

# **FINANCE AND POLICY COMMITTEE**

## **MINUTES AND DECISION RECORD**

18 MAY 2018

The meeting commenced at 1.00 pm in the Civic Centre, Hartlepool.

**Present:**

Councillor Christopher Akers Belcher (In the Chair)

Councillors: Kevin Cranney, Tim Fleming, Marjorie James, Brenda Loynes, Shane Moore and Leisa Smith.

Also Present: Councillor Allan Barclay as substitute for Councillor Jim Lindridge in accordance with Council Procedure Rule 5.2.

Officers: Hayley Martin, Interim Chief Solicitor  
Chris Little, Director of Finance and Policy  
Andrew Carter, Assistant Director, Economic Growth and Regeneration  
Patrick Wilson, Learning and Skills Manager  
David Cosgrove, Democratic Services Team

### **125. Apologies for Absence**

Councillors Jim Lindridge

### **126. Declarations of Interest**

None.

### **127. Minutes of the meeting held on 12 March 2017**

Confirmed.

### **128. Minutes of the meeting of the Health and Wellbeing Board held on 19 February 2018**

Received.

**129. Minutes of the meeting of the Safer Hartlepool Partnership held on 9 February 2018**

Received.

**130. Church Street / Church Square Regeneration Works – Potential Options for Supporting Businesses**

*(Director of Finance and Policy)*

**Type of decision**

Key Decision – Test (i) – General Exception Notice applies.

**Purpose of report**

The purpose of the report was to:

- (i) Provide details of potential options to support businesses impacted by works currently being undertaken in Church Street and works programmed for Church Square; and
- (ii) To enable Members to determine if they wish to adopt any of these options.

**Issue(s) for consideration**

The Director of Finance and Policy reported that the regeneration of Church Street and Church Square was being undertaken in a series of phases and necessitated associated temporary road closures. During the period of these works there may be an impact on the trading conditions for businesses within the re-development area.

The Government operates a number of initiatives to support businesses with their business rates liabilities, in particular, Small Business Rates Relief, Pub Relief, by limiting annual increases in rate poundages to the Consumer Price Index, and by providing some funding to help address the impacts of 2017 Rateable Value increases.

Within Church Street and Church Square the Council had already worked with businesses to ensure they receive the relevant business rate reliefs with the majority of businesses in Church Street (64%) and Church Square (56%) received full business rates relief.

At a national level it was recognised that infrastructure works undertaken by local authorities may in the short-term have an impact on businesses. Conversely, in the medium-term once these improvements were complete, businesses may see a positive impact. However, as it was extremely difficult to determine the extent to which infrastructure works have an impact on businesses, local authorities were not required to compensate businesses whilst undertaking these works.

The Director outlined the potential options for supporting businesses currently affected by works in Church Street and to be completed in Church Square, which were:

Option 1- Support Businesses to apply to the Valuation Office Agency for a temporary reduction in their Rateable Value;

Option 2- Implement a Business Support Grant scheme.

The Director indicated that if Members wished to adopt a Business Support Grant scheme (Option 2) the Council would need to establish detailed eligibility criteria, including a financial limit on the grant per business and total costs to the Council. Therefore, three options had been identified:

Option 2 (a) – implement a Business Support Grant scheme with a maximum grant per property of £1,500 and a maximum cost to the Council of £115,000, open to all businesses;

Option 2 (b) – implement a Business Support Grant scheme with a maximum grant per property of £1,700 and a maximum cost to the Council of £130,900, open to all businesses;

Option 2 (c) - implement a Business Support Grant scheme with a maximum grant per property of £1,900 and a maximum cost to the Council of £129,200, excluding businesses with a rateable value greater than £20,000. This option targets support to smaller businesses.

The financial costs to the authority of the three options were set out in the following table: -

	Maximum grant per business	Maximum potential cost to the Council
Option 2 (a) – open to all businesses	£1,500	£115,000
Option 2 (b) – open to all businesses	£1,700	£130,900
Option 2 (c) – excludes business with a rateable value greater than £20,000	£1,900	£129,200

The Director highlighted that there is no existing budget provision for the costs of implementing the options detailed in the previous paragraph. The February 2018 MTFS report advised Members that, after earmarking £950,000 from the reserves review to meet the increased pay award applying from 1 April 2018, uncommitted one off resources of £134,000 were available. It had been agreed that this amount would be held as uncommitted until details of the 2017/18 actual outturn were known.

