

# **FINANCE AND POLICY COMMITTEE**

## **MINUTES AND DECISION RECORD**

18 SEPTEMBER, 2017

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

**Present:**

Councillor Christopher Akers Belcher (In the Chair)

Councillors: Alan Clark, Kevin Cranney, Tim Fleming, Marjorie James, Jim Lindridge, Brenda Loynes, Shane Moore and Stephen Thomas.

Officers: Gill Alexander, Chief Executive  
Peter Devlin, Chief Solicitor  
Hayley Martin, Head of Legal Services, Place  
Chris Little, Director of Finance and Policy  
Dr Paul Edmondson-Jones, Interim Director of Public Health  
Sally Robinson, Director of Children's and Joint Commissioning Services  
Jill Harrison, Director of Adults and Community Based Services  
Denise Ogden, Director of Regeneration and Neighbourhoods  
David Hart, Strategic Procurement Manager  
Joan Stevens, Scrutiny Manager  
Alastair Rae, Public Relations Manager  
David Cosgrove, Democratic Services Team

### **45. Apologies for Absence**

Councillor Dave Hunter.

### **46. Declarations of Interest**

Councillors Christopher Akers-Belcher and Stephen Thomas declared personal and prejudicial interests in Minute No. 57 'Consolidated Departmental Annual Procurement Report'.

### **47. Minutes of the meeting held on 9 August, 2017**

Confirmed.

### **48. Minutes of the meeting of the Tees Valley Combined Authority held on 13 June 2017**

Received.

## **49. MTFS Update and Savings Programme 2018/19 and 2019/20 for Finance and Policy Committee** *(Chief Executive)*

### **Type of decision**

Budget and Policy Framework.

### **Purpose of report**

The purpose of the report was to update the MTFS and to enable Members to consider proposals to achieve further savings in 2018/19 and 2019/20.

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

The Director of Finance and Policy reported on the up-to-date position in relation to the Medium Term Financial Strategy (MTFS) and indicated that the Council faced a gross budget deficit for the next two years of £11.072m. Planned increases in Council Tax in line with the Government's Council Tax referendum limits, plus forecast housing growth and use on one off reserves significantly reduced this deficit. However, even taking into account of these issues and the savings proposals approved in February 2017 for implementation in 2018/19 and 2019/20 this did not address the deficits in full and savings of £2.320m were still to be identified.

The Director highlighted that the MTFS forecasts were currently based on the Government's 1% pay cap remaining in place for 2018/19 and 2019/20. If actual pay awards were greater than 1%, which in light of recent announcements may be the case, and the Government did not provide additional funding to meet those costs, the budget deficit would increase, with each additional 1% equating to an increase in the budget deficit of approximately £400,000.

The report highlighted the many issues and uncertainties that would impact on future budgets, not just for Hartlepool but nationally. The Director specifically drew Members attention to the issues relating to Looked After Children (LAC). Whilst the issues in Adults Social Care had been recognised by central government, those in LAC, while being a national issue, had not. The Local Government Association (LGA) had recognised this as a major concern and was making local authorities case to government but no additional funding had been identified, or the issue recognised, at this time.

The Director reported that further work had been completed over the summer to identify additional corporate and departmental budget savings for 2018/19 and 2019/20. These additional savings would enable a balanced budget to be set for 2018/19 and reduced the current forecast 2019/20 deficit to £1.363m. The revised 2019/20 deficit excluded the impact of ongoing LAC budget pressures and if this issue was not

addressed through a combination of managing demand and / or the Government providing additional funding the 2019/20 deficit may increase by £2.5m i.e. a total forecast deficit of approximately £3.9m. The Director reiterated the potential impact of the 1% pay cap being abolished and the impact on the deficit if additional Government funding is not provided.

The Director reported that in relation to the specific departmental savings those were being reported to individual Policy Committees during September. The details of the proposed savings alongside any comments from the individual Policy Committees on those additional proposals would then be reported to Finance and Policy Committee within the final MTFS report which would consider and seek approval to the budget proposals to be referred to Council.

