

FINANCE AND POLICY COMMITTEE

MINUTES AND DECISION RECORD

31 OCTOBER, 2016

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

Present:

Councillor Christopher Akers Belcher (In the Chair)

Councillors: Allan Barclay, Bob Buchan, Alan Clark, Kevin Cranney, Marjorie James, Brenda Loynes, Shane Moore, and Stephen Thomas.

Officers: Gill Alexander, Chief Executive
Chris Little, Chief Finance Officer
Peter Devlin, Chief Solicitor
Louise Wallace, Director of Public Health
Deborah Clark, Health Improvement Practitioner
Sally Robinson, Director of Child and Adult Services
Danielle Swainston, Assistant Director, Children's Services
Steve Hilton, Public Relations Officer
David Cosgrove, Democratic Services Team

57. Apologies for Absence

Councillors Paul Beck and Paul Thompson

58. Declarations of Interest

None.

59. Minutes of the meeting held on 26 September, 2016

Confirmed.

60. Minutes of the meeting of the Health and Wellbeing Board held on 13 June, 2016

Received.

61. Minutes of the meeting of the Safer Hartlepool Partnership held on 29 July, 2016

Received.

62. Hartlepool Child and Family Poverty Strategy 2016 – 2020 (*Director of Child and Adult Services*)

Type of decision

Budget Policy Framework.

Purpose of report

To share with Members a revised Child and Family Poverty Strategy for Hartlepool which included consultation with a range of stakeholders across the town.

For members to approve the updated Child and Family Poverty Strategy 2016 – 2020 submitted as an appendix to the report.

Issue(s) for consideration

The Assistant Director, Children's Services reported on the background and need for the Council to develop a Child and Poverty Strategy. Poverty was defined in many different ways and The Joseph Rowntree Foundation defined poverty as "when a person's resources are not enough to meet their basic needs." The indicator most widely used to measure poverty and to assess progress on 2020 target is:

"Relative poverty: each household's income, adjusted for family size, is compared to median income. Those with less than 60 per cent of median income are classified as poor. The measure is broadly used by many countries and the European Union. In the UK this information is taken from the Households Below Average Income (HBAI) survey."

The new Welfare Reform and Work Act has retained the relative poverty measurement and included new reporting obligations:-

- Children living in workless households
- Children living in long – term workless households
- Educational attainment of children at end of Key Stage 4
- Educational attainment of disadvantaged children at end of Key Stage 4.

The overall level of child poverty in Hartlepool is currently 31% (Child Poverty Commission, 2015).

Extensive consultation has taken place over a period of 6 months between January and August 2016 in developing the strategy. Appendix C of the

strategy detailed the consultation process, the methods used and the stakeholders that participated. A brief outline was also given in the report.

Hartlepool's key strategic priorities to reduce child and family poverty in Hartlepool were:

- Mitigate the impact of poverty on children and families
- Build pathways out of poverty for children and young people
- Create new opportunities for adults to reduce child and family poverty.

The strategy sets out the actions needed to take place to address these priorities as identified with key stakeholders during the consultation period. The Assistant Director also highlighted that the strategy also included specific reference to food poverty and child holiday hunger.

If poverty levels continued to rise potentially more families would require support from the Local Authority. The impact of the next round of Welfare Reform was expected to further increase demands on services.

Members had allocated funding for Child and Family Poverty reserve. The commitment of this additional funding could support system change to prevent children and young people being affected by poverty in the longer term.

The Assistant Director highlighted at the meeting that the strategy would need to be forwarded to Council for adoption as part of the Budget and Policy Framework.

The Chair referred to the section in the action plan relating to transport and requested that Members be provided with details of the work that underpinned the two actions.

The following recommendation was agreed unanimously.

Decision

That the Child and Family Strategy 2016 – 2020 be approved and referred to Council for adoption as part of the Budget and Policy Framework.

63. Consider Options to Deliver a 0-19 Healthy Child Programme *(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 for a preferred option from the Finance and Policy Committee to secure a 0 -19 Healthy Child Programme (HCP) to be funded

through the Public Health Grant to commence from 1 May 2017.

