at an attractive rate of 50%. This resulted in the acquisition and renovation of 100 properties.

This was a two year scheme which involved the Council developing in house capacity to acquire and renovate the 100 properties within a 2 year timescale. The Council was successful in achieving this and was able to carry out the majority of the renovation work in house. Work was sub contracted where specialist skills were needed (at the time), or to manage peaks in workloads and to meet the funding deadline.

- 3.4 In addition to these schemes the Council has also increased its portfolio of new build properties by acquiring 21 new bungalows on the former Raby Road Housing Market Renewal site and 3 new build discounted affordable homes on the Tanfield site. These were financed by a combination of Homes and Communities Agency (HCA) funding, Section 106 Developer Contributions and borrowing funded from ongoing rental income.
- 3.5 This report focuses on the 206 properties which are complete and in summary these are:
- First New Build homes (82)
 - Empty Homes Phase 1 (100)
 - New Builds at Tanfield (3) and Bungalows on the former Raby Road HMR site (21).
- 3.6 The Council is now embarking on the second phase of Empty Homes, which will result in a further 60 properties being acquired by March 2018. This is being funded from a combination of HCA Grant, Section 106 Developer Contributions and Prudential Borrowing to be repaid from ongoing rental income.
- 3.7 The Council initially contracted with Housing Hartlepool to manage the initial housing stock. However, as the stock increased it became financially viable for the Council to undertake management of all of its housing stock. This has helped to improve the quality of service to tenants, improved key areas of performance such as rent collection, letting of voids and repairs response times. It has also enabled the Council to achieve significant ongoing budget savings of £100,000 as a result of using existing staff to carry out the functions and provide opportunities for income generation from the creation of a Social Lettings Agency using the same staff and systems.
- 3.8 The Council had initially developed its own housing stock outside of the Housing Revenue Account (HRA) framework. However, the business plan was developed on the basis of the main HRA principles, whilst avoiding the more onerous aspects of operating a full HRA for a small number of properties. This position was reflected in the detailed Business Cases submitted to secure grant funding from the HCA.
- 3.9 The Government introduced a revised limit for operating a HRA and removed any discretion to award exemptions. Prior to that, the Council had always been granted an exemption on the basis that we held significantly less stock than the next smallest HRA, who had 1500 homes. The limit was set at a strict 200. At the time this limit was introduced the

Council had 203 properties and had funding secured to deliver another 64 homes. As reported previously, this change in Government regulations meant that the Council has to re-open the HRA from 1st April 2016 and the report sets out the implications of this decision in section 6.

4. PROJECT EVALUATION

4.1 This section considers the key financial indicators for all schemes completed since 2010.

4.2 The first table shows the indicators for Capital Expenditure and Funding.

Table 1 – Capital Expenditure and Funding

All Schemes	Target £000	Actual £000	% of Total	Variance Adverse/ (Favourable)
Total Grant Funding	7,410	7,410	47%	0
Revenue Contribution (RCCO)	421	421	3%	0
Overall Prudential Borrowing	7,904	7,854	50%	(50)
Total Budget	15,735	15,685	100%	(50)

4.3 As can be seen in the above table the Council has successfully delivered schemes with expenditure of £15.7m, within budget with a small saving of £50,000. This is a considerable achievement given the mix of new and refurbished properties included in the programme. The favourable variance on the total budget relates to the Empty Property Purchasing Scheme. This reflects the tight control of costs exercised during the scheme. The table also highlights that the Council secured £7.410m of external grant funding.

4.4 Table 2 below shows the average of costs included by property and shows that borrowing per property is 50% of the average unit costs, which is the target used within the Business Case.

Table 2 – Unit Costs (All Schemes)

All Schemes	Target £000	Actual £000	% of Total
Number of properties	206	206	
Average overall Unit cost per property	£76,000	£76,000	
Prudential Borrowing per property	£38,000	£38,000	50%

- 4.5 Specific financial indicators relating to the Empty Homes schemes are shown in table 3 below.