In relation to the Finance and Policy Committee's specific budgets, the Director reported that as identified in the MTFS report earlier in the year, the savings required from the Chief Executive's department were £300,000 in 2018/19 and £235,000 in 2019/20. In relation to the 2018/19 approved savings, work was progressing to implement the proposals and Members were advised that the savings would be achieved by implementing the following proposals:

- Removal of vacant posts/changes in operational arrangements - £171,000. The savings would be achieved by restructuring across the department (£141,000) and the removal of overtime budgets (£30,000).
- Running costs - £59,000. Cash freeze of non pay budgets and review of non pay budgets to reflect historic spend.
- Income budgets - £70,000. Re-alignment of income budgets to reflect historic trends.

Further work would be required to implement the 2019/20 approved savings and details would be reported to Members next year on how these savings will be achieved.

The report also included details of the savings identified in February relating to the Finance and Policy Committee Budgets within Regeneration and Neighbourhoods, Public Health General Fund, and the Housing Benefit Administration Grant 2018/19.

Specifically in relation to the Housing Benefit Administration Grant, the Director stated that there would be more significant changes in this service area and the level of Government funding in 2019/20 owing to the impact of the roll-out of Universal Credit by the Government. This change would remove responsibility for administering Housing Benefit for working age households, although responsibility would remain with the Council for Housing Benefit for 3,100 pensioners. In addition, the Council will remain responsible for administering Local Council Tax Support for approximately 8,100 working age and 5,500 pensioner households.

To address the impact of these changes and ensure the Council continued to support vulnerable households the Council would need review the arrangements for managing residual Housing Benefit responsibilities for pensioners and LCTS for both working age and pensioner households, with a reduced level of funding for administrative responsibilities. This review would also need to include other support services provided to these groups, such as User Property and Finance, to ensure the Council maximises support to vulnerable groups. Further information would be reported to the Committee when it was provided by the Government. The Director commented that Hartlepool had benefitted as being an early roll-out area for Universal Credit as the changes were incremental and more easily managed. Other areas may face a 'cliff edge' of change as the government was suggesting increasing the pace of the roll-out of Universal Credit. The Chair questioned if it would be possible to receive a further report on the detailed impact of the changes in line with the budget report before the end of the year. The Director of Finance and Policy commented that much would depend on the date of the announcement of the 2018/19 Housing Benefit Administration Grant which was not usually before late December. The Director indicated that it was likely that an up-date would be reported to Members during 2018 to enable Members to consider and approve changes necessary for 2019/20. The report set out details of the Capital Strategy and the Director indicated that Members review the funding previously allocated for the purchase and demolition of the Longscar building, of £600,000. Following the outcome of the Compulsory Purchase Order (CPO) process the owners had not yet brought forward proposals for developing this site, despite the representations they made at the CPO hearing. The Council, therefore, needed to determine if this funding either:

- remains earmarked for the potential purchase and demolition of the Longscar building, which would require agreement of a purchase price at a level which provided sufficient residual funding to demolish this building; or
- accept that this element of the Seaton redevelopment cannot proceed and the funding should be transferred to the overall Regeneration Capital budget for the town.

It was understood that the owners had until the end of November to undertake action but Members considered that in the likely event that an agreement to purchase the building could not be achieved, the monies should return overall Regeneration Budget (Option 2 as set out in the recommendations in the report). Members indicated that this is a Council decision and will form part of the 2018/19 MTFS proposals.

The Director reported that an assessment of the staffing impact had been completed of the 2018/19 savings proposals approved in February 2017 and including the revisions to these proposals and the additional 2018/19 proposals. This had identified that 24 posts were proposed to be deleted from 1st April 2018 as part of the recommended savings proposals.

This included 14 posts which could be managed through a combination of

managing vacancies, or approving voluntary redundancies where this could be accommodated within operational requirements. At this stage it was anticipated that the remaining 10 posts may unfortunately result in compulsory redundancies. These figures exclude the potential impact of any cuts to specific grants regimes.

However, as was the case in previous years, the Corporate Management Team would seek to maximise staffing reductions which could be achieved by managing vacancies and accepting requests for voluntary redundancies, to reduce the number of compulsory redundancies. This approach would also seek to maximise redeployment opportunities.

