

FINANCE AND POLICY COMMITTEE

MINUTES AND DECISION RECORD

9 MARCH 2020

The meeting commenced at 10.15 am in the Civic Centre, Hartlepool.

Present:

Councillor Shane Moore (In the Chair)

Councillors: Christopher Akers-Belcher, Paddy Brown, Jim Lindridge, Sue Little, Leisa Smith and John Tennant.

Also Present: Councillor Stephen Akers-Belcher as substitute for Councillor Ann Marshall; and
Councillor Cameron Stokell as substitute for Councillor Mike Young; in accordance with Council Procedure Rule 4.2.

Edwin Jeffries, Hartlepool Joint Trades Union Committee.

Officers: Gill Alexander, Chief Executive
Hayley Martin, Chief Solicitor
Chris Little, Director of Finance and Policy
Claire McLaren, Assistant Director, Corporate Services
Sally Robinson, Director of Children's and Joint Commissioning Services
Denise McGuckin, Director of Regeneration and Neighbourhoods
Steve Hilton, Communications and Marketing Team
David Cosgrove, Democratic Services Team

111. Apologies for Absence

Councillors Dave Hunter, Ann Marshall and Mike Young.

112. Declarations of Interest

None.

113. Minutes of the meeting held on 10 February 2020

Received.

114. Council Plan 2020-23 (Chief Executive)

Type of decision

Budget and Policy Framework.

Purpose of report

The purpose of the report was to ask the Committee to agree the proposed vision and strategic priorities for the Council Plan 2020/21 – 2022/23 to go forward to Council for approval.

Issue(s) for consideration

The Chief Executive reported on the background to the development of the new Council Plan and the consultation process that had been undertaken during its development.

The main gaps identified through this stage of consultation relate to the need for a greater emphasis on sustainability (identified by young people) and diversity. It was therefore proposed to add two strategic priorities to the existing eight and amend the Vision Statement to address these concerns.

The Chair of the Regeneration Services Committee stated the he did not believe the successes of the outgoing Council Plan had been celebrated sufficiently and he informed the Committee that there would be an additional meeting of the Regeneration Services Committee on 17 April to reflect on those successes.

Concern was expressed that the need to develop high quality student accommodation in the town was not included in the aspirations in the Council Plan and some Members were concerned at the failure to supply to this meeting the full options appraisal on student accommodation that was requested by full Council on 20 February 2020. Officers stated that the proposals around student accommodation were set out in the Housing Revenue Account and Student Accommodation report to be considered later on the agenda (Minute No. 120 refers). A full options appraisal would take time and would probably require the engagement of independent consultants. There was a lengthy debate on the issue of what Council had requested with some Members stated their belief that full Council had requested the options appraisal to be submitted to an additional meeting of this Committee ahead of the next Council meeting on 19 March 2020.

On the additional strategic priority on sustainability some Members were concerned that this would be a means of 'levering in' the wind turbines at Seaton Carew that local residents strongly opposed. A Member also sought an amendment to Strategic Priority 7 through the addition of 'residents of all ages' to ensure that suitable homes were brought forward for both young and old alike.

Decision

1. That the vision and strategic priorities that will form the structure of the Council Plan 2020/21 – 2022/23 as set out in the report be approved and forwarded to Council for agreement;
2. That the intention to develop the detail underpinning the plan which will come to Finance and Policy Committee for approval in the new municipal year be noted.

115. 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 116 – Teesside International Airport Limited (“TIAL”) – Joint Venture Consent – 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).

116. Teesside International Airport Limited (“TIAL”) – Joint Venture Consent (*Chief Executive*)

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

Non-key decision.

Purpose of report

This report provided updates on progress in relation to the delivery of the Tees Valley Combined Authority (TVCA) business case for the airport and requests the Authority’s consent (as a shareholder) to enable Teesside International Airport Limited (TIAL) to progress a joint venture for the development of the Southside in line with that business case.

Issue(s) for consideration

The Chief Executive stated that the report sought the Council's approval to the proposals around the development of the 'Southside' at the airport for commercial airport related development. A similar report was being considered by all the shareholding local authorities. There was no financial impact upon Hartlepool Borough Council, now or in the future from these proposals.

Members stated that they had some questions in relation to the confidential appendices to the report which set out the detailed business plan approved by the Airport Board. The meeting, therefore, moved into closed session for those questions to be responded to.

The following decision was made in open session and was agreed unanimously.

Decision

1. The Committee noted the decision of the Tees Valley Combined Authority Cabinet to support the development of the Southside through a loan of £23.6m to Teesside International Airport Limited for enabling infrastructure.
2. The Committee noted the decision of the Teesside International Airport Limited board to enter into a joint venture and establish a subsidiary company with their selected developers Theakston Land and Wynyard Business Park to undertake the development of the Southside.
3. The Committee provided its consent to Teesside International Airport Limited to pursue the Southside development including consent to the establishment of the subsidiary and the grant of a 125 year lease.
4. Members agreed to delegate responsibility to the Chief Executive in consultation with the Chair of Finance and Policy Committee where future matters require shareholder consent and do not have any financial impact on the Council.

Councillor Little was not present when the above decision was made.

The meeting returned to open session.

117. HR Policy Review – Redeployment Policy *(Assistant Director, Corporate Services)*

Type of decision

Non Key Decision.

Purpose of report

The purpose of the report was to seek Finance and Policy Committee approval for the revised Redeployment Policy.

Issue(s) for consideration

The Assistant Director, Corporate Services submitted for the Committee's approval a revised Redeployment Policy for approval. The revised policy contained no fundamental changes to the previous policy but simplified the policy by bringing all aspects into a single easier to use document. The revised policy had the support of the Trade Unions.

The following decision was unanimous.

Decision

That the revised Redeployment Policy be approved.

118. Disposal of Land at Tanfield Road (*Director of Regeneration and Neighbourhoods*)

Type of decision

Key Decision (test (i) or (ii)) Forward Plan Reference No. RN32/18.

Purpose of report

To seek approval to the disposal of land at Tanfield Road.

This report had been brought forward in advance of the Forward Plan as time was of the essence in making the decision due to the circumstances of the matter.

Issue(s) for consideration

The Director of Regeneration and Neighbourhoods reported that there were two sites on Tanfield Road, one which comprised the former retail garden centre (site A) and the second which comprised the Cemetery Lodge and associated storage facilities and car park (site B). It would be necessary to relocate the staff based in the former Lodge and while it had initially been hoped to sell the two lots together, the report included only a proposed sale of site A at this time. Due to a need for bungalow accommodation in the area as identified in the Councils Housing Strategy, it was decided to advertise the site for sale as a bungalow development.

Following an extensive marketing period various informal tender offers were received and are evaluated in a confidential appendix to the report which contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3), information relating to the

financial or business affairs of any particular person (including the authority holding that information).

Consideration had been given to the Council undertaking the development of the site but this would carry a higher level of financial risk than potential developments on other Council owned sites, where the land cost would be significantly lower. It was recommended, therefore, that in this instance the Council pursues a mixed economy of affordable housing and sell the land.

The Chair welcomed the proposal indicating the site sale would contribute to the Council's capital receipt target. The Chair also noted that consideration had been given to the site being developed by the Council with the homes included in the HRA but that the developer route had been recommended in this case. The Chair suggested that consideration should be first given to the Council developing its land for housing to be included in the HRA before it was externally marketed.

A Member queried what other sites had been identified to meet the capital receipts target and what level of new homes bonus the Council would receive for the homes proposed on this site. The Director stated that the Council sites at Brierton and Hart would contribute to the target of £2.411m as reported and that changes to the new homes bonus regime meant that only legacy payments for the previous three years would be made in 2020/21. The Director of Finance and Policy added that the government had made changes to the new homes bonus regime and the Council would accrue no new homes bonus for this site. The Director of Finance and Policy undertook to supply details of the capital receipts secured against the current Capital Receipts Target to Members of the Committee.

Some concerns were expressed in relation to potential traffic issues at the junction of Tanfield Road and Stockton Road. The Director of Regeneration and Neighbourhoods stated that this would be a planning matter for the developer to address. There was also a short discussion in relation to the access to the cemetery car park on Brierton Lane which the Director stated had already been acknowledged and was to be addressed.

The following decision was unanimous.

Decision

1. That Option 1, the sale in line with the terms of sale as set out in confidential appendix to the report, be approved. The appendix contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3), information relating to the financial or business affairs of any particular person (including the authority holding that information).

2. That authority be delegated to the Director of Regeneration and Neighbourhoods in consultation with the Chief Solicitor and Chair of Finance and Policy Committee to agree detailed terms of the contract.
3. That consideration should be first given to the Council developing its own land for housing to be included in the HRA before it is externally marketed.

119. Housing Revenue Account and Student Accommodation *(Director of Regeneration and Neighbourhoods and Director of Finance and Policy)*

Type of decision

Key Decision test (i) and (ii) Forward Plan Reference RN/320

Purpose of report

The purposes of the report were to provide additional information as requested at Council on 20th February 2020 in relation to:

- Potential rent levels and the impact on the level of Housing Revenue Account (HRA) capital investment;
- Future potential Section 106 contributions and the impact on future HRA capital investment;
- The provision of bungalows for families within the HRA;
- Student accommodation options; and
- To determine proposals to be referred to Council for consideration and approval.

Issue(s) for consideration

The Director of Finance and Policy reported that a comprehensive report on the HRA was considered by Finance and Policy Committee on 10 February 2010. Details of the proposed HRA capital investment were then considered by Council on 20 February 2020. These proposals were not approved and Council resolved to refer the issues identified above back to this Committee.

The report set out details of the potential rent increases the council could implement and the impact of these on the capital investment programme. Details relating to the effects on Section 106 funded properties and the ability of the HRA to support prudential borrowing were also set out for Members information.

In relation to student accommodation it was highlighted that the Council currently provided 12 student units at Avondene, a unique local authority provision in the North East with no other Councils involved in student accommodation. At this time there was no evidence of a shortfall in student accommodation. This position may change in the future if the North School

of Art significantly increases student numbers. To manage this position it was recommended that a strategic alliance be established with the college to monitor the situation and include student accommodation as part of the town centre master planning within the context of the Town Deal.

The Director also drew Members attention to the risks section in the report particularly around the securing of Homes England grant funding. Increasing the numbers of homes would give the HRA greater long term security and provide high quality homes to people in Hartlepool, many of which were facing higher rents in the private sector for lower quality homes with poorer tenancy security. There were presently in excess of 2000 people on the waiting list for a HBC house.

The Chair indicated his support for the proposed rent increase of 2.7% as a means of securing the long-term security of the HRA. With many of the people currently in HBC homes being in receipt of Housing Benefit / Universal Credit, their rent would continue to be met. Other Members supported the proposal citing examples of people who had moved to a HBC home securing a better quality house and a rent reduction of over £90 a month compared to the private rented sector.

There was debate around the rent increase proposal. It was proposed that a one-year rent freeze be implemented for 2020/21 with the situation being reconsidered again next year. This was seconded. The Chief Executive stated that the recommendations within the report required members to indicate which of three options they wished to support for the rent increase for 2020/21; one of these was no increase.

After a lengthy debate including discussions on right to buy and the future investment into the HRA Members considered the recommendations in the report.

Decision

1. That a 2020/21 rent increase of 1.7% providing prudential borrowing of £682,000 and a forecast Homes England grant of £420,000 and 11 new properties be recommended to Council.
2. The Committee noted that implementation of any proposed 2020/21 rent increase would be effective from 1st May 2020 as a months' notice will need to be provided after Council makes a final decision on 19th March 2020;
3. The Committee noted that if additional section 106 contributions were achieved and rents were increased by 2.7% per year this will maximise the increase in the number of properties added to the HRA;
4. The Committee noted that if additional section 106 contributions were achieved this may offset the number of properties foregone from

having lower rent increases than 2.7%, although the total number of houses would be less than could be achieved under decision 3;

5. The Committee noted that approval of a 2.7% recent increase for 2020/21 will deliver 18 properties and the viability of bungalows for families within this figure will be assessed as the detailed developments are progress. The Committee also noted that the potential to increase bungalow provision for families in future years will depend on future rent increases and this issues would be considered on a site by site basis to determine financial viability.
6. The Committee noted that Student Accommodation operated outside the HRA as a General Funding self-funded trading account;
7. The Committee noted there currently was no shortfall in student accommodation and it was recommended, therefore, that a strategic planning alliance is established between the colleges to monitor the situation and student accommodation be included as part of the town centre master planning within the context of the Town Deal. If there was a future demand for additional student accommodation a full option appraisal would need to be completed.

Councillor Stephen Akers-Belcher requested that his vote against decision 1 above be recorded.

For the following items, the only officers present were: -

Gill Alexander, Chief Executive
Hayley Martin, Chief Solicitor
Chris Little, Director of Finance and Policy
David Cosgrove, Democratic Services Team

120. 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 121 – Senior Leadership Structure – 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 2) Information which is likely to reveal the identity of an individual.

121. Senior Leadership Structure (*Chief Executive*)

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 2) Information which is likely to reveal the identity of an individual.

Type of decision

Non-Key Decision.

Purpose of report

The report made recommendations to Finance and Policy Committee in respect of the Chief Officer structure of the Council.

Issue(s) for consideration

The Chief Executive outlined the proposals for changes to the Chief Officer structure of the Council. The following decisions were recorded as unanimous.

Decision

1. That the deletion and addition of the posts, including noting the grading of the additional posts, identified in the Not For Publication element of the report, be approved;
2. That the appointment arrangements identified in the Not For Publication element of the report be approved;
3. The Committee noted that the proposals as set out in the Not For Publication element of the report would form the basis of appropriate communications and consultations with those staff affected;
4. The Committee noted that the proposed structure provided a recurring saving as identified in the Not For Publication element of this report;
5. The Committee noted that on the basis of Members approving the proposals detailed in this report, a review of the Heads of Service i.e. managers reporting to Assistant Directors would be undertaken. Any minor changes arising from these reviews would be cost neutral and would be undertaken in consultation with the relevant Policy Chairs, in accordance with the Council's constitution.

The meeting returned to open session.

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

Type of decision

For information only.

Purpose of report

To satisfy the requirements of the Council's Contract Procedure Rules with regard to the Finance and Policy Committee:

- Receiving and examining quarterly reports on the outcome of contract letting procedures including those where the lowest/highest price is not payable/receivable.
- Receiving and examining reports on any exemptions granted in respect of the Council's Contract Procedure Rules.

Issue(s) for consideration

The Director of Finance and Policy submitted a report outlining the Council's procurement activity since the previous quarterly report. Details of the individual contracts were set out in appendices to the report. One appendix to the report contained exempt information under Schedule 12A of the Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).

Decision

That the report be noted.

123. Any Other Items which the Chairman Considers are Urgent

None.

The meeting concluded at 12.30 pm.

H MARTIN

CHIEF SOLICITOR

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