

# **FINANCE AND POLICY COMMITTEE**

## **MINUTES AND DECISION RECORD**

**5 SEPTEMBER 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, Stephen Thomas and Paul Thompson.

Also Present: Councillor Bob Buchan as substitute for Councillor Tom Hind in accordance with Council Procedure Rule 5.2.

Officers: Gill Alexander, 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  
Karen Clark, Treatment Effectiveness Manager  
Denise Ogden, Director of Regeneration and Neighbourhoods  
Alastair Rae, Public Relations Manager  
David Cosgrove, Democratic Services Team

### **29. Apologies for Absence**

Councillors Tom Hind and Shane Moore.

### **30. Declarations of Interest**

None.

### **31. Minutes of the meeting held on 25 July, 2016**

Received.

### **32. Minutes of the meeting of the Health and Wellbeing Board held on 29 April, 2016**

Received.

**33. Minutes of the meeting of Safer Hartlepool Partnership held on 17 June, 2016**

Received.

**34. Minutes of the meeting of Tees Valley Combined Authority held on 4 April and 15 April, 2016**

Received.

**35. Final Outturn 2015/16** *(Corporate Management Team)*

**Type of decision**

Budget and Policy Framework.

**Purpose of report**

To provide details of the final outturns for 2015/16 and to approve the recommendation that a strategy to use the final 2015/16 uncommitted revenue outturn of £51,000 be developed as part of the 2017/18 budget process.

**Issue(s) for consideration**

The Chief Finance Officer reported that the detailed outturn strategy for 2015/16 was approved as part of the MTFS proposals referred to full Council in February 2016. The approved strategy advised Members that the final outturn for a range of budgets would depend on the impact of seasonal and demand factors in the final three months of the financial year. As a range of factors remained uncertain the approved strategy identified a potential uncommitted outturn of £1.457m which was allocated to the Budget Support fund.

The Chief Finance Officer stated that the actual uncommitted outturn is £91,000 higher than forecast. The increase reflected a range of factors, including continued robust budget management in the final three months of the financial year and the impact of seasonal/demand factors. Part of the uncommitted outturn, £40,000, had been allocated for the demolition of Jackson's Landing. It is recommended that a strategy to use the final 2015/16 uncommitted revenue outturn of £51,000 be developed as part of the 2017/18 budget process.

In relation to Capital expenditure, £12.881m was to be re-phased to 2016/17 and capital resources would be carried forward to fund those commitments. In overall terms it was currently anticipated that the capital programme would be within budget.

### **Decision**

1. That the report be noted;
2. That a strategy for using the final 2015/16 uncommitted revenue outturn of £51,000 be developed as part of the 2017/18 budget process.

## **36. Acquisition of Assets – Victoria Road, Gladstone House** *(Director of Regeneration and Neighbourhoods and Director of Public Health)*

### **Type of decision**

Key Decision (test (i)) Forward Plan Reference No. RN 98/11

### **Purpose of report**

To seek approval for the acquisition of Gladstone House Victoria Road for a Health and Wellbeing Recovery Centre.

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

The Director of Regeneration and Neighbourhoods reported that in 2015/16, Public Health, in Partnership with Addaction, a locally commissioned, specialist prescribing contractor for substance misuse services, were successful in receiving a capital grant from Public Health England (PHE) to deliver a Health and Wellbeing Recovery Project. This project, to be known as “Stepping Stones”, would be delivered to those recovering from drug and alcohol addiction in Hartlepool. The project would develop a Health and Wellbeing Recovery Centre delivering a range of healthcare interventions and including diversionary and developmental activities.

In order to deliver the project, suitable premises were required. The use of existing Council premises has been considered, but there were no suitable properties vacant at present; the property requirement included being in a central location, a Use Class D1 planning consent (Use Class D1 includes clinics and health centres) and sufficient space to accommodate a range of activities and facilities including clinical work, a fitness suite, advice and mentoring services.

An appropriate property from which to deliver the project became available on the open market earlier this year, 46 Victoria Road, which was formerly a general practice doctor’s surgery and thus had both the type and layout of accommodation required by the service and a suitable planning consent. The property does require some repairs, mainly in relation to roofing/rain water goods and some areas of rising dampness but these were relatively limited. In addition, the service will carry out some internal alterations to the building.

Terms had been provisionally agreed for the purchase of the property. As the project would be delivered by Addaction, the property would be leased to them for the duration of the project. There was an option within the current contract with Addaction to extend the contract until the end of March 2019 which was part of the Substance Misuse Options appraisal presented to Finance and Policy Committee on 25 July 2016. This would ensure that the end dates for both projects were aligned.

