

FINANCE AND POLICY COMMITTEE

MINUTES AND DECISION RECORD

10 February 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, Stephen Thomas and Paul Thompson

Also Present: Councillors Bob Buchan, Tom Hind and George Springer
Edwin Jeffries, UNISON

Officers: Gill Alexander, Chief Executive
Peter Devlin, Chief Solicitor
Chris Little, Director of Finance and Policy
Claire McLaren, Assistant Director, Corporate Services
Louise Wallace, Director of Public Health
Sally Robinson, Director of Child and Adult Services
Denise Ogden, Director of Regeneration and Neighbourhoods
Tony Hanson, Assistant Director, Environment and Neighbourhood Services
Steven Carter, Health Improvement Practitioner
Catherine Grimwood, Performance and Partnerships Manager
Alastair Rae, Public Relations Manager
Angela Armstrong, Principal Democratic Services Officer

92. Apologies for Absence

None.

93. Declarations of Interest

Councillor Paul Beck declared a personal interest in minute 97.

94. Minutes

- (1) Minutes of the meeting of the Finance and Policy Committee held on 9 January 2017 – received.

95. Matters arising

The Chair of the Neighbourhood Services Committee provided an update on the task given to the Committee by the Finance and Policy Committee to ensure that all service areas within the responsibility of the Neighbourhood Services Committee were cost neutral by 2020. The allotment service was the first service area to be reviewed in view of the requirement to give 12 months' notice of any proposed changes to rental charges to allotment holders. The Chair of the Neighbourhood Services Committee had met with allotment holder representatives to discuss the issue and had numerous meetings with Senior Officers and the Leader of the Council. As a result of these discussions, it was suggested that the initial proposal to increase allotment fees from 1 April 2018 should not be implemented and that the funding gap of £100k will in the short term be resolved as follows:

- Public Health to contribute £50k per year for 3 years to the Allotment Service; and
- Notice be given to Allotment Holders that rents will increase by inflation in 2018/19 and 2019/20. For 2018 this would mean an increase from 15p per square metre to 16p, and any remaining shortfall in 2018/19 will be funded from other areas of the Council's budget.

The above proposals will enable the Council to work alongside allotment holders through the Allotment Forum to develop a long-term solution involving a review of the whole service.

In addition to the above, the Chair of Neighbourhood proposed the following:

- Allotment rents should increase by inflation year on year; and
- That new allotment sites were sought as a priority in order to improve the service offer and reduce waiting list for allotments.

Members were asked to consider the above revised proposals as an addition to the detailed budget recommendations.

A discussion ensued during which Members believed the above proposals to be a much fairer settlement than the original proposals. In response to a request for clarification, the Chair confirmed that any budget gap would be funded from other services across the whole Council, further consideration of the detail behind this would be submitted to a future meeting of the Finance and Policy Committee. The Director of Regeneration and Neighbourhoods added that support would be provided to assist local associations in developing arrangements for devolved management.

Decision

- (a) That the following proposals be included within the Medium Term Financial Strategy to be submitted to Council on 23 February 2017:

- (1) Public Health to contribute £50k per year for 3 years to the Allotment Service.
 - (2) Notice be given to allotment holders that rents will increase by inflation in 2018/19 and 2019/20. For 2018 this would mean an increase from 15p per square metre to 16p, and any remaining shortfall in 2018/19 will be funded from other areas of the Council's budget.
 - (3) Allotment rents should increase by inflation year on year.
 - (4) That new allotment sites were sought as a priority in order to improve the service offer and reduce waiting list for allotments.
- (b) That all allotment holders be informed of the above proposals in writing and that the proposals also be included within the Council's website.

96. Additional Minutes

- (1) Minutes of the meeting of the Health and Wellbeing Board held on 5 December 2016 – received.
- (2) Minutes of the meeting of the Safer Hartlepool Partnership held on 23 September 2016 – received.

97. Council Plan 2017/18 – 2019/2020 (Chief Executive)

Type of decision

Budget and Policy Framework

Purpose of report

To set out the Council's ambitions for the Borough and the strategic plan for achieving this. Specifically, the Committee was asked to consider the draft proposals that had been identified for inclusion in the Council Plan 2017/18 – 2019/20 which were of relevance to the remit of the Committee.

Issue(s) for consideration

The report set out the changes between the Key Deliverables previously reported to the Finance and Policy Committee and those proposed for inclusion in the final plan were included within Appendix 2. The sections specifically for consideration by the Finance and Policy Committee were identified by the relevant strategic priority and included within Appendices 1 and 3. It was highlighted that the final draft of the Council Plan would reflect any comments received by the Policy Committees and submitted to the Finance and Policy Committee on 6 March 2017 and full Council on 23 March 2017 for final approval.

