

# FINANCE AND POLICY COMMITTEE

## AGENDA



**Wednesday 7 July 2021**

**at 10.00 am**

**in the Council Chamber,  
Civic Centre, Hartlepool.**

**A limited number of members of the public will be able to attend the meeting with spaces being available on a first come, first served basis. Those wishing to attend the meeting should phone (01429) 523568 or (01429) 523019 by midday on Friday 18 June 2021 and name and address details will be taken for NHS Test and Trace purposes.**

**MEMBERS: FINANCE AND POLICY COMMITTEE**

Councillors Brash, Brown, Fleming, Harrison, Lindridge, Little, Moore, D Nicholson, Prince, Stokell and Young.

### **1. APOLOGIES FOR ABSENCE**

### **2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS**

### **3. MINUTES**

- 3.1 To receive the minutes of the meeting of the Finance and Policy Committee held on 21 June 2021.

### **4. BUDGET AND POLICY FRAMEWORK ITEMS**

No items.

### **5. KEY DECISIONS**

- 5.1 Proposal to Increase Capacity for SEND Education Provision – *Director of Resources and Development and Director of Children's and Joint Commissioning Services*
- 5.2 Children's Social Care Capacity – *Director of Resources and Development and Director of Children's and Joint Commissioning Services*

#### **CIVIC CENTRE EVACUATION AND ASSEMBLY PROCEDURE**

In the event of a fire alarm or a bomb alarm, please leave by the nearest emergency exit as directed by Council Officers. A Fire Alarm is a continuous ringing. A Bomb Alarm is a continuous tone. The Assembly Point for everyone is Victory Square by the Cenotaph. If the meeting has to be evacuated, please proceed to the Assembly Point so that you can be safely accounted for.

**6. OTHER ITEMS REQUIRING DECISION**

No items.

**7. ITEMS FOR INFORMATION**

No items.

**8. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT**

For Information:

Dates and times of forthcoming meetings of the Finance and Policy Committee –

Monday 12 July, 2021 at 10.00 am  
Monday 13 September, 2021 at 10.00 am  
Monday 11 October, 2021 at 10.00 am  
Monday 15 November, 2021 at 10.00 am  
Monday 13 December, 2021 at 10.00 am  
Monday 17 January, 2022 at 10.00 am  
Monday 14 February, 2022 at 10.00 am  
Monday 14 March, 2022 at 10.00 am



# **FINANCE AND POLICY COMMITTEE MINUTES AND DECISION RECORD**

21 JUNE 2021

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

**Present:**

Councillor Shane Moore (In the Chair)

Councillors: Jonathan Brash, Paddy Brown, Tim Fleming, Brenda Harrison, Sue Little, David Nicholson, Amy Prince, Cameron Stokell and Mike Young.

Also Present: Councillor Peter Jackson as substitute for Councillor Jim Lindridge in accordance with Council Procedure Rule 4.2.

Officers: Denise McGuckin, Managing Director  
Hayley Martin, Chief Solicitor  
Chris Little, Director of Resources and Development  
James Magog, Assistant Director, Finance  
Steve Hilton, Communications and Marketing Team  
David Cosgrove, Democratic Services Team

## **1. Apologies for Absence**

Councillor Jim Lindridge.

## **2. Declarations of Interest**

None.

## **3. Minutes of the meeting held on 15 March 2021**

Minutes received.

Councillor Little questioned the progress of the sale of land at Coronation Drive (Minute 101 refers). The Managing Director stated that there was no specific progress to report to Members at this time but that they would be kept informed of progress once the developer had concluded their site investigations.

#### **4. The Role and Remit of the Finance and Policy Committee** *(Managing Director)*

##### **Type of decision**

For information.

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

The Managing Director gave a short presentation to the Committee outlining the role and remit of the Finance and Policy Committee as set out in the Council Constitution and the service areas of the authority that fell under its management. The presentation also included a brief overview of the Council's current budget position which would be the subject of detailed reports to forthcoming meetings.

##### **Decision**

That the presentation and overview provided by the Managing Director be noted.

#### **5. Hartlepool Town Fund** *(Managing Director)*

##### **Type of decision**

For Information.

