

# **FINANCE AND POLICY COMMITTEE**

## **MINUTES AND DECISION RECORD**

26 NOVEMBER 2018

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

**Present:**

Councillor Christopher Akers Belcher (In the Chair)

Councillors: Stephen Akers-Belcher, James Brewer, Paddy Brown, Kevin Cranney, Brenda Harrison, Ann Marshall, Shane Moore and Mike Young.

Also Present: as substitute in accordance with Council Procedure Rule 5.2.

Officers: Gill Alexander, Chief Executive  
Hayley Martin, Chief Solicitor  
Chris Little, Director of Finance and Policy  
Dr Peter Brambleby, Interim Director of Public Health  
Jill Harrison, Director of Adult and Community Based Services  
Denise Ogden, Director of Regeneration and Neighbourhoods  
Steve Hilton, Communications and Marketing Team  
David Cosgrove, Democratic Services Team

### **60. Apologies for Absence**

Councillors Leisa Smith and Stephen Thomas.

### **61. Declarations of Interest**

None.

### **62. Minutes of the meeting held on 29 October 2018**

Received.

### **63. Savings Programme 2019/20** *(Director of Children's and Joint Commissioning Services and Interim Director of Public Health)*

**Type of decision**

Budget and Policy Framework.

## **Purpose of report**

The purpose of the report was to enable Members to consider proposals to achieve further savings in 2019/20.

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

The Interim Director of Public Health reported that the financial strategy for 2019/20 will be underpinned by identifying new savings which could be implemented in 2019/20 and detailed proposals for the Public Health Grant budget were set out in the report. The Interim Director stated that in order to achieve the required savings a detailed assessment of all service areas funded by the grant had been undertaken. The five main service areas were:

- early years nursing;
- drugs and alcohol;
- healthy weight and healthy lives;
- sexual health
- smoking cessation.

A standard options appraisal approach was used to evaluate each service against weighted criteria. Rather than curtail all areas slightly and render them less efficient and effective, it was proposed that all the cuts fall on the lowest priority service (as set out in Confidential Appendix A to the report) thereby protecting those at higher priority. The appendix contained exempt information under Schedule 12A of the Local Government Act 1972 (as amended by the Local Government), (Access to Information), (Variations Order 2006) namely, information relating to any individual (Para 3)). Attention had been paid to trends in health need and uptake of services, focussing on areas of falling demand and least value for money.

The Interim Director also reported that Hartlepool, along with all other Tees Valley local authorities made annual contributions to Fresh North East (the regional dedicated tobacco control programme) and Balance North East (the regional dedicated alcohol information and support group) totalling £55,000. A decision had been made in 2017 by all Tees Valley Authorities to cease these contributions from 1 April 2019 on the basis that the lobbying and press relations that Fresh and Balance offered were poorer value for money than other priorities, and also not closely aligned to local authorities core business.

The savings generated an additional £187,000 more than the grant reduction of £228,000. The savings would also protect the other four main service areas provided through the Public Health Grant. However, in recognition of the wider financial pressures faced by the Council and the significant budget deficit it was proposed that this additional funding was used by the MTFS to support the changes in children's health and early help services, which would help deliver better public health outcomes. As detailed in the Confidential Appendix, only £130,000 of additional funding

would be available in 2019/20 to support the MTFS, with the balance being made available in 2020/21.

**Decision**

That the recommendations set out within the confidential appendix to the report be approved and that this is reflected in the budget proposals to be referred to full Council.

**64. Statement of Gambling Principles** (*Director of Regeneration and Neighbourhoods*)

**Type of decision**

Budget and Policy Framework.

**Purpose of report**

To seek endorsement of a draft Statement of Gambling Principles which has been considered and approved by the Licensing Committee and which is proposed to be presented to Council for adoption in December 2018.

**Issue(s) for consideration**

The Director of Regeneration and Neighbourhoods reported that the submitted draft Statement of Gambling Principles had been agreed by the Licensing Committee and proposed for adoption by Council. Members welcomed the 'no casino' policy indicating that there were already sufficient concerns in relation to access to gambling, particularly for young people.

**Decision**

1. That the draft Statement of Gambling Principles, as submitted, be approved.
2. That the inclusion of a 'No Casino' resolution in the draft Statement of Gambling Principles be endorsed.