Table 3 – Unit Costs (Empty Homes Scheme)

All Schemes	Target £000	Actual £000	% of Total
Unit Cost per property	£56,000	£56,000	
Prudential Borrowing per Property	£27,000	£27,000	48%

- 4.6 A key success of the Empty Property Purchasing scheme is the achievement of the target £56,000 average cost per property. This was achieved despite significant challenges such as:
- rising property prices
 - the actual level of renovation work required, given the typical state of property acquired
 - delays caused by utility companies
 - the need to carry out inspections and valuations for many more properties than actually purchased and refurbished.
 - The need to refurbish properties to a higher standard in order to attract tenants in hard to let areas.
- 4.7 Tackling empty homes has involved extreme cases where the ‘housing market’ had concluded that the homes were uneconomical to repair. Many of these properties were on the council’s top 20 empty homes list, some being empty for over a decade. The Council’s intervention has therefore helped to stabilise these areas and thereby provides wider social benefits.
- 4.8 The Empty Homes project has an inherent range of risks to rent income owing to:
- the difficulty in attracting and retaining tenants in some hard to let areas
 - higher potential levels of rent arrears
 - higher level of turnover resulting in voids
- 4.9 The scheme is still at an early stage with many houses let for the first time during the year, so complete historical data covering a full financial year is still not available. Early indications are that rent collection levels are in line with the original business case, but void rates are slightly higher at 3.4% compared to 2.5% assumed in the model. The position will need be closely monitored to ensure income is maximised.
- 4.10 A key success of the scheme has been that it has helped to maintain and deliver new employment opportunities for the Councils in house teams. The amount of work delivered in house was 70%.
- 4.11 In summary, the Council has delivered 206 new properties on budget and secured HCA grant funding of £7.410m towards the cost of this scheme.

The successful delivery of this scheme should help the Council secure future HCA funding. In relation to management of day to day costs and income, a positive start has been made and this provides a sound basis for the continued delivery of the business case.

5. RISK IMPLICATIONS - IMPACT OF GOVERNMENT POLICY CHANGES

5.1 The following section sets out the impact of recent Government policy changes which affect all social housing providers and in many cases have had a negative impact on existing business cases.

5.2 The Council's original business model for all the housing schemes was designed to ensure there was financial flexibility to manage future shocks and changing circumstances outside the Council's control. It had been hoped that this financial flexibility would not have been needed and this would then have released revenue funding to support additional borrowing to match fund future grant bids for the provision of additional units.

5.3 However, the Government has introduced the following measures which have had an adverse impact on the long term financial viability of the social housing sector:

- Rent Cut - an annual rent cut of 1% and removal of the inflation index for rent setting. This change is part of the Government measure to reduce Welfare Spending as rent increases impact on Housing Benefit costs.
- Right to Buy - changes to the 'Right to Buy' including increasing discounts up to 70%
- High Value Void Levy - the proposed introduction of a 'High Value Void Levy'

5.4 Rent Cut

5.4.1 The original base budget was forecast to be in surplus every year prior to the imposition of the rent cut by the Government. The Government's previous policy was to increase social rents in line with inflation using the Consumer Price Index (CPI) as dictated by the national rent setting formula. This was one of the planning assumptions used when the original business cases were developed for each of our housing schemes.

5.4.2 The Government has indicated that the rent cuts will last for four years, beginning in 2016/17. The rent cut therefore equates to a real term reduction of 12% over the four year period.

5.4.3 Our future model now needs to be adjusted to reflect the loss of this income. This will effectively remove any surplus available to support future development and will require the use of the Housing Revenue Account reserve to manage the position in the short term.

- 5.4.4 This strategy is appropriate as it is generally accepted that after the four year period the normal practice of increasing rents in line with the CPI inflation index will be restored. If the Government continues to restrict rents beyond 4 years, this will have a significant adverse impact on the social housing sector and the Council's housing operation.

5.5 Right to Buy (RTB)

- 5.5.1 The increased discounts introduced as part of the Government's 'Reinvigorating Right to Buy' policy has increased the attractiveness of this option to tenants, especially for new build homes. This will inevitably mean that the number of homes within the HRA will reduce, having an adverse impact on the long term Business Plan.
- 5.5.2 The impact is partially limited by the 'cost floor' which limits each RTB discount to ensure that the purchase price of the property does not fall below what has been spent on the property over a period of 10 to 15 years. The cost floor effectively puts a limit on the sale price. The cost floor will protect us for the next 4 to 9 years before some of our properties will be at greater risk of sale by RTB. The capital receipt generated can be used to repay any debt outstanding and any balance can be retained to reinvest in replacement housing. For the Council's housing stock there will be very little left over to reinvest as the capital receipt is unlikely to exceed the borrowing outstanding. We may be left with outstanding borrowing on properties sold in the worst case.
- 5.5.3 The RTB introduces a new financial risk and this will need to be managed carefully in future years. This may include replacing properties sold under the RTB with properties funded using one-off funding, or example using section 106 'affordable housing' off site contributions, to purchase some properties outright and secure a new rental income stream to replace rents lost as a result of the RTB.
- 5.5.4 The RTB risk is currently assessed as low owing to the impact of the 'cost floor' and tenants current financial circumstances. This risk will be kept under review.