##### **Purpose of report**

The purpose of the report was to inform the Committee of the Heads of Terms that have been offered to Hartlepool for a £25m Town Deal.

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

The Managing Director reported the great news that Government have offered a Town Deal for Hartlepool up to a value of £25 million. The Government would work with Hartlepool Borough Council and the Town Deal Board to support the delivery of a Town Deal, with the goal of ensuring all Hartlepool residents have a share in the town's success.

The Heads of Terms was not a contractually binding document and the offer is subject to various conditions being met. The Heads of Terms will act as a Memorandum of Understanding for the future development and delivery of Hartlepool's Town Investment Plan and project proposals. It set out the joint expectations as Hartlepool entered the business case development phase.

The projects included within the Heads of Terms include:

- Reimagining 'Middleton Grange' Shopping Centre
- Delivering Wesley Chapel – developing a key heritage asset

- Developing Waterfront connections – enhancing the public realm and connections between the waterfront, town centre and train station
- Implementing the Health and Care Academy
- Creating the Civil Engineering Institute.

Hartlepool must complete business cases for the projects being taken forward and submit the Summary Document within 12 months of the deal being agreed. The Ministry of Housing, Communities and Local Government (MHCLG) would then provide the agreed funding up to the maximum amount of £25m for those projects, provided that all conditions were met.

The report set out in further detail the timescales involved and the risk implications for the Council as responsible authority for the expenditure and schemes which would be managed by the Town Deal Board. The Managing Director highlighted that none of the schemes approved could be substituted or additional schemes brought forward.

During debate there was reference to the recent visit by the Secretary of State for Housing, Communities and Local Government Robert Jenrick MP and the excellent partnership working that had been behind the successful bid for funding.

Members expressed some concern that there was one scheme that did not include an element of 'public payback' and were particularly reticent to fund a scheme where the owner of the property was in a position to complete the scheme. Some Members stated that they were minded not to support the scheme unless there was some clear public benefit for the future.

The Managing Director also assured Members that the ongoing work of the Town Deal Board would be undertaken 'in public' as it had to this point in time and that the Board had its own website which Members and the public could scrutinise. ([www.hartlepool.gov.uk/HartlepoolTownDeal](http://www.hartlepool.gov.uk/HartlepoolTownDeal))

During the debate the Managing Director also informed the Committee that a Levelling Up Fund bid had been submitted to government the previous week, and if successful details would be reported to the Committee at a future date.

### **Decision**

1. That the Committee notes that Heads of Terms had been offered for a £25m Town Deal and that the deal be welcomed by the Committee.
2. That the timescales and next steps set out within the report be noted and that a further report with additional detail would be presented to a future meeting.

## 6. Irrecoverable Debts – Council Tax and Business Rates *(Director of Resources and Development)*

### **Type of decision**

Non Key Decision.

### **Purpose of report**

To seek Members approval to write-off a number of Council Tax and Business Rates debts which are now considered irrecoverable.

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

The Director of Resources and Development reported that the Council's financial procedure rules provide that any debt due to the Council of £1,000 or more can only be written-off with the agreement of the Finance and Policy Committee. This low write-off value, requiring Member approval provides a much higher public visibility of this issue than in other councils which have a higher limit, or delegate this responsibility to officers. The report provided comparative information in relation to collection levels.

The report set out in detail, together with appendices detailing the individual Council Tax and Business Rates debts over £1,000, the recovery actions taken to try to secure the payment of debts and comparisons with other North east Authorities which showed Hartlepool among the lower end of debt write-offs. Appendices A, B, C, D, E and F to the report 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).

The Director also reported on the actions taken during the Covid-19 pandemic that had effected debt recovery and highlighted that the Government support grants for businesses during the pandemic could not be used to offset already accrued debt.

In discussion the Vice-Chair referred to consideration being given by HMRC (Her Majesty's Revenues and Customs) to pursuing the 'individual' for debt recovery rather than the business after a business had failed. The Director stated that he would seek further clarification on such an approach but highlighted that in the case of business failures, HMRC outranked local authorities in the recovery of debt from the assets of such businesses and that there was often little or no assets left to repay debts to local authorities.

