

# **FINANCE AND POLICY COMMITTEE**

## **MINUTES AND DECISION RECORD**

12 JUNE 2017

The meeting commenced at 11.00 am in the Civic Centre, Hartlepool.

### **Present:**

Councillor Christopher Akers Belcher (In the Chair)

Councillors: Alan Clark, Kevin Cranney, Marjorie James, Stephen Thomas and Paul Thompson.

Also Present: Councillor Buchan as substitute for Councillor Tim Fleming in accordance with Council Procedure Rule 5.2.

Officers: Gill Alexander, Chief Executive  
Peter Devlin, Chief Solicitor  
Chris Little, Director of Finance and Policy  
John Morton, Assistant Director, Finance and Customer Services  
Dr Paul Edmondson-Jones, Interim Director of Public Health  
Denise Ogden, Director of Regeneration and Neighbourhoods  
Steve Hilton, Public Relations Officer  
David Cosgrove, Democratic Services Team

### **1. Apologies for Absence**

Councillors Tim Fleming, Dave Hunter and Brenda Loynes.

### **2. Declarations of Interest**

None.

### **3. Minutes of the meeting held on 27 March, 2017**

Confirmed.

### **4. Minutes of the joint meeting of the Finance and Policy Committee and the Regeneration Services Committee held on 6 March, 2017**

Confirmed.

## 5. **Capital Maintenance Programme 2017** (*Director of Regeneration and Neighbourhoods*)

### **Type of decision**

Key Decision test (i) applies. General Exception Notice issued.

### **Purpose of report**

To seek Members approval to allocate the Council's Capital Planned Maintenance – Building Condition Fund on Council property and assets in 2017/18.

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

The Director of Regeneration and Neighbourhoods reported that as part of the Council's Medium Term Financial Strategy reported to Finance and Policy Committee on 9 January, 2017, one off resources were identified to fund capital priorities including £1m to address building condition issues and ensure the continued delivery of services. This was in addition to £0.8m allocated to address specific building condition works required at the Borough Hall, which will be carried out between 2017 and 2020.

The Medium Term Financial Strategy approved by Council, delegated authority to the Finance and Policy Committee to approve schemes to be funded from the above £1m resources. The report set out details (in appendix A) of schemes relating to urgent mechanical and electrical works, health and safety issues or immediate deterioration such as roofing repairs identified to be undertaken in year 1 following condition surveys. In addition there were capital works relating to the setting up of the three Community hubs as reported to Committee in December 2016. Details of these works to enable all three hubs to be initially opened and operational from July 2017 and fully operational by April 2018 were set out in Appendix B. Some elements of work were deemed to be absolutely essential to facilitate the hubs becoming operational from July, with other works carried out over the following months as planning and other constraints allow. Details of the expected overall expenditure for 2017/18 Capital Maintenance Programme were as follows –

		£
CETL		113,000.00
War Memorial, Victory Square		55,000.00
Headland Sports Centre		50,000.00
Carnegie Building		51,000.00
Sir William Gray House		16,000.00
West View HUB	Phase 1	78,150.00
	Phase 2	2,250.00
Owton Manor HUB	Phase 1	117,450.00
	Phase 2	1,500.00
Central Library HUB	Phase 1	67,500.00
	TOTAL	551,850.00

The Director highlighted that the Tees Valley Combined Authority had recently been successful in obtaining One Public Estate funding of £115,000 which had been identified to undertake feasibility studies on Hartlepool Borough Council Civic buildings, which would enable the Council to produce a strategic asset management plan over the next two years. It, therefore, made sense for the authority to await the outcome of this piece of work prior to allocating further funds for Building Condition Funds 2018 - 2020. Departments were carrying out service reviews which may determine alternative ways of working which, again, could impact on the Council's estate. Essential day to day maintenance to ensure buildings were operational and safe would continue until the reviews were complete. Proposals for years 2 and 3 would, therefore, be the subject of future Finance and Policy Committee reports.

