

FINANCE AND POLICY COMMITTEE

MINUTES AND DECISION RECORD

12 FEBRUARY 2018

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, Dave Hunter, Marjorie James, Jim Lindridge, Shane Moore and Leisa Smith.

Also Present: as substitute in accordance with Council Procedure Rule 5.2:
Councillor Bob Buchan as substitute for Councillor Tim Fleming;
Councillor Allan Barclay as substitute for Councillor Stephen Thomas.

Officers: Gill Alexander, Chief Executive
Hayley Martin, Head of Legal Services (Place)
Chris Little, Director of Finance and Policy
Claire McLaren, Assistant Director, Corporate Services
Dr Esther Mireku, Public Health Specialist
Jill Harrison, Director of Adults and Community Based Services
Denise Ogden, Director of Regeneration and Neighbourhoods
Julian Heward, Public Relations Officer
David Cosgrove, Democratic Services Team

99. Apologies for Absence

Councillors Tim Fleming, Brenda Loynes and Stephen Thomas.

100. Declarations of Interest

Councillor Christopher Akers Belcher declared a prejudicial interest in Minute No. 109.

101. Minutes of the meeting held on 8 January 2018

Confirmed.

A Member referred to the discussion under Minute No. 96 Council Tax Base 2018/19 and the clarification given by the Director of Policy and Finance in relation to the detailed tables within the report. The Member requested that in future reports on the Council Tax Base narrative to explain the statutory

equations behind the figures reported. The Director of Finance and Policy indicated that such narrative would be included in future reports.

102. 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 to the Committee the final draft of the Joint Hartlepool Health and Wellbeing Strategy (JHWS) for agreement and subsequent submission to Council for adoption.

Issue(s) for consideration

The Public Health Specialist outlined the development of the JHWS over recent months and the consultation that had been undertaken in developing the finalised document.

The draft Strategy had been approved by the Health and Wellbeing Board (HWB) on the 4 December 2017 for referral to Full Council and to Hartlepool and Stockton Clinical Commissioning Group Governing Board for formal approval. The HWB recognised the need to incorporate any views or comments expressed by the Hartlepool and Stockton Clinical Commissioning Group Governing Body (30 January 2017), and today's Finance and Policy Committee, in the intervening period. On this basis, the HWB delegated authority to the Chair of the HWB, in conjunction with the Interim Director of Public Health, to make any final additions / changes to the Strategy, prior to its formal approval.

The Hartlepool and Stockton Clinical Commissioning Group (CCG) Governing Body considered the draft strategy at its meeting on 30 January 2018 and approved for it to go to the CCG Governing Board on 27 March 2018 for formal approval.

The Chair noted that as he had indicated at the recent meeting of the Safer Hartlepool Partnership, a report providing a full overview of the drug and alcohol preventative services in Hartlepool would be submitted to a future meeting of this Committee. The Chair wished to record his and Members appreciation of the work that officers had undertaken in the development of the Strategy. The following decision was approved unanimously.

Decision

That the final draft of the joint Hartlepool Health and Wellbeing Strategy be approved for subsequent submission to full Council for approval and adoption.

103. Medium Term Financial Strategy (MTFS) 2018/19 to 2019/20 and Financial Outlook from 2020/21 (*Corporate Management Team*)

Type of decision

Budget and Policy Framework.

Purpose of report

The purpose of the report was to update the MTFS to reflect the Local Government Finance settlement announcement and to enable Members to finalise the detailed 2018/19 Council Tax proposals to be referred to Council on 22nd February 2018.

Issue(s) for consideration

The Director of Finance and Policy reported that Council on 14 December 2017 approved the budget proposals referred from the Finance and Policy Committee and this included an indicative Council Tax increase (including an indicative 3% Social Care precept) of 4.9% for 2018/19. The indicative 2018/19 Council Tax increase generates recurring income of £1.785m and this addresses approximately 25% of the 2018/19 gross deficit. The remaining 75% of the 2018/19 deficit has been addressed from a combination of forecast housing growth, budget savings and use of reserves.

