

# **FINANCE AND POLICY COMMITTEE**

## **MINUTES AND DECISION RECORD**

28 JANUARY 2019

The meeting commenced at 10.05 am in the Civic Centre, Hartlepool.

**Present:**

Councillors: Christopher Akers Belcher Stephen Akers-Belcher, James Brewer, Paddy Brown, Kevin Cranney, Brenda Harrison, Ann Marshall, Leisa Smith, Stephen Thomas and Mike Young.

Also Present: Councillor T Richardson.

Officers: Gill Alexander, Chief Executive  
Hayley Martin, Chief Solicitor  
Chris Little, Director of Finance and Policy  
John Morton, Assistant Director, Finance and Customer Services  
Denise Ogden, Director of Regeneration and Neighbourhoods  
Steve Hilton, Communications and Marketing Team  
David Cosgrove, Democratic Services Team

Councillor Kevin Cranney (Vice-Chair) in the Chair

**96. Apologies for Absence**

Councillor Shane Moore,

**97. Declarations of Interest**

None.

**98. Minutes of the meeting held on 14 January 2019**

Confirmed.

Councillor Christopher Akers-Belcher (Chair) in the Chair.

**99. Medium Term Financial Strategy (MTFS) 2019/20 to 2021/22** *(Director of Finance and Policy)*

**Type of decision**

Budget and Policy Framework.

### **Purpose of report**

The purpose of the report was to update the MTFS to reflect the final 2019/20 Local Government Finance settlement announcement and to enable Members to finalise the 2019/20 technical budget calculations to be referred to Council on 21 February 2019.

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

The Director of Finance and Policy referred to the detailed budget proposals to balance the 2019/20 budget which had been considered and approved by Council on 20 December 2018 and included a Council Tax increase (including the Social Care precept of 1%) of 3.9% for 2019/20. These proposals reflected the provisional 2019/20 Local Government Finance Settlement, which was issued on 13 December 2018 and subject to a four week consultation ending on 10 January 2019.

The final technical budget report and Council Tax calculations were being considered in January 2019 and would reflect the final 2019/20 Local Government Finance Settlement. These proposals will then be referred to Council on 21 February 2019. At this time the final 2019/20 Local Government Finance Settlement had not been issued. It was likely that parliamentary time had been limited due to the ongoing Brexit debate. The Director did not envisage any significant change as the 2019/20 settlement was part of a multi-year settlement agreed with government. Any changes to the settlement would be reported to Council on 21 February 2019.

The Director briefly outlined the financial position as reported to Council and provided a Capital Budget update which included the Council approval of £128,000 to support businesses in Church Street / Church Square impacted by the Regeneration Scheme. Officers had contacted business in the area to promote the scheme and had followed up with site visits and reminder correspondence. It was anticipated that existing commitments and forecast outstanding grant applications would commit £58,000 of the available budget. This will leave an uncommitted balance of £70,000, which it was proposed could be allocated as follows:

- £60,000 to fund urgent structural repairs to 16 Church Street to make the building safe until funding can be secured to undertake a major renovation as part of the regeneration of Church Street.
- £10,000, and any further under spend on the Business Support Grant scheme which may arise, to be transferred to complement the Townscape Heritage scheme covering the whole of Church Street / Church Square.

As requested at Council on 20th December 2018 details of the proposed vehicle replacement programme included in the previous MTFS report were attached at Appendix A for Members consideration. As reported previously

these issues were considered and approved by Neighbourhood Services Committee on 10th October 2018.

The report also informed Members that the Local Government Act 1992 and relevant regulations also required the Council to approve the statutory Council Tax calculation incorporating the Council Tax levels set by individual precepting authorities, i.e. the Police and Crime Commissioner, Cleveland Fire Authority and individual parish councils. This would be addressed in a report to Council on 21st February 2019.

Individual 'precepting bodies' were responsible for setting their own Council Tax levels in accordance with the specific Government Council Tax referendum principles applying and which meet their own budgetary requirements. The Government has set the following Council Tax referendum limits for 2019/20:

Type of Authority	Government Council Tax Referendum Limits 2019/20
Police and Crime Commissioners	Increases of up to £24 in Band D Council Tax in 2019/20
Fire and Rescue Authorities	Increases of up to 3% in Band D Council Tax in 2019/20
Town and Parish councils	No referendum limits have been set and the Government intends to defer setting limits for three years, subject to town and parish councils exercising Council Tax restraint.