Members expressed concern at the ongoing staff morale not only of those being made redundant but also those remaining who would likely be called upon to continue to deliver the same levels of service with fewer resources. The Director and Chief Executive commented that this was an issue of major concern and one which was being actively monitored throughout the process.

### **Decision**

1. That the content of the report be noted;
2. That of the options proposed in relation to the use of the resources previously allocated for the Longscar redevelopment, Option 2 – the transfer of the funding to the overall Regeneration Capital budget for the town should be recommended to full Council, as part of the overall MTFS proposals.
3. That a further detailed report on the position of the Housing Benefit Administration Grant be submitted to the Committee at the earliest possible opportunity during 2018 once an announcement had been made by central government and the implications and options had been assessed.

## **50. Community Engagement and Cohesion Strategy**

*(Director of Regeneration and Neighbourhoods and Director of Finance and Policy)*

### **Type of decision**

Budget and Policy Framework.

### **Purpose of report**

The purpose of the report was to present the draft Community Engagement and Cohesion Strategy to Members for them to agree it as a draft for consultation.

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

The Director of Regeneration and Neighbourhoods reported that in Hartlepool 'we' had a strong tradition of working with our communities to improve and develop services. As an organisation the Council recognised the importance of engagement in our work and the need for this to be delivered appropriately throughout our Departments through a single, organisational approach. The importance of cohesion within our communities and our role in supporting and developing this was also recognised.

The Community Engagement and Cohesion Strategy was a new strategy being developed by the Council during 2017/18. The purpose and remit of the strategy and also the timetable for development was agreed by the Committee at its meeting on 10th July 2017. A draft of the strategy had been developed and subject to Members comments would be issued for a period of public consultation. The strategy had been informed by the views expressed last summer through Your Say, Our Future and the recent Voluntary and Community Sector Survey. It had also been developed to reflect what works well in Hartlepool and elsewhere and to build upon the strong foundations that were already in place in the town.

The strategy had been prepared in the style of a plan on a page. This was intended to ensure that the strategy is simple and easy to understand and can be used as an easy reference document. An action plan would sit alongside the strategy to set out what specifically we will do to ensure that the vision of the strategy is delivered. Drafts of the strategy and the action plan were submitted as appendices to the report.

Members commented that as many avenues as possible needed to be open for the public to respond to the draft strategy.

### **Decision**

That the draft Community Engagement and Cohesion Strategy be approved for consultation.

## **51. Health and Wellbeing Strategy (2018 - 2025) (*Interim Director of Public Health*)**

### **Type of decision**

Budget and Policy Framework.

### **Purpose of report**

The purpose of the report was to present the draft joint Hartlepool Health and Wellbeing Strategy (JHWS) for comment.

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

The Interim Director of Public Health reported that the Health and Social Care Act 2012 required the Local Authority, with partner agencies including the NHS, to develop a joint Health and Wellbeing Strategy based on the Joint Strategic Needs Assessment (JSNA). The Health and Wellbeing Strategy (2013-2018) was developed in 2012-2013 in order to comply with this statutory requirement. The Health and Wellbeing Board (HWB) at its meeting on the 13 March 2017 had approved the refresh of the Strategy and the creation of a detailed Project Plan / Timetable to enable completion of the refresh process. A further meeting of the HWB, on the 26 June 2017, approved the following priority areas as the focus for the Strategy and consultation process:

- Starting Well – maternal health, children and young people;
- Working Well – workplace health, getting into work, poverty;
- Ageing Well – isolation, dementia, long term conditions, older people; and
- Living Well – lifestyle issues, mental health, prevention.

Following the public consultation, a further priority area has been identified and included as 'Dying well'.

Full details of the timetable for the development of the strategy were set out in the report together with the detailed feedback received from the initial stages of consultation including the feedback received on a ward by ward basis.

Respondents to the consultation undertaken to date identified access to hospital services, jobs and mental health as the highest priority topics for action under living well. The round table discussion with partners of the HWB also identified cross cutting themes that would ensure new ways of working.