**65. ICT Contract Extension** (*Director of Finance and Policy*)

**Type of decision**

Key Decision (test (i) applies).

The report had been intended to submission to the Committee on 29th October 2018. However, due to workload, there was a departure from the Forward Plan.

**Purpose of report**

To seek approval for Officers to negotiate a 3 year extension to the current ICT Contract with Northgate Public Services (NPS).

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

The Director of Finance and Policy reported that the Council had entered into an ICT contract with NPS in October 2013. The original seven year contract was due to terminate in October 2020. The contract could be extended for a maximum of three years, potentially taking the contract to October 2023.

The contract delivered an initial annual saving of £700,000 in 2013/14 and that had subsequently increased to an annual saving of £1.13m in 2018/19, delivered through the contract, which was a reduction of 18% on the 2012/13 cost of ICT. Over the period 2013/14 to 2018/19 the existing contract will have saved approximately £5.5m and by October 2020 the total saving will increase to approximately £7.1m.

The contract also ensured that any provider created a physical presence within the Borough. Northgate took up a lease at the former Hanson House building in Lynn Street which meant that 175 staff would be located in the Borough. In addition, 85 new roles had been created over the past five years, including a successful Modern Apprenticeship programme which was also in place for the Northgate contract. The lease for the building also generated £150,000 per annum in rental income and a further £43,000 each year in facilities management income for the Council.

The Chair commented that this was one of the first major decisions made under the new administration of the Council which had delivered significant savings for the authority over the past seven years.

### **Decision**

1. That officers be authorised to negotiate, in principle, a three year extension to the current ICT Contract with Northgate Public Services;
2. That authority be delegated to the Director of Finance and Policy, in consultation with the Chair of Finance and Policy Committee, the Chief Executive and Chief Solicitor, to agree the detailed terms of a three year extension.

## **66. Hartlepool Western Growth Corridor – Funding Strategy** *(Director of Regeneration and Neighbourhoods)*

### **Type of decision**

Key Decision – tests (i) and (ii) apply. General Exception Notice applies.

### **Purpose of report**

The report set out the need and importance of delivering the Hartlepool Western Growth Corridor and associated Grade Separated Junction in terms of the future growth of Hartlepool. The costs of the scheme and the

proposed funding were set out within the report, including information on the external funding that had been secured towards this project.

Given the importance of these infrastructure improvements it is necessary to borrow prudentially upfront in order to cover the shortfall in funding and to relieve pressure on the existing road network. Over the next 10 years the authority would be able to secure Section 106 payments (Town and Country Planning Act 1990) from housing developments within the vicinity of the bypass which should repay the prudential borrowing.

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

The Director of Regeneration and Neighbourhoods reported that the targets for housing and employment growth for Hartlepool were closely aligned with the aspirations of the Tees Valley Strategic Economic Plan (TV SEP) which aimed to create 25,000 new jobs over the next 10 years across the Tees Valley area. Housing growth across the Hartlepool Local Plan period equates to 410 dwellings per year. The plan identifies, therefore, a housing requirement for the next fifteen years of 6,150 dwellings.

There were already a large number of planning permissions approved which amounted to over 3,500 homes. The remainder of the 6,150 homes, therefore, needed to be new allocations across the Borough. Given the geography of the Borough and the employment designations to the south of the urban area, westward growth was the only practical option.

The plan identified two main westward growth areas, the South West Extension for just over 1,200 new homes, which Planning Committee had previously been minded to approve, and growth in the Elwick Road area at High Tunstall (1200 homes) and Quarry Farm (220 homes). These locations not only related well to existing facilities but also offered the opportunity to provide a range of new community facilities which would support growth in this area of the town. It was recognised that there were highway improvements which would be critical to the Elwick Road corridor to support these sites and future growth of the Borough. The road infrastructure improvements proposed within the plan and the rationale for them was detailed within the report.

