

FINANCE AND POLICY COMMITTEE

MINUTES AND DECISION RECORD

25 JULY 2016

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

Present:

Councillor Christopher Akers Belcher (In the Chair)

Councillors: Paul Beck, Kevin Cranney, Marjorie James, Shane Moore, and Paul Thompson.

Also Present: In accordance with Council Procedure Rule 5.2 –
Councillor Jim Lindridge as substitute for Councillor Allan Barclay;
Councillor Dave Hunter as substitute for Councillor Alan Clark

Councillor David Riddle.

Officers: Andrew Atkin, Assistant Chief Executive
Chris Little, Chief Finance Officer
Peter Devlin, Chief Solicitor
Louise Wallace, Director of Public Health
Chris Catchpole, Head of Commissioning and Clinical Quality
Jill Harrison, Assistant Director, Adult Services
Mark Patton, Assistant Director, Education, Learning and Skills 0-19
Denise Ogden, Director of Regeneration and Neighbourhoods
Dale Clark, Estates and Regeneration Manager
Steve Hilton, Public Relations Officer
David Cosgrove, Democratic Services Team

12. Apologies for Absence

Councillors Allan Barclay, Alan Clark, Tom Hind, Brenda Loynes, Stephen Thomas.

13. Declarations of Interest

Councillors Beck, Hunter and Thompson declared personal interests in Min No. 17 “Provision for Adults with Additional Needs at Catcote Futures”.

14. Minutes of the meeting held on 20 June 2016

Confirmed.

15. Minutes of the meeting of the Safer Hartlepool Partnership held on 11 March 2016

Received.

16. Council Plan 2017/18 – Proposed Outcome Framework and Service Planning Timetable *(Assistant Chief Executive)*

Type of decision

Budget and Policy Framework.

Purpose of report

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

Issue(s) for consideration

The Assistant Chief Executive reported that the first stage in developing the Council Plan for 2017/18 was to agree the proposed outcome framework around which the Plan would be developed. The existing framework had been in place for a number of years and although the number of PI's and Actions had been reduced recently no fundamental changes had 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 was 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.

It was proposed that the new outcome framework would form part of the broader vision for Hartlepool in terms of what we want Hartlepool to be, what that actually means and how we would know if we were succeeding; the proposed framework for this was set in appendix 1 to the report. Appendix 2 to the report set out the new proposed outcome framework alongside the existing outcome framework to enable comparison.

The Chair commented that there was a need to re-look at some of the narrative in Appendix 1 to make it more relevant to the public.

Decision

1. That the proposed outcome framework for 2017/18 be approved subject to a review of the narrative in Appendix 1, 'Proposed Performance Framework', to make it more relevant to the public.

2. That the proposed timetable for the service planning process be approved.

17. Provision for Adults with Additional Needs at Catcote Futures *(Director of Child and Adult Services and Director of Regeneration and Neighbourhoods)*

Type of decision

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

Purpose of report

To provide Members with an overview of the need to support children and young people with autistic spectrum disorders (ASD) in Hartlepool.

To seek approval to assign the lease of Warren Road Day Centre to Hartlepool Aspire Trust, hereinafter referred to as 'Cadcote Academy'.

Issue(s) for consideration

The Director of Regeneration and Neighbourhoods reported that the needs of adults (18 years-old plus) in Hartlepool with ASD were met through a range of local providers and provisions, including Hartlepool's Centre for Independent Living (CIL). A very small number of adults were also supported by Cadcote Academy through their provision called Cadcote Futures.

Cadcote Academy provides care and support for children and young people aged 11-19 years-old. However, the number of places in the academy would not be enough to cope with future demand for places. There were a growing number of children reaching adulthood with Autism. The Autism Act 2009 places a duty on Councils to ensure adequate provision was in place to meet local demand. Current estimates from the Hartlepool Joint Strategic Needs Assessment (JSNA 2015) showed that about 20% of adults and 35% of children with ASD were known to the local authority in Hartlepool.

The provision at Warren Road had previously been given accreditation by the National Autistic Society (NAS) to meet the needs of adults in Hartlepool with ASD. The provision had specialist facilities to support adults to become independent citizens. Services from Warren Road would 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.

Various options for the future of Warren Road had been considered but it was considered that assigning the lease to Cadcote Academy would provide a suitable space for the provision of their service for which demand exists in the town but also negated the Council's ongoing liability for the rent, rates

and repairs. Details of the proposed terms of the lease were set out in a confidential appendix to the report.