Work was currently progressing to finalise the outturn for 2017/18 and the work completed so far indicates that the final overspend would be broadly in line with the forecast overspend of £124,000. Therefore, if the one off resources released from the reserves review were allocated to support businesses in Church Street and Church Square the final 2017/18 overspend would have to be funded from the Unearmarked General Fund Reserve.

This would not result in a significant reduction in this reserve, which would still remain at an appropriate level to help manage financial risks. However, any further reduction in the Unearmarked General Fund Reserve would require corrective action and the repayment of any monies used.

Members expressed their preference for Option 2 (c) particularly as this would provide support for the smaller businesses that didn't have the financial standing to deal with such events. Members questioned how the scheme would be applied and the Director of Finance and Policy stated that much of the detailed application of the scheme had yet to be finalised due to the tight timescales involved in bringing this item to Committee. The detailed application of the scheme would be agreed with the Chair and Vice-Chair.

A Member referred to the improvement grant scheme for shop frontages in Church Street and asked if this scheme would impact on businesses ability to apply to that scheme. The Assistant Director, Economic Growth and Regeneration clarified that the Lottery Heritage Scheme was separate but linked to the overall improvement scheme for Church Street / Church Square and would be unaffected by this scheme. The Assistant Director undertook to circulate details of the Lottery Heritage Scheme to Members of the Committee.

A Member commented on the effects of the works on the cafe within the Railway Station. This business was also being adversely affected by the changing preferences of rail travellers who in order to get a seat on the Newcastle train, particularly at weekends, were boarding the train at Seaton Carew because Northern Rail persisted in running only two carriage trains, when there was regularly sufficient passengers numbers for a four carriage train. The Chair referred the issue, with the agreement of Members, to the Director of Regeneration and Neighbourhoods to write to Northern Rail expressing the Committee's concerns.

A member questioned if this scheme would set a precedent for future major road works / improvement schemes. The Director of Finance and Policy indicated that this had been identified in the risks set out in the report but after consultation with the Interim Chief Solicitor it was believed that the unusual circumstances created by these works did make the situation unique and defensible in the future.

The Chair in moving option 2 (c) wished to record his thanks to the Chief Executive, Director of Policy and Finance and all the officers who had been

involved in bringing the scheme forward to assist the businesses adversely affected by the works.

The following recommendations were agreed unanimously.

### **Decision**

1. The Committee supported Option 2 (c) – implementation of a Business Support Grant scheme with a maximum grant per property of £1,900 and a maximum cost to the Council of £129,200, excluding businesses with a rateable value greater than £20,000.
2. That Council approval be sought to fund the resulting cost from the uncommitted one off resources of £134,000 released from the reserves review. Committee noted that committing these resources means they are not available to partly address the 2017/18 final revenue budget underspend, which would have to be funded from the Unearmarked General Fund Reserve.
3. That authority be delegated to the Director of Regeneration and Neighbourhoods, in consultation with the Chair of Finance and Policy Committee, the Chair of Regeneration Services Committee, the Chief Executive and Director of Finance and Policy, to determine the detailed grant criteria.
4. Committee noted that once the scheme was implemented all awards would only be paid if existing business rates liabilities and / or any other amounts due to the Council were up to date.

## **131. 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.

## **132. Extension Of Youth Employment Initiative Programme** *(Director of Regeneration and Neighbourhoods)*

### **Type of decision**

Budget and Policy Framework. Special Urgency provisions under Rule 21 of the Access to Information Rules of Procedure apply.

### **Purpose of report**

To seek approval for the extension to the Tees Valley Pathways and

Routeways Youth Employment Initiative (YEI) programmes and for the Council to continue as the Accountable Body.