The Director went on to outline the safety concerns that existed with the current junctions on the A19 for Elwick and Dalton Piercy and the ongoing negotiations with Highways England. In terms of the financial considerations, the Director indicated that since the report submitted to Council in September 2017, a grant of £4.172m had been secured from Tees Valley Combined Authority (TVCA) and discussions were advanced with Homes England to secure a potential additional £4.173m of funding in the near future. This would mean that the Council had secured £8.345m of external funding which would bring the remaining estimated costs to £10.161m which would need to be funded from prudential borrowing; a significant reduction from that previously estimated. The reduction in the amount of prudential borrowing would allow the Council to release S106

monies to fund other contribution objectives once the scheme was complete and the S106 monies had been received. The Director also assured Members that the estimated costs of the scheme at £18.5m were realistic and had been based on the costs of other similar schemes that had been undertaken across the region.

The Director appraised Members of the risks concerned with funding package and its financing, the risks around a potential failure to deliver the number of new properties proposed, interest rate rises and delays in obtaining the necessary land through Compulsory Purchase Orders (CPO). There was also the impact on the local road network and the timing of these works would be dependent on the progress of the new housing. Detailed modelling work would be required to assess the improvements necessary to the existing local road network and these would be the subject of further reports.

The Director also highlighted for Members information the key legal issues much of which centred on the S106 legal agreements and the progress of land acquisitions potentially through the use of CPOs. Negotiations had already commenced with the land owners and an indicative plan of the land required was submitted as an appendix to the report. The Director indicated that it was hoped the negotiations would prove successful but should they not, there was the CPO process that could be entered into and appropriate authority was sought as part of an amended recommendation to enter into that process should it prove necessary.

Consultations had been entered into with all appropriate bodies, groups and land owners and their agents and it was highlighted at the meeting that both Elwick and Dalton Piercy Parish Councils supported the scheme.

Members welcomed the scheme and particularly the closure of the crossing points on the A19. The numbers of jobs projected through the TV SEP was questioned and the Director stated that this was a Tees Valley wide target and that 12,000 new jobs had already been created across a range of sectors.

The Committee debated the concerns around the impact on the local road network of the growth in housing and the additional traffic associated with the new junction. Members welcomed the fact that the impact would be appropriately assessed and a scheme of works consequently designed though there was a view that some of the improvements to the local road network should be implemented ahead of the new junction/bypass. A Member of the public commented on the existing road issues at peak times on Catcote Road and the need for a north-south proposal. The Director indicated that there was the potential for a further 'north-south link road' scheme on the west of the town linking the new developments but much depended on the pace of development. The Chair requested that the comments be noted and assessed as part of the development of a future report on the improvements required for the local road network.

The Vice-Chair commended the Chair for the additional financial support acquired from TVCA to support the scheme. The Chair in turn thanked the officers for their support in the work to secure additional funding for the scheme and requested that the Director pass those thanks on to the Highways Team. Hartlepool was the fastest growing town in the Tees Valley and the new junction/bypass scheme would promote that growth further and also provide some alleviation to the pressures on the A689 and the A179 and improve safety on the A19. The Chair moved the recommendations including the amended recommendation circulated at the meeting.

### **Decision**

That the following recommendations be referred to Council:

1. That approval be sought to add to the capital programme £18.506M for the Western Growth Corridor and associated Grade Separated Junction.
2. That it be noted that grant funding of £8.345M is anticipated to be secured in relation to this scheme in early 2019 of which £4.172M has been confirmed.
3. That approval be sought to use prudential borrowing of £10.161M and that it be noted this was below the maximum previously approved by Council on 28 September 2017 of £18M.
4. That it be noted that the annual loan repayments (excluding interest) of using prudential borrowing will be funded from S.106 Developer Contributions. Under these arrangements the prudential borrowing of £10.161M would be repaid over a 7 to 10 year period.
5. That it be noted that the full annual interest cost currently expected in 2021/22 until the loan is repaid, will be funded from Council Tax income generated from approximately 157 properties.
6. That it be noted that a future report will be brought in relation to the Local Road Network taking account of the comments made at the meeting.
7. That approval be sought for the use of Compulsory Purchase Order powers to acquire the land, shown hatched on the plan appended to the report, to deliver the Hartlepool Western Growth Corridor subject to negotiation with the land owners to resolve the matter without the need for the Council to invoke its Compulsory Purchase Order powers and that a further report be submitted to Council to formally invoke the use of Compulsory Purchase Order powers (including a Statement of Reasons and Schedule of land to be acquired) if negotiations with the land owners were unsuccessful.