5.6 High Value Void Levy

- 5.6.1 The High Value Void Levy is expected to place an additional pressure on Local Authorities who operate Social Housing Schemes. The full details have not been finalised but forecasts prepared to date, using information that is available, suggest that the cost could be in the region of £60,000 a year for Hartlepool. This is a Capital cost which will need to be funded from any new Capital resources which become available.

6. IMPACT OF HOUSING REVENUE ACCOUNT

- 6.1 In addition to the new measures introduced by Government, as set out above, the model will also be affected by the requirement for the Council to

re-open the HRA. The HRA is a ring-fenced account with a prescribed accounting framework and specific regulations.

6.2 The main concept is that the account must operate on a ring fenced basis and self financing principles require that there must be no cross subsidisation between the General Fund and HRA. The HRA is intended to be an account run on behalf of tenants and this requires the HRA to bear the true cost of any services used. To a large extent these were the principles adopted when the original business case was developed as the housing schemes needed to be self funding owing to the existing General Fund Budget deficits.

6.3 The main HRA changes involve:-

- Borrowing
- Management and Administration Costs
- Accounting for Repairs and Maintenance

6.4 Borrowing

6.4.1 The main change in operating the service within the HRA is the Councils ability to fund new borrowing has been limited by the imposition of a borrowing cap. Previously the Council was allowed to approve its own borrowing on the basis of affordability in compliance with the prudential code. All borrowing within a HRA is capped and any borrowing above this cap needs to be approved by Government.

6.4.2 The Government has in the past set up a competitive bidding process to release additional borrowing permissions within the HRA however Local Authorities will need to work up projects within a tight timescale to apply on any future additional permission bidding round.

6.4.3 The Council was successful in securing approval to borrow the amount we required to complete all of our existing projects (including the 60 properties in Empty Homes Phase 2) and of the £10.880m, uncommitted headroom is £390,000 against this approved borrowing limit.

6.4.4 Many Local Authorities see the borrowing cap as a barrier to future development and at the moment any new projects would need to be funded in accordance with this limit. Future funding from section 106 agreements and former Right to Buy receipts from Housing Hartlepool are the only other sources of funding owing to the HRA ring fence, and the first call on these resources will be the High Value Void Levy. The timing and value of future receipts will therefore dictate when any further housing investment can take place.

6.4.5 The original business case for each scheme used annuity loans for borrowing and capital charges consisted of both interest and principal. The HRA regulations no longer requires principal to be repaid as the depreciation charge ensures that enough is set aside to replace all the components of a house over their useful lives. As a result the previous

loans have been replaced with other maturity loans already held by the Council. This has reduced the capital financing charge to the HRA and helped to ensure the longer term financial viability of the HRA. This has been necessary to balance the HRA revenue budget and to offset the impact of the Government's rent cuts, Right To Buy sales and High Value Void Levy and costs. .

6.5 Management and Administration

- 6.5.1 As previously outlined the HRA is required to bear the true cost of any services used. The setting up of the HRA has required a review of existing charges for support services and the cost of management. Work is continuing to develop a comprehensive basis for establishing these recharges but early indications are that there will be an increase based on actual time spent complying with HRA requirements. These additional costs will need to be accommodated within the HRA.

