

# **FINANCE AND POLICY COMMITTEE**

## **MINUTES AND DECISION RECORD**

9 JANUARY 2017

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, Tim Fleming, Marjorie James, Brenda Loynes, Shane Moore, Stephen Thomas and Paul Thompson.

Also Present: Councillor Tom Hind.  
58 members of the public.

Officers: Gill Alexander, Chief Executive  
Peter Devlin, Chief Solicitor  
Chris Little, Director of Finance and Policy  
Louise Wallace, Director of Public Health  
Sally Robinson, Director of Child and Adult Services  
Denise Ogden, Director of Regeneration and Neighbourhoods  
Alastair Rae, Public Relations Manager  
David Cosgrove, Democratic Services Team

### **83. Apologies for Absence**

None.

### **84. Declarations of Interest**

None.

### **85. Minutes of the meeting held on 2 December, 2016**

Confirmed.

### **86. Minutes of the meeting of the Health and Wellbeing Board held on 17 October, 2016**

Received.

**87. Medium Term Financial Strategy – Capital and Revenue 2017/2018 to 2019/2020** *(Corporate Management Team and Director of Finance and Policy)*

**Type of decision**

Budget and Policy Framework.

**Purpose of report**

The purposes of the report were to:-

- (i) Update Members on Government announcements, including the Chancellor's 2016 Autumn Statement, impacting on local authorities; and
- (ii) To enable Members to finalise the detailed 2017/18 budget proposals to be referred to Council on 23rd February 2017.

**Issue(s) for consideration**

The Director of Finance and Policy made a presentation to the Committee setting out the key elements of the detailed report submitted to Members. Submitted with the main report was a detailed booklet of supporting information which included the detailed budget savings programme reports considered by each of the Policy Committees. The presentation highlighted the following key points –

- The Council remained ambitious for the town and this ambition was based on achieving 6 key strategic objectives –
  - Growing our Economy, Jobs and Skills
  - Regenerating our town
  - Developing and promoting Hartlepool as a great place to live
  - Developing new services for people and communities
  - Building better beginnings and better futures for our children and young people
  - Providing effective leadership based on innovation and efficiency.
- One-off Council resources of £4.949m have been identified to support the Council's ambitious "Five Year Capital Plan" though to deliver the plan the Council will need to attract external grants and private sector investment. Detailed Capital programme proposals were detailed in the report for Members' approval and referral to Council. Additionally there was £1.5m for priorities identified during the 'Your say, our future' consultation.
- The Local Government Settlement announcement in December confirmed Government funding cuts would continue until 2019/20 – this would mean that the Council will have faced nine consecutive years of funding cuts.
- Over the next three there would be a further cut in Government grant of £9.8m and this was the main reason for the gross budget deficit of £20.8m.

- The approach to addressing this deficit had been to minimise the impact on front line services.
- £11.959m of the gross deficit could be addressed from a combination of forecast housing growth, forecast Council Tax increases, corporate savings (loan repayments, insurance and ICT savings) and improved Better Care Fund. This left a net deficit of £8.841m
- The Strategy for addressing net deficit of £8.841m had a 3 year approach. Total savings proposals agreed by Policy Committees amounted to £6.547m which left the savings still be identified of £2.294m over the next three years: -  
2017/18 - £0m – budget balanced  
2018/19 - £0.795m  
2019/20 - £1.499m.
- There were also significant budget pressures. In the short-term these could be met by using departmental reserves in 2017/18 and 2018/19. In the medium term the aim was to reduce demand. The report indicated that if demand cannot be reduced there were potential pressures of £2m, which could increase the budget shortfall to £4.294m.
- The detailed strategy for dealing with the budget pressures was set out in detail within the report and included specific reference to the national pressures placed on both Children's and Adult services.
- The government was maintaining the shift from central grant funding to local Council Tax by implementing the basic Council Tax referendum limit of 1.9% plus the Social Care Precept of up to 3% for the next two years. The Chancellor had forecast that an additional £5bn of Council tax income would be generated nationally between 2015/16 and 2019/20; which was a 20% increase in Council Tax income.
- In December 2015 the government had announced that the Social Care Precept limit for the three financial years 2017/18 to 2019/20 would be 2% in each year. However, in December 2016 in responses to increasing national concerns regarding social care funding the government had announced that local authorities had the option of implementing the Social Care precept as three 2% rises or as two 3% rises in 2017/18 and 2018/19 with no Social Care Precept in 2019/20. Both options provided the same overall recurring income from 2019/20. The 3% option did provide 'earlier' income of £347,000 in 2017/18 and £423,000 in 2018/19.
- Additionally government had announced a one-off social care grant in 2017/18 which had been top-sliced from the New Homes Bonus. While this would amount to £500,000 for Hartlepool, it would be largely cost neutral due to the reduction in New Homes Bonus.
- Details of the cost per week of the proposed Council Tax rises for each property band were set out.
- The cuts in Government central grant would continue to 2019/20. Since 2013/14 the overall Council Budget had been reduced by £17.5m (18%) while government funding had reduced by £21m (45%) and Council Tax income had risen from £30.8m to £40m (30%).
- The report concluded with detailed recommendations in relation to the MTFS. Members' attention was drawn to the recommendations in