Members noted the comments of the Vice-Chair on the potential of recovery from the individual as they noted that in a number of cases, the same people were behind a number of business failures that had left substantial debt owed to the Council. Members commented that the Council should

look to not supporting any future business development involving such people who had a track record of business failures leaving substantial debt owed to the Authority.

The Director explained to the Committee in response to questions that the Council was required to write out these debts from its accounts and could not simply 'hold' the debt. Records of all debtors were retained and should they re-appear, collection of the outstanding debt would be attempted again. Returns also had to be made to government for business rates, the Council needed to record the 50% of the debt owed to the government so that element did not have to be paid by the Council. The Director also outlined the recovery processes used to pursue debt.

The Director advised that budget monitoring reports included performance information in relation to debt recovery and in response to a Member question future reports would make reference to any significant outstanding debt so that Members had some background to these annual reports.

### **Decision**

1. That the effective recovery arrangements for Council Tax and Business Rates and performance levels reported be noted.
2. That approval be given to write-out irrecoverable Council Tax and Business Rates debts for the financial years 2019/20 and 2020/21 as reported.
3. The Committee noted that the write offs were less than 0.5% of the total amount due for 2019/20 and 2020/21 and also noted 85% of Business Rates write off was the result of companies subject to liquidation or being dissolved.

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

The Chairman ruled that the following items of business should be considered by the Committee as a matter of urgency in accordance with the provisions of Section 100(B) (4)(b) of the Local Government Act 1972 in order that the matter could be dealt with without delay.

### **Timing of Committee Meetings**

The Chair reported that Councillor Brash had requested that from September onwards, consideration be given to changing the time of meetings of the Committee to allow those Members that worked greater opportunity to be involved in meetings. Councillor Brash explained that he was proposing that every other meeting be moved to outside the normal working day to better facilitate attendance of working councillors and members of the public. After a short debate a recorded vote was taken on the proposal.

Those in favour: Councillors Brash, Harrison and Prince.

Those in against: Councillors Brown, Fleming, Little, Moore, D Nicholson, Stokell and Young.

Those abstaining: Councillor Jackson.

The vote, therefore, was lost.

### **Hartlepool United FC's Promotion to the Football League**

The Chair congratulated HUFC on their promotion back to the Football League and indicated that he had discussed with the Managing Director some appropriate celebrations that could be coordinated with the club. The aim was to hold an open topped bus tour of the town. Members supported the proposal and also congratulated the club on its promotion.

The meeting concluded at 11.30 am

**H MARTIN**

**CHIEF SOLICITOR**

**PUBLICATION DATE: 29 JUNE 2021**



# FINANCE AND POLICY COMMITTEE

7 JULY 2021



**Report of:** Director of Resources and Development and Director of Children's and Joint Commissioning Services

**Subject:** PROPOSAL TO INCREASE CAPACITY FOR SEND EDUCATION PROVISION

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## 1. TYPE OF DECISION

- 1.1 Key Decision - test (i)
- 1.2 Forward Plan Reference Number: CJCS 111/21

## 2. PURPOSE OF REPORT

- 2.1 To enable the Committee to consider the proposal referred from Children's Service Committee on 23<sup>rd</sup> June 2021 to increase capacity for Special Educational Needs and/or Disabilities (SEND) Education Provision at Catcote Academy using Prudential Borrowing – which will be paid back through the High Needs Block (HNB) and therefore not impact on the Council's General Fund revenue budget.
- 2.2 For this Committee to approve this request and to then seek Council approval for the Prudential Borrowing.
- 2.3 To enable this issue to be considered sections 3 to 13 detailed the full information reported to Children's Services Committee.

## 3. BACKGROUND

- 3.1 The Children and Families Act 2014 and subsequent SEND Code of Practice: 0-25 years clearly sets out the duties placed on local authorities in relation to children with additional needs. Local authorities are required to ensure that provision is available to meet the needs of children with Special Education Needs and/ or Disabilities (SEND).