The statutory Council Tax calculations were an administrative responsibility that the Council as the statutory 'billing authority' was required to undertake once the Council has set its own Council Tax level (which was approved on 20th December 2018) and the individual precepting authorities had set their own Council Tax levels.

Due to the lateness of the final 2019/20 Local Government Finance Settlement, the Director indicated that he wished to amend recommendation (i) in the report to the following: -

- (i) Note that the final 2019/20 Local Government Finance settlement has still not been issued and approve that, subject to consultation with the Chair of Finance and Policy Committee, any minor changes to the provisional funding allocation previously announced by the Government will be managed by increasing or decreasing the use of the Budget Support Fund and details will be reported to Council on 21 February 2019.

A Member questioned what the Fire and Rescue Authority rise of 3% means in real terms. The Director of Finance and Policy indicated the figure was approximately an additional £1.50 for a Band D property.

The meeting discussed the £60,000 to fund urgent structural repairs to 16 Church Street to make the building safe questioning the need for the works and whether they had to be funded by the Council or could grant be applied for. The Director of Regeneration and Neighbourhoods stated that the works were essential and if not done soon, could result in much higher costs later. The need for the works had come to light during the inspections of the property that were necessary to complete an appropriate bid for Heritage Lottery Funding. The Heritage Lottery Fund would expect the Council to maintain the integrity of the building while applying for funding for redevelopment of the building. The Heritage Lottery Fund application process could take up to a year, however, hence the need to undertake these works. The costs were being drawn from funding already allocated to Church Street.

A Member of the public questioned why the previous owners of the property had not been required to undertake works to the building in the past and if these costs were simply to make the building safe, how much was the scheme to bring it back into use going to cost. The Director of Regeneration and Neighbourhoods stated that the Heritage Lottery Funding bid would be significant but would take time. Emergency works had been undertaken in the past to the building and had been charged back to the previous owners at that time. Details of the bid would be reported to Members in due course.

The Chair of the Neighbourhood Services Committee understood the concerns of members and the public at the expenditure but these were essential safety works that the Council was legally required to do.

In relation to the Police precept referred to in the Director of Finance and Policy's report, a member of the public made reference to the recent press coverage of Cleveland Police and sought Members support to call for the resignation of the Police and Crime Commissioner. Members stated their support for the Police and Crime Commissioner.

### **Decision**

1. The Committee noted that the final 2019/20 Local Government Finance settlement had still not been issued and agreed that, subject to consultation with the Chair of Finance and Policy Committee, any minor changes to the provisional funding allocation previously announced by the Government would be managed by increasing or decreasing the use of the Budget Support Fund and details would be reported to Council on 21 February 2019;
2. The Committee noted that it was not expected that there would be any changes from the provisional 2019/20 grant cut and Council Tax referendum limits reflected in the budget and Council Tax proposals approved by Council in December;
3. That Council approval be sought for the statutory Council Tax

calculations, incorporating the Council Tax levels set by individual precepting authorities; i.e. the Police and Crime Commissioner, Cleveland Fire Authority and individual parish councils;

4. That Council approval be sought to allocate the forecast underspend on the Church Street/Church Square Business Support grant scheme of £70,000 as follows:
  - £60,000 to fund urgent structural repairs to 16 Church Street to make the building safe until funding can be secured to undertake a major renovation as part of the regeneration of Church Street.
  - £10,000, and any further under spend on the Business Support Grant scheme which may arise, to be transferred to complement the Townscape Heritage scheme covering the whole of Church Street / Church Square.
5. That requested by Council on 20th December 2018 the approved Vehicle Replacement programme detailed in Appendix A to the report be noted.

## **100. Business Rates Retail Discount Scheme** *(Director of Finance and Policy)*

### **Type of decision**

Non Key Decision.

### **Purpose of report**

To seek Members approval to a Business Rates Retail Discount Scheme to be fully funded by central government as announced by the Chancellor in the Autumn 2018 Budget Statement.

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

The Assistant Director, Finance and Customer Services reported that the Government announced in the Budget on 29th October 2018 that it would fund a Business Rates Retail Discount Scheme for occupied retail properties with a rateable value of less than £51,000 in each of the years 2019/20 and 2020/21. Guidance information on the operation of the new scheme had been published in November 2018. The value of the discount was one third of the bill after mandatory reliefs and other discretionary reliefs funded by central government section 31 grant had been applied.