relation to the Council Tax increase and Social Care precept, funding for the Lifeguards and the impact of the social care precept on available funding, where specific recommendation was required.

Members referred to the position in relation to funding for Adult Social Care and the extreme pressure the services and budgets were under. The Chair of the Adult Services Committee considered that despite the additional Social Care precept the underlying funding issues were not being addressed by central government. The Chair of Adult Services Committee proposed that the additional Social Care precept should be set on the basis of the 3% option as this would give greater flexibility in planning managing demand and delivering services. Other members did speak in opposition to this proposal in light of the additional financial burden placed on households and the funding gap that would occur in the third year.

The Chair of the Children's Services Committee highlighted the national pressure on Children's social care services that were not receiving the same recognition as Adult Social Care but were still affecting all local authorities.

A member expressed his concern at the proposed increase in Council Tax, though accepted the need for the Social Care precept. The Member raised his concern in relation to the funding for the Beach Lifeguards and suggested that they be funded from Members' Ward Budgets. The Chair indicated his support for the proposal.

A Member commented on the proposed rise in rents for allotments that had been proposed in the Neighbourhood Services Committee budget proposals. While the service was running at a loss, all the recreation and leisure services were also and it seemed unfair to hit one element of the service with such a large increase when others didn't cover their costs. The introduction of parking charges in Seaton Carew was also seen by the Member as unnecessary when the car parking service was reportedly running a £78,000 profit.

The Chair commented that the Council could not deal with items in isolation when there was a £20m funding deficit to be bridged in three years. The increase would not be implemented until 2018 as a full year's notice of any rent increase had to be given. Allotment Associations had the option of coming forward to become self sustaining and self governed should they wish and the Council would assist them through that process.

In response to Members' comments and questions, the Director of Regeneration and Neighbourhoods stated that the car parking service as a whole was running at a loss of £130,000. Local Authorities could not make a profit from parking enforcement to fund other service areas as any such funds must be reinvested in parking and traffic management.

A member of the public asked how much Council tax remained uncollected each year. The Director of Finance and Policy stated that the long-term

collection of Council Tax in Hartlepool was very high with 99.3% collected; only that where people may have died or been declared bankrupt was not collected.

There were a considerable number of allotment holders present at the meeting and the Chair allowed a number to address the Committee with their concerns. Allotment holders concerns centred around –

- The large increase in the rental charge per square metre
- The comparison charges in other neighbouring councils
- The lack of consultation with allotment holders
- The lack of an explanation as to how the £100,000 deficit arose
- The deficit had been created by increasing the size of the of the Allotments Team
- How non-association allotment holders were consulted
- Allotment holders requests for a meeting with the Chair of Neighbourhood Services Committee and/or the Director of Regeneration and Neighbourhoods on the proposed rent increases. Such a meeting should be with all allotment holders, not the Forum as only the associations were represented on that group and a lot of allotment holders were not members of individual site associations.
- Holding and working an allotment added to people's health and wellbeing.