These themes are:

- Build up the local workforce to 'make every contact count';
- Use local intelligence to target actions and reduce inequalities;
- Build the voluntary and community sector offer as an asset;
- Target media campaigns through the use of market segmentation; and
- Work with academic institutions to utilise action research and embed continuous improvement.

Further consultation sessions had been arranged with BME and children and young people groups in September. Presentations would also be undertaken at the two forthcoming Community Forums. The report also included in the appendices a Child and Family Poverty Impact Assessment and a Equality Impact Assessment.

Members were concerned at, what they perceived to be, the low numbers of respondents to the initial consultation. Members also were concerned

that while accepting the document was still in its development and subject to constant change, the comments of health partners could ‘steer’ the draft strategy away from what was submitted. The Interim Director stated that health partners had been involved in the round table development undertaken by the Health and Wellbeing Board. The strategy would go on for comments and feedback from other agency partners but would still come back to this committee for final approval and reference to Council. The Chair suggested that this be at the February meeting to allow time for consideration of the revised draft strategy.

### **Decision**

1. That the results of the recent consultation exercise be noted; and
2. That the draft Joint Health and Wellbeing Strategy (JHWS) be approved for formal consultation in October 2017.
3. That the final draft Strategy be brought to Finance and Policy Meeting in February 2018 for formal approval prior to submission to Full Council.

## **52. Sale of Land at Hart** *(Director of Regeneration and Neighbourhoods)*

### **Type of decision**

Key Decision (test (i)/(ii)) Forward Plan Reference No. RN 13/09.

### **Purpose of report**

To seek approval for the sale of land at Hart Village.

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

The Director of Regeneration and Neighbourhoods reported that the Council currently owns a total of approximately 218 acres of agricultural land situated to both the east and west of Hart village. Part of this land had been identified in the Draft Local Plan for low density residential development. The land, which extended to approximately 7.8 acres (3.16ha). In order to realise the value of this land and to generate a significant capital receipt, it had recently been marketed for sale by way of informal tender based on a development brief prepared by the planning department.

The brief initially identified the density of the development to be 30 units and tenders were sought on this basis. Subsequently, it had been agreed that the density could be increased to circa 45 and as such further tenders had been submitted on this basis from interested developers.

The tenders received, an assessment of the proposals and a



recommendation to accept tender number 6 were detailed in Confidential Appendix 2 to the report. The appendix contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely (para 3), information relating to the financial or business affairs of any particular person (including the authority holding that information).

The Director stated that it was proposed to accept tender no. 6 and to proceed with a joint venture arrangement. There were varying forms of joint venture, and while there were risks associated with them, in this instance a relatively straightforward arrangement was proposed; the main terms of which were set out in Confidential Appendix 2. It was considered that while the capital income from the sale of the land would take longer to be delivered, the likelihood of greater income once development was completed mitigated the risks.

Members referred to recent approvals for the lease of land for agricultural purposes at Hart and the Director stated that this was part of the Council's other land holdings in this area. A Member referred to a recent application considered by the Planning Committee for the development of one house which had been recommended for refusal by officers; would this site gain planning approval. The Director stated that the application referred to had been recommended for refusal as it was outside the development envelope of the village and not included in the emerging local plan. That application had been subsequently approved by Members. This land was included in the developing local plan for low density housing but approval would still be a matter for the Planning Committee. Members of the Planning Committee present acknowledged their responsibilities in not voicing opinions of pre-determination in regards to the subsequent application.

### **Decision**

That approval be given to the acceptance of Tender No. 6 as detailed in Confidential Appendix 2 to the report, (The appendix contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely (para 3), information relating to the financial or business affairs of any particular person (including the authority holding that information) subject to the Director of Regeneration and Neighbourhoods and the Chief Solicitor finalising the details of the joint venture agreement with the Chair of Finance and Policy Committee.

## **53. The EU General Data Protection Regulation (GDPR)** (*Chief Solicitor*)

### **Type of decision**

Non-key decision.

### **Purpose of report**

This report outlined the changes that the Council would need to undertake in order to achieve compliance in implementing the General Data Protection Regulations (GDPR).