It was also proposed that a concordat be agreed with Catcote Academy regarding the use of Warren Road for the academy's post-19 learners to ensure that there was no duplication of current Council provision such as those delivered at the CIL, for example. The proposed concordat was set out in a confidential appendix to the report.

A Member questioned what services would be provided to the young people that attended Catcote Futures beyond the age of 19; would services be linked into youth employment initiatives similar to those provided for other 19 year olds. The Assistant Director, Education, Learning and Skills 0-19 commented that the services both through Catcote Futures and the CIL were aimed at encouraging and developing the young people to be able to independent; potentially living independently in the future or in supported accommodation. Part of this process would include exploring all the opportunities available and workers would work with employers and training providers as appropriate.

Decision

1. That approval be given to the assignment of the lease of Warren Road to Catcote Academy on the terms set out in Confidential Appendix 3 to the report. The appendix contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).
2. That approval be given to the implementation of the concordat set out in Confidential Appendix 3 to the report. The appendix contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).
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.

18. Substance Misuse Treatment Support Delivery Options Appraisal *(Director of Public Health)*

Type of decision

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

Purpose of report

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.

The report outlined 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.

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.

Issue(s) for consideration

The Director of Public Health set out the background to drug and alcohol abuse and the evidence base of misuse and the current prevention, treatment and recovery interventions available in Hartlepool.

Hartlepool Borough Council currently commissioned a specialist substance misuse prescribing service and substance misuse recovery support service for both adults and young people. These services were funded through the public health grant. These services were currently managed under two separate Public Health contracts and were delivered by two individual service providers, Addaction and Lifeline.

The contract values of the service provision prior to review was set out in confidential Appendix 2 which also outlined the cost and savings projections of each option and contained exempt information under Schedule 12A Local Government Act 1972 (As amended by the Local Government (Access to Information)(Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).

Currently both contracts were due to expire at the end of March 2017, therefore, there was an opportunity, through review, to realise further efficiencies while developing a sustainable substance misuse treatment services for the future.

The performance in relation to substance misuse services was well managed through the National Drug Treatment Data System (NDTMS).

Whilst successful treatment completions had reduced slightly, re-presentation rates for those who had successfully completed treatment had seen a significant improvement on the previous year. Opiate representations had fallen from 36.7% to 10.5% and non opiates had fallen from 15.4% to 5%.

This showed that although there were fewer people exiting treatment in a successful manner, those that do were 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.

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 resources are available. Investment in these key areas would, therefore, improve effectiveness and reduce pressure on mainstream specialist service provision.

Taking account of the recommendations within the Advisory Council on the Misuse of Drugs (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 had 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

The table of confidential Appendix 2 to the report outlined the cost and savings projections for each option and contained exempt information under Schedule 12A Local Government Act 1972 (As amended by the Local Government (Access to information)(Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).

The Director stated that based on the detailed analysis of the options, as reported, the most cost effective option was Option B and it was this option that was recommended to the Committee.

Decision

That Option B – in house option for the provision of recovery support complemented by a commissioned specialist clinical prescribing service – be approved as the preferred option for future service delivery of the substance misuse service.

19. Elwick By-Pass and Grade Separated Junction - Funding Proposals *(Director of Regeneration and Neighbourhoods)*

Type of decision

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

Purpose of report

The purpose of the report was 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.

Issue(s) for consideration

The Director of Regeneration and Neighbourhoods reported that one of the key proposals within the recently approved Hartlepool Local Plan Preferred Options Consultation Document was 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.

Committee's approval was sought for the submission of an early bid for Local Growth Funding (LGF) for circa £18 million to fund the major works. This funding would be a repayable grant and as such was provided on the basis that the money would be repaid when development commences. S106 agreements were expected to be put in place to generate the income to repay the grant over a 15 year period. The funding would enable the early implementation of the works, and unlock the development potential required in accordance with the Hartlepool Local Plan Preferred Options Consultation Document.

A Strategic Outline Business Case was in the process of being prepared to demonstrate the deliverability of the scheme. The cost of this (circa £20,000) was being funded from existing Local Transport Plan (LTP) and Planning budgets.

An application had been submitted for a Growing Places Fund loan for £600,000. This would 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 was required to provide the necessary due diligence information required to secure additional funding. This application had recently approved by the Tees Valley Combined Authority Board and, subject to approval by Members; Officers would work with the Combined Authority to agree the terms of the Growing Places Fund loan. This funding

was again a repayable grant and was expected to be repaid from developer contributions from developments directly benefiting from the work.