The Government presented the provisional settlement to Parliament on 19th December 2017 and final settlement on 6th February 2018. The Director highlighted that one major change that was announced by the Government was an increase in the core Council Tax referendum limit from 2% to 3% to recognise the financial pressures facing councils, including the increased costs of Looked after Children. For authorities with Adult Social Care responsibilities the previously announced Adult Social Care precept limits remained. These arrangements continue the Adult Social Care precept of an additional 2% for three years up to 2019/20, with flexibility to increase the precept to 3% in 2017/18 and 2018/19, provided the increases do not exceed 6% between 2017/18 and 2019/20.

Whilst, the increase in the core Council Tax referendum limit and Social Care precept increases financial flexibility and secures recurring Council Tax income, this change is more beneficial to more affluent areas where the additional Council Tax increases would raise more recurring resources. For example, Department of Communities and Local Government figures show that Wokingham Council could raise Council Tax income of £34 per resident if they implement a Council Tax increase up to the 2018/19 referendum limit; whereas Hartlepool could only raise £24 per resident. This means Wokingham could potentially raise approximately £1m of recurring income more than Hartlepool. While all Councils were facing

funding issues around Children's and Adults social care, it would have been better for Hartlepool if the Government had recognised these issues by providing additional grant funding, rather than relying upon a further increase in Council Tax.

In terms of the long standing debate around the retention of Business Rates, the Director stated that the Government had now indicated that they intended to move to 75% Business Rates Retention from 2020/21. This change would not require primary legislation, which would be required for 100% retention.

The Director reported that the final Local Government Finance settlement was issued on 6 February and this confirmed the previously announced Revenue Support Grant cuts. The final settlement provided additional Adult Social Care Support Grant of £150m for 2018/19. This is one off funding and is being funded from an anticipated underspend in existing Government departmental budgets. Hartlepool's allocation is £313,000. As this is one off funding it was recommended by the Director that this amount be used to reduce the use of Budget Support Fund reserve in 2018/19. This proposal would then enable these resources to be carried forward and earmarked towards reducing the 2019/20 budget deficit, which was currently forecast to be between £5.232m and £6.013m.

The Director advised Members that the Government's 2018/19 Council Tax referendum limit was now 6%, consisting of a core referendum limit of 3% and an Adult Social Care precept of 3%. The report detailed the impact of retaining a 4.9% Council Tax increase and the impact of increasing Council Tax by a further 1%, i.e. a 5.9% increase. This would create additional recurring income but would also be an increased burden on Council Tax payers.

The Director also highlighted that another impending issue for the Council in 2020/21 was the Government's Fairer Funding Review. This together with the potential of 75% business rate retention could have a significant effect on future funding and even together they were unlikely to be beneficial for Hartlepool.

The Chair stated that the report to Council on 14 December 2017 was predicated on an overall Council Tax increase of 4.9%. While there would be a longer term benefit in recurring additional Council Tax income it would place additional pressure on Hartlepool households. The Chair, therefore proposed that the total Council Tax increase should remain at 4.9%; this was seconded by the Vice-Chair. The Chair clarified that while the overall increase should remain at 4.9%, the allocation of the funds should be reconsidered with the base 2.9% Council Tax increase and the additional resources allocated to help address children's social care budget issues. The Chair also clarified that the 2% Adult Social Care precept should be utilised to fund adult social care budget issues and this proposal would provide the flexibility of allowing a further potential 1% Adult Social Care precept element in next year's budget proposals to the maximum 6%

allowed over three years.

A member of the public raised concern at the potential of a further increased in council tax which he considered had increased by nearly 15% in recent years and questioned if the Council had assessed the impact of this rise on households in the town. The Chair commented that the Committee had recently received an update report on family poverty in the town and was very aware of the issue. There was disagreement from the public gallery on the issue following which two members of the public left the meeting after the Chair requested the meeting be allowed to proceed uninterrupted.

The following decision was agreed unanimously.