Issue(s) for consideration

The Director of Public Health reported that in January 2016, Public Health England published a range of guidance to support the commissioning of the Healthy Child Programme 0-19: Health Visiting and School Nursing Services. The guidance was designed to support local authorities in commissioning public health services for children and young people and in particular delivering the 0-5 and 5–19, highlighting the importance of giving every child the best start in life and in reducing health inequalities throughout life.

Since the transfer of responsibility from NHS England to the local authority, the Health Visitor and Family Nurse Partnership Service 0-5 and Children and Young People Health and Wellbeing (CYPHWB) Service 5-19 have been provided by North Tees and Hartlepool NHS Foundation Trust and contract managed by the Tees Valley Public Health shared Service, under two separate contracts.

Hartlepool Borough Council commission a Health Visitor (HV) Service and the Family Nurse Partnership (FNP) Service which included the statutory responsibilities of the five mandated development reviews and also a CYPHWB service which includes the mandated provision of the National Child Measurement programme. These services are funded through the public health grant.

The contract values of the current service provision was set out in a confidential appendix to the report which 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).

Following a comprehensive review of preventative and early intervention services in Hartlepool, a set of proposals for the fundamental redesign of prevention and early intervention provision were agreed. It was proposed, based on the Better Childhood findings, that an integrated, preventative and early intervention service for children and young people aged 0-19 years is created.

The Better Childhood in Hartlepool Integrated Locality Teams became operational on 1st August 2016 and integrated Children's Services and Health Staff. Currently the Health Staff had integrated into the Teams as part of their existing contract. The Teams consisted of: Family Support Workers, Social Workers, Community Nursery Nurses, School Nurses and Health Visitors including Family Nurse Partners.

Taking account of Public Health England guidance and recommendations

to support the commissioning of the Healthy Child Programme, local considerations including budget constraints and feedback from consultation with stakeholders, the following options for the future provision of a children's 0-19 integrated public health service had been identified: -

Option A – Alignment of existing contracts

Option B – Re-procure through a competitive tender exercise

Option C – In house service

The options were appraised in detail within the report and the Director gave a brief overview of each to the Committee. The Director suggested that based on the detailed appraisal of the options, Option C, the development of an in-house service, had the most advantages for Hartlepool. An in-house service would provide increased operational management and control, improve information sharing, provide a fully integrated service, the flexibility to respond to changing needs and the service could be accommodated within the existing Integrated Locality Teams. Clinical Governance and safeguarding supervision would be required, which would be new to the local authority and the service would also be subject to CQC registration and inspection but the Director believed the service could be safely delivered and within the agreed resource envelope.

Following a comment by a Member the Director confirmed the Poverty Impact Assessment should show a positive impact for those from minority ethnic backgrounds.

The Chair questioned how the in-house service would integrate with the Council's proposed Community Hub structure. The Director indicated that through utilising the integrated locality model, the services would be targeted at those areas with highest need. The Director of Child and Adult Services added that as the Community Hub model developed, the locality model would align with the community hubs. Work was ongoing on the future structure of the integrated services and a further report setting out how this would be accomplished and the staffing structure would be brought to the Committee. The Chair indicated that all staffing structures that affected posts at Band 15 and above were required to be reported to Members.

Members questioned if the current provider had made comment on the Council's proposals. The Director indicated that they had been made aware of the report but no response had been forthcoming. Members questioned if there was an intention that teams would be based within the community hubs or would operate from the centre out to the hubs. The Director of Child and Adult Services stated that the locality teams already worked out of their locality bases and not the Civic Centre.

The following recommendation was agreed unanimously.

Decision

That Option C, an in-house service, be supported as the preferred option for service delivery of a 0 -19 Healthy Child Programme.

64. Workforce Arrangements (*Chief Executive and Assistant Chief Executive*)

Type of decision

Non-key decision.

Purpose of report

To advise Finance and Policy Committee regarding proposed changes to employees conditions of service and the process to be followed towards implementation.