The recommendation was agreed unanimously.

### **Decision**

That the proposals detailed in Appendix A and B to the report be approved and that £551,850 of the Council's £1m Capital Planned Maintenance – Building Condition Fund be committed to those schemes, leaving £448,150 to be considered at a future date following the outcome of ongoing reviews.

## **6. Holy Trinity School Land Transfer** *(Director of Regeneration and Neighbourhoods)*

### **Type of decision**

Non-key decision.

### **Purpose of report**

To seek approval for the transfer of land at Holy Trinity School, Seaton Carew.

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

The Director of Regeneration and Neighbourhoods reported that prior to the construction of the new school building, the school buildings, playground and car park were located on land owned by the Diocesan Board of Education, whilst the school playing field was owned by the Council.

The new school building was now located partly on the former playing field, which was unavoidable, as there was no other way of providing the new building whilst keeping the school open on the site. The existing land ownership of the site and the land to be transferred was shown on the Plan at Appendix 1 to the report. Under Part II of Schedule 3 of the School Standards and Frameworks Act 1998 the Council was required to transfer the land on which the buildings lie to the trustees of the school, in this case

the Diocesan Board of Education.

### **Decision**

That the transfer of the land, as set out in the report and plan, be approved.

## **7. Irrecoverable Debts – Council Tax and Business Rates** *(Director of Finance and Policy)*

### **Type of decision**

Non-key decision.

### **Purpose of report**

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

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

The Assistant Director, Finance and Customer Services reported that in 2015/16, the Council collected 95.4% of the Council Tax due, slightly below the average of North Eastern councils of 95.9%, (the range was 93.6% to 97.8%). However after 5 years, in Hartlepool in excess of 99.3% of Council Tax will have been collected (this is a local indicator and comparative data is not available). The Hartlepool Council Tax collection level was sustained in 2016/17 at 95.3%.

The Council currently bills and collects around £33.9 million of business rates per annum. The Council's performance in collection of National Non-Domestic Rates was positive. In 2015/16, 98.5% of business rates were collected within the financial year they were billed, slightly higher than the average of North Eastern Councils of 98.3% (the range was 97.2% to 99.2%). In terms of long term collection of business rates; after 5 years in Hartlepool, in excess of 99.8% of business rates due will have been collected (this was a local indicator and comparative data was not available). The Hartlepool Business Rates collection level was sustained in 2016/17 at 98.4%.

The Business Rates recommended for write out largely related to company liquidations where the Council was limited to submitting a claim in insolvency proceedings. The Council was unlikely to receive any settlement from these proceedings, as the Council ranked below other creditors notably HM Revenue and Customs, therefore, the debt was being prudently written out of the accounting system.

Furthermore, it was important that these sums were written out of the accounts at this stage with 53% of the write out being borne by central government under the current business rates retention system, before full responsibility for business rates under the 100% system transferred to local

authorities.

The Assistant Director assured members that all courses of action open to the local authority had been undertaken/utilised in order to recover the debts. In terms of the amounts being written out, it was acknowledged that on their own they did appear sizeable, however, in terms of the levels of debt written out, Hartlepool ranked nationally 261st for Council Tax write outs and 266th for NNDR write outs (i.e. in the lowest quartile) of 327 local authorities.

The Director of Policy and Finance referred members to the consideration of write out issues in 2016, when the Committee requested that a letter be sent to the Secretary of State for Business, Energy and Industrial Strategy. A copy of that letter together with the response from the Minister for Small Business, Consumers and Corporate Responsibility were tabled for Members information.

Councillors and the member of the public present at the meeting questioned how some of the larger business rate debts had been allowed to build to the sizable sums reported. The Director of Finance and Policy reported that businesses had the option to pay their 'rates' monthly, quarterly and annually. The vast majority paid regularly and on time. However, there were those that were harder to collect and the Authority used all available legal means of recovering any outstanding debts. If the company became insolvent, there was little officers could do. Firms struggling to pay were offered options including payment plans to assist them pay.