As this was a measure for 2019/20 and 2020/21 only, the Government would not change business rates legislation, instead the Government would reimburse local authorities that use their existing Localism Act 2011 discretionary relief powers to grant Retail Discount Relief. Central Government would reimburse the Council and Cleveland Fire Authority (as a major precepting authority) for the actual cost to them under the rates

retention scheme for relief awarded. Details of the criteria and eligibility for the grant were set out in the report.

The Government had defined those hereditaments that were considered to be eligible and ineligible for Retail Discount Relief in 2019/20 and 2020/21 and it was proposed that these lists were adopted by the Council. The Government acknowledge that their lists may not be exhaustive and Councils should determine for themselves any properties that were broadly similar in nature to those listed and can be added, therefore, to those types of uses considered eligible or ineligible. To qualify for the relief the property must be wholly or mainly used for retail purposes.

The Assistant Director reported that modelling showed that in Hartlepool about 280 properties would be eligible and additional relief of about £837,000 could be awarded in 2019/20. There would be no need for businesses to apply for this new relief as qualifying businesses would be identifiable from existing rating record details.

The new Retail Discount was temporary in nature only applying in 2019/20 and 2020/21. Other central government reliefs, notably Small Business Rates Relief (SBRR), had been in operation for a number of years and were now embedded in rating arrangements and likely to continue in the future. The Council recognised this position and had undertaken regular “take up” initiatives to ensure that eligible businesses were claiming their support. The most recent exercise undertaken in late 2018 showed that 94.9% of eligible businesses were currently receiving their SBRR entitlements totalling £3.02m in 2018/19. Ongoing engagement was continuing with the 68 businesses that have not currently accessed their potential SBRR.

The Chair of the Regeneration Services Committee commented that this was an excellent support for our retail sector which was under so much pressure at the moment. The Assistant Director and his staff were commended for their work in bringing business rate relief to so many businesses.

A Member questioned if a scheme to bring in reduced or zero business rates for larger firms moving onto the town and creating employment could be considered. The Director of Finance and Policy commented that the Council would have to meet not only its share of the business rates but also the government's if it were to offer such a scheme. The Chair of the Regeneration Services Committee added that there were the Enterprise Zones which provided a number of benefits to businesses. There was also a potential scheme for coastal towns which could potentially see the whole town declared an enterprise zone, though this was only at the discussion stage.

A member of the public commented that some small businesses in the town would benefit from an equality of car parking charges as some areas faced higher charges than those in the centre of Hartlepool. The Director of Regeneration and Neighbourhoods commented that this was one of the

considerations in a wider review of car parking across the Borough.

### **Decision**

1. That approval be given to the adoption of the central government defined lists of eligible and ineligible hereditaments for Business Rates Retail Discount.
2. That no local additions be made to the eligible and ineligible lists in the context of properties being wholly or mainly used for retail purposes at this time.
3. That the progress made by the Council to ensure local businesses maximise their entitlements to Small Business Rates Relief be noted.

## **101. Corporate Complaints – 6 Months Monitoring Report** (Assistant Director, Corporate Services)

### **Type of decision**

Non-key decision.

### **Purpose of report**

The purpose of the report was to update the Committee of the 2018/19 mid-year position in relation to corporate complaints and to seek Members approval to an amendment to the Corporate Complaints, Comments and Compliments Policy.

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

The Director of Finance and Policy reported that a total of 16 complaints had been received in the first half of 2018/19; 6 more than at this point last year. Of those received, 7 were upheld or partly upheld. The report set out details of the complaints received by each department and an appendix to the report provided historical comparison of Corporate Complaints for information.

Although the overall increase in corporate complaints was concerning, there was no pattern in the nature of the complaints received and no specific action in respect of overall trends was, therefore, necessary. Action had been taken in relation to specific complaints where these had been upheld or partially upheld.