The Chair of the Neighbourhood Services Committee stated that the issue of allotment rents had been discussed at the meeting held on 20 October 2016. With all non-statutory service being tasked with becoming cost neutral, the only way to bridge the deficit was through increasing rents. The service currently operated with a £100,000 deficit which meant it relied on other parts of the Department's budget to meet that deficit. Members asked what level of rent was required to make the service cost neutral and they were advised it was 42p/sqm, admittedly a significant increase from the current 15p/sqm. In order to provide the statutory notice of a rent increase by April of this year for a new rent to be charged from April 2018, the decision had to be made now to give sufficient lead-in time. All allotment associations had the option of becoming self managing and the Council would look at any such application subject to them having a robust business case. There were only two members of staff in the allotments team; a reduction over what was in place three years ago.

The Chair of the Neighbourhood Services Committee stated that she would be happy to attend a meeting of the Allotment Holders Forum to discuss the issues raised. Allotment holders would, however, need to make their representatives aware of all their issues. In response to comments about the attendance of representatives from the Stranton Allotments Association, the Chair stated that the Allotments Forum, not the Council, had made a decision that any appointed representatives to the Forum should be existing allotment holders; this was not the case with one of the Stranton representatives.

The Chair commented that the issue did have to be seen in light of the

wider Council financial position and the £20m budget deficit that was having to be bridged in the next three years. However, the allotment holders obviously had a number of concerns they wished to have responses to and a meeting of the Allotments Forum would be an appropriate way forward.

The Chair indicated to the allotment holders that information would be shared in advance of the Forum meeting (as they had requested). Allotment Associations taking self management of their allotment sites was a way for them to bring issues such as rent and security under their own control and officers would be happy to assist them through this process should they so choose. The Chair also requested that a means of engaging with the non-association allotment holders should be pursued.

There was a short adjournment while many of the members of the public left the Council Chamber.

In dealing with the recommendations set out in the report the Chair raised the following specific/additional recommendations –

- Appendix A “Summary of Strategic Priorities and Key Deliverables”; reference to “Expand the Youth employment initiative by 2018” should be removed.
- Appendix A “Summary of Strategic Priorities and Key Deliverables”; The Church Street, Church Square and Stockton Street regeneration schemes should be delivered by March 2018.
- Appendix B “Vehicle Replacement Programme” the two vehicles for the Youth Offending Service and the Youth Service be deleted and that the business cases for both vehicles be reported to the Children’s Services Committee before further consideration by this Committee
- The Lifeguard Service in 2017/18 be funded by top-slicing the Ward Members Budget.
- That the Adult Social Care Precept be taken on a two years at 3% basis as offered by central government.

## **Decision**

The Chair put the proposal in relation to the Adult Social Care precept to the Committee which was supported on a majority vote 10:1.

The Chair then put the proposal for the overall Council Tax increase of 4.9% for 2017/18 to the Committee which was supported on a 7:4 majority vote.

The remaining recommendations in the report were agreed unanimously.

- (a) That the Chair of the Neighbourhood Services Committee and the Director of Regeneration and Neighbourhoods hold further discussions with the allotment holders via the Allotments Forum and also with the wider non-association allotment holders around the allotments budget and the proposals for encouraging self management of allotment sites.

- (b) That the following recommendations be referred to Council for approval and adoption: -

Implementation of annual increase in Hartlepool Living Wage and National Living Wage

1. That it is noted that the National Living Wage will increase from £7.20 an hour to £7.50 an hour in April 2017.
2. That it is noted that in accordance with the previous decision of Council on 10th December 2015 the Hartlepool Living Wage had been set at £7.88 from 1st December and would then be increased on an annual basis, commencing from 1st April 2016, in line with the cost of living pay award for Local Authority employees until such time as this is less than the National Living Wage, at which stage the National Living Wage would apply. This policy increased the Hartlepool Living Wage to £8.04 from 1st April 2016 and would result in an increase to £8.19 from 1st April 2017.