Local Growth Fund 3 programme-level bids, rather than scheme-based bids, were now being sought for the third round of the Local Growth Fund, which nationally was worth £1.8bn. Most of this funding would be released from 2018 and was 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.

The Director also sought the Committee's approval to apply to other potential funding sources such as:

- Highways England Growth and Housing Fund
- Growing Places Fund
- Homes and Communities Agency Funding (Home Building Fund)

A Member questioned if the intention of the scheme was to provide access to additional development at Wynyard. The Director stated that the scheme would not provide any access to Wynyard and was to provide a grade separated junction by-passing Elwick village to enable development at the northwestern areas of Hartlepool..

Decision

1. That the acceptance of the successful bid for £600,000 through the Growing Places Fund, for the business case, advanced design works and land acquisition be approved.
2. That the submission of 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 be approved, and that a further report be submitted before the Council was contractually committed to the main scheme.
3. That approval be given to underwriting 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.

20. Disposal of Surplus Assets – Land at Seaton Lane (*Director of Regeneration and Neighbourhoods*)

Type of decision

Key – test (i) applies Forward Plan Reference No. RN 13/09.

Purpose of report

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

Issue(s) for consideration

The Director of Regeneration and Neighbourhoods reported that Brenda Rd Developments Ltd had 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 included areas of landscaping and open space.

The planning permission granted included the Council owned land shown on the plan at Appendix 1 to the report. On the basis of the layout provided for the outline planning permission, the currently Council owned land would be used to provide landscaping and open space areas.

Following negotiations with the developer's agent, terms had been agreed for the sale of the Council owned land to the developer on the basis outlined in confidential Appendix 2 to the report. The appendix contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).

A Member questioned if the valuation for the land detailed in the confidential appendix reflected market value for the land. The Estates and Regeneration Manager stated that the valuation did reflect market value for the land considering its position and potential alternative uses.

Decision

That approval be given to the sale in the terms outlined in Confidential Appendix 2 to the report. The appendix contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).

21. Leased Estate Policy *(Director of Regeneration and Neighbourhoods)*

Type of decision

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

Purpose of report

The purpose of the report was to propose adoption of a leased estate policy that sets out the principles for the Council to work to in order to maximise income from its leased estate.

Issue(s) for consideration

The report was deferred at the meeting.

Decision

That consideration of this matter be deferred to a future meeting.

22. Jacksons Landing Demolition (*Director of Regeneration and Neighbourhoods*)

Type of decision

Non Key Decision.

Purpose of report

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

Issue(s) for consideration

The Director of Regeneration and Neighbourhoods reported that the Regeneration Services Committee had considered a report at its meeting on 22 July 2016 relating to a proposal to demolish the Jackson’s Landing building. Members approved the proposal but as there was currently no budget provision allocated to fund the demolition costs for Jacksons Landing Regeneration Services Committee referred the funding proposal to this Committee to seek Council approval to allocate £40,000 to fund the costs from the resources previously allocated to cash back the potential repayment of the interest free loan if the sale proceeds did not cover the repayment costs. This funding proposal would reduce the cash backing for the Jackson’s Landing costs from 83% to 81%.

The Chair commented that he would not wish to recommend to Council reducing the cash backing of the Jackson’s Landing costs and proposed that the demolition costs be met from the 2016/17 managed outturn and that this be reflected in the MTFS report to Council in September. This proposal was seconded.

A Member questioned the need to demolish the Jackson’s Landing building and indicated that the Regeneration Services Committee had been informed that no developer had come forward since the Council took ownership of the property wishing to utilise the existing building. The

Director confirmed that as far as she was aware this was the case. The Member also sought confirmation that no works would be commenced until the folk festival at Jackson's Landing had been held and that the final decision on the costs would be taken by full Council. The Chair confirmed that the final decision on the funding would be taken at the meeting of Council on 8 September 2016.

Decision

1. That the funding of £40,000 be approved 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.
2. That the lack of budget provision allocated to fund the demolition costs for Jacksons Landing be noted and that approval, therefore, be sought from Council to allocate £40,000 to fund these costs from the 2016/17 managed outturn.

Councillors Moore and Thompson recorded their votes against the above decision.

23. Lease of Accommodation at New Centre for Independent Living (*Director of Regeneration and Neighbourhoods*)

Type of decision

Non Key Decision.