The Corporate Management Team (CMT) had reviewed the timescales set out in the Corporate Complaints, Comments and Compliments Policy and proposed that the overall timescale for complainants to receive a full and final response to the formal investigation of their corporate complaint should increase from 20 to 25 working days. This change would reflect the increasingly complex nature of the complaints being received which can

take longer to investigate and also the reduction in the capacity of officers to undertake investigations in addition to their normal workload. The proposed timescale was in line with the other North East authorities and would still ensure Hartlepool aims to turn around their formal responses to complaints quickly.

### **Decision**

1. That the 2018/19 6 month position on corporate complaints received be noted;
2. That the proposed amendment to the Corporate Complaints, Comments and Compliments Policy with investigations of formal complaints to be completed in 25 working days be approved.

## **102. Q3 Strategic Financial Management Report' (Director of Finance and Policy)**

### **Type of decision**

For information.

### **Purpose of report**

The purpose of this report is to inform Members of the 2018/19 Forecast General Fund Outturn; the Corporate Income Collection Performance; and the 2018/19 Capital Programme Monitoring.

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

The Director of Finance and Policy provided the Committee with an updated assessment of the forecast 2018/19 outturn and the latest forecast was broadly in line with that previously reported – a net overspend of £545,000 (£549,000 in Quarter 2). Children's Services budget pressures were continuing in relation to the increasing number and costs of Looked after Children. The main reason for the departmental overspend in Regeneration and Neighbourhoods was Passenger Transport where the costs were continuing to rise as a result of an increase in pupil numbers accessing 'Special Educational Needs' transport, including transport outside of the borough. Detailed financial information on the projected outturn for individual Departments by Committee was provided in appendices to the report.

As previously reported, officers have been pursuing a range of actions to try and reduce the 2018/19 Forecast Overspend and to bring the overall outturn back into line with the available budget. These actions had included a review of all grants and other funding flexibilities as well as overachieving salary abatement targets and reducing discretionary spending. These actions would address the forecast overspend and at this stage of the year it was anticipated there will be no call on the Unearmarked General Fund



Reserve to fund any overspend. However, the nature of the winter period could impact on a range of departmental budgets this position would be closely monitored over the rest of the year.

The Housing Revenue Account (HRA) is a ring fenced account relating to the Council's rented housing and the forecast outturn was a deficit of £163,000 which was higher than the budgeted deficit of £29,000 due to a delay in the impact of measures approved by the Finance and Policy Committee on 18th June 2018 to reduce the number of void properties. The deficit was being met by HRA reserves.

In terms of the collection of Business Rates the Director reported that at the 31st December 2018 the Council had collected 82.03% of the 2018/19 liability, up by 1.41% compared to the same period last year (80.62%). The overall Council Tax collection rate at 31st December 2018 was 80.36% compared to 80.76% for the same period last year, down slightly by 0.40%.

The Council also collects significant Sundry Debts income for the payment of services provided by the Council. In total £24.501m of sundry debts were raised in the first nine months of 2018/19 and as at 31st December 2018, £20.814m (84.95%) of this amount had been collected.

At present no significant capital receipts were anticipated in 2018/19. Work was currently underway to secure capital receipts at a number of sites; however, these were unlikely to be received until 2019/20 at the earliest.

As detailed in the previous quarter, additional funding was being sought from the Tees Valley Combined Authority (TVCA) in relation to the BIS Managed Workspace (£338,000) as a result of unforeseen issues and delays owing to the challenges of renovating a Grade II Listed building and for Church Square (£177,000) as a result of the tenders being higher than the pre-tender estimate. A report confirming the additional funding was submitted to the TVCA Cabinet on the 24th January, 2019 and the additional funding had been granted.

### **Decision**

The forecast 2018/19 General Fund Revenue budget over spend of £545,000 and the proposed measures to manage this as set out in the report were noted.

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

The Chairman informed Members that following the recent announcement of the Tees Valley Combined Authority Investment Plan which would bring a significant amount of investment into Hartlepool, he had agreed with the Chair of the Regeneration Services Committee that a joint meeting would be held to discuss the proposals within the plan. Members welcomed the meeting and commended the Chair on the significant investment that had

been approved by the Combined Authority.

The Chair indicated that Members would be informed of the date of the meeting as soon as it had been determined.

The Committee noted that the next meeting would be held on Monday 11 March 2019 at 10.00 am in the Civic Centre.

The meeting concluded at 10.40 am.

**H MARTIN**

**CHIEF SOLICITOR**

**PUBLICATION DATE: 1 FEBRUARY 2019**