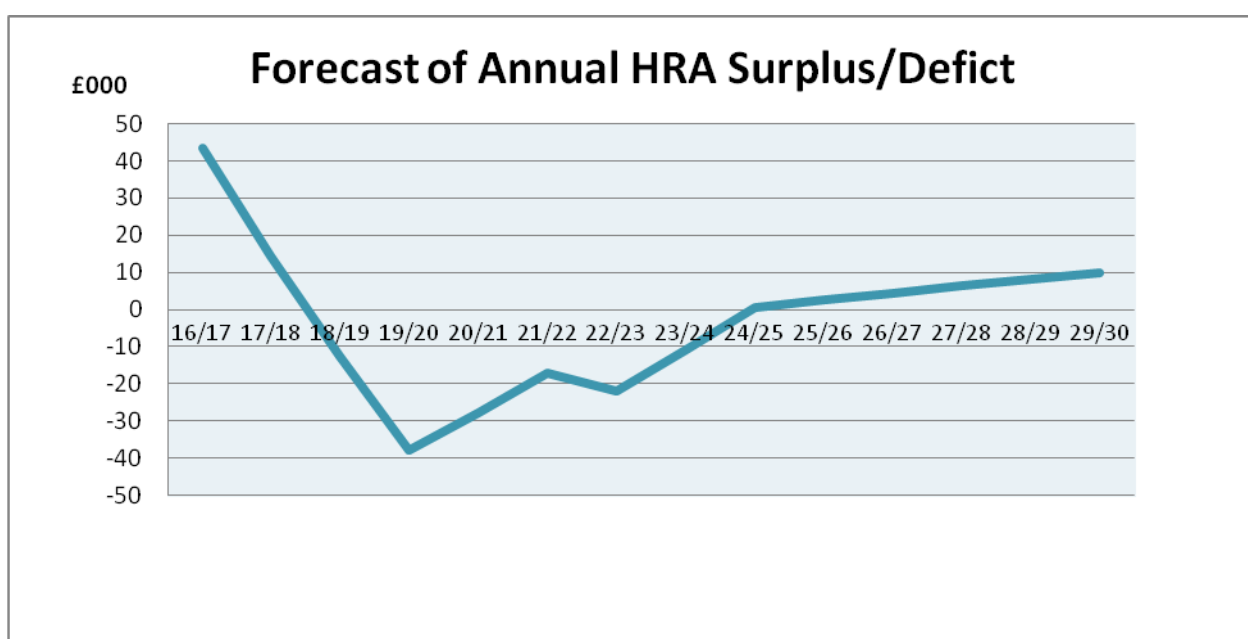
6.6 Repairs & Maintenance

- 6.6.1 The level of future expenditure required on Major Repairs is now determined by the Depreciation charge. This depreciation charge is designed to ensure that enough money is set aside in a 'Major Repairs Reserve' to replace all the components of a house over their useful lives.
- 6.6.2 This charge is calculated using condition information and likely replacement costs over years. The results of the stock condition survey are expected to be available in September and a full HRA Business Plan will be updated and reported to Members later in the year. The calculation of annual depreciation charges therefore is a key area of risk.. Projections to date continue to include amounts used in the original business case for each scheme until the results of the HRA business case are available.
- 6.6.3 The updated Major Repairs amounts will also need to ensure that there is enough set aside to cover ongoing void repairs, in line with the principles included in the initial business case.
- 6.6.4 As outlined earlier the HRA regulations do not require principal to be repaid on outstanding borrowing as the depreciation charge is designed to account for this.
- 6.6.5 The Major Repairs Reserve is a statutory reserve required as part of the HRA accounting framework and contains the amounts set aside from depreciation to fund future repair or to repay borrowing. This reserve is expected to steadily increase each year as amounts are set aside to carry out major works and replacement of all the components of a home that have a finite life. It is essential that sufficient funding is set aside to fund the replacement of these components in the future. The Stock Condition Survey and Asset Management plan will identify a programme of works that will be funded from this reserve.

- 6.6.6 In line with the obligations of having a HRA, Officers are in the process of developing a 40 year business plan based on a HRA regulations and accounting requirements and will be completing various projects, including a Stock Condition Survey and Asset Management Plan. It is anticipated that these factors can be accommodated within the available HRA revenue funding.

7. FUTURE BUDGET & RESERVES

- 7.1 As a result of the changes detailed in Section 5 and 6 the HRA is forecast to move from strong financial position, with an annual surplus to a deficit. The graph also shows how position is expected to improve, when the ability to increase rents in line with the CPI Inflation index is reinstated.



- 7.2 Because of measures taken to ensure the business model was robust, the HRA Reserve enables the Council to absorb the pressures outlined in this report. The opening balance of the HRA Reserve is £530,000 and is forecast to reach a low of £490,000 in 2024/25 before it begins to slowly increase again. The forecast assumes that future contributions to Major Repairs are in line with business case assumptions. It is recommended that the HRA Reserve is maintained until the future financial position is more certain and to help manage future risks. Hopefully, once the Government provides a clearer policy direction for social housing it may be possible to release part of this reserve to provide additional properties. However, a minimum level of HRA will need to be retained as the account now operates on a ring fenced basis.