Purpose of report

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

Issue(s) for consideration

The Director of Regeneration and Neighbourhoods reported that, as Members were aware, the Council was 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 would 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.

Part of the Warren Road site was 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 re-locate to the new CIL. It was, therefore, proposed to grant a lease to the Trust of part of the first floor of the new CIL. The Trust would also formally surrender their existing lease. The terms agreed were outlined in

Confidential Appendix 2 to the report. The appendix contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).

The proposal was supported unanimously by the Committee.

Decision

That the termination of the existing TEWV lease and the grant of the new lease to the Trust at the new CIL be approved.

24. Hartfields Manor Lease: Day Opportunity Provision for Older People *(Director of Regeneration and Neighbourhoods and Director of Child and Adults)*

Type of decision

Non Key Decision.

Purpose of report

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

Issue(s) for consideration

The Director of Regeneration and Neighbourhoods reported that the Council leases space in the Hartfields Manor extra care housing scheme from the Joseph Rowntree Trust. The first floor area was used as offices and was shared with the NHS. The ground floor provided space for a day opportunity service. The lease was for a term of 15 years from 1 September 2008. When the space was first taken, 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.

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 included provision of a range of services, one of which is to provide day opportunities to support older people.

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 three 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.

The provider has been unable to access alternative suitable accommodation and it had been agreed with Adult Services that the service should continue to operate from the space at Hartfields. The lease would 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. Details of the proposed lease were set out in Confidential Appendix 2 to the report. The appendix contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).

The proposal was supported unanimously by the Committee.

Decision

That the proposed letting on the terms detailed in Confidential Appendix 2 to the report be approved. The appendix contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information) in order to ensure the continued delivery of day services for older people.

25. Update on Community Defibrillator Programme and Proposals for Future Development *(Director of Public Health)*

Type of decision

Non Key Decision.

Purpose of report

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.

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.

Issue(s) for consideration

The Director of Public Health reported that previous Public Health funding had provided 8 defib units plus spare equipment, and 5 external storage cabinets in key areas, which allowed the defibs to be accessed 24/7 by the community in an emergency (known as 'cPAD' or community public access

defibrillator sites). A mapping exercise had 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 and these were listed in the report.

It was proposed that a further £10,000 be sought from Public Health resources to provide defibrillator units at other key locations in community and workplace settings in addition to those reported. Locations would 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.

Requests had 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 were approved these requests and further requests could be considered for funding.

Councillor Thompson reported that utilising Seaton Ward Councillors ward budgets, a defib unit had been installed at Seaton Football Club and was registered with NEAS. The Councillor suggested the location of a further unit on Seaton seafront be discussed further with the Director.

Decision

That £10,000 is identified from the Public Health to meet the costs of the additional defibrillator units and ongoing maintenance, as sites are identified.

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

Type of decision

Non Key Decision.

Purpose of report

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

Issue(s) for consideration

The Chief Finance Officer reported on a series of debts in relation to Council Tax and Business rates that had been identified as irrecoverable following a range of recovery actions. It was highlighted that the Council had pursued robust recovery action in relation to these debts, however these amounts were now deemed to be irrecoverable for the reasons detailed in the report.

The proposed business rates write outs reported amounted to £60,146.46, of which £32,271.71 would be charged against the Central Government National Non Domestic Rates Pool bad debt provision or would be borne by Central Government under the Business Rates Retention System and thereby would have no financial impact on the Council.

The total amount of Council Tax write amounted to £27,424.29 and were set out in appendices to the report, as follows:

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

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

Appendices A, B, C and D contained 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).

Members raised concerns that it appeared that some individuals were using the law relating to bankrupt businesses to avoid paying business rates and appeared to be cyclically starting businesses often in the same location and with similar trading names and then going into liquidation. The Councillor suggested that some form of action should be taken against such individuals such as seeking to have them disbarred from being a company director. The Chief Finance Officer stated that, regrettably, there was little the Council could do in such cases as any residual assets would be called upon first by HMRC, who often did not recoup all of their outstanding debt. The Chief Solicitor commented that the issue of seeking the disbarment of such company directors was not within the legal powers of councils. However, the Chief Solicitor commented that new provisions introduced under the Small Business, Enterprise and Employment Act, 2015, which concentrated on greater transparency and more pragmatic approaches to proceeding to disqualify a person who is considered 'unfit' to hold such a position may provide such a means for the Council refer such cases to the relevant authorities for consideration.