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

The Learning and Skills Manager reported that in January 2013, the European Commission created the YEI programme in order to tackle high levels of youth unemployment across member states. European Union funding was specifically targeted at regions in which the youth unemployment rate exceeded 25%. In this time period, the Tees Valley qualified for additional funding and had a notional allocation of £29m to tackle youth unemployment.

In 2015, the Council, on behalf of a consortium of 27 partners from the public, private and voluntary sector secured £19.2m (£7.2m European Social Funding, £7.2m YEI and £4.8m of match funding) to deliver the Tees Valley Pathways and Routeways YEI programmes. The programmes support young people aged 15 to 29 years across the Tees Valley to progress into education, training, employment and self-employment and officially commenced 1 October 2015 with an original end date of 31 July 2018.

The Council was originally informed in December 2017 of the potential extension to the YEI programme and on 29th March 2018 received notification from DWP that there was only €63M (£55,488,367) available nationally to extend the programme until 2022 (with full project closure in 2023).

Since this period, the Council had been working with its existing partners to clarify who wished to be involved in delivering beyond July 2018. The YEI Project Team had held individual partner meetings and received confirmation that 22 current providers wished to extend their contract and continue delivery of the YEI programme. The Learning and Skills Manager outlined in the meeting the organisations that had chosen not to continue with the programme and the reasons behind those decisions. The officer undertook to share the list of organisations/companies supporting the Pathways and Routeways YEI programmes.

On 2nd May 2018, the Council had received confirmation from DWP that the expected underspend on the original programmes of £6.2m and additional growth request of £8.8m could be used to extend the YEI programmes to 2022. This would mean a provisional allocation for both programmes between 2018-22 of circa £15m (of which £3.75m was match funding). By the end of YEI the Council would have secured and managed the delivery of circa £28.1m which was unprecedented in size and scale for Tees Valley ESF programmes. The Learning and Skills Manager also reported that there would be no financial impact on the authority from the extension to the scheme as the match funding was being met by the Tees Valley Combined Authority. The officer also outlined, for Members reassurance, the regular audit and quarterly return processes the scheme

underwent.

The Chair welcomed the report and proposals and thanked the Learning and Skills Manager and officers involved in bringing the report forward. The input of over £28m investment in the future workforce of the Tees Valley could not be underestimated. The Vice-Chair echoed the Chair's comments but had been concerned that the original YEI proposals had been for 'bottom up' scheme development but due to delays many third sector groups had had to withdraw. The Vice-Chair was now concerned that 'Safer in Tees Valley' had withdrawn from the extended programme as they had acted as an umbrella organisation for a number of third sector groups. There were also concerns that the staff working for the project had been on redundancy notices for some time and approving the proposals here today could bring some reassurance to those members of staff.

It was suggested that in order to assist in condensing the timeline for approving the extension to the scheme, the Leader, who is Education, Employment and Skills portfolio holder on Tees Valley Combined Authority Cabinet could hold a 'signing' event here in Hartlepool to bring all the local authorities together to sign the new contracts, speed up the processing and create some positive press.

The following recommendations were agreed unanimously.

### **Decision**

1. That Hartlepool Borough Council act as Accountable Body on behalf of the Tees Valley for the extended Youth Employment Initiative programmes.
2. Committee noted that the Council's match funding would be met from a grant from the Tees Valley Combined Authority (subject to final confirmation) and there would be no financial impact on the Councils General Fund budget.
3. That the Chief Solicitor, Director of Regeneration and Neighbourhoods, and Director of Finance and Policy be authorised to update the contracts to transfer legal responsibilities under the new grant conditions to the other Tees Valley authorities and partners including the potential for claw back in relation to each Local Authorities share of the extended scheme.
4. Committee noted that no contracts would be signed with the Department for Work and Pensions until these agreements have been signed and match funding from the Tees Valley Combined Authority had been confirmed.
5. That the Director of Regeneration and Neighbourhoods, Chief Solicitor and Director of Finance and Policy be authorised to approve the Council's acceptance of the grant conditions subject to the

completion of the conditions above.

The meeting concluded at 1.25 pm.

**H MARTIN**

**CHIEF SOLICITOR**

**PUBLICATION DATE: 31 MAY 2018**