Five year capital plan

3. That the following proposals for using the one off resources of £4.949m identified from the reserves review and contribution from the 2016/17 forecast outturn be approved and delegated to the Finance and Policy Committee to manage the detailed allocations for individual proposals:

	Recommended funding allocation £'m
<u>Building Condition issues</u>	1.000
A detailed programme will be developed and reported to a future meeting for approval to reflect the impact of building rationalisation, the development of Communities Hubs and the potential impact of the closure of the courts.	
<u>Borough Hall</u>	0.493
A building condition survey has identified investment requirements for this building of £493,000 to ensure the continued operation of this facility.	
In addition, potential underpinning of the building may be required if repairs recently completed to the drainage system to not address subsidence issues. An assessment of the impact of the drainage works will be completed by September	0.307

2017. If these works are not necessary it is recommended that these resources are allocated to address further requirements at the Borough Hall, subject to a further report being considered by the Finance and Policy Committee.

Church Street/Church Square

0.287

This funding is allocated to match fund the external grant secured for the Managed Work Space scheme and will be held as a contingency to manage the potential risks in relation to this scheme. This amount is specifically funded from City Challenge resources released from the reserves review.

If the funding is not needed as match funding it will be allocated to support the public realm works within Church Street/Church Square and a further report submitted to this Committee for approval.

Contribution towards Waterfront development and relocation of Sports Facilities 2.862

The delivery of these projects will be reliant upon securing private sector investment and external grant funding. These funding sources are likely to require match funding from the Council's own resources. Therefore, it is recommended that this amount is set aside. Proposal for using these resources will be subject to further reports on the detailed business cases being submitted to this Committee for approval.

Total 4.949

4. That the proposal to use Prudential Borrowing to support capital investment of £1.5m to address issues identified through the 'Your say, our future' consultation be approved and Council's approval be sought to delegate Authority for approving the detailed programme of schemes to the Finance and Policy Committee.
5. That Council notes that the details of specific Government Capital Allocations for the Local Transport Plan, Education and Personal Social Services had not been issued by the Government when the report was prepared and detailed proposals for using these ring fenced capital resources would be reported to the relevant Policy Committee for approval once details have been received. Indicative allocations were detailed in Appendix B to the report.
6. That the use of Prudential Borrowing for the replacement of Operational Equipment as detailed in Appendix B to the report be approved (subject to removal of the items requested by the Chair as referred in the previous paragraphs) and that it be noted that the



annual repayment costs were already included within existing operational and trading accounts budgets.

7. That approval be given to a new capital receipts target of between £1.5m and £3.5m for 2017/18 and 2018/19. It was noted that these forecast resources could not be committed until land sales were certain and detailed proposals for using these resources would then be reported to a future meeting of Finance and Policy Committee.

#### 2017/18 to 2018/19 General Fund Budget

8. It was noted that the Government had confirmed a multi-year for the Council for 2017/18 to 2019/20 and this confirmed there would be a further grant cut of £9.8m by 2019/20. After reflecting this funding cut and the impact of inflation the Council faced a forecast deficit of £20.800m.
9. That the phased use of the Budget Support Fund be approved as follows:

	Planned use of Corporate Reserves £'m
2016/17	6.488
2017/18	#3.251
2018/19	2.448
2019/20	1.055
<b>Total</b>	<b>13.242</b>

# includes £1m of additional one-off funding from the 2016/17 managed under spend to help manage the annual phasing of the budget savings over the period 2017/18 to 2019/20.

10. That a 2017/18 Council Tax increase of 4.9%, which includes the 3% Social Care precept be recommended to Council. It was noted that this was below the Government Council Tax referendum limit of 5% which reflected the Government's policy of shifting the cost of funding local services, including Adult Social Care services, to Council Tax payers. It was also noted that for the majority of households (54%) in Band A property the weekly increase was 93 pence or less.
11. It was noted that after reflecting the use of reserves, the 2017/18 recommended Council Tax increase, the continuation of the current Council Tax regime by the Government for 2018/19 and 2019/20, the achievement of corporate budget savings and the forecast improved Better Care Fund allocation for 2018/19 and 2019/20 the gross deficit reduces from £20.800m to £8.841m.