The Chief Finance Officer assured Members that officers did exhaust all possible means of recovering debts before proposing any write off. Action was taken at the earliest opportunity and all appropriate means, such as using bailiffs, were used to recover outstanding debt.

Decision

1. That approval be given to the write-out of irrecoverable Council Tax of £27,424.29 and Business Rates debts to the value of £60,146.46

and that it was noted that £32,271.71 of this Business Rates write out would be the responsibility of Central Government which would have no financial impact on Hartlepool.

2. That the Chief Finance Officer and Chief Solicitor examine any potential means of referring serial business rate payers who default on business rates liabilities to the relevant authorities to seek their disbarment from being a company director.

27. Housing Schemes Evaluation *(Director of Regeneration and Neighbourhoods and Chief Finance Officer)*

Type of decision

None – for information only.

Purpose of report

The purposes of the report were:

- (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).

Issue(s) for consideration

The Director of Regeneration and Neighbourhoods indicated that the report demonstrated that the Council has successfully delivered this scheme on budget and secured significant grant funding from the Homes and Communities Agency.

The Director reported that 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.

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. The Council was successful in achieving this and was able to carry out the majority of the renovation work in house.

In addition to these schemes the Council had 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.

The Council was now embarking on the second phase of Empty Homes, which would result in a further 60 properties being acquired by March 2018. This was being funded from a combination of HCA Grant, Section 106 Developer Contributions and Prudential Borrowing to be repaid from ongoing rental income.

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.

The report included a detailed evaluation of the schemes completed since 2010.

The Director highlighted, however, that despite the Council's initial success, the Government had now introduced measures which would have an adverse impact on the long term financial viability of the social housing sector; these were:

- Rent Cut - an annual rent cut of 1% and removal of the inflation index for rent setting. This change was part of the Government's measure to reduce Welfare Spending as rent increases impacted 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'.

The Director reported that in addition to the new measures introduced by Government, as set out above, the model would also be affected by the requirement for the Council to re-open the Housing Revenue Account (HRA). The HRA was a ring-fenced account with a prescribed accounting framework and specific regulations.

The main HRA changes involved:-

- Borrowing – new borrowing has been limited by the imposition of a borrowing cap.
- Management and Administration Costs – the HRA is required to bear

- the true cost of any services used.
- Accounting for Repairs and Maintenance – the level of future expenditure required on Major Repairs was now determined by the Depreciation charge.

The Director indicated that the robust approach taken to the initial business case enable the Council to manage these issues for this project. However, the Director also indicated that the ability to meet the Council's aspirations for new housing within the HRA framework was now 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.

It was, therefore, 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 that may arise in the future – such as the availability of new HCA grants and RTB replacement units.

Clarification of the HRA regime demonstrated that there was only limited opportunity to expand the HRA. Therefore, officers were currently exploring alternative vehicles for delivery, such as a 'wholly Owned Company' and would report the finding to members later in the year. The interim Project Manager for Regeneration was 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 was expected that this review would be concluded shortly and its conclusions and recommendations reported to Committee in early autumn.

Members welcomed the report and the success of the Council's housing schemes. Members commented that there was a lack of new bungalows in new housing developments and the inclusion of bungalows in the council's scheme was welcomed. However, it was commented that where there were bungalows in developments, they were often restricted to those over 55 and there was a demand for bungalows from people under that age restriction that was going unmet. It was also suggested that the potential of purchasing some of the vacant properties in the new development adjacent to the Nursery public house should be examined as the properties had remained unoccupied since construction. It was indicated at the meeting that some of the vacant properties near the Nursery public house were to be brought back into use by Place First. The Chair added that the issue of the demand for bungalows was reflected in the draft Local Plan.

Members acknowledged the work that had been undertaken by officers in

the development of the housing schemes and bringing empty properties back into use and wished that their appreciation of the success of these schemes be passed back to those involved.

Decision

1. That the contents of the report are noted;
2. That 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 is noted;
3. 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.
4. That it is noted that 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 was expected that this review would be concluded shortly and its conclusions and recommendations reported to committee in early autumn.

28. Any Other Items which the Chairman Considers are Urgent

None.

The Committee noted that the next meeting would be held on Monday 5 September, 2016 commencing at 10.00 am in the Civic Centre.

The meeting concluded at 10.55 am.

P J DEVLIN

CHIEF SOLICITOR

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