- 3.2 The local authority is required to undertake a strategic needs assessment understanding the supply of provision and the current and future demand. Hartlepool's SEND JSNA can be found at [https://www.hartlepool.gov.uk/downloads/file/5753/send\\_jsna\\_2020](https://www.hartlepool.gov.uk/downloads/file/5753/send_jsna_2020)
- 3.3 Nationally there has been a steady increase in the number of children with SEND over the last three years from 2.8% (2017) of the child population with an Education, Health and Care Plan (EHCP) to 3.3% (2020). There has also been an increase in the number of children with SEN support plans from 11.6% (2017) to 12.1% (2020). Locally the increase in children needing support has significantly increased from 434 children and young people with EHC plans in 2014 to 725 in 2021.
- 3.4 High Needs provision and support is funded through the High Needs Block (HNB) of the Dedicated Schools Grant (DSG) which the local authority receives. The Local Authority in consultation with Schools Forum make decisions on how the HNB is spent and consults stakeholders where required.
- 3.5 In addition to the High Needs Block funding (revenue) the local authority has recently received SEND capital funding. In 2018/19 the Authority was allocated £0.500m payable in 3 equal installments over financial years 2018/19 to 2020/21. A further £0.116m was received in May 2018 and a further £0.233m was allocated in December 2018. £0.500m is receivable in financial year 2021/22. This is to support the development of SEND provision in the area but the amount received does not meet the needs identified in the town.
- 3.6 The above capital monies was allocated to Springwell School to make modifications for children with Profound and Multiple Disabilities (which includes significant health needs). Of the above monies there is £0.201m left to support the project at Catcote Academy.

#### **4. CATCOTE ACADEMY**

- 4.1 Catcote Academy is the only secondary phase special school for children and young people in Hartlepool. It provides high quality provision and graded as good (Ofsted 2020). Children, young people and their families tell us that they really value the provision and feel part of the Catcote family.
- 4.2 The current main building on Catcote Road has not had investment for a significant number of years with "temporary" arrangements to teach children in a demountable being in place for approx. 15 years. The current building is not fit for purpose due to:
- The building was not built to meet the varying needs that are now evident in the school population
  - The complexity of children and young people's needs have significantly increased over the last five years and the accommodation has not been adapted to meet these needs

- There are currently more children identified needing specialist provision than the current building can manage. This means that in Sept 2021 we have a significant number of children that are being educated off site at other buildings in Hartlepool. This is not appropriate for the children who are not part of the main Catcote family on Catcote Road or the staff who have to travel to various venues to teach.
- 4.3 There are currently 48 children being educated in the demountable and there are 22 children with Moderate Learning Difficulties (MLD) who will be educated at Centre for Excellence in Creative Arts (CECA) and Centre for Excellence in Teaching and Learning (CETL) as an interim arrangement from Sept 2021.
- 4.4 In addition there is a Looked after Child identified that needs specialist provision. This child has highly complex needs and if Catcote does not have the extra capacity created will have to be placed out of area in a residential provision which we do not believe is the right plan.
- 4.5 Based on all the above there is a requirement to invest funding at Catcote Academy to build additional provision to meet the needs of the children - those already attending and those due to start in Sept 2021.
- 4.6 Catcote Academy is the only secondary school in the town that has not had external investment to rebuild the school. The other five secondary schools have been rebuilt with funding provided from the Durham and Hexham Diocese or the Department for Education (DfE) under either the Buildings Schools for the Future Programme or the Priority School Buildings Programme.

## 5. PROPOSALS

- 5.1 A Schools Capital report was presented to Children's Services Committee on 2<sup>nd</sup> March 2021 which set out the situation in relation to SEND provision and proposed a new build at Catcote to increase the provision and it highlighted a shortfall of £2.050m. The Local Authority has recently received a SEND capital allocation of £0.500m therefore the proposal is to borrow £1.550m.
- 5.2 This will fund a significant extension to the school to replace the demountable and to add capacity to meet needs of the MLD group of children and future demand in the forthcoming years.
- 5.3 Officers hoped that there may be some opportunities to bid for academy funding through the DfE. However this is not currently available and it is unknown due to COVID pressures whether this will be available in the foreseeable future. The children and young people needing Catcote provision cannot wait for an unlimited time for the provision to be built.
- 5.4 Officers will continue to seek external grant funding for this project. Any successful bids would reduce the amount of prudential borrowing required for

this project. However, a commitment is needed to approve the prudential borrowing to enable the commencement on site to deliver the project within the timescale.

