

FINANCE AND POLICY COMMITTEE

MINUTES AND DECISION RECORD

9 DECEMBER 2019

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

Present:

Councillor Shane Moore (In the Chair)

Councillors: Christopher Akers-Belcher, James Brewer, Dave Hunter, Jim Lindridge, Sue Little, Ann Marshall, John Tennant, and Mike Young.

Also Present: Councillor Tom Cassidy as substitute for Councillor Leisa Smith in accordance with Council Procedure Rule 4.2.
Councillor A 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
Claire McLaren, Assistant Director, Corporate Services
Denise McGuckin, Director of Regeneration and Neighbourhoods
Sally Robinson, Director of Children's and Joint Commissioning Services
Jill Harrison, Director of Adult and Community Based Services
Steve Hilton, Communications and Marketing Team
David Cosgrove, Democratic Services Team

69. Apologies for Absence

Councillors Paddy Brown and Leisa Smith.

70. Declarations of Interest

None.

71. Minutes of the meeting held on 11 November 2019

Received.

72. Minutes of the meeting of the Safer Hartlepool Partnership held on 11 October 2019

Received.

73. Local Council Tax Support Scheme 2020/21 *(Director of Finance and Policy)*

Type of decision

Budget and Policy Framework.

Purpose of report

The purposes of the report were to:

- (i) Update Members on the results of the public consultation on options for the Council's 2020/21 Local Council Tax Support (LCTS) scheme;
- (ii) To enable Members to determine the 2020/21 LCTS scheme to be referred to Council.

Issue(s) for consideration

The Assistant Director, Finance and Customer Services reported that the Committee at its meeting on 14th October 2019 received an update report on the operation of the LCTS scheme and the scheme's future financial risks. Financial modelling indicated that a 2020/21 LCTS scheme reduction should be able to be maintained at 12%, the same level as the previous six financial years (2014/15 to 2019/20).

Members determined that public consultation should be undertaken on the 2020/21 Local Council Tax Support Scheme on the options of retaining a 12% scheme, or introducing 14%, 16%, 18% or 20% schemes. The public also had through the consultation the ability to make comments or put forward alternative suggestions as required by case law.

The Consultation process commenced on 21st October 2019 and closed on 2nd December 2019. The Consultation was advertised via Press Release, Social Media and on the Council's website.

A copy of the Consultation was submitted as an appendix to the report and an analysis of the responses was set out in the report. An update was tabled at the meeting which showed a total of 343 responses to the consultation were received with 97% responding living in the borough. 67% of responders had never been in receipt of LCTS, with the remaining 33% being from people currently or previously in receipt of the benefit. Almost two thirds (64%) of respondents thought the Council should maintain the existing 12% scheme. If an alternative proposal was to be adopted, 49% of respondents indicated that it should only rise to 14%.

The report highlighted that collecting Council Tax from LCTS households was more difficult and resource intensive, as these households were less likely to pay by Direct Debit and make payments in different ways i.e. Attachment of Benefit Order and a greater proportion who pay by cash,

either at the Civic Centre or via the Post Office and the Paypoint network at local shops.

The Council monitored the levels of collection from LCTS households and while this was positive, there was a time lag in securing collection. This positive level of collection reflected the Council's decision to retain a 12% scheme, which had significantly reduced the financial burden on low income households.

In the Financial Considerations, the report highlighted the potential effects of the alternative levels of LCTS on the Medium Term Financial Strategy (MTFS) and also on individual working age claimants.

The Chair thanked the Assistant Director and officers for the time and effort put into the consultation and also thanked those who had taken the time to respond to the consultation. The Chair considered that maintaining the current scheme of 12% would give the best balance between people making a contribution towards their Council Tax and the Council's ability to collect that Council Tax. Members supported the comments.

A Member considered that the proposals could have included the potential of reducing the scheme to 10% with the Local Welfare Support Scheme budget being removed to make up the shortfall in income against the current scheme. The Director of Finance and Policy indicated that a 10% scheme could be included in a consultation next year. Removal of the Local Welfare Support Scheme would require careful consideration as it provided support to a smaller group of residents on an emergency basis and would also require consultation.

The retention of the 12% LCTS scheme was moved with an additional recommendation that a 10% scheme be included as a potential option in consultation for the 2021/22 LCTS with a review of the use of the Local Welfare Support Scheme to support such a proposal.

Decision

1. The Committee noted:

- (i) the future financial and administrative risks associated with the Local Council Tax Support scheme;
- (ii) that higher Local Council Tax Support levels than 12% will provide additional income in 2020/21,
- (iii) the financial risk regarding the sustainability of higher Local Council Tax Support schemes beyond 2020/21 arising from increasing arrears;
- (iv) the financial impact of higher Local Council Tax Support schemes on low income working households and other Council budgets namely Local Welfare Support and Discretionary Housing Payments;

- (v) the outcome of the consultation on different levels of Local Council Tax Support cuts for 2020/21;
 - (vi) that pensioners would not be affected by any changes in the level of Local Council Tax Support as under national regulations they continue to receive 100% support on a means tested basis.
2. That Council be recommended to approve the continuation of the existing 12% Local Council Tax Support scheme (as operated for the last 6 years);
 3. That consultation on the Local Council Tax Support for 2021/22 include the potential option of a 10% scheme and the potential use of the Local Welfare Support budget to fund the additional 2%.

74. Medium Term Financial Strategy (MTFS) 2020/21 – 2023/24 *(Director of Finance and Policy)*

Type of decision

Budget and Policy Framework.

Purpose of report

The purpose of the report was to enable Members to approve the Medium Term Financial Strategy (MTFS) proposals to be referred to Council.

Issue(s) for consideration

The Director of Finance and Policy presented the detailed Medium Term Financial Strategy (MTFS) to Members highlighting the following key areas and issues.

- The Government's one year Spending Review and the effects of nine years of austerity.
- The changes in recurring resources between 2013/14 and 2019/20.
- Comparative information, particularly against Windsor and Maidenhead Council, another small (though larger than Hartlepool) Unitary Authority where the government reduction in core grant funding per resident was only £91 compared with £284 in Hartlepool.
- The inclusion in the one year spending review of additional national funding for social care of £1bn with the continuation of the local Adult Social Care Precept at 2%, which the Government forecast will raise £500million nationally
- The 'core' Council Tax referendum limit at 2%.
- Changes to the New Homes Bonus and the allocations for 2020/21.
- The outcome of the budget consultation process with policy committees, Trade Unions and the Business sector. Consultation with policy committees had led to the withdrawal of the proposal to introduce a charge for garden waste and also the withdrawal of £291,000 of other

savings due to policy committees wishing to see full evaluations of the proposed savings.

- Utilisation of the approved Budget Support Fund and a detailed summary of the initial and revised proposals to balance the 2020/21 budget.
- An identification of the main issues known now that will impact upon the 2021/22 to 2023/24 budgets. This included the result of the forthcoming election, Brexit, national pay awards, Looked after Children costs, inflation and the National Living Wage.
- Details of the current capital programme were also reported together with amendments to the programme relating to additional costs for Stranton Chapel and the BIS project.
- An outline of potential funding for future capital schemes through the proposed Capital Investment Programme and use of funds secured from the Tees Valley Combined Authority
- The Housing Revenue Account capital programme.
- The Neighbourhood Investment Fund.
- A proposed loan to High Tunstall College of Science to assist in the financing of community sports facilities which will bring in additional grants monies including £500,000 Football Foundation grant.
- The position of the Councils reserves and in particular the reduction in the reserves over the past 3 years from £43.620m at 31 March 2017 to a forecast £18.858m at 31 March 2020.

The Director concluded his presentation of the report by drawing Members attention to the 'Robustness Advice' a statutory requirement on an Authority's Section 151 Chief Finance Officer introduced in the Local Government Act 2003 to advise Members on the robustness of the budget forecasts and the adequacy of the proposed level of reserves. If Members ignore this advice, the Act requires the Authority to record this position.

In providing the appropriate robustness advice to this Committee and full Council the Director stated that he would be able to sign off the budget as robust if both the proposed savings and proposed Council Tax increase were approved. If either of these components is not approved he would not be able to sign off the budget as robust until such time as alternative recurring savings have been identified.

In the event that it is suggested that the proposed Council Tax increase is not implemented and the recurring income reduction is replaced by using reserves this cannot be signed off as robust. This proposal would significantly weaken the Council's ongoing financial position and the cumulative impact would be a reduction in resources of approximately £5m, consisting of:

- A permanent reduction in recurring Council Tax income of £1.630m, which cannot be replaced in future years;
- A permanent reduction of reserves of £1.630m i.e. the amount which would need to be used in 2020/21;

- A permanent reduction in services of £1.630m which is the amount that would need to be saved in 2021/22 to replace the use of reserves in 2020/21.

The Director stated that the recommendations in the report were predicated on the new Government confirming the 2020/21 grant funding and Council Tax referendum limits announced over recent months. This position would not be confirmed until after the General Election. In the event that the new Government makes any changes which impact on the recommendations in the report a further report would be submitted to enable Members to determine whether any changes are required by Council.

The Chair thanked the Director and his team for the detailed budget now submitted to Members. The Chair commented that in the past, it was easy to criticise the budget proposals put forward at Council but when in political control of the process it became clear that the level of detail involved in the decision making to reach this point was huge. The Chair thanked the business representatives for their support for the proposals and also referred to a letter received from the Joint Trades Union Committee indicating its support for the budget now proposed. The investment package outlined in the report would help Hartlepool move forward and would assist in generating more income. The Chair indicated his support for the detailed recommendations and hoped Members could also support the proposals.

In discussion issues were raised around the proposed capital investment at Stranton Chapel when Members had indicated a preference for a new build proposal. The Director Regeneration and Neighbourhoods stated that there was presently no land allocated for a new build proposal to replace Stranton Chapel and a site would need to be identified first before any proposals could be consulted upon. The process of identifying a suitable site had commenced, in line with some very old legislation, but this would take time and the investment at Stranton Chapel was needed now and could not wait.

There was concern expressed at proposing a rise in Council Tax three days before the general election but the Chief Executive assured Members appropriate advice had been sought and all the north east local authorities were continuing their budget timetables set before the election was called. There were statutory deadlines that had to be met, including the approval of the Local Council Tax Support scheme by the end of the calendar year.

A Member also indicated that a review of fees and charges should have looked at the potential of a much higher rise rather than the 2% inflation increased proposed as a 7% rise across all charges could potentially have brought in sufficient income to offset some, if not all of the Council Tax rise proposed. The Director of Finance and Policy stated that a simple across the board rise in charges could not be implemented as many charges were statutory and outside the Council's control. Also the largest part of the Council's fees and charges income came from social care charges. The Director stated that he could not recommend increasing fees and charges

as a robust alternative to increasing Council Tax. Work on reviewing fees and charges was to be undertaken but this was an incredibly complex area and would take time. CMT had agreed that a full review of all fees and charges would be undertaken as part of the budget proposals for 2021/22.

The discussion also referred to the period when the Council had implemented a freeze on Council Tax when the government had paid council's a 1% grant for doing so. In response to questions, the Director of Finance and Policy stated that had council tax not been frozen in those years and the maximum rise applied, the Council would be in a different situation with higher council tax income but this would also have led to Members making different budget decisions over the intervening years. The Director estimated that the Council Tax for a Band D property would be in the region of £200 higher than now.

Some Members expressed their great concerns at having to make such decisions that would affect families across the town, particularly those only just 'getting by'. Members discussed the issue of the loan to High Tunstall College of Science and were reassured by the Director of Finance that the proposal was robust and affordable for the school. The issue of the future of the Wingfield Castle was also highlighted. The Chair assured Members that he also wished to see a scheme to restore the Wingfield Castle and that a lot of work had gone on behind the scenes to make the scheme happen. This included approving the proposed Capital Investment Pot which would enable a detailed scheme to be brought forward.

Following detailed discussion, the Chair moved the recommendations as set out in the report and also an additional recommendation that a review of fees and charges be completed during 2020/21 to enable Members to consider potential options for increasing income for the 2021/22 budget.

The proposal was seconded and a recorded vote was requested and agreed.

On the additional recommendation proposed in relation to 'a review of fees and charges be completed during 2020/21 to enable Members to consider potential options for increasing income for the 2021/22 budget' the vote was as follows: -

For - Councillors Moore, Young, Little, Cassidy, Lindridge, Hunter, Marshall, C Akers-Belcher, Brewer and Tennant.

There were no votes against and no abstentions.

This additional recommendation will be referred to Council on 19 December 2019.

On the substantive recommendations set out in the report with the inclusion of the additional recommendation set out above, the votes recorded were as follows: -

For – Councillors Moore, Young, Little, Cassidy, Marshall, Brewer and Tennant.

Against – Councillor C Akers-Belcher.

Abstain – Councillors Lindridge and Hunter.

The following recommendations were, therefore, agreed and would be forwarded to Council on 19 December as the recommendations of the Finance and Policy Committee.

Decision

The Committee noted the following:

- (i) That the Government is providing an additional £1 billion of national funding for children and Adult Social Care pressures;
- (ii) The Government have proposed a 4% Council Tax referendum limit. This includes a 2% Adult Social Care precept which will generate £500 million to partly match the £1 billion referred to in recommendation (i). Continuation of the Adult Social Care precept for a fifth year continues to shift part of the funding of these services onto Council Tax.

The Committee approved the following proposals for referral to full Council on 19th December 2019:

Revenue Budget

- 1. Note that the Council's allocation of the £1 billion social care funding (net of £52,000 reduction in Revenue Support Grant) is £2.291m, compared to the September 2019 forecast of £1.840m, an increase of £0.451m;
- 2. Approve that £1.053m of the social care grant funding (£0.602m forecast in September and £0.451m increase detailed in recommendation (1)) is allocated to partly address the recurring increase in the Looked after Children costs – forecast 2020/21 of £1.403m based on current costs;
- 3. Approve the detailed strategy for allocating one off resources detailed in Appendix A (to the report) to address increased Looked after Children costs already incurred in 2019/20 and forecast in 2020/21. This strategy will provide sufficient funding to meet existing costs continuing to 2022/23, which provides a longer lead time to reduce demand, or for the Government to recognise this national pressure and provide additional funding;
- 4. Approve the recurring and one off issues detailed in Appendix B (to the report);

5. Approve the revised proposal for addressing the net 2020/21 budget deficit as detailed in paragraph 3.23 (of the report), which includes:
 - A 2% Adult Social Care precept;
 - A 1.9% core Council Tax increase;
 - Work stream savings of £2.089m as detailed in Appendix E
 - Use of reserves of £0.547m to remove the proposed Garden Waste charges and requirement to identify further budget saving of £0.291m
6. Note that a 2% Adult Social Care precept and core Council Tax increase of 1.9% for 2020/21 provides recurring income of £1.630m, which protects services;
7. To note that adopting recommendation (5) defers a deficit of £0.547m, to 2021/22 which increases the deficit for that year from £0.844m to £1.301m.

Recommendation Referred from Finance and Policy Committee 14th October 2019:

Finance and Policy Committee considered a detailed report “Tees Valley Future Waste Strategy” on the adoption of the Outline Business Case for the treatment of municipal residual waste on behalf of the five Tees Valley councils from April 2025. The report outlined the detailed work which needs to be completed in relation to this issue and the costs of procurement, obtaining planning permission, project management and external specialist advice in the areas of legal, financial and technical during procurement. These costs will be shared by the five Tees Valley councils and would normally have to be funded up front. The Combined Authority have agreed to provide a loan for these costs, with repayment not commencing until 2025/26 when the new facility becomes operational. Finance and Policy Committee approved the following recommendation for inclusion in the MTFS proposals to be referred to Council.

8. Approve that the Council enter into a loan agreement with the Combined Authority to agree to repay the £1m associated with the procurement over a 25 year period commencing 2025/26 and delegate authority to the finalise the agreement to the Director of Finance and Policy in consultation with the Chief Executive, Chief Solicitor and Chair of Finance and Policy Committee.

Capital Issues

9. Approve the proposed funding arrangements for the increased capital costs detailed in paragraph 5.4 (of the report) and inclusion in the current capital programme;

10. Note the indicative specific capital grant allocations detailed in Appendix F (to the report) and in line with the policy adopted in previous years delegate authority to the relevant Policy Committee to determine, in compliance with the relevant grant conditions, the allocation of the actual capital grant allocation once these are known;
11. Approve that a one off accrual saving from 2018/19 of £150,000 is used to reinstate the Neighbourhood Investment Fund to £289,000 and to note detailed proposal for using this amount will be reported to a future Finance and Policy Committee, in accordance with the previous Council delegation.
12. Approve the proposal to use the recurring revenue saving of £0.586m summarised in paragraph 5.9 to establish a Capital Investment Programme fund of £13.395m to be funded from Prudential borrowing which will be repaid from the recurring saving. To note if Members do not wish to approve this proposal the available Capital Investment Programme fund of £13.395m will not be available;
13. To note on the basis of approving recommendation (12) the Capital Investment Programme Fund will match fund TVCA funding to provide total capital investment of £40.895m;
14. On the basis of Member approving recommendation (12) to seek approval from Council to delegate authority to Finance and Policy Committee, in consultation with the relevant Policy Committee Chair(s), to approve the detailed business cases for the schemes detailed in paragraph 5.15 (of the report) to be delivered from the Capital Investment Programme Fund. To note that a further report will be submitted to Finance and Policy Committee in January/February 2020;
15. On the basis of Members approving recommendation (12) to allocate of £0.5m of the available capital funding to enable work to progress on the development of detailed business and to delegate authority for the use of these resources to the Chief Executive, in consultation with the Chair of Finance and Policy Committee and Director of Finance and Policy;
16. To approve the use of Prudential borrowing to fund the loan request of £0.7m from High Tunstall College of Science towards the total scheme costs of £1.826m. To note the annual repayment cost of 15 years will be £53,000, which is 0.8% of the schools 2019/20 budget and to note the school will seek to repay the loan over 10 years. To note that Neighbourhoods Services Committee will need to approve the allocation of £0.326m of Local Transport Plan funding towards this scheme;
17. On the basis of Members approving recommendation (16) to note the Chief Solicitor, in consultation with the Director of Finance and Policy,

will complete the appropriate legal agreement with the school to protect the Council's financial position;

Reserves

18. To seek Council approval to delegate authority to the Chief Executive, in consultation with the Chair of Finance and Policy Committee and Director of Finance and Policy, to use up to £0.5m of the uncommitted Budget Support Fund to fund invest to save initiatives, subject to these proposals achieving a pay-back period of 3 years or less. This proposal will enable further savings to be achieved from initiatives such as property rationalisation. To note the uncommitted balance on the Budget Support Fund will be part of the review detailed in recommendation (19);
19. Note that a further review of reserves will be completed as part of the 2021/22 budget process and this will include an updated assessment of risk in relation to national issues and proposed changes to the local government funding system, which will increase risk if proposals to increase Business Rates retention from 50% to 75% are implemented.

Robustness Advice

20. Note the robustness advice of the Director of Finance and Policy detailed in section 8 (to the report).
21. A review of fees and charges be completed during 2020/21 to enable Members to consider potential options for increasing income for the 2021/22 budget.

Councillors Moore and Akers-Belcher left the meeting at this point.

Councillor Young in the Chair.

75. HR Policy Review – Restructure and Redundancy Policy *(Assistant Director, Corporate Services)*

Type of decision

Non Key Decision.

Purpose of report

The report sought Finance and Policy Committee approval for a revised Restructure and Redundancy Policy.

Issue(s) for consideration

The Assistant Director, Corporate Services reported that the current Reorganisation, Redundancy and Redeployment Policy had been in place

since 2010. It was now proposed to have two separate policies, one for reorganisation and redundancy and one for redeployment, which would be reported to a future Finance and Policy Committee.

The proposed Restructure and Redundancy Policy, appended to the report, had been agreed with and was supported by the Hartlepool Joint Trade Union Committee.

Decision

That the proposed Restructure and Redundancy Policy, as submitted, be approved.

76. Council Plan 2017/18 – 2019/20 6 Months Progress Update (*Chief Executive*)

Type of decision

For information only.

Purpose of report

The report updated Members on the progress made on the Council Plan 2017/18 – 2019/20 between April 2019 and the end of September 2019 and informed Members of a number of changes / updates to the Plan. The report also included a review of the Council's Strategic Risk Register.

Issue(s) for consideration

The Chief Executive reported on the progress made on the approved Council Plan and highlighted the progress made on the performance measures set out in the appendix to the report. The report included a number of changes to, and updates on, some of the key deliverables.

The Chief Executive indicated that the Strategic Risk Register had also been reviewed at the end of September with no changes to risk ratings identified. A new strategic risk was being developed with regards to Brexit and its implications. This risk would be monitored alongside the other 30 Strategic Risks on the register.

Decision

The Committee noted:

- (i) the key achievements made in the delivery of the Council Plan between April 2019 and the end of September 2019 as reported;
- (ii) the changes to the key deliverables in the Council Plan as set out in section 4.4 of the report;
- (iii) the position in relation to the Council Plan Performance Indicators as set out in appendix 1 to the report; and
- (iv) the six month review of the Strategic Risk Register.

77. Any Other Items which the Chairman Considers are Urgent

None.

It was noted that the next meeting of the Committee would be held on Monday 13 January 2020 at 10.00 am in the Civic Centre, Hartlepool.

Councillor Young left the meeting at this point.

Councillor Moore in the Chair.

78. Local Government (Access to Information) (Variation Order) 2006

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

Minute 79 – Warm Homes Fund Tees Valley Consortium Bid – This item contains exempt information under Schedule 12A Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 namely (para 3) information relating to the financial or business affairs of any particular person, (including the authority holding that information).

79. Warm Homes Fund Tees Valley Consortium Bid

(Director of Regeneration and Neighbourhoods) This item contains exempt information under Schedule 12A Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 namely (para 3) information relating to the financial or business affairs of any particular person, (including the authority holding that information).

Type of decision

Key decision, tests (i) and (ii) apply. General Exception Notice applies.

Purpose of report

To seek approval to participate in a Tees Valley partnership to deliver Warm Homes Funding with the other four Local Authority partners.

Issue(s) for consideration

The Director of Regeneration and Neighbourhoods reported on the potential involvement of Hartlepool in a Tees Valley partnership to deliver Warm Homes Funding.

Decision

The decision of the Committee is set out in the exempt section of the minutes.

The meeting concluded at 11.45 am.

H MARTIN

CHIEF SOLICITOR

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