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

The Chief Solicitor reported that on the 4th May 2016, the GDPR (Regulation 2016/679) was published in the Official Journal of the European Union. A period of 20 days was required to elapse following this publication and consequently the GDPR came into force on the 25th May, 2016. It would have application from the 25th May, 2018, not least to allow public authorities and other organisations that have as its core activities the control and processing of personal data, the necessary time to prepare for the GDPR coming into force.

The GDPR will replace the current legislation relating to Data Protection and will be directly applicable in all member states without the need for implementing national legislation. Although, following the vote to leave the European Union, the United Kingdom will obviously still continue to be a member of the European Union in May 2018 and subject to EU law, including the GDPR. A feature of this Directive is the expanding territorial reach in so far as the GDPR captures data controllers and processes outside the European Union whose processing activities relate to the offering of goods or services (even for free) to, or monitoring the behaviour (within the EU) of, EU data subjects. Consequently, it is recognised by the Information Commissioners Office (ICO) that the UK will need to mirror the GDPR following “Brexit” as any unpermitted deviation from the regulations will deem the UK to be an ‘inadequate’ country for data protection purposes and EU member states will not be then able to trade within the UK.

The report gave an overview of the main aspects of the GDPR including the need to appoint a Data Protection Officer. Article 37 of the GDPR required public authorities to appoint a Data Protection Officer. It was envisaged that the officer who fulfils this statutory role, would initially manage and implement the reforms associated with the GDPR by the implementation date of the 25th May 2018. Thereafter, the DPO will have a specific role in relation to data protection compliance and processing activities across the Council. Given her background in information governance law, it was suggested that the Head of Legal Services (Place) undertakes this role. In addition, soundings were being taken from neighbouring local authorities to see whether resources could be pooled to address this significant initiative and its successful implementation.

The Chief Solicitor drew Members attention to one specific new legal duty on public authorities which related to the reporting of certain types of data breaches to the relevant supervisory authority namely the ICO and in some cases to the individuals affected. Significantly, this should be done without undue delay and where feasible within 72 hours of awareness. A reason

for justification must be provided if this timeframe is not met. However, of note there is a general obligation currently upon public bodies to notify the ICO of “serious” data breaches. Notification does not need to be made if the breach is unlikely to result in a risk to the rights and freedoms of individuals. Hence, notification is likely to be where there’s “high risk” to rights and freedoms. A failure to comply with this feature of the GDPR indicates fines as significant, being categorised as either Level 1 fines (potentially 10 million euros or 2% of worldwide annual turnover -whichever is the greatest) and 20 million euros or 4% of total worldwide annual turnover (whichever is the greatest)) being Level 2 fines. These levels of fine had the potential to bankrupt local authorities and it was an issue of major concern to all local authorities.

The Chief Solicitor stated that there would be appropriate training instigated for employees once all the relevant policies and procedures had been revised appropriately and Members suggested that this should be extended to include all Councillors. The Chief Solicitor also mentioned that the Government had now published the Data Protection Bill, which sought to amend existing data protection legislation and to implement the reforms under the GDPR. The Chief Solicitor indicated that it would be beneficial if Council were to be informed over the proposed appointment of a Data Protection Officer, which was highlighted in the Data Protection Bill and this could be done through the Chief Executive’s Business Report, most probably to the October meeting of Council.

### **Decision**

1. That the contents of the report and the implications of the General Data Protection Regulations be noted.
2. That the Council appoints the Head of Legal Services (Place) as Data Protection Officer with responsibility of the implementation of the GDPR and Data Protection compliance within the Council.
3. That the Data Protection Officer, in unison with the Council’s Information Governance Group, explore the implementation of the GDPR with a full review of the existing policies and procedures with associated budgetary considerations, IT capability and associated governance and communication implications for the Council.

## **54. Review of Policy and Procedures** *(Assistant Director, Corporate Services)*

### **Type of decision**

Non-key decision.

### **Purpose of report**

The purpose of the report was to provide an update on the policy and

procedure reviews and present the refreshed Grievance and Discipline policy and procedures for Finance and Policy Committee comment and approval.