Issue(s) for consideration

The Chief Finance Officer reported that a package of proposed changes to employees' conditions of service was developed by the Council during 2015. The proposed changes were put to a trade union ballot and the outcome of the vote was the Trade Unions had not been mandated to enter into a collective agreement to reflect the specific changes to terms and conditions. At the meeting on the 27th July 2015, the Finance and Policy Committee noted that the outcome of ballot resulted in a failure to achieve the £200,000 of savings which left a residual shortfall of £123,000 in 2015/16, which would be the first call on the 2015/16 outturn. The budget deficit for 2016/17 was then increased to reflect the non achievement of the forecast recurring saving.

The Committee had agreed to the implementation of the Hartlepool Living Wage proposals and Officers were requested to recommence negotiations directly with the Trade Unions in respect of:

- Reduction in car allowances
- Unsocial working and overtime enhancements at a revised rate
- Protection arrangements; and
- Five over seven working

The Chief Finance Officer indicated that since the previous report Officers had undertaken detailed negotiations with the Hartlepool Joint Trade Union Committee (HJTUC) on a revised package of Workforce Arrangement Proposals. The package of proposed changes to current terms and conditions, on a phased basis, had been developed encompassing the following:-

- Saturday working
- Holiday Pay
- Buying Annual Leave
- Ability to Claim Travelling Time
- Cancellation of Requirement to Work at Short Notice
- Car Allowances
- Subsistence
- UNISON Ethical Care Charter
- Taking Vehicles Home
- Future Protection

Standby payments, which related to out of working hours call out arrangements, had been discussed with the Trade Unions and a revised Standby scheme was being devised outside of the package of proposals. Standby arrangements do not form part of employee's contract of employment.

Full details of the proposed changes, were set out in a confidential appendix 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 4) Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority. Details of the risks around the proposals and the detailed financial savings and one-off protection costs were also included in the confidential appendix.

HJTUC had indicated that they would need to obtain approval from their national offices, before they can move to a ballot of members. Headteachers of all Hartlepool schools and academies would also be consulted on the proposed package of changes.

The Chief Finance Officer drew Members attention to the detailed legal considerations set out in the report, particularly the potential final option available of dismissing and re-engaging the workforce; though this option was not considered an appropriate course of action.

The Vice-Chair referred to taking Council vehicles home that was available to some staff. The Chief Finance Officer stated that these vehicles should only be used for travel to and from work and appropriate checks were in place. Members questioned how confident Officers were that the new proposals would receive staff support through the union ballot. The Chief Finance Officer stated that the Assistant Chief Executive had undertaken lengthy discussions with the Trade Unions in reaching the proposals reported to Committee. The Chief Executive indicated that the proposals would be recommended to union members by HJTUC but would, at the end of the day be decided by ballot. Members considered that following the ballot last year, some additional information should be provided to staff so

they understood how these new proposals would assist in the delivery of the savings that the Council had to identify over the next few years and that should these not be agreed, then savings would have to come from another area of the Council budget. The Chief Executive added that in those areas where the Council was seeking to trade commercially, those issues that made the operation uncompetitive had to be tackled.

Decision

That the report be noted and the detailed recommendations set out in the confidential appendix 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 4) Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.

65. The 2017/18 Local Government Finance Settlement – Technical Consultation *(Chief Finance Officer)*

Type of decision

Non-key decision.

Purpose of report

The purposes of the report were to:-

- (i) update the Committee on the impact of the 2017 Business Rates revaluation; and
- (ii) To provide details of the 2017/18 Local Government Finance Settlement – Technical Consultation and the Council's response; which was agreed with the Leader to meet the Government's consultation deadline.

Issue(s) for consideration

The Chief Finance Officer reported that the Valuation Office Agency (VOA) had been undertaking a full revaluation of all Rateable Values (RV's); this was the first revaluation since the Business Rates retention system was implemented on 1 April 2013. It was understood that there would be variation in the change in RV's between regions and different authorities. An initial comparison of the 2010 RV's (net of RV appeals) and the 2017 RV's has been completed and this highlights the following key issues:

- The total RV for England has increased by 9.6%;
- The total RV for the North East has reduced by 0.9%;
- The total RV for all five Tees Valley Authorities has reduced.