Decision

The Committee: -

1. Noted the increase in the Government's core Council Tax referendum limit from 2% to 3% for 2018/19 and 2019/20 announced by the Government in December 2017;
2. Noted that the provisional 2018/19 Local Government Finance Settlement states that "in recognition of higher than expected inflation and the pressures on services such as social care and policing, the Government has decided to make changes to the Council Tax referendum principles";
3. Noted that there is no change in the Adult Social Care precept arrangements for 2018/19 and 2019/20;
4. Recommended to Council that a 2018/19 Council Tax increase be approved in line with the indicative increase approved as part of the December 2017 MTFS proposals approved by Council of 4.9%; consisting for core increase of 2.9% (with the additional 1% being allocated to help address Children's Social Care budget pressure), plus Adult Social Care precept of 2%).
5. Approved the proposals to use the one off 2018/19 Adult Social Care Support Grant of £313,000, announced by the Government on 6th February, to reduce the use of the Budget Support Fund reserve in 2018/19. This proposal would then enable these resources to be carried forward and earmarked towards reducing the 2019/20 budget deficit, which was currently forecast to be between £5.232m and £6.013m.
6. Recommended that Council approve the updated capital budgets detailed in Appendix A to the report, which reflected Government capital allocations announced since the initial proposals were approved by Council in December 2017.

104. 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 final proposed Community Engagement and Cohesion Strategy to Members prior to its submission to Council for approval.

Issue(s) for consideration

The Director of Regeneration and Neighbourhoods reported that the final draft Strategy was subject to a two week consultation via an online survey which was promoted to the groups on the Council's Voluntary and Community Sector database, to the press and through the Council's social media accounts. There were 2 responses to the final online consultation and 1 formal written response was also received and these were summarized in an appendix to the report.

The Director indicated that the changes made to the Strategy following the final round of consultation could be summarised as follows: -

- Reference to feeding back had been added to promoting better communication and ensuring a two-way conversation;
- Reference to building on people's passions had been added in supporting communities to take part and deliver improvements;
- Parish Councils had been added to the list of groups and organisations under building community capacity and promoting social action.

The Director indicated that once approved, the strategy would be forwarded to full Council on 15 March 2018 for adoption as part of the Budget and Policy Framework.

Members welcomed the strategy and supported it being forwarded to Council. Members commented that much would now depend on how the strategy was supported and delivered. The Director commented that it was proposed that an officer from the Community Development Team would move to the Economic Development Team to advance the strategy. Members indicated that they understood that the whole of the Community Development Team would transfer to the Economic Development Team to promote the aims of the strategy. The Chair requested that the Committee delegate further consideration of the staffing issues as part of the overall delivery model to the Director in consultation with the Chair and Vice-Chair of the Committee. This was supported by Members.

Decision

1. That the final Community Engagement and Cohesion Strategy be approved for submission to Council for approval and adoption.
2. That the Director of Regeneration and Neighbourhoods be requested to review the staffing implications around the support and delivery of the Community Engagement and Cohesion Strategy and that shaping of the proposals be undertaken in consultation with the Chair and Vice-Chair of the Committee prior to a report to Committee on the delivery model for the provision of infrastructure support to the Voluntary and Community sector.

105. Capital Maintenance Programme 2018/19 to 2019/20 (*Director of Regeneration and Neighbourhoods*)

Type of decision

Key Decision (test (i)/ (ii)) Forward Plan Reference No.07/18.

Purpose of report

To seek Members approval to allocate the Councils Capital Building Maintenance Fund on Council property and assets in 2018/19 and 2019/20 and to consider funding allocations in previous years for schemes that were currently on hold or needed a variation to the original funding approval.

Issue(s) for consideration

The Director of Regeneration and Neighbourhoods reported that the budget available to carry out the proposals was £971,000 as detailed in Table 1 in the report. This amount was made up of unallocated Council Capital Fund (CCF) / Building Condition funding from previous years totaling £706,000, scheme underspends of £315,000 and additional funding required for current schemes in the sum of £50,000. Details of the scheme savings that were to be refunded to the budget were set out in tale 2 in the report.

The Director stated that the proposals in relation to the Capital Building Maintenance Fund committed £941,000 of the available funding to enable services to be provided from corporate buildings, (Tables 3 and 4 in the report set out the proposed capital works for 2018/19 and 2019/20 respectively) while reducing the risk of service disruption due to fabric and building services failures and Health and Safety issues etc. The risk of large scale failures of building elements would increase significantly without investment being made in the Councils property portfolio to deal with the reported condition issues. The proposals provided a £30,000 contingency fund against the full programme.