8. FUTURE DEVELOPMENT

8.1 The ability to meet the Council's aspirations for new housing within the HRA framework is limited by the ring fencing of resources and Government imposed limit on borrowing. The available resources for new housing investment consist of the following:

- The current borrowing headroom after funding Empty Properties Phase 2 is £390,000.
- The Right to Buy Receipts from Housing Hartlepool ,which include £203,000 received in 2015/16 and any future receipts, which are expected to be a similar level in the current year - Less any cost associated with the High Value Void Levy
- Future funding from section 106

8.2 It is recommended that the next MTFS include proposals to earmark the above to fund new housing development in the future. In particular for any match funding opportunities which may arise in the future - such as the availability of new HCA grants and RTB replacement units.

8.3 Clarification of the HRA regime demonstrates that there is only limited opportunity to expand the HRA. Therefore, officers are currently exploring alternative vehicles for delivery, such as a 'wholly Owned Company' and will report the finding to members later in the year. The interim Project Manager for Regeneration is currently reviewing whether there may be a business case for establishing a Council-Owned Development Company that could intervene directly to stimulate housing growth and regeneration. It is expected that this review will be concluded shortly and its conclusions and recommendations reported to Committee in early autumn.

9. CONCLUSION

9.1 Following the transfer of the Council's housing stock in 2004 the Council has not been a direct provider of social houses. The project to again become a housing provider was made to address specific housing needs and also support investment of the town's housing stock. The project, which has invested nearly £15.7m, is one of the largest and most complex capital projects undertaken by the Council and has helped address housing market failures. The project has delivered the following key benefits:

- Provided 206 properties to address housing need;
- Been delivered on budget;
- Secured external Homes and Communities Agency (HCA) grant funding of £7.4m;

- Deliver the objectives agreed with the HCA, thereby confirming the Council's ability to delivery this type of project and hopefully secure further funding from the HCA in the future;
- Supported housing investment by private developers; and
- Supported the achievement of New Homes Bonus payments by bringing unused properties back into use.

9.2 The robust Business Plan developed for this project has been able to address the adverse financial impact of changes in the Government's Housing policy, as detailed in sections 5 and 6. The Government's policy changes have adversely affected the social housing sector and in many cases resulted in housing providers reducing investment plans. These changes included rent cuts, increased RTB discounts and the High Value Void Levy. The Business Plan has had to cope with significant financial pressures as a result of these changes. Whilst, this has been achieved without impacting on the existing scheme, this has removed the financial flexibility built into the original business case, which would otherwise have been available to expand the scheme.

9.3 The HRA framework significantly constrains the ability to fund additional further social housing provision. Therefore, alternative delivery vehicles need to be explored if it is determined that there is still unmet demand for social housing.

10. LEGAL CONSIDERATIONS

10.1 Compliance with HRA regulations

11. CHILD AND FAMILY POVERTY

11.1 There are no child and family poverty implications relating to this report.

12. EQUALITY AND DIVERSITY CONSIDERATIONS

12.1 There are no equality and diversity implications relating to this report.

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

13.1 There are no Section 17 considerations relating to this report.

14. STAFF CONSIDERATIONS

14.1 There are staff considerations relating to this report.

15. ASSET MANAGEMENT CONSIDERATIONS

- 15.1 In line with the obligations of having a HRA, Officers are in the process of developing a 40 year business plan which will include an up to date Stock Condition Survey and Asset Management Plan. It is currently anticipated that these costs can be funded from ongoing rental income.

16. RECOMMENDATIONS

- 16.1 Members are asked to:

- i) note the contents of the report;
- ii) note the successful delivery of a £15.7m investment, which secured £7.4m of grant funding from the Homes and Communities Agency and the provision of 206 homes for rent;
- iii) recommend that the next MTFS include proposals to earmark the following to fund new housing development in the future:
 - The current borrowing headroom of £390,000.
 - The Right to Buy Receipts from Housing Hartlepool , Less any cost associated with the High Value Void Levy
 - Future funding from section 106 affordable housing contributions
- iv) note the interim Project Manager for Regeneration is currently reviewing whether there may be a business case for establishing a Council-Owned Development Company that could intervene directly to stimulate housing growth and regeneration. It is expected that this review will be concluded shortly and its conclusions and recommendations reported to committee in early autumn.

17. REASONS FOR RECOMMENDATIONS

- 17.1 To enable Members to consider proposals for allocating available one-off funding to support future new housing development, including the potential business case for establishing a Council owned Housing Development Company.

18. BACKGROUND PAPERS

- 18.1 None

19. CONTACT OFFICER

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