The Chair of Regeneration Services Committee confirmed that the proposals contained within the Council Plan had been considered at a meeting of the Regeneration Services Committee earlier in the day during which, Members had overwhelmingly supported the Plan and commented

on the positive message contained within the Plan.

Decision

- (1) The key deliverables, milestones and performance measures identified for inclusion in the Council Plan, particularly those relevant to the remit of the Committee were supported unanimously by the Committee.
- (2) It was noted that the draft Council Plan will be submitted to each of the other four Policy Committees for consultation. The final draft of the Council Plan, incorporating any comments received and be considered by the Finance and Policy Committee on 6 March 2017 for consideration and approval prior to submission to full Council on 23 March 2017 for final approval.

98. Holiday Hunger Pilot Scheme Evaluation Report (*Director of Child and Adult Services*)

Type of decision

Non key decision.

Purpose of report

To provide Members with the key findings from the 2016 'Holiday Hunger' pilot scheme, delivered over the 6-week school summer holidays (the full evaluation report was attached at Appendix A.

Based on the findings from the evaluation process, the report also set out some future proposals and next steps, if Members agreed that another holiday provision scheme should be provided in 2017.

Issue(s) for consideration

The background to the provision of the Holiday Hunger Scheme in 2016 was provided in the report. The key findings were detailed in the evaluation report which was attached at Appendix A. However, it was noted that the demand for the food parcel scheme was greater than predicted with the initial 480 parcels collected by week 5 of the scheme. In total 582 food parcels were distributed over the school summer holiday period with households accessing less than two parcels on average. The 582 parcels were spread across 338 households in total. Further analysis had shown that the total beneficiaries through the operation of the scheme were 901 adults and 1330 children.

Following evaluation through qualitative interviews with staff and partners, concerns were expressed that the scheme in its current format was not sustainable or practical in the long term and may create a false demand as families may access the scheme because it was free rather than through a genuine need.

It was noted that a bid for funding to continue this scheme into 2017 was made to the North East Child Poverty Commission, however this was unsuccessful. It was therefore proposed that another ring fenced non-recurrent community resource for Summer 2017 be provided through the Child and Family Poverty Reserve. It was proposed that another £25k was made available, plus £4k underspend from the 2016 budget. It was also proposed that £13k which funded the food parcel scheme, was allocated to the non-recurrent resource, making a total of £42k available for community voluntary sector groups to bid for.

During the discussions that followed, Members indicated they were fully supportive of the proposals in view of the incredible success of the pilot scheme which utilised the family poverty reserve and highlighted the deprivation levels in the town and thanks were conveyed to everyone involved in the operation of the scheme. It was suggested that a letter be forwarded to everyone who participated, accessed the fund and delivered the scheme to ensure the clear message that the Council was supportive of the future operation of the scheme was passed on.

A Member highlighted that problems of holiday hunger also occurred during other times of the year such as Christmas and easter and it was hoped that this would be included within future considerations. It was noted that numerous Head Teachers had commented on the positive effects of the holiday hunger scheme with children coming back after the holidays ready to learn.

At the request of a member of the public, the Chair provided clarification on the operation of the holiday hunger scheme and the distribution of food parcels and how local community groups could access the scheme and even determine their own scheme.

Decision

The following decisions were agreed unanimously:

- (1) The findings of the evaluation report were noted and the proposals for the future delivery of the holiday provision scheme were approved.
- (2) It was agreed that another ring fenced non-recurrent community resource be provided for Summer 2017 through the Child and Family Poverty Reserve and that another £25k be made available, plus the £4k underspend from the 2016 budget.
- (3) That the £13k which funded the food parcel scheme be allocated to the non-recurrent resource, making a total of £42k available for community voluntary sector groups and amend the funding criteria to enable organisations to bid to provide food parcels.
- (4) A letter be forwarded to everyone who participated, accessed the fund and delivered the scheme to ensure the clear message that the Council was supportive of the future operation of the scheme was passed on.

99. Lease in of Satellite Accommodation (*Director of Regeneration and Neighbourhoods/Director of Child and Adult Services*)

Type of decision

Non key decision.

Purpose of report

To seek approval to lease a residential property as “satellite” accommodation in relation to Exmoor Grove Children’s Home.

Issue(s) for consideration

The background to the development of a satellite provision to Exmoor Grove Children’s Home was provided in the report and within confidential Appendix 1. **This item contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely information relating to an individual (para 1) and information relating to the financial or business affairs of any particular person (including the authority holding that information) (para 3).** It was noted that a suitable house in the area, owned by Thirteen had been identified and terms had been agreed for a lease of the property as outlined in confidential Appendix 2. **This item contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely information relating to the financial or business affairs of any particular person (including the authority holding that information).**

It was highlighted that in view of the urgency of the requirement, occupation of the property on a short term basis had been agreed with Thirteen to enable adaptation work and redecoration to be arranged and carried out pending formalisation of the lease.