#### **Decision**

1. That the acquisition and lease of the property to Addaction as reported be approved.
2. That the delivery of the project be approved subject to the Heads of Terms as set out in the confidential Appendix 2 to the report which contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (paragraph 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).

### **37. Quarter 1 Council Overview of Performance and Risk 2016/17** *(Assistant Chief Executive, Director of Regeneration and Neighbourhoods and Director of Public Health)*

#### **Type of decision**

Non Key Decision.

#### **Purpose of report**

To inform Finance and Policy Committee of the progress made against the 2016/17 Council Plan at the end of quarter 1 and seeking agreement to a number of changes/updates to the plan. The report also provided the Committee with an update on the topic of Corporate Procurement as agreed by the Committee in June 2016.

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

The Chief Finance Officer reported on the overall progress made on the Council Plan during the first quarter of the financial year, together with specific details of progress against those actions, performance indicators and risks from those service areas that are specifically relevant to the Finance and Policy Committee.

#### **Decision**

1. That the overall progress made on the Council Plan 2016/17 and the progress made on the specific areas of the Council Plan relevant to the Committee at the end of Quarter 1, as set out in appendix 1, be noted;

2. That the position in relation to use of RIPA powers, as set out in appendix 1 to the report, be noted;
3. That the date change of action CED16/17 OD25 as set out in Appendix 1 be approved;
4. That information provided on the action identified as not achieved, those Performance Indicators identified as requiring intervention and the change to risks as set out in Appendix 1 be noted;
5. That the update on Corporate Procurement be noted;
6. That the progress made on the Council Plan relevant to the other four Policy Committees, as set out in appendix 2 to the report, be noted;
7. That the 2015/16 outturn highlighted in the report be noted.

**38. Tofts Road West Rent Review** (*Director of Regeneration and Neighbourhoods*)

**Type of decision**

Non-key decision.

**Purpose of report**

To seek approval for the proposed agreement of an outstanding rent review in the lease of land at Tofts Road West.

**Issue(s) for consideration**

The Director of Regeneration and Neighbourhoods reported that in 1999 the Council granted a lease of land at Tofts Road West for a term of 21 years to Tilcon (North) Ltd. The lease had subsequently been assigned by the original tenant to Tarmac and by them to the current tenant Hope Construction. The property was used as a concrete batching plant and extended to a little over one acre / 0.41 hectares and is located in an industrial area in the southern part of Hartlepool.

The lease provided for the rent to be reviewed to market rental value every 7 years. The outstanding rent review had recently been provisionally agreed after a period of negotiation with the tenant's agent.

The Director reported that industrial land rental levels had varied over the last few years with a period of decline and stagnation after 2008 having been reversed since about 2014/15. This had been reflected in the settlement that has been reached. The proposed agreement on the review was set out in Confidential Appendix 2 to the report which 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).

## **Decision**

That the proposed settlement of the rent review set out 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).

## **39. Self Sufficient Local Government: 100% Business Rates Retention Consultation** *(Chief Finance Officer)*

### **Type of decision**

Non-key decision.

### **Purpose of report**

To provide an overview of the Government's consultation proposals regarding the 100% retention of Business Rates by local government, the potential implications for the Council and to approve the Council's consultation response.

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

The Chief Finance Officer highlighted the overall reduction in resources and the shift in the proportion of overall resources generated from Council Tax income and corresponding decrease in Revenue Support grant. While the current system included a 'safety net' regime which the Government had indicated protected individual authorities from excessive reductions in Business Rates income, the 'safety net' regime has not provided any significant protection against the impact of Business Rates reductions suffered by the Council. This was because the Safety Net threshold is set at too high a level.

In Hartlepool, the most significant rates income reduction related to the decision by the Valuation Office Agency to reduce the Power Station Rateable Value by 48%, which reduced the Council's share of Business Rates income by £3.8m. After reflecting other Rateable Value reductions for other properties the Council will receive a 2016/17 'safety net grant' of £260,000.

The Chief Finance Officer reported that the Government issued a consultation document on the proposal that by the end of this Parliament local government will retain 100% business rates. At a national level the Government has stated that:-

“this will give local councils in England control of around an additional £12.5 billion of revenue from business rates to spend on local services. In order to ensure that the reforms are fiscally neutral,

councils will gain new responsibilities, and some Whitehall grants will be phased out”.