12. That the detailed General Fund savings proposal for 2017/18 to 2018/19 as summarised in Appendix C to the report totalling £6.547m be approved. It was noted that, as summarised below, these proposal enabled a balanced budget to be set for 2017/18 and significantly reduce the savings still to be identified for 2018/19 and 2019/20:

	2017/18 £'m	2018/19 £'m	2019/20 £'m	Total £'m
Forecast Budget Deficit	4.077	2.479	2.285	8.841
Less - Savings Proposals	(4.077)	(1.684)	(0.786)	(6.547)
Savings still to be identified	0	0.795	1.499	2.294

13. It was noted that proposals to address the residual savings for 2018/19 and 2019/20 would be reported in June/July 2017 for consideration and approval.
14. That the strategy detailed in section 5.14 of the report for managing budget pressures in relation to Children's Services, Adult Services and Regeneration and Neighbourhoods Services be noted. It was also noted that if these pressures cannot be reduced that additional budget saving of £2m may be required by 2019/20.
15. It was noted that Council Tax levels for 2018/19 and 2019/20 would be determined at a future date to reflect the Government's Council Tax referendum regime, inclusive of the Social Care precept, which reflected the Government's policy of shifting funding for local services to Council Tax payers.
16. It was agreed to recommend to Council that the Lifeguard Service, which is currently funded from one off funding, be funded in 2017/18 by top-slicing the Ward Members Budget.

#### Public Health Funding

17. That approval be given to the savings proposals for the Public Health department of £1.779 million over the next three financial years, which addressed a grant cut of £689,000, provided £900,000 which would be reinvested into transforming services across the Council to deliver public health outcomes in 2017/18 and £190,000 to support eligible expenditure within Sport and Recreation to ensure access to services for all residents particularly those in poor health.

#### Adult Social Care Reserves

18. It was noted that the Council will benefit from one off Adult Social Care Support Grant in 2017/18 (£500,000), plus the early achievement of Social Care precept income arising from the Government moving from a three year precept of 2% per year, to a

two year precept of 3% per year - £347,000 in 2017/18 and £423,000 in 2018/19. It was noted the total value of these resources is £1.270m which reduced the call on Departmental Reserves and enabled these resources to be reallocated to fund one off pump priming and transitional costs of implementing alternative service delivery options for Adult Services arising from feasibility work the Council is currently undertaking, as detailed in paragraph 5.19 of the report.

#### Robustness of Budget Forecasts

19. The Committee noted the detailed advice provided by the Director of Finance and Policy and Corporate Management Team as set out in section 7 of the report.

## **88. Council Tax Base 2017/18** *(Director of Finance and Policy)*

### **Type of decision**

Non-key Decision

### **Purpose of report**

The report sought member approval, as required by statutory regulations, to a calculated Council Tax Base for 2017/18 which would be used for Council Tax billing purposes.

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

The Director of Finance and Policy introduced the report which set out the statutory Council Tax Base determination that was required to allow the calculation of Council Tax for this authority and the major precepting authorities; Cleveland Police Authority, Cleveland Fire Authority and the local precepting authorities (Parish Councils), before 31st January 2017. The Council Tax Base is expressed as the number of Band D equivalent properties.

The detailed report indicated that the amount of Council Tax levied on each Band D property located in the Borough of Hartlepool was calculated by dividing the total amount of the precepts determined by this Council, the Police and Crime Commissioner and Cleveland Fire Authority on the Collection Fund in 2017/18, by the Council Tax Base. The amount of Council Tax payable for other bands was determined by applying a fixed proportion of the Band D amount. A separate report on the calculation of the amount of Council Tax payable for each band for 2017/18 would be submitted to Council as part of the budget process. Attached to the report were a series of appendices detailing the relevant Council Tax base for each of the Parish Council areas in the Borough.