The Director highlighted that Fire Risk Assessments have been completed for all corporate properties and schools. These risk assessments had indentified all property and building management deficiencies relating to fire

risk. Although the property risks had been identified by the assessor the method / works required to resolve these need to be quantified, specified and costed. A provisional sum of £100,000 was proposed within the Capital building maintenance schedule of priorities for 2018/19 to undertake fire risk assessments work.

The Director reminded the Committee that the programme of scheduled maintenance in the authority's buildings would continue alongside the capital programme now proposed.

Decision

In accordance with the authority delegated by Council within the approved MTFS for 2016/17 the Committee: -

1. Noted the position of the Capital Building Maintenance Fund as set out in table 1 of the report.
2. Approved the transfer of £315,000 from previous years scheme under spends, as identified in Table 2 in the report, to the Capital Building Maintenance budget
3. Approved the roof and window replacement scheme at Rossmere Youth Centre.
4. Approved the transfer of money from the Council Capital Fund unallocated budget towards the cost of works for the:-
 - a. Hartlepool Enterprise Centre window scheme - £33,000
 - b. Carnegie Building boiler replacement £11,000
 - c. Sir William Gray House toilet and Kitchen refurbishment £6,000.
5. Approved the Capital Building Maintenance programme for 2018/19 as detailed in Table 3 and Appendix 3 to the report.
6. Approved in principle the Capital Building Maintenance programme for 2019/20 as detailed in Table 4 of the report.

106. Corporate Complaints Annual Monitoring Report 2016/17 *(Assistant Director, Corporate Services)*

Type of decision

For information.

Purpose of report

The purpose of the report was to inform Finance and Policy Committee of the corporate complaints received during 2016/17, to report on the Local Government Ombudsman (LGO) Annual Letter 2017 and provide an update following the review of the Corporate Complaints, Comments and Compliments Policy.

Issue(s) for consideration

The Assistant Director, Corporate Services reported that in 2016/17 there

were 19 complaints received under the corporate complaints procedure which was 3 less than the previous year. Of those received, 9 complaints were upheld or partly upheld which was 47% or just under half. Appendix 1 to the report set out further detailed information and comparator statistics.

The LGO Annual Letter was also submitted as an appendix to the report. The Assistant Director indicated that during 2016/17, the LGO received 20 complaints or enquiries about Hartlepool Borough Council, an increase of 1 on the previous year. Of these complaints, 7 resulted in a detailed investigation with 5 not being upheld and the remaining 2 upheld with 1 having a remedy suggested by the LGO. This meant that of the complaints subject to detailed investigation by the LGO only 29% were upheld or partly upheld, which was the lowest percentage in the North East Region. Both of the complaints upheld by the LGO had already been upheld or partly upheld by the Council through the corporate complaints process.

Attached as appendix 3 to the report was a comparison table aggregated from the 2017 annual complaints letters received by the local authorities in the north east to gain a better understanding of where Hartlepool stands. As the smallest authority it was not surprising to see that Hartlepool has the lowest number of complaints. However, Hartlepool had the lowest uphold rate of the 12 north east local authorities.

The Assistant Director highlighted that over the past 12 months 2 main common themes have emerged across complaints that have been through the corporate complaints process and investigated by the Local Government Ombudsman. These are:

- Communication between officers and residents especially on projects in the community where a number of residents are affected by the work being carried out.
- A lack of paperwork / paper trail to provide as evidence to the LGO this includes information that has been shared and agreed between interested parties particularly around physical works.

In order to ensure continuous improvement a formal process for ensuring lessons are learned from the complaints that the Council receives both via corporate complaints and through the LGO is to be developed.

A Member questioned if there was any particular area of the authority that had received a greater number of complaints that had been referred onto the LGO. The Assistant Director indicated that thirteen of the complaints had been received by the Regeneration and Neighbourhoods department.

Decision

The Committee noted: -

- (i) the number of complaints received and upheld within the corporate complaints policy in 2016/17 and the historical information reported

- (i) (appendix 1);
- (ii) the number of complaints received and investigated by the Local Government Ombudsman (appendix 2);
- (iii) the position of Hartlepool in relation to Local Government Ombudsman complaints over the last 3 years and in comparison to the North East local authorities (appendix 3);
- (iv) that a formal process would be introduced to ensure that the lessons learnt from complaints received are communicated and where relevant actioned;
- (v) that informal complaints data and comments and compliments received by the Council would be collated corporately and reported as appropriate.