Councillor S Akers-Belcher abstained from voting on the above recommendations.

## **67. Investigatory Powers Commissioner's Office Desktop Based Documentary Inspection** *(Chief Solicitor)*

### **Type of decision**

Non-key decision.

### **Purpose of report**

To advise the Committee of the desktop based documentary inspection undertaken by the Investigatory Powers Commissioner and his resulting recommendations as to the compliance with the Regulation of Investigatory Powers Act 2000.

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

The Chief Solicitor reported that the outcome of the last inspection was reported to this Committee on 16 October 2015. Following receipt of correspondence from the Investigatory Powers Commissioner which included a number of recommendations, a response had been sent to the Commissioner who had been notified that a report would be submitted to this Committee. The Commissioner was also advised that he would be updated as to the decisions of the Committee in addressing the recommendations arising from the desktop based documentary inspection.

The desktop review concluded that there was no need for a physical inspection at this stage but made a number of recommendations. Those recommendations and the Council's responses were set out in the report and focussed mainly around training and updating of policies. The Chief Solicitor requested that Members consider the updated Policy and Procedure on the Use of Covert Surveillance submitted with the report.

### **Decision**

1. That the Committee approve the responses to the recommendations contained within the desktop inspection report.
2. That the Council's response is formally notified to the Investigatory Powers Commissioner's Office and that annual reports are submitted to the Audit and Governance Committee.
3. That the updated Policy and Procedure on the Use of Covert Surveillance, as submitted, be approved.

## **68. NJC Pay Award 2019** *(Assistant Director, Corporate Services)*

### **Type of decision**

Non-key decision.



### **Purpose of report**

The purpose of the report is to advise Finance and Policy Committee of the outcome of negotiations with the Trade Unions in relation to the local implementation of the NJC Pay Award 2019 and to seek agreement to these proposals.

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

The Director of Finance and Policy reported that the NJC Pay Award 2019 introduced a new national pay spine with assimilation arrangements. A working party involving Trade Union officials from the Single Table and HBC senior management had jointly negotiated the proposals in respect of the local implementation of the new national pay spine with effect from 1 April 2019. Details of the new pay structure were submitted with the report.

The Director also highlighted that the new pay spine and the pay award had recognised the issue of low pay and now provided a minimum rate of pay of £9.36 per hour. This is higher than the National Living Wage from 1 April 2019 of £8.21 per hour and the Real Living Wage of £9.00 per hour set in November 2018 and also the Hartlepool Living Wage that had placed the Council at the forefront of addressing low pay for its own employees. The policy had committed the council to increasing the Hartlepool Living Wage until such time as the national living wage caught up to and exceeded the Hartlepool Living Wage, which was now the case.

The Director reminded Members that no additional Government funding had been provided for this increase, or the overall impact of the 2018 and 2019 National pay awards. Therefore, these additional costs were reflected as unfunded budget pressures in the MTFS forecasts for 2019/20.

### **Decision**

That the joint proposal agreed with the Trade Unions to assimilate the Council's pay spine to the new NJC Pay Spine from 1 April 2019 be approved

## **69. Apprenticeship Programme** *(Assistant Director, Corporate Services)*

### **Type of decision**

Non-key decision.

### **Purpose of report**

The purpose of the report was to update Finance and Policy Committee on:

- The apprenticeship programme.
- Use of the Apprenticeship Levy.

- The Council's position in relation to the Public Sector Apprenticeship Target.

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

The Director of Finance and Policy reported on the outcomes for the 27 apprentices scheduled to finish their apprenticeship in 2018 which showed that 89% had secured employment with the Council, some through the casual register, or had progressed on to the next level apprenticeship. The Council was to have 55 apprentices in its 2018/19 programme which included 8 that had progressed to the next level of their apprenticeships from last year, 2 that were continuing their existing apprenticeship and 45 new recruits. Of these apprenticeships, seven had been matched to care leavers.