A Member commented that three of the business rates debt amounts being written out totalled over £300,000, the same sum that would have maintained the Council's Youth Service for a full year but which was facing severe cuts due to austerity. Concerns were also expressed as to how the debts had been allowed to build to such levels before action was taken. Officers shared the concerns though assured Members that every appropriate action had been taken including payment arrangements, joint meetings involving senior officers and the business operators, and the use of bailiffs. Members commented that it would be valuable for future reports to include a case study showing the steps taken in a case where business rates payments had defaulted.

Members discussed the potential of changing the approach towards these instances of businesses defaulting on agreed payment plans through not offering further instalment plans and moving towards recovery action much quicker. There was a concern that recovery action such as bailiffs could actually have a detrimental effect in making a business non-viable and forcing insolvency. A Member commented that households were pursued much quicker for any failures to meet scheduled council tax payments and legal action to recover debts also happened much quicker and perhaps this should be applied with business rates. The Director of Policy and Finance commented that the letter from the Minister did request further comments and Members discussions could be reflected in a further letter to

government.

### **Decision**

1. That approval be given to write-out of irrecoverable Council Tax of £45,283.68 and Business Rates debts to the value of £497,858.08 and to note that £266,547.83 (53%) of this Business Rates write out is the responsibility of Central Government.
2. That a further letter be submitted to the Department for Communities and Local Government reflecting Members discussions.

## **8. Organised Crime and Procurement Pilot Report** (*Chief Solicitor*)

### **Type of decision**

Non-key decision.

### **Purpose of report**

To bring to the Committee's attention the conclusions and recommendations from a pilot programme to explore the threat from serious and organised crime to publically procured services in Local Government, following correspondence to Local Authority Council Leaders on the 6 December 2016. This correspondence, as a joint initiative between the Home Office and the Department for Communities and Local Government follows concerns about the vulnerability of public procurement to organised crime as outlined in the Government's Serious and Organised Crime Strategy (October 2013). This report was tabled before the Audit and Governance Committee with a recommendation that the report should be received by the Finance and Policy Committee, not least to raise awareness on this item.

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

The Chief Solicitor reported that in 2013, the Home Office Serious and Organised Crime Strategy, estimated that £2.1bn of fraud was perpetrated against Local Government of which £876 m related to procurement and fraud (National Fraud Authority (2013) Annual Fraud Indicator). In order to obtain a better understanding of the nature and scale of the threat in England, a joint pilot was undertaken through Local Authorities and Police forces in seven pilot areas to examine the threat and strengthen protective measures. Ten possible links between public procured services and organised crime were identified by the pilot areas with the most serious areas of risks being waste contracts, taxi/transport services and low level spend. In their final report, the Home Office and the Department for Communities and Local Government had recommended some "resource – light interventions" which they believe might help to reduce the vulnerabilities identified in the pilot, namely;

- A Serious and Organised Crime Checklist (detailed in Appendix A to the report)
- A Serious and Organised Crime Audit (detailed in Appendix B to the report)
- Non Involvement with Serious and Organised Crime Statement.

The Chief Solicitor highlighted that the main recommendation was that a “Serious and Organised Crime Audit” should take place through the Council’s Internal Audit team as part of their work programme for 2017/18 and this had been adopted following a recommendation from the Audit and Governance Committee.

Members suggested that they would wish to see a comparison of the changes that incorporating the Serious and Organised Crime Checklist would make to the Council’s corporate governance procedures.

### **Decision**

1. That the approach of the Audit and Governance Committee be endorsed in that the Serious and Organised Crime Checklist (Appendix A to the report) and that the Serious and Organised Crime Audit (Appendix B to the report) from part of the work programme for the Council’s Internal Audit team for 2017/18 and that the outcome of their findings be brought back for consideration before the Audit and Governance Committee and thereafter the Finance and Policy Committee setting out a comparison of the changes recommended.
2. That the Committee further endorses the approach that the Council should utilise the ‘Non Involvement Serious and Organised Crime Statement’ official journal notices and invitations to tender, as outlined within this report.
3. That this report should also be received by the Safer Hartlepool Partnership.