## 6. RISK IMPLICATIONS

6.1 There are significant risks if this build does not go ahead:

- Children and young people currently using the demountable will have to continue to access this temporary accommodation which is not conducive to high quality education
- We would need to look for other education options for the MLD children identified to start in Sept 2021. This could cost between £0.880m and £1.3 m per year and would be against the principle that our children should be educated within their Hartlepool community.
- There would be no provision available at Catcote for children and young people from 2022 onwards other than those transferring from Springwell who could be accommodated within the numbers if there were sufficient leavers. Early mapping work with mainstream primary schools indicates there will be a cohort of at least 10 children who due to their extreme vulnerability with MLD needs will need to be accommodated at Catcote. If the provision is not accommodated at Catcote the children who need to be placed in out of area provision at a cost of £40-60k per annum per young person plus transport costs.

6.2 There is a risk that the costs could increase as the building is undertaken. However, significant surveys have been undertaken and officers are confident that we understand all requirements and these have been included within the proposed costs. The plans have been submitted to the One Stop Shop (planning) and all feedback has been included within the costs.

6.3 Between 2015/16 and 2019/20 the HNB has overspent by £1.482m. Proactive action in conjunction with Schools Forum delivered savings to the block by restructuring top up payments, freezing rates and reviewing all areas of expenditure. The HNB underspent by £0.848m in 2020/21.

6.4 Additional funding of £1.998m has been received for 2021/22. The authority in conjunction with Schools Forum are considering how best to use this additional funding.

6.5 Officers have been discussing with DfE the pressures within the SEND system and they have told us that the statutory duty to provide sufficient school places, including places for children with special educational needs and disabilities, sits with local authorities. To support LAs, the DfE have allocated High Needs Provision Capital Allocations (HNPCA) to support local authorities. Hartlepool have been allocated £500k through this fund for 2021/22. Funding for future years will be determined as part of the next Spending Review.

In keeping with their duties under the Children and Families Act 2014 to keep provision for children with SEND under review, the DfE expect local

authorities to work with all types of institutions across their area, including academies, to ensure that sufficient provision is available to meet the needs of children in their area.

With regard to funding for academy expansions specifically, we primarily provide funding for new special places via the local authority, either through HNPCA allocations mentioned above, or for mainstream places, through Basic Need Allocations. However, it would be open to an eligible academy to apply to CIF for support for an expansion. But this isn't a given, as CIF is a competitive process with finite funding and not every application can be successful.

## 7. FINANCIAL CONSIDERATIONS

- 7.1 The cost of the project is £2.750m. Basic Need grant funding of £0.499m and SEND capital grant funding of £0.701m have been identified to support the project. It is proposed to fund the shortfall of £1.550m from prudential borrowing.
- 7.2 Over a 25 year period the annual cost of repayment would be £0.078m. It is proposed to fund this repayment from the HNB.
- 7.3 The Regulations allow the schools budget to be used for prudential borrowing for the purpose of facilitating the modernisation and rationalisation of the school estate, where the revenue savings expected to be achieved as a result are equal to or more than the expenditure expected to be incurred in borrowing the money.
- 7.4 If this project was approved the annual cost (without transport costs) to the HNB would be:-

	£'000
22 Places at £10k per place	220
22 Top Ups at 5ii £10,850	239
Annual Prudential Borrowing Repayment	78
Total Cost to HNB	537

- 7.5 If the 22 young people could not be educated at Catcote Academy the local authority would need to find provision out of town. This would cost the HNB between £40k and £60k per year per pupil. Therefore, the cost to the HNB (without transport costs) would be between £0.880m to £1.320m per year. It needs to be noted that there would still be a group of children being educated in the temporary demountable.
- 7.6 On the basis of the above figures the cost of this proposal provides a saving to the HNB of between £0.343m and £0.783m.