As part of the apprenticeship reform the Government had introduced a Public Sector Apprenticeship Target. No new Government funding had been provided for the salary costs of achieving this target, so councils had to fund this from existing budgets. The 2.3% public sector apprenticeship target was for new apprenticeship starts which included both newly employed apprentices and any existing employees that had begun an apprenticeship. All public sector bodies must submit a report to the government on their progress in meeting the target by 30 September each year.

The Council's apprenticeship target is based on the headcount as of 31 March 2018 and is 69 (2.3%). During the reporting period the Council had 41 (1.5%) new apprenticeship starts. While this number falls below the 2.3% target, the Director indicated that the target would be met in the following year, through a combination of new apprenticeships and apprenticeships training for existing employees.

The Chair commented that that from his role as portfolio holder for Employment, Employment and Skills with the Combined Authority the apprentice levy was having a negative effect in general across the Tees Valley but this report showed that Hartlepool was bucking that trend. The TVCA was looking to raising the issue of retaining the apprentice levy locally with government.

Members welcomed the report and the numbers of apprentices being employed by the Council. Members were concerned that outside the authority some 'apprenticeships' were not providing real skills to young people and were simply a way of filling employment gaps cheaply. A member queried what approach was adopted by the authority in dealing with those that may not have the necessary academic criteria but had drive; were those young people offered apprenticeships. The Chief Executive commented added that the Council worked with Hartlepool College of Further Education (HCFE) to ensure those young people that hadn't achieved the requisite GCSEs in Maths and English were offered the opportunity to study through to Level 2 in a vocational qualification which

was the equivalent to 5 GCSEs.

The Chair welcomed the new intake of apprentices to the Council. In terms of the Tees Valley situation, the Chair commented that the £30m devolved adult education budget was not just aimed at targeting young people's education but also at up-skilling older workers to meet the needs of the jobs market.

### **Decision**

That the report be noted.

## **70. Workers Memorial Day** *(Assistant Director, Corporate Services)*

### **Type of decision**

Non Key decision.

### **Purpose of report**

The purpose of the report was to present a request from the Hartlepool Joint Trades Union Committee (HJTUC) for the Council to continue to recognise and support Workers Memorial Day on Sunday 28th April 2019.

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

The Director of Finance and Policy reported that the HJTUC had requested that:

- a) The Authority considers promoting a minutes silence in all public buildings and to Council staff at 12.30 pm on Sunday 28 April 2019, in remembrance of 'those workers who have lost their lives through industrial accident or disease'.
- b) The Authority gives consideration to authorising the lowering of flags on public buildings on Sunday 28 April 2019.
- c) The Authority gives consideration to assisting in promoting / publicising the event to the wider public
- d) The Authority authorises the use of Council Premises on Sunday 28 April 2019 for the service and for guests before / after the Workers Memorial Day Service and Wreath Laying Ceremony.
- e) The Authority provides technical equipment and support, as required, on Sunday 28th April 2019 for the service and wreath laying ceremony.

### **Decision**

1. That the Council supports a minutes silence in all public buildings and for all Council staff at 12.30 pm on Sunday 28 April 2019, in remembrance of ‘those workers who have lost their lives through industrial accident or disease’.
2. That the Council supports the lowering of flags on public buildings on Sunday 28 April 2019.
3. That the Council assists in promoting / publicising the event to the wider public.
4. That the use of Council Premises be authorised on Sunday 28 April 2019 for the service and for guests before / after the Workers Memorial Day Service and Wreath Laying Ceremony.
5. That the Council provides technical equipment and support, as required, on Sunday 28th April 2019 for the service and wreath laying ceremony.

## **71. Strategic Financial Management Report - as at 30th September 2018** *(Corporate Management Team)*

### **Type of decision**

For information.

### **Purpose of report**

The purpose of the report was to inform Members of:

- (i) 2018/19 Forecast General Fund Outturn;
- (ii) Corporate Income Collection Performance; and
- (iii) 2018/19 Capital Programme Monitoring.

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

The Director of Finance and Policy reported the half year position and revised outturn forecast. The Director indicated that the pressures in relation to Looked after Children were continuing in 2018/19 and it was anticipated that this pressure would continue in 2019/20. This was one of the issues reflected in the 3 September 2018 Medium Term Financial Strategy (MTFS) report which outlined the budget deficit for 2019/20 and the financial challenges facing the Council in 2020/21 and 2021/22.