As part of the Government's welfare reforms, Councils were required to

determine and operate their own local schemes for providing support with Council Tax. Under these arrangements, there was a requirement to adjust the Council Tax Base to reflect the impact of the Local Council Tax Support scheme. Members had approved a 2017/18 LCTS scheme involving a cut of 12%, the same as for 2016/17. The LCTS adjustment was expressed in terms of an equivalent number of Band D's within each appendix to the report.

In setting the Tax Base the Council was required to consider the effectiveness of its arrangements for collecting Council Tax and factor in an adjustment to avoid a deficit on the statutory Collection Fund. This was reflected in the detailed calculation of the Council Tax base detailed in the Appendices to the report and reflected in-year collection rates for full Council Tax Payers and households in receipt of Local Council Tax Support.

Whilst, the in-year collection rate adjustment reduced the Council Tax base, the Council continued to achieve long term collection level of 99.3% within 5 years.

#### **Decision**

- (a) That a Hartlepool BC Council Tax Base for 2017/18 of 23,569.5 be approved.
- (b) That a Council Tax Base for 2017/18 for Parishes who intend to levy a precept upon the Council's Collection Fund be approved as follows:

Dalton Piercy	104.1	Elwick	542.9
Greatham	575.5	Hart	304.8
Newton Bewley	31.9	Headland	745.7
Brierton	13.0	Claxton	15.6

### **89. Employee Sickness Absence 2<sup>nd</sup> Quarter 2016/17** (Director of Finance and Policy)

#### **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 second quarter of 2016/17.

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

The Director of Finance and Policy reported that the target figure for the Council is 8.2 wte (whole time equivalent) days absence per employee. The actual sickness rate at the end of the 2nd quarter showed the Council's

performance is 9.80 wte days per employee per annum, an increase on the 1st quarter figure of 9.53 days. These levels were high for this time of year and reflected a higher level of sickness absence than recent years. It was still expected that with early intervention and good management of cases that the numbers would decline as they did in 2015/16. The Council would continue to focus on sickness absence management to try and achieve its 8.20 wte days average sickness per employee target at the end of the reporting year. The report set out specific details for each of the Council's departments together with the reasons for the sickness recorded.

Members noted that the figures for the smaller departments could be inordinately affected by only small numbers of staff illness.

### **Decision**

1. That the employee sickness absence rates up to the second 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.

## **90. Bullying and Harassment and Member/Officer Protocol** *(Chief Executive)*

### **Type of decision**

For information.

### **Purpose of report**

To inform Members of a proposed review of Council policies.

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

The Chief Executive reported that she proposed a review of some of the key employee policies of the authority over the forthcoming year. Initially it was proposed to review the Employee Bullying Policy together with the Officer Member Protocol, which are inter-linked. The Chief Executive indicated that the newly appointed Assistant Director, Corporate Services would be tasked with undertaking the review as a key priority with the aim of bringing report to the Committee within 6 months.

Members commented that they believed that the relationship between Members and staff should be broken down and while recognising Members' role as employers/management they should be more involved with staff meetings to gain first-hand the views of employees. Trade Union representatives should also attend these meetings.

The Chair suggested that it would be useful to have some workshops

around those suggestions with Trade Unions. The Chair did meet with Trade Union representatives on a regular basis and it was understood from those meetings that some staff policies were not fit for purpose. It would also be useful if the Assistant Director could build in some bench-marking with other local authorities into her report.

**Decision**

That a review of the Employee Bullying Policy and the Officer Member Protocol be undertaken by the Assistant Director, Corporate Services for submission to this Committee in six months time.

**91. Any Other Items which the Chairman Considers are Urgent**

None.

The meeting noted that the next meeting of the Committee would be held on Friday 10 February 2017 at 2.00 pm.

The meeting concluded at 11.30 am.

**P J DEVLIN**

**CHIEF SOLICITOR**

**PUBLICATION DATE: 17 JANUARY, 2017**