Redcar and Cleveland has suffered the highest reduction and this reflects the closure of the SSI steel works;

Hartlepool's headline RV reduction of 1.7% is the second lowest in the Tees Valley. However, when the impact of the increase in the Power Station RV is excluded the RV reduction for other sectors is 6.2%, which is broadly in line with the 6.5% RV reduction for both Darlington and Middlesbrough.

One of the key changes for Hartlepool relates to the RV for the Power Station which the VOA has determined should increase from £17.5m to £20.010m, which is a 14% increase. The latest RV determined by the VOA for the Power Station follows on from their previous decision in May 2015 to reduce the original 2010 RV from £33.7m to £17.5m, which was a reduction of 48%.

The latest VOA decision regarding the Power Station RV clearly supports the Council's view that the financial risks from reductions in the RV and unplanned outages cannot be managed at a local level and these facilities should be transferred to the national list. The Council's concerns regarding this issue were again raised in the response to the current consultation.

The Leader will also be writing to the current Secretary of State for Communities and Local Government requesting an urgent meeting to again express the Council's concerns regarding the impact of the changes the VOA make to the RV of Power Station and the continued failure of the funding system to address this issue.

The increase in the Power Station RV means there is likely to be an appeal against the latest RV. In relation to appeals, the Chief Finance Officer stated that a new process for dealing with RV appeals was to be introduced, though with the current backlog of appeals it was anticipated new appeals could take several years to be completed.

The consultation detailed the Government proposals in relation to a range of issues which would impact on funding for Councils for 2017/18 and the following two years, assuming 100% Business Rates retention is not implemented until 2020/21. The key issues relate to the following areas:

- Multi-year settlement offer

The consultation confirmed the Government offer to provide a multi-year settlement covering core grants and seeks councils views on which additional grants should be included in a multi-year settlement offer. It was understood that the vast majority of local authorities had opted for this offer.

- Distribution of the improved Better Care Fund (BCF)

The Government previously indicated that they would consult during the summer on the proposed approach to distribute these resources. Under the new arrangements more BCF would be provided to authorities who

benefit less from the adult social care council tax precept. These arrangements would be beneficial to the Council and would provide additional resources, which will help reduce the previously forecast budget deficit.

- Council Tax referendum principles

The Government has indicated that for 2017/18 it will again set a core referendum limit of 2%, plus the 2% Adult Social Care precept.

- The Business Rates Revaluation adjustment

At a national level the new rateable values applying from 1st April 2017 will be revenue neutral, after allowing for appeals. At an individual local authority level the amount raised will increase or fall depending upon whether the rateable values in that area have performed above or below the average for England, after allowing for appeals. When the 50% Business Rates retention scheme was introduced the Government indicated that it would adjust each authority's tariff or top up following a revaluation to ensure, as far as is practical, that their retained income is the same after revaluation as immediately before.

The Chair commented that it was essential that another meeting with the Secretary of State was sought to discuss again the rateable value of the Power Station.

A Member commented that even with the changes to the retention system, London Borough Councils were benefitting greatly from the current and revised system, effectively keeping the system affordable. The Chief Finance Officer indicated that the government had stated that there would be no revaluation of council tax bandings.

Decision

1. That the report be noted and the consultation response, detailed in Appendix A to the report, as agreed with the Leader of the Council and submitted to meet the Government's deadline of 28th October 2016 be received.
2. That the Committee notes that the Leader of the Council will be writing to the Secretary of State Communities and Local Government to outlining the Council's continuing concerns regarding the Business Rate Retention system and to seeking a further meeting to address these issues.

66. Medium Term Financial Strategy - Review of Reserves as at 31 March 2016 *(Corporate Management Team)*

Type of decision

Non-key Decision.

Purpose of report

To enable Members to consider:

- (i) the detailed review undertaken by the Corporate Management Team of the existing reserves that are held to manage financial risks or one-off commitments; and
- (ii) the Corporate Management Team recommendations in relation to the areas where risks have reduced, enabling reserves to be released to either support the Medium Term Financial Strategy (MTFS) over the period 2017/18 to 2019/20, or to fund other one-off priorities.