## **8. LEGAL CONSIDERATIONS**

- 8.1 The Children and Families Act 2014 requires that the council keeps local provision for children and young people with SEND under review, to co-operate with its partners and to plan and commission provision for those children and young people.
- 8.2 The 2014 Act also extended the rights of parents to express a preference for the school they wish their child to attend meaning that places at the school must (in certain circumstances) be allocated to children from outside of the area. A memorandum of understanding will be put in place between the Catcote Academy Board of Trustees and the council to reinforce the expectation/obligation that this additional funding/provision will (insofar as it is permitted by law) be utilised to meet the needs of children within Hartlepool.
- 8.3 The Schools Forums (England) Regulations 2012 requires that the council must consult the schools forum regarding the schools budget in connection with SEND. The views expressed by Schools Forum are not determinative or binding on the council but they must be fed into the decision making process and given conscientious consideration.

## **9. CONSULTATION**

- 9.1 The school have been significantly consulted on the needs of the children and how they can meet the needs. Families via the Parent Carer Forum have clearly said they want their children educated in Hartlepool.
- 9.2 Schools Forum – Schools Forum considered this proposal at a meeting on 10<sup>th</sup> June 2021. Schools Forum were wholly supportive of the proposal to ensure that children with SEND were supported within the right environments. However Forum wanted funding opportunities to be considered e.g. use of future High Needs Capital Provision Capital Allocations, further exploration of Condition Improvement Fund (CIF) applications and use of any underspends in the High Needs Block. It was noted that there was concern that we were being reactive however it was acknowledged that the High Needs Block Review that is being currently undertaken will be addressing the need to be more proactive.

## **10. CHILD AND FAMILY POVERTY CONSIDERATIONS**

- 10.1 Children and young people identified in this report have been assessed as needing specialist education provision. It is important that all children have the opportunity to succeed. There are no specific child and family considerations.

## **11. EQUALITY AND DIVERSITY CONSIDERATIONS**

- 11.1 It is important that children and young people identified needing specialist support through an Education, Health and Care Plan are offered the highest quality provision. This will allow them to fulfil their potential. This report sets out the proposals to ensure that needs are met.

## **12. STAFF CONSIDERATIONS**

- 12.1 There are no staff considerations.

## **13. CONCLUSION**

- 13.1 As detailed in this report increased SEND provision is required to meet current and future demand for the young people of the Town. The proposal to develop a local unit funded from grant funding and prudential borrowing is the most cost effective solution to the HNB budget, providing an overall saving of between £0.343m and £0.783m.
- 13.2 As set out above in this report it is important that children that live in Hartlepool are able to be educated in Hartlepool. The additional capacity at Catcote Academy will ensure that more children can be educated within their community.

## **14. RECOMMENDATIONS**

- 14.1 Members are asked to:
- a) Note the contents of the report
  - b) Approve the proposals referred from Children's Services Committee which was unanimously supported to support a sustainable solution for the provision of additional capacity for children with SEND and to seek approval from Council to Prudentially Borrow £1.550m saving the HNB annually between £0.343m and £0.783m.
  - c) Note the loan repayment cost will be met from the HNB and will not impact on the General Fund Budget of the Council.
  - d) To seek Council approval of the total capital budget for the project of £2.750m, which is funded grant funding of £1.2m and £1.550m from Prudential Borrowing.

## **15. REASON FOR RECOMMENDATIONS**

- 15.1 In accordance with the Council's Constitution all proposals to use Prudential Borrowing need to be considered by this Committee before referral to full Council.

## 16. BACKGROUND PAPERS

- 16.1 Schools Capital Works Programme 2<sup>nd</sup> March 2021 – Children's Services Committee

Proposal to increase capacity for SEND Education Provision – 23rd June 2021 - Children's Services Committee

## 17. CONTACT OFFICER

Danielle Swainston  
Assistant Director, Joint Commissioning  
Level 4, Civic Centre  
Victoria Road  
Hartlepool, TS24 8AY  
Telephone: 01429 523732  
e-mail: [danielle.swainston@hartlepool.gov.uk](mailto:danielle.swainston@hartlepool.gov.uk)

Sign Off:-

Managing Director  
Director of Resources and Development  
Chief Solicitor





# FINANCE AND POLICY COMMITTEE

7th July 2021



**Report of:** Director of Resources and Development and Director of Children's and Joint Commissioning Services

**Subject:** CHILDREN'S SOCIAL CARE CAPACITY

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## 1. TYPE OF DECISION/APPLICABLE CATEGORY

Key Decision (test (i)) General Exception Notice Applies.