Members were fully supportive of the proposals morally to provide the most appropriate support for this child as well as financially as the costs for a residence out of the area for a child were astronomical.

Decision

The agreement of the lease with Thirteen as set out in confidential Appendix 2 was approved unanimously. **This item contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely information relating to the financial or business affairs of any particular person (including the authority holding that information).**

100. Land at Ferry Road *(Director of Regeneration and Neighbourhoods)*

Type of decision

Non key decision.

Purpose of report

To seek approval to agree the rent review due under the lease and also to serve notices to quit on the landlord and sub tenant.

Issue(s) for consideration

The background and purpose of the lease of the land at Ferry Road from PD Ports for a term of 10 years was shown on Appendix 1 was included within the report. Following negotiations with PD Port's surveyor, a review had been undertaken and the proposal along with the main terms of both the lease and sub lease were set out in confidential Appendix 2. **This item contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely information relating to the financial or business affairs of any particular person (including the authority holding that information) (para 3).**

It was noted that the increase in the rental level, whilst partially offset by the same percentage increase in the rent receivable from MCO Ltd, increased the net annual cost to the Council. Due to the Council's overall financial position and priorities, it was proposed to terminate the sub lease and head lease which can be done under the lease terms on 12 month's notice in both cases. A meeting had been held with the sub tenant. MCO Ltd who acknowledged the Council's position and were therefore considering alternative arrangements. It was therefore proposed to serve break notices on the landlord PD Ports and the MCO Ltd which will take effect 12 months after the date of service.

Decision

The rent review and the termination of the leases were approved unanimously.

101. Inspirations Coffee House *(Director of Regeneration and Neighbourhoods)*

Type of decision

Non key decision.

Purpose of report

To provide Members with a financial update with regard to Inspirations

Coffee House as raised under Members' Questions at full Council on 10 December 2015.

To note the outline proposals going forward with the future development of the Coffee House.

Issue(s) for consideration

The background to the provision and current operation of Inspirations Coffee House was outlined in the report. The Coffee Shop opened in 2013 and the report showed the actual income and expenditure for the last three financial years and forecast position for the current year. The forecast also included actual activity to 31 December 2016 and forecast activity for the final three months of the year. Further detail was provided on the staffing costs; other running costs; and income.

The Coffee Shop is a small part of the Trading Activity undertaken by the Regeneration and Neighbourhoods Department; overall these activities make an annual surplus of £142,000 as detailed in the report. It was noted that over the last three years income or gross profits had increase and in the current year running costs had reduced. However, in the three years up to 2015/16, there was a net annual deficit which was funded from surpluses generated on other Trading activities. The 'best' case forecast for 2016/17 showed a potential break even position. However, this was predicated on achieving additional income in the last three months sufficient to achieve the gross profit target. It was noted that at this stage, there was a significant risk that this would not be achieved and 'worst' case the forecast deficit for 2016/17 was £15,000. In terms of ongoing financial sustainability it would continue to be extremely difficult to achieve a breakeven position for income and expenditure along with the increased risk of replacing operational equipment which was at the end of its operational life. Based on an assessment of trading issues and forecast equipment replacements, it was anticipated that an annual deficit of between £5,000 and £20,000 was likely to continue in 2017/18 and future years.

Members were asked to determine whether the Council should continue trading for the remainder of the financial year and in the meantime undertake a review of all Tanfield Road activity and appraise alternative delivery models taking into account the outcome of the single status ballot, or alternatively close the facilities.

The UNISON representative provided a response which contained a temporary proposal, to be reversed following a period of sustained growth that would allow the authority to continue trading in Inspirations. **This item contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matters arising between the authority or a Minister of the Crown and employees of, or**

office holders under, the authority (para 4).

In response to a request for clarification from a Member, the Director of Finance and Policy indicated that the bottom line of the summary accounts clearly showed a deficit with the potential to break even in the current year.

Whilst there was some support indicated for Option 1, the Chair noted that the proposals tabled from UNISON were outside the recommendations and would need further consideration. It was therefore proposed that further consideration of this report be deferred until the meeting of the Committee on 6 March 2017 to enable the conclusion of the discussions with UNISON on the proposed alternative way forward.

Decision

That consideration of this report be deferred to the meeting of the Finance and Policy Committee 6 March 2017.

102. Strategic Financial Management Report – As at 31 December 2016 (*Corporate Management Team*)

Type of decision

For information.

Purpose of report

To inform Members of the 2016/17 Forecast General Fund Outturn and the Corporate Income Collection Performance.