## **9. Quarter 4 – Council Overview of Performance and Risk 2016/17** *(Chief Executive)*

### **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 4 and to seek approval to a number of changes/updates to the plan.

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

The Director of Finance and Policy reported that the Quarter 4 Performance Report (appendix 1 to the report) set out progress against actions,

performance indicators and risks in the Council Plan 2016/17. Members were asked to consider and note the following main issues as set out in appendix 1 to the report:

- The overall progress against the Council Plan 2016/17 for actions, performance indicators and risks;
- The use of Regulation of Investigatory Powers Act (RIPA);
- The detailed commentary provided by officers on those performance indicators that have been identified as requiring intervention or not achieving target at the end of quarter 4;
- The detailed commentary provided by officers on those actions that have been identified as requiring intervention or not completed at the end of quarter 4 and agree the date change for action RND 16/17 OD11 *“Explore opportunities to create an arms-length company which will improve availability of housing stock throughout the borough and generate income for the Council”* to 31 June 2017;
- The risks that had changed in rating during quarter 4 and the commentary provided by officers;
- Progress against those actions, performance indicators and risks from those service areas that are specifically relevant to the Finance and Policy Committee.

The front page of the performance reports for each of the other four Policy Committees are included as appendix 2 to the report for the Committee’s information.

A Member commented that those indicators that were not achieved should have a greater explanation as to the reasons why. Some the comments stated within the report the Member disagreed with, citing the shortfall in numbers of visitors to the Town Hall (ACS P108a) as one instance where the reason for the shortfall was explained as being due to a number of dance schools choosing other venues when action was supposed to have been taken to attract these groups back to the Town Hall.

The numbers of visitors to the Carlton Outdoor Centre were also raised with concern being expressed that some groups were not returning to use the centre due to price increases. The Chair of the Children’s Services Committee stated that there was still a high level of usage by local schools though it was acknowledged that there were price differentials between schools and other groups.

## Decision

1. That the overall progress made on the Council Plan 2016/17 for actions, performance indicators and risks at the end of Quarter 4, as set out in appendix 1 to the report, be noted;
2. That the position in relation to use of RIPA powers be noted;
3. That the detailed commentary provided by officers on those performance indicators that had been identified as requiring intervention or not achieving target at the end of quarter 4, as set out

- in appendix 1 to the report, be noted;
4. That the detailed commentary provided by officers on those actions that had been identified as requiring intervention or not completed at the end of quarter 4 be noted and that the date change request for action RND 16/17 OD11, as set out in appendix 1 to the report, be approved.
  5. That the risks that had changed in rating during quarter 4 and the commentary provided by officers, as set out in appendix 1, to the report be noted;
  6. That the progress against the actions, performance indicators and risks from those service areas that were specifically relevant to the Finance and Policy Committee at the end of Quarter 4 be noted;
  7. 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.

## **10. Corporate Procurement Quarterly Report on Contracts** *(Director of Finance and Policy)*

### **Type of decision**

For information only.

### **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.
- Receiving and examining reports on any exemptions granted in respect of the Council's Contract Procedure Rules.

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

The Director of Finance and Policy indicated that the report included details of the required information for each procurement tender awarded since the last quarterly report (Appendix A to the report), together with details of Contract Procedure Rules exemptions granted since the last Corporate Procurement Quarterly Report on Contracts (Appendix B to the report), and the commercial information in respect of the tenders received and any confidential information relating to Contract Procedure Rule exemptions or contract extensions (Appendix C to the report). Appendices B and C to the report 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 report be noted.

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

None.

The Committee noted that the next meeting would be held on Monday 10 July, 2017 at 10.00 am in the Civic Centre, Hartlepool.

The meeting concluded at 11.45 am.

**P J DEVLIN**

**CHIEF SOLICITOR**

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