Issue(s) for consideration

The Chief Finance Officer reported, that as Members were aware, the Council had through the MTFS put in place a series of measures to reduce the budget deficit over the next three years, however, the Council still faced a budget deficit of £12.7m, which equated to a 15% reduction in the current budget. The MTFS for 2016/17 to 2019/20 was based on using reserves (i.e. use of Budget Support Fund, the Business Rates Risk Reserve and for 2017/18 the allocation of additional one-off support of £1 million from the forecast 2016/17 managed under-spend) to partly mitigate the impact of continuing funding reductions and, therefore, provide a slightly longer lead time to implement efficiencies and budget reductions. The use of reserves was front loaded and the phased use was designed to avoid carrying an unfunded budget pressure into 2020/21. Over the four years up to 2019/20 the MTFS was based on using reserves of £11.151m.

The long term approach to managing reserves had been a key component of the Council's strategy of seeking to protect services as far as possible and to minimise compulsory redundancies over the last few years. In relation to the Power Station, for example, in 2015/16 the reserves strategy enabled the Council to manage this income reduction without needing to make in-year budget cuts.

The level of reserves would reduce significantly over the next few years as those resources were used to support the revenue budget, or to meet known expenditure commitments. The Council would still need to maintain some reserves to manage risks and those resources will become increasingly important as the overall size of the budget reduces. It also had to be recognised that as the overall budget and reserves reduced the financial risks being managed by the Council would not. This is particularly the case in relation to demand led services.

The Audit Commission report published in 2013 on the use of local authority reserves identified a range of questions which remained relevant and would help Members in their decision making on reserves, which includes a 'good-quality, annual review to ensure the purpose and level of reserves align with medium-term financial planning'. The report identified five key areas for Members to consider:

- (i) How much is held in reserves;
- (ii) What are reserves held for, including information provided to Members;
- (iii) Does the Authority hold any contingency fund other than reserves to protect against unplanned costs;
- (iv) The relationship between reserves and Council Tax;
- (v) Unplanned movements on reserves.

The Chief Finance Officer indicated that the report and detailed appendices dealt with (i) and (ii). In relation to items (iii) to (v) these were reflected in detail in the report which referenced -

- Contingency funds other than reserves to protect against unplanned costs
- Relation between reserves and Council Tax
- Unplanned movements on reserves

As reported in previous years the starting point for the reserves review was the Statement of Accounts which detailed the total reserves held by the Council at the end of the financial year. For this review the relevant Statement of Accounts shows the position at 31st March 2016 and at that date the Council held total reserves of £60.859m (£61.896m at 31st March 2015). The report included a detailed summary of the individual reserves and their purpose.

The Chief Finance officer reported that the review had identified a number of areas where the original financial risk or financial commitment the reserves was established to fund had reduced and resources can now be released, as detailed in Appendix A to the report. This includes the release of £2.620m from the Local Council Tax Support Scheme Reserve (LCTS). The Council has operated a LCTS scheme since 2013/14 and the LCTS reserve was allocated to support a 12% LCTS scheme, to manage potential demand risks if claimant numbers increased and to manage potential write-offs. Based on experience of operating a LCTS scheme for four years up to 2016/17 these risks have not materialised and a 12% scheme could be sustained for 2017/18 to 2019/20 without needing contributions from this reserve. It would be prudent to retain a residual reserve of £300,000 to manage potential in-year volatility over the next three years. The remaining reserve of £2.620m can be released. The Chief Finance Officer highlighted that the LCTS scheme in Hartlepool at 12% offered residents the highest level of support of any local authority in the Tees Valley.