107. Strategic Financial Management Report - as at 31 December 2017 *(Corporate Management Team)*

Type of decision

For information.

Purpose of report

The purposes of the report were to inform Members of:

- i) 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 an updated assessment of the forecast 2017/18 outturn had been completed and a net over spend of £0.124m was now anticipated, which was lower than the previous forecast of £0.250m. The majority of the reported departmental overspend relates to continuing costs in relation to Looked after Children (LAC). As reported in the November 2017 MTFS these pressures arose in 2016/17 and it had been recognised that these pressures would continue into 2017/18 and 2018/19. Further narrative on the issues within the Regeneration and Neighbourhoods was also included within the report to give the Committee an overview of the issues faced. Detailed financial information on all departments was set out in appendices to the report.

In relation to the forecast overspend, the Director indicated that the Corporate Management Team will continue to seek to minimise the forecast deficit by identifying 'discretionary spending' which can be stopped or delayed and capitalising existing revenue spending. If this is not possible this will need to be funded from the Unearmarked General Fund Reserve.

Decision

The Committee noted the report and specifically noted that the Corporate Management Team would continue to work on minimising the forecast 2017/18 General Fund Revenue budget overspend of £0.124m, although if not possible this would need to be funded from the Unearmarked General Fund Reserve.

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

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:

- 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 submitted a report outlining the Council's procurement activity since the previous quarterly report. Details of the individual contracts were set out in appendices to the report. One appendix 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.

In accordance with the declaration of interest recorded in Minute No. 100, Councillor Christopher Akers-Belcher left the meeting at this point in the proceedings.

Councillor Kevin Cranney in the Chair.

109. Healthwatch Hartlepool (*Director of Adult and Community Services*)

Type of decision

For information.

Purpose of report

To update the Finance and Policy Committee regarding provision of the Healthwatch Hartlepool function and the associated contractual arrangements.

Issue(s) for consideration

The Director of Adult and Community Based Services reported on the background to the arrangements for Healthwatch organisations and how the current arrangement in Hartlepool had been procured and its contract arrangements. Healthwatch Hartlepool has been fulfilling the terms of the contract since 1 April 2016. The current contract comes to an end on 31 March 2018 with no further extension options expressly provided for within the contract.

The Council is able to provide funding to the existing CIO (Charitable Incorporated Organisation) Healthwatch Hartlepool (established specifically to carry out the functions of Healthwatch) via a Grant in Aid funding mechanism.

In line with the Council's initial intention in relation to the Healthwatch function, the continued provision of the service will be achieved through Grant in Aid funding to Healthwatch Hartlepool. This arrangement will be for three years from 1 April 2018 with the option of two 12 month extensions subject to performance and continued availability of funding. The service will be subject to the Council's usual contract monitoring arrangements.

The current contract value for Healthwatch Hartlepool is £129,056; £29,892 of this funding comes from the specific grant 'Local Reform and Community Voices Grant' with the remainder coming from base budget.

The Council needs to be conscious of achieving value for money under its statutory duty (Section 3 Local Government Act, 1999) and will achieve this through a reduction in the current contract value that does not destabilise service delivery. A 10% reduction in the current contract value will be applied from 1 April 2018 giving a revised annual contract value of £116,150. It has been determined through contract monitoring that the current service can be maintained at this level of funding, as efficiencies have been achieved since Healthwatch Hartlepool was established as a CIO. This equates to £580,750 over the five year contract term.

Decision

The Committee noted the contracting arrangements for Healthwatch Hartlepool from 1 April 2018 in line with the original procurement process that required the creation of a standalone organisation incorporated for this purpose.

110. Any Other Items which the Chairman Considers are Urgent

None.

The Committee noted that the next meeting would be held on Monday 12 March 2018 commencing at 10.00 am in the Civic Centre.

The meeting concluded at 10.45 am.

P J DEVLIN

CHIEF SOLICITOR

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