The Government has also commenced a “Fairer Funding Review” of relative needs and resources for local government.

The consultation document issued by the Government sought views on the key issues that would need to be addressed in designing a new system and asked thirty-six specific questions. A response to the consultation from the Authority was submitted as Appendix A to the report.

The consultation document also included a timetable for the next stages of implementing 100% business rates retention:-

- Autumn 2016 – Government expert to undertake a more technical consultation on specific working of the reformed system;
- Early 2017 – proposal to introduce legislation included Queen’s Speech;
- April 2017 – piloting of the approach to 100% business rates retention to begin;
- By end of the Parliament – implementation of 100% business rates retention across local government.

The Chief Finance Officer also indicated that the response to the consultation also addressed the key questions the Government has raised in the “Fair Funding Review: Call for evidence on Needs and Redistribution” document. These questions relate to broad principles and it was anticipated that the Government would consult on more detailed proposals next year.

### **Decision**

1. That the report be noted and that further update reports would be provided when more information becomes available;
2. That the Council’s proposed response, submitted as Appendix A to the report, to the consultation to meet the consultation submission deadline of 26th September 2016 be approved;
3. That in view of the financial uncertainty arising from the changes proposed by the Government, the Committee noted that it may be appropriate to earmark one-off resources from achieving potential managed under spends over the next three years to support the budget when these changes are implemented. This issue would need to be considered as part of the 2017/18 budget process.

## **40. Strategic Financial Management Report – as at 31 July 2016** *(Corporate Management Team)*

### **Type of decision**

Non-key decision.

### **Purpose of report**

The purposes of the report were to inform Members of:

- i) 2016/17 Forecast General Fund Outturn;
- ii) Corporate Income Collection Performance; and
- iii) 2016/17 Capital Programme Monitoring.

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

The Chief Finance Officer reported that an early assessment of the forecast outturn had been prepared to reflect expenditure incurred to date and forecast to be incurred in the second half of the financial year. Appendix A to the report set out in detail the best case forecast outturn for departmental budgets was an under spend of £210,000 and the worst case is an over spend of £690,000. The range reflected seasonal and demand led factors. After reflecting the forecast outturns for corporate budgets the overall forecast is a best case potential net under spend of £801,000, or a worst case over spend of £99,000.

The report also included details of the following issues –

House Sales income  
Corporate Income Collection Performance  
Business Rates Income  
Council Tax collection  
Sundry Debts  
Progress in achieving the Capital Receipts Target  
2016/17 Capital Programme Monitoring  
Unallocated Council Capital Fund (CCF)  
Unallocated Corporate Planned Maintenance (CPM)  
Section 106 Developers Contributions.

The Chief Finance Officer also highlighted that the accrued capital receipts reported included the sale of the former for the Henry Smith school site at King Oswy Drive. Approximately half of the agreed capital receipt had been received when contracts were exchanged and the remaining capital receipt was due by the end of September 2016. The original purchaser of this site was selling the partly completed development and the new developer had approached the Council seeking agreement to schedule payment of the remaining capital receipt into two instalments to be paid in September 2017 and September 2018. Appropriate safeguards were being instigated to assure the Council's position, though discussions with the new developer indicated that they had a clear commitment to complete this site. Further information was set out in Confidential Appendix L 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, (paragraph 3) information



relating to the financial or business affairs of any particular person (including the authority holding that information).

A member of the public questioned what progress there was in relation to a review of council tax bandings. The Chief Finance Officer stated that at this time the government was only reviewing the position with business rates and that a review of council tax bandings was not presently proposed.

### **Decision**

1. That the report be noted.
2. That Committee noted that £1.8m of the gross forecast corporate outturn had been earmarked to fund future priorities, including capital investment, and detailed proposals for using this money would be included in the 2017/18 Medium Term Financial Strategy report to be considered at a future meeting of this Committee, before detailed proposals were referred to full Council.
3. That Committee noted that as achievement of these lower over spends could not be guaranteed it was recommended that no resources were committed until the outturn position was more certain. If the best case overall outturn was achieved, it would be recommended that Council determined a strategy for using these resources as part of the 2017/18 budget process. This may need to include providing additional support for the 2017/18 budget if insufficient savings had been identified. Further details would be reported to a future Finance and Policy Committee for consideration as part of the Medium Term Financial Strategy.
4. The Committee endorsed the approval of the Ward Jackson Primary School (£6,600) and West Park Primary School (£7,500) capital schemes.
5. That Committee noted that the capital receipts target could be reduced from £7.5m to 7.08m.
6. That Committee noted that the £37,000 not required for Seaton Library Toilet Disability Adaptations be transferred to unallocated Council Capital Fund.
7. That Committee noted that the Council had received approximately half of the capital receipt from the sale of the former Henry Smith school site at King Oswy Drive and approved that the remaining capital receipt would be paid in two instalments to be paid in September 2017 and September 2018 as detailed in confidential appendix L to the report, and a legal charge will be maintained on the land until all monies due have been received. Interest would be paid on the delayed payments at 2% above the existing bank base rate and this exceeds the cash flow cost to the Council. 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, (paragraph 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).