Issue(s) for consideration

Members were reminded of the detailed in the Medium Term Financial Strategy Report (MTFS) submitted to the Committee on 30 September 2016 which highlighted the further cuts in funding to be implemented by the Government for Councils up to 2019/20. A general fund budget for 2016/17 forecast outturn update was outlined in the report. Details were included in Appendix A of the best case forecast outturn for departmental budgets which was an overspend of £0.511m and the worst case was an overspend of £1.070m.

The report also indicated that after reflecting forecast corporate underspend, the overall outturn forecast indicated a best case net underspend of £80,000 and a worst case overspend of £479,000. In the event that there was a year-end overspend, this would either be funded from the General Fund Reserve or by reducing resources earmarked for Capital priorities. The position will continue to be monitored and the final outturn report will recommend a strategy to address a year end under spend if this occurs. A summary of the forecast outturn was included within the report.

Further details were provided on the following areas:

- House Sales income
- Corporate Income Collection Performance
- Business Rates income
- Council Tax
- Sundry Debts

In relation to the collection of Business Rates and Council Tax, it was noted that the collection levels as at 31 December 2016 were broadly in line with previous years and it was also anticipated that year end collection levels would be in line with previous years, reflecting the MTFS planning assumptions.

The Chair sought clarification on paragraph 4.7 of the report relating to house sales income. The Director of Finance and Policy confirmed that any proposals for the use of the income from house sales would be submitted to Members for approval if it had to be ring fenced.

Decision

That the report be noted.

103. Corporate Procurement Quarterly Report on Contracts *(Director of Finance and Policy Committee)*

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:

- To receive and examine quarterly reports on the outcome of contract letting procedures including those where the lowest/highest price was not payable/receivable.
- To receive and examine reports on any exemptions granted in respect of the Council's Contract Procedure Rules.

Issue(s) for consideration

Attached at Appendix A to the report was the detailed 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 information relating to the financial or business affairs of any particular person (including the authority holding that information) (para 3).**

A Member suggested that relevant Policy Committees should receive any procurement proposals within its service area responsibilities before contracts were awarded. The Director of Finance and Policy informed Members that the Corporate Management Team were developing a process to ensure Members were informed at the most appropriate stage and this would be submitted to Finance and Policy Committee once this was complete. The Chair noted that as this would necessitate a constitutional change, it would also be reported to Constitution Working Group.

Decision

The report was noted.

104. Any Other Items which the Chairman Considers are Urgent

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

105. Any Other Business – Raby Gardens Council Owned Land Transfer to Thirteen Group

Type of decision

Non key decision.

Purpose of report

To seek urgent permission to transfer Hartlepool Borough Council owned land to Thirteen Group to enable the development of an affordable housing scheme of 64 dwellings, of which 36 were bungalows at Raby Gardens.

Issue(s) for consideration

The background to the proposals was included within the report. In support of the Thirteen Group affordable housing development, it was proposed that the Council transfer the land to Thirteen Group as soon as possible and then subsequently enter into negotiations as soon as practicably possible

for the Council to:

- (a) Take ownership of other land currently in Thirteen Group ownership elsewhere in the Borough of Hartlepool to the cumulative value of £80k; or
- (b) Take ownership of an affordable unit on the Raby Gardens site or other locations to the Council's satisfaction to the minimum value of £80k.

The proposals will enable the Thirteen Group affordable housing development to start by March 2017 and ensure that the Council was adequately compensated for the land transfer. It was noted that if the proposal was approved, Officers would immediately commence negotiations with Thirteen Group to identify suitable land or property in their ownership to the value of £80k. A subsequent report would be brought back to the Committee which will set out the land or property which Thirteen Group were offering in compensation or if an agreement could not be reached.

Members were supportive of the proposal adding that it was in keeping with the Council's overall housing strategy although there were differing opinions on which options was the best value for the Council.

It was suggested that the Chair of the Regeneration Services Committee be kept informed throughout the negotiations with the outcome reported back to the Finance and Policy Committee.

Decision

- (1) Members supported the Thirteen Group affordable housing development in transferring the land to Thirteen Group as soon as possible and then subsequently entering into negotiations as soon as was practicably possible for the Council to:
 - (a) Take ownership of other land currently in Thirteen Group ownership elsewhere in the Borough of Hartlepool in the cumulative value of £80k; or
 - (b) Take ownership of an affordable unit on the Raby Gardens site or other locations to the Council's satisfaction to the minimum value of £80k.
- (2) That the outcome of the negotiations be reported to the Finance and Policy Committee at the earliest opportunity.

The meeting concluded at 2.55 pm

P J DEVLIN
CHIEF SOLICITOR
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