## 2. PURPOSE OF REPORT

- 2.1 To enable Members to consider a proposal to increase Children's Social Care Capacity.

## 3. BACKGROUND

- 3.1 As outlined in previous MTFS reports councils have seen sustained increases in the number of vulnerable children requiring care and support. Demand for children's social care has continued to increase due to significant adult related issues such as domestic abuse, substance misuse and parental mental ill health. These issues have impacted on Hartlepool and over the period 2017/18 to 2021/22 the number of children in our care has increased from 278 to 360 – a 30% increase. To provide some context this is broadly the number of children in a typical primary school.
- 3.2 In financial terms the recurring cash budget increase is approximately £7m – a 43% increase, as investment has been required across the whole system to manage the volume of demand for children's social care and reflects the significant increase in the complexity and number of vulnerable children needing support. This includes more children requiring support at the highest levels of intervention, i.e. subject to child protection plans or in the care of the local authority.
- 3.3 As reported to Finance and Policy Committee on 30<sup>th</sup> November 2020, within the Medium Term Financial Strategy, further placement capacity is needed to meet existing and forecast demand and ensure the Council has a sufficient supply of placements within residential care. Currently the Council operates three children's homes which provides a permanent home for eight

children and short break care for children who have additional needs. Over the last 18 months, the permanent places within our children's homes have been fully occupied and the children who live there have experienced good quality consistent care. They have thrived with the care they have received and as a result there have been no children move in or out of these homes. Consequently, where another child in our care has needed residential care, placements have had to be secured from the private sector which are more costly than local authority ran children's homes, and usually outside of Hartlepool and the child's home town. This can lead to a child experiencing further disruption, for example to their education, health care and social networks.

- 3.4 All of the children's homes currently delivered by Hartlepool Borough Council are regulated by Ofsted and are judged to be good or outstanding.
- 3.5 The proposal is to open an additional Children's Home as this provides the best possible outcome for children and is 25% (£0.2m) more cost effective than external placements.
- 3.6 The budget approved by Council on 28<sup>th</sup> January 2021 included an increase in the Children's Social Care budget, including the funding to increase capacity.

#### **4. PROPOSAL**

- 4.1 The MTFs proposal was based on renting an appropriate property, as this service delivery model has previously been used successful to deliver and existing home.
- 4.2 Further work has been completed on the development of a new Children's Home and this has identified that a better longer term solution may be to purchase a suitable property. Initial budget modelling indicates the funding allocated for rent should be sufficient to meet the Prudential Borrowing costs of buying a suitable property and carry out the necessary modifications to meet Ofsted requirements and provide an appropriate home for our children.
- 4.3 This work has also identified that the 'ownership' model, funded using Prudential Borrowing, would also be appropriate to replace the St David Walk Children's Home, which is currently rented. St David's Walk Children's Home is a two bed home and the property is very small. Whilst the children are well cared for, the property is not ideal and does not really provide sufficient space for the children and staff. Ofsted have expressed the view that the building could be better. The move to an 'ownership' model and acquisition of new premises for the home would significantly improve the living environment.
- 4.4 The rental model may still be an appropriate model in some circumstances and the key criteria in the model adopted need to be the provision of appropriate homes for children – not whether the Council owns or rents the

property. In either situation the local delivery and operation of Children's Homes should provide the best outcomes for children.

## **5. RISK IMPLICATIONS**

5.1 There are three key risks:

- The housing market is currently experiencing a positive period of price increases, coupled with low number of properties for sale and this may impact on the financial viability;
- there is currently a shortage of certain building materials and rising costs of raw materials which may affect both project completion dates and forecast costs;
- Obtaining all of the necessary regulatory and planning requirements to operate a property as a Children's Home.