In summary the review of all reserves held at 31st March 2016 has identified areas where the original financial risk or financial commitment the reserves was established to fund has reduced and resources totalling £4.089m can now be released, as summarised as follow:-

	Reserve Value 31.03.16 £'m	Amount released £'m
Un-earmarked General Fund Balance	4.753	0
Earmarked Budget Support Fund 2016/17 to 2018/19	5.781	0
School Balances	3.916	0
Earmarked Capital Reserves	6.517	0.287
Earmarked Revenue Reserves	39.892	3.802
Total	60.859	4.089

The one off resources identified from the reserves reviews had previously not been anticipated and were, therefore, not reflected in the current MTFS. In view of the continuing financial challenges and risks facing the Council the one off resources released from the reserves review could be allocated to support a number of potential initiatives and there were advantages and disadvantages to each of these options. However, as these proposals do not add to the ongoing budget deficit any of these proposals could be progressed. The Chief Finance Officer indicated that there was an increasing probability these resources could be allocated for one off capital priorities, as recent Government announcements are confirming revenue funding allocation. However, it was recommended that a final decision on a preferred option is made as part of the detailed budget process for 2017/18. In concluding the Chief Finance Officer drew Members attention to the section within the report setting out his professional advice to the Committee on the reserves review.

Members welcomed the report though again voiced their concern at the level of cuts being faced by the Council. The Chair welcomed the identified reserves that could be released to further the Council's strategic aims and considered the recommendation to review how they could be utilised alongside the MTFS proposals in the new year appropriate.

Decision

1. That the Committee notes that a comprehensive review of existing reserves and risks had been completed and this had identified that one-off resources of £4.089m could be released. This amount included £0.287m of income recovered in relation to former City Challenge initiatives which Members may wish to allocate to support investment in the former City Challenge area, although this funding did not need to be earmarked for this area and can be used for any purpose;

2. That the Committee notes the potential issues which may need to be funded using the available one-off resources as detailed in the report;
3. That the Committee notes that at this stage there was insufficient information available on a range of issues to enable officers to provide their best professional advice on the use of the one-off resources released from the reserves review and, therefore, approves the proposal that a strategy for using these resources is developed when more information becomes available and then reflected in the MTFS proposals to be considered by this Committee January 2017, prior to these proposals being referred to Council in February.
4. That a determination of whether the residual balance of £24,000 on the Community Grant Pool reserve is released and added to the amount detailed in recommendation (i), or is allocated to supplement the Child and Family Poverty Reserve be considered as part of the MTFS report.

67. Corporate Complaints Annual Monitoring Report 2015-16 *(Assistant Chief Executive)*

Type of decision

For information.

Purpose of report

To inform Finance and Policy Committee of the number of Corporate Complaints received in 2015/16.

Issue(s) for consideration

The Chief Finance Officer reported that overall in 2015-16 there were twenty complaints investigated using the Corporate Complaints procedure with five of those complaints being upheld/partly upheld. Although there is a slight reduction in the number of complaints investigated there was a small increase in the number of complaints that were upheld or partly upheld.

One of the complaints that was upheld then progressed to the Local Government Ombudsman who also completed a detailed investigation and agreed that the complaint should be partly upheld and the complainant paid to obtain independent advice. The Council had already offered this remedy after its investigation but the complainant wanted to take it to the LGO. The complainant had been issued with the remedy and the case closed. The remaining partly upheld complaints mainly dealt with improving process and procedures within the services and improvements these have been implemented in all cases. The detailed breakdown of complaints was set out in an appendix to the report.

The Chief Finance Officer referred to the comparative information set out in the Local Government Ombudsman's letter to the authority which showed the annual statistics on complaints made to the LGO about Hartlepool Borough Council for the year ended 31 March 2016. The Chief Finance Officer reported that officers had attended a LGO seminar recently at which comparative statistics for local authorities was shared and which showed that Hartlepool had a much lower number of complaints than many other authorities where the average of rulings against the authority was around 50%. In Hartlepool this figure was half that and reflected the approach of the Council to resolving complaints at as earlier stage as possible and reviewing and amending practices and procedures in light of complaints received.

Decision

That the 2015/16 position with regards to Corporate Complaints and the Annual Review Letter 2016 from the Local Government Ombudsman be noted.

68. Any Other Items which the Chairman Considers are Urgent

None.

The Committee noted that the next meeting would be held on Monday 28 November, 2016 commencing at 10.00 am in the Civic Centre, Hartlepool.

The meeting concluded at 10.40 am.

P J DEVLIN

CHIEF SOLICITOR

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