**41. Employee Sickness Absence 1st Quarter 2016/17**  
(Assistant Chief Executive)

**Type of decision**

For information.

**Purpose of report**

To update the Committee on the Council's performance, in relation to employee sickness absence, for the first quarter of 2016/17.

**Issue(s) for consideration**

The Chief Finance Officer reported that the target figure for the Council was 8.2 wte (whole time equivalent) days absence per employee. The actual sickness rate at the end of the 1st quarter showed the Council's performance was 9.53 wte per employee per annum. These levels were high for this time of year though reflected levels from the same period in 2015. It was expected that with early intervention and good management of cases that the numbers would decline as they did in 2015/16. The report set out detailed information on sickness levels for each individual department together with reasons for sickness absence and the statistics for short, medium and long-term sickness absences.

**Decision**

1. That employee sickness absence rates for the first quarter of 2016/17 are noted.
2. That the Committee notes that Corporate Management Team were to consider the current actions and arrangements in place to determine if any alternative actions could be considered.

**42. Domestic Abuse Strategy 2016–19** (Director of Regeneration and Neighbourhoods)

**Type of decision**

For information.

**Purpose of report**

To present and seek comments from the Committee on the draft Safer Hartlepool Partnership Domestic Abuse Strategy 2016-19.

**Issue(s) for consideration**

The Director of Regeneration and Neighbourhoods reported that a local needs assessment has been undertaken to ascertain the extent of domestic abuse in Hartlepool and understand the impact it has on those affected by

this issue. Key findings from the needs assessment had been used to inform the development of the draft strategy submitted as an appendix to the report including the identification of proposed strategic objectives, which included:

- Prevention of Abuse
- Partnership Working
- Provision of Services
- Pursuing Perpetrators.

The draft strategy was being consulted upon in accordance with the Voluntary and Community Sector Strategy undertaking and the results of the consultation on the draft Domestic Abuse Strategy 2016-19 would be considered and used to inform the production of the final draft which would be presented to the Safer Hartlepool Partnership in September 2016 for adoption.

The Director commented that the assessment had shown that there was lots of good work being undertaken in Hartlepool, particularly in supporting victims of domestic abuse. The Cleveland Police and Crime Commissioner often cited the work undertaken in Hartlepool as being of a high standard.

The Chair commented that at the recent Safer Hartlepool Partnership it had been agreed that a workshop for partnership members on the new draft strategy would be held and the Chair requested that that workshop be extended to the Members of the Finance and Policy Committee.

### **Decision**

1. That the draft Safer Hartlepool Partnership Domestic Abuse Strategy 2016-2019 be noted.
2. That the partnership workshop on the draft strategy be open to Members of the Committee to attend.

## **43. 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; and 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 table at Appendix A to the report detailed the required information for each procurement tender awarded since the last quarterly report. Appendix B to the report provided details of the required information in relation to Contract Procedure Rules exemptions granted since the last Corporate Procurement Quarterly Report on Contracts. The table at confidential Appendix C included the commercial information in respect of the tenders received and any confidential information relating to Contract Procedure Rule exemptions or contract extensions. This appendix contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, Appendix C.

The Director commented that the wider changes to contract procedure rules requested by Members were being considered and a further detailed report would be submitted to Members in the near future. The Chair commented that it was essential Members were involved in the procedures prior to tendering rather than afterwards.

### **Decision**

That the report be noted.

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

None.

The meeting noted that there was a joint meeting with the Regeneration Services Committee on Friday 9 September 2016 commencing at 11.30 am and the next meeting of the Finance and Policy Committee would be held on Monday 26 September 2016 commencing at 10.00 am.

The meeting concluded at 10.25 am.

**P J DEVLIN**

**CHIEF SOLICITOR**

**PUBLICATION DATE: 13 SEPTEMBER, 2016**