An updated assessment of the forecast 2018/19 outturn had been completed and an overspend of £0.920m is anticipated (compared to £0.8m as reported at end of July). The increase in the forecast departmental overspend reflected a higher projected adverse variance in Regeneration and Neighbourhoods by a further £120,000. The main reason for this is a forecast adverse variance of £115,000 for Passenger Transport which could be partly mitigated by releasing £35,000 from the Passenger Transport reserve. This reflected increased costs as a result of changes in demand arising from the new academic year starting in September and were mainly

owing to an increase in pupil numbers accessing 'Special Educational Needs' transport including transport outside of the borough.

The MTFS update report of 3 September 2018 identified recurring budget reductions from a combination of measures (reduction in income contingency risk, holiday pay costs, external audit fees and funding changes) which would reduce the 2019/20 budget deficit. These items total £371,000 and were also available to reduce the forecast 2018/19 overspend. Officers were continuing to pursue further actions to reduce this figure by achieving in-year reductions (i.e. over achieving the salary vacancy target and reducing discretionary revenue spending), and/or using funding flexibilities (i.e. using funding flexibilities relating to grants and capitalising revenue expenditure). There remained a risk that further in year budget savings may not be achievable and in this situation the net forecast overspend would need to be funded by reviewing the Council's earmarked reserves and details would be reported to a future meeting.

The Director also highlighted the collection rate figures for Business rates and Council Tax collection. In relation to Business rates the Council had collected 55.69% of the 2018/19 liability, up by 2.57% compared to the same period last year (53.12%) at the 30 September 2018. For the same period, Council Tax collected was 53.94% compared to 54.12%, down slightly by 0.18%.

The report also updated the Committee in relation to the positions for Sundry Debts, Capital Receipt Targets, 2018/19 Capital Programme Monitoring and Section 106 Developers Contributions. In relation to the Capital Programme the Director specifically drew Members attention to the additional costs and funding options identified for the following three schemes, details of which were set out in the report:-

Coast Protection - Headland Town Wall and Block Sand scheme  
BIS Managed Workspace  
Church Square.

Members discussed the Church Street and Church Square schemes and specifically highlighted the materials used.. The Director of Regeneration and Neighbourhoods commented that some of the issues raised were part of the design features set by the architect. The department was also aware of some issues of discolouration of finishes regarding the paving in Church Street and was pursuing these with the contractor. A Member commented that some of the paving discolouration occurred outside take-aways and the owners of those businesses should be tasked with showing more pride in the environment outside their businesses. The Director stated the area would be inspected taking on board the comments made at the meeting.

The Director of Regeneration and Neighbourhoods responded to questions in relation to the Coastal Protection Scheme at the Headland Town Wall and that the scheme was within the funding cost envelope originally agreed, indicating that it had been considered the scheme was progressing well and

would come in under budget however adverse weather had hindered progress.. The scheme had progressed to the point now completed. The Chair of the Neighbourhood Services Committee stated that the existing defences in that area had been assessed and considered good for a further 50 years.

### **Decision**

1. The report and the Director of Finance and Policy's comments be noted;
2. The Committee noted the forecast 2018/19 General Fund Revenue budget over spend of £920,000 and proposed measures to reduce this to £549,000;
3. The Committee noted the options being explored to address the remaining forecast over spend of £549,000 and that further details would be reported to future meetings of this Committee.
4. The Committee noted that the 2019/20 MTFS report included a recommendation to seek Council approval to fund the additional cost of delivering the Headland Town Wall and Block Sand scheme from a combination of applying revenue contributions of £0.244m and use of prudential borrowing of £0.756m. Committee noted that the loan repayment costs could be funded from the existing revenue budget, which now fully commits the loan repayment element of the budget.
5. The Committee noted the request for additional funding from Tees Valley Combined Authority for the BIS Managed Workspace and Church Square capital schemes as identified in the report.

## **72. Any Other Items which the Chairman Considers are Urgent**

None.

The Committee noted that the next meeting would be held on Monday 17 December 2018 at 10.00 am in the Civic Centre.

The meeting concluded at 10.55 am.

**H MARTIN**

**CHIEF SOLICITOR**

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