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

The Director of Finance and Policy reported that a review programme for Human Resources (HR) policies and procedures was in place as requested by Members. The Bullying and Harassment, Grievance and Disciplinary policies were identified as priority areas for review.

The following documents had been reviewed collaboratively by HR and the Trade Unions and were submitted with the report:

- Discipline Policy and Procedure; (Appendix 1)
- Discipline Guidance; (Appendix 2) and
- Grievance Policy and Procedure. (Appendix 3).

It had been necessary to delay the reporting of the Bullying and Harassment Policy to ensure the review captured all the necessary changes. A refreshed document would be presented to Committee at the meeting in October 2017. Trade Union colleagues were currently considering the Suspension Guidance, Investigation Plan and Grievance Form and these would also be presented at the October meeting for consideration and approval.

A review of the Code of Conduct was also underway, following recognition at Constitution Working Group that a refresh was required. 'Single Table' have been consulted and a revised document would be considered by Constitution Working Group in October prior to full Council approval.

Formalised performance reporting of Discipline, Grievance and Bullying and Harassment was captured as part of the refreshed quarterly performance reporting and forms a part of the suite of indicators that measure corporate health.

A Member highlighted some concern in relation to the time a first written warning within the Disciplinary Policy Procedures could remain in place. The document suggested a year with up to two years in exceptional cases. The Member considered that one year was sufficient for such a warning to remain in place as should improvement in the employee's performance not be forthcoming, further stages of the process could be implemented.

Members also commented that within the procedures for hearing both disciplinary and grievance appeals, employees and/or their trade union representative needed to have an opportunity to react (a right of reply through further questions and/or comment) to any responses that the management representatives had given to Members, should they have concern/issue with those responses. The draft procedures appeared to preclude such an opportunity.

Members also sought assurance that the procedures around the instigation of covert surveillance within the Disciplinary Policy Guidance were robust so as to ensure there was no inappropriate or unnecessary monitoring. Covert surveillance should only be implemented where the circumstances warranted such intervention and there was robust management of such surveillance.

### **Decision**

1. That subject to the additional comments/amendments made above and agreed by Members, the draft documents be approved.
2. That the progress that has been made to date on the preparation of the remaining policies and procedures be noted.

## **55. Council Plan 2017 – 2020 - Quarter 1 Performance Report** *(Chief Executive)*

### **Type of decision**

Non Key Decision.

### **Purpose of report**

To update Finance and Policy Committee of the progress made against the Council Plan 2017-2020 at the end of quarter 1, 2017/18 and to seek Members' approval to a number of changes/updates to the plan.

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

The Director of Finance and Policy reported that the Council Plan 2017-20 was agreed by Council in March 2017 setting out what 'we' will do to achieve our ambitious vision for Hartlepool. Within the plan the Council had identified six strategic priorities that would most quickly accelerate delivery of our ambition and shape a sustainable financial future of the Council.

The summary of progress at the end of quarter 1, 2017/18 was included as Appendix 1 to the report. Members were requested to note the key achievements made this quarter as set out by strategic priority on pages 1 to 3 of the appendix.

Members were asked to note that of the performance indicators that had data available this quarter, 8 were identified as areas for improvement/will not hit target as set out on pages 11 to 13 of Appendix 1 to the report. Members were asked to review the information provided and specifically:

- note the change to the methodology for calculating youth unemployment and unemployment rates and agree for new targets to be set following the 2017/18 baseline year;

- note the change to the national definition for delayed transfers of care and the new annual target set for this indicator by the Department of Health as part of the Better Care Fund (BCF) planning process.

### **Decision**

1. That the overall progress made on the Council Plan 2017-20 at the end of Quarter 1 2017/18 as set out in the report and the key achievements as set out in pages 1 to 3 of appendix 1 to the report be noted;
2. That the notes provided on the 19 milestones that had missed or will miss their due dates be noted and the proposed date changes as set out in pages 4 to 10 of appendix 1 to the report be approved;
3. That the notes provided on the 8 performance indicators that had been identified as areas for improvement be noted and the proposed changes to targets as set out on pages 11 to 13 of appendix 1 to the report be approved.

## **56. Strategic Financial Management Report - as at 31st July 2017** *(Corporate Management Team)*

### **Type of decision**

Non Key Decision.

### **Purpose of report**

The purposes of the report were to inform Members of:

- (i) the 2017/18 Forecast General Fund Outturn;
- (ii) Corporate Income Collection Performance; and
- (iii) 2017/18 Capital Programme Monitoring.

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

The Director of Finance and Policy reported that the availability and reporting of accurate and up to date financial information was increasingly important as future budget cuts are implemented and one-off resources are used up. This Committee would continue to receive regular reports which would provide a comprehensive analysis of departmental and corporate forecast outturns, including an explanation of the significant budget variances. This would enable the Committee to approve a strategy for addressing the financial issues and challenges facing the Council.

To enable a wider number of Members to understand the financial position of the Council and their service specific areas each Policy Committee would receive a separate report providing:

- a brief summary of the overall financial position of the Council as reported to the Finance and Policy Committee;
- the specific budget areas for their Committee; and
- the total departmental budget where this was split across more than one Committee. This information would ensure Members can see the whole position for the departmental budget.

The Director commented that an assessment of the forecast 2017/18 outturn had been completed and an over spend of between £0.420m and £0.920m was anticipated. Further details were provided in Appendix A to the report, which also included details of the actual 2016/17 outturn. The 2017/18 outturn had been prepared to reflect expenditure incurred to date and forecast to be incurred in the rest of the financial year. As Members would be aware from previous years, significant elements of the Council's budget were demand led and affected by expenditure over the winter months, including care costs in relation to older people and winter maintenance. The outturn forecasts would be closely monitored and regular updates would be reported to this Committee.

As had been referred to earlier in the meeting, the Director of Finance and Policy highlighted that majority of the forecast overspend related to continuing costs in relation to Looked after Children (LAC), including the cost of care proceedings. As reported in the January 2017 MTFS these pressures arose in 2016/17 and it was recognised that these pressures would continue into 2017/18 and 2018/19.

These issues were not unique to Hartlepool and a report from the Local Government Association (LGA), published on 9th August 2017, highlighted that in 2016/17 75% of councils over spent on children's services. The LGA report also indicated that by 2020 they were forecasting a national funding gap for children's services of £2 billion. To address the financial impact of these pressures the MTFS was predicated on using the one-off LAC Reserve with the aim of providing a longer lead time to hopefully manage demand to reduce costs back down to the level of the recurring budget. The outturn forecast reflected the planned use of £1.4m of the LAC Reserve in 2017/18, with the remaining £0.7m being allocated to support these pressures in 2018/19.

The Director highlighted that the range in the outturn forecast of £500,000 reflects uncertainty regarding the achievement of income targets in Regeneration and Neighbourhoods Services and additional waste disposal costs. These issues had arisen during 2016/17, although they were offset by one off grant income in other areas, which resulted in an overall under spend for the Department. The Department would seek to address these issues during 2017/18. However, if this was not possible the Council would need to manage the higher deficit figure. In addition, the Department would be addressing these issues on a permanent basis within the 2018/19 budget proposals by identifying additional savings.

Detailed financial information on the projected outturn for individual

Departments by Committee was provided in Appendices B to E of the report.

The Director stated that in 2016/17 the Council managed a significant overspend on departmental budgets from an under spend on corporate budgets. The corporate budget under spend was not available as these savings (predominantly a £2m recurring Minimum Revenue Provision saving) were built into the 2017/18 base budget as recurring savings. Therefore, there was significantly less financial flexibility within the base budget to manage over spends in departmental budgets.

In order to address the forecast 2017/18 over spend of between £0.420m and £0.920m the following options were being explored and further details would be reported to a future meeting:

- identification of 'discretionary spending' which could be stopped, or delayed;
- a reserves review to potentially release one off funding;
- the capitalisation of existing revenue spending.

The report also included details of the progress against the Capital Receipts Target and the Capital Programme monitoring report. The Committee was also informed that the Council has been successful in securing funding of £0.300m from the Department for Transports National Productivity Investment Fund to support the connectivity aspects of the Innovation and Skills Quarter (ISQ) programme scheme. The Chair stated that as had been previously discussed at the joint meeting which approved the overall scheme, the additional National Productivity Investment Fund monies should initially be held as a contingency for the highways works as there was still the potential for unknown issues to arise during the works.

### **Decision**

1. That the report be noted.
2. That the forecast 2017/18 General Fund Revenue budget overspend of between £0.420m and £0.920m and the details of the options being explored to address the forecast overspend be noted and reported to a future meeting.
3. That the latest budget for the ISQ programme be approved and the proposal to earmark the £0.300m Council funding now available as a contingency on the overall ISQ programme until potential financial risks of delivering the scheme have been eliminated, also be approved.
4. That progress on the delivery of overall scheme be monitored closely and that Members be advised as soon as it is prudent for this funding to be returned to the Regeneration Fund.



## **57. Local Government (Access to Information) (Variation Order) 2006**

Under Section 100(A)(4) of the Local Government Act 1972, the press and public were excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as defined in the paragraphs referred to below of Part 1 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006.

Minute 58 Consolidated Departmental Annual Procurement Report (Director of Finance and Policy) – This item contains 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).

## **58. Consolidated Departmental Annual Procurement Report**

*(Director of Finance and Policy)* This item contains exempt information under Schedule 12A Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 namely (para.3)

### **Type of decision**

Non Key Decision.

### **Purpose of report**

To provide the Finance and Policy Committee with an overview of Departmental Annual Procurement Reports which will be submitted to individual service committees in October.

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

The Director of Finance and Policy reported the Council delivers a range of services through a combination of direct provision by the Council's own staff, contracts with the private and voluntary sector and partnership agreements with strategic partners. Each Department had produced an annual procurement report which would be presented to their respective committees. These reports provided information on existing contracts and enable Members to provide input to the strategic direction for the future delivery of these services.

The reports included appendices which set out the financial information relating to individual contracts. These appendices 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).

In order to facilitate a discussion which considered the information within the exempt sections of the individual reports, the motion to move into closed session was put and agreed.

### **Decision**

Details of the Committee's decisions are set out in the exempt section of the minutes.

The meeting returned to open session.

## **59. 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.

Children's Services Committee 12 September, 2017 – Minute No. 31  
"Savings Programme 2018-19 and 2019-20 – Children's Services" -  
Children's 5 to 19 activities

The Chair of the Children's Services Committee raised an issue that had been discussed at the Children's Services Committee on 12 September relating to Children's 5-19 Activities. The Chair of the Children's Services Committee stated that he had proposed at the meeting that the Finance and Policy Committee consider extending the funding for this service for a period of 6 months from 1 April 2017 as a matter of urgent business at the meeting on 18 September 2017. The proposal was that this could be funded from the Family Poverty Reserve at a cost of £64,000. It was expected that at the end of this 6 months, the Young People's Foundation would be established and have secured ways to draw down funding for the provision of sustainable youth services for the future. The Children's Services Committee were supportive of this proposal but stressed that the Foundation must be in a position to fund services in the longer term.

The Chair questioned the remaining finance available in the Family Poverty Reserve as it had previously been agreed that the fund would provide the necessary temporary contingency support to the Northern Lights Foundation until such time as the funding anticipated from the Tees Valley Combined Authority had been confirmed. The Director of Finance and Policy confirmed that the decision to underwrite the funding for the Northern Lights Foundation had not yet been made by the Combined Authority. The Director indicated that he believed that the Family Poverty Reserve held sufficient finance to support the £64,000 proposed to support the Children's 5-19 Activities service.

The Chair indicated that subject to clarification of the funds available within the Family Poverty Reserve, he supported the proposal to support the Children's 5-19 Activities service for a further six months from April 2018.

**Decision**

That the continuation of the Children's 5-19 Activities service be supported for a further six months from April 2018 to a maximum amount of £64,000 subject to confirmation of the remaining value of the Family Poverty Reserve.

The meeting concluded at 12.25 pm.

**P J DEVLIN**

**CHIEF SOLICITOR**

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