## **6. FINANCIAL CONSIDERATIONS**

6.1 The proposal is to provide two Children's Home, one with capacity for three children and one for four children. The cost of acquiring and converting two properties will depend on the individual properties purchased and there are two options:

- Option 1 – purchase two properties – estimated acquisition and conversion costs £750,000 – annual loan repayment cost £28,000.
- Option 2 – use of existing council owned property and purchase of one additional property – estimated acquisition and conversion costs £850,000 – annual loan repayment cost £32,000.

6.2 Option 2 reflects the decision made at Finance and Policy Committee on 15<sup>th</sup> March 2021 when Members approved the purchase of a property to facilitate highways improvements. The report indicated the property would be resold. As part of the consideration of the report Members requested that officers consider the feasibility of retaining the property for service delivery. Owing to the market price paid for this property it is estimated that the overall costs of option 2 will be higher than option 1. Under option 1 officer will endeavour to minimise the purchase cost of both properties, whilst ensuring a high standard of accommodation for children in the Council's care.

6.3 With both options the purchase of properties provides a housing asset which could be sold at a future date if no longer required for service needs.

6.4 The available revenue budget provides capacity to support Prudential Borrowing for either option 1 or 2 to fund the acquisition and conversion costs.

- 6.5 It is proposed that authority to allocate the overall budget between the acquisition and refurbishment of two properties is delegated to the Managing Director, in consultation with the Chair of Finance and Policy Committee, the Chair of Children's Service Committee and the Director of Resources and Development. This will provide flexibility to develop the individual business cases and also minimises the risk of declaring the amount the Council has to purchase properties.

## **7. LEGAL CONSIDERATIONS**

- 7.1 None

## **8. CONSULTATION**

- 8.1 Once properties are identified the Chair of Children's Services Committee and the relevant ward councillors will be consulted. Planning consultation will be undertaken as required.

## **9. CHILD AND FAMILY POVERTY (IMPACT ASSESSMENT FORM TO BE COMPLETED AS APPROPRIATE.)**

- 9.1 None

## **10. EQUALITY AND DIVERSITY CONSIDERATIONS (IMPACT ASSESSMENT FORM TO BE COMPLETED AS APPROPRIATE.)**

- 10.1 None

## **11. STAFF CONSIDERATIONS**

- 11.1 Additional staff will be recruited to operate the Children's Home and will be recruited in line with Council procedures and Ofsted registration requirements.

## **12. ASSET MANAGEMENT CONSIDERATIONS**

- 12.1 Purchase of properties

## **13. RECOMMENDATIONS**

- 13.1 It is recommended that Members:
- i) Determine whether to adopt option 1 or 2 as detailed in paragraph 6.1
  - ii) Seek Council approval to use Prudential Borrowing of up to £750,000 if option 1 is approved, or £850,000 if option 2 is approved, to purchase and convert two properties to provide two children's home and to note the loan repayment costs can be funded from the existing revenue budget;

- iii) Note the operation of Children's Homes by the Council is a lower cost option than external placements and provides Hartlepool based services for children where it is appropriate for them to remain in the town;
- iv) Delegate authority to allocate the overall capital budget between the acquisition and refurbishment of two properties to the Managing Director, in consultation with the Chair of Finance and Policy Committee, the Chair of Children's Service Committee and the Director of Resources and Development.

## 14. REASONS FOR RECOMMENDATIONS

- 14.1 To enable the development of Children's Home to be progressed, which will provide a reduced costs compared to external provision.

## 15. BACKGROUND PAPERS

Finance and Policy Committee 30<sup>th</sup> November 2020 – Medium Term Financial Strategy 2022/23 to 2024/25

Council 28<sup>th</sup> January 2021 – Medium Term Financial Strategy 2022/23 to 2024/25

Finance and Policy Committee 15<sup>th</sup> March 2021 – Proposed Property Purchase

## 16. CONTACT OFFICERS

Chris Little  
 Director of Resources and Development  
 Email: [chris.little@hartlepool.gov.uk](mailto:chris.little@hartlepool.gov.uk)  
 Telephone: 01429 523003

Sign Off:-

Managing Director



Director of Resources